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Kerala Economy

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GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

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Making the makers of value the takers of value

There has been a consensus among economists of different persuasion that the divorce between the making and taking of value is at the root of many economic woes. One of the prominent scholars of young generation, Mariana Mazzucato, in her book, The Value of Everything: Making and Taking in the Global Economy observed that "the way the word value is used in modern economics has made it easier for value extracting activities to masquerade as value creating activities.…inequality rises and investment in real economy falls." Inquiries into the socially unacceptable inequality under globalization lead us to the doorsteps of the systems that deprive the makers of value from becoming its takers. There is also a growing consensus that these issues could only be addressed by the State because left to market forces, these problems get aggravated rather than mitigated.

Notable achievements in the agricultural sector especially in production notwithstanding, it is generally recognized that the farmers, who make the value out of their hard work, are rarely able to be the takers of value. This has been empirically articulated in terms of high traders' margin or the abysmally low share of producers' in what the consumers pay. Moreover, the prices of agricultural crops are subjected to violent fluctuations (see the article by Narayana and Shagishna in this issue) and the farmers are at the mercy of the market. State interventions like fixing the minimum support price have been in place. But Kerala has not been a major beneficiary because only two crops cultivated in Kerala - coconut and paddy- have been included and the procurement was limited to only one crop -paddy. Further the current policy stance of the Central Government is not inclined to strengthen such interventions. Even in the case of plantation crops, like rubber, tea, coffee and spices, under the Ministry of Commerce, the focus has been on ensuring enhanced supply (value making) at the instance of the commodity boards concerned. Sadly enough, interventions towards ensuring remunerative prices for the farmers (value taking) were missing which explains the present plight of rubber growers in Kerala.

In this context, the announcement of basic price for the major 16 agricultural products cultivated in Kerala, that include vegetables, fruits and tubers, by the Government of Kerala assumes importance. The announcement made on 1 November, 2020 ensures the procurement of the output by the farmers at the basic price which at present is 20 per cent higher than the cost of production. The scheme could benefit all those farmers who cultivate less than 15 acres in a season. Productivity ceiling has also been fixed for all the crops and the base price will be offered only to that quantity which could be produced from the area owned. The programme, coordinated by the Agricultural Department, is being implemented jointly by different departments concerned with the development of agricultural sector and the local self-governments. The scheme also envisages setting up of supply chain process such as cold-storage facilities and refrigerated vehicles to minimise wastage

While the recent agricultural marketing reforms at the instance of the Central Government has attracted much dissent from the farming community and widely perceived as inimical to the cooperative federalism, the maiden initiative by the State Government is timely and deserves much appreciation. Going by the available evidence, the production of vegetables in the State more than doubled during the last five years. Since the announcement of basic price will make the cultivation of these crops more remunerative and induce farmers to allocate more area under fruits and vegetable cultivation, the production of these crops is bound to record higher growth in the years to come and reduce our dependence on external supply. If implemented properly by exploiting all the possible linkages this could lead to the writing of a new history of Kerala's agriculture sector.

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K J Joseph

State neutrality and labour sector reforms

Amit Bhaduri

Labour reforms are in the limelight again as Narenda Modi government has set a target to implement four labour codes by December, this year. This will be the final stretch of labour reforms. During the last session, the parliament had passed three labour code bills; the industrial relations code, social security code and occupational safety, health and working conditions code. All such codes, including the wage code bill, which was passed by the parliament last year, need more attention in the light of the serious down trend in the economy, especially in the COVID times.

Normally, discussions are carried out only about the labour in the organized sector and regulations apparently affect the people who work in the organized sector. But, there is an intrinsic relationship between labour in the organized and unorganized sectors. The present laws and their modifications affect not only the organized sector but the unorganized sector and their interactions also. More than 90 percent of the Indian labour force is in the unorganized sector. Of this, 60 to 70 percent is not directly in agriculture sector. Some of them are in tiny/ small units in rural sector but most of them indulged in various kinds of unorganized activities.

Interestingly, the unorganized sector works as a reserve army of labour for the organized sector in many ways. Wages in the organized sector cannot be raised without affecting the unorganized sector because employers would immediately start subcontracting out for availing labour from the unorganized sector. Apparently, this is what sets a capital discipline on labour in the organized sector. This is a very crucial function of the unorganized sector in the labour front and if there is improvement in wages in the unorganized sector, in a way it will also strengthen the organized sector. This is mainly because of the organized sector can bargain for higher wages in line with the unorganized sector. Firstly, the

Workers in unorganised sector act as a reserve army of labour for the organized sector in many ways. Wages in organized sector cannot be raised without affecting the unorganized sector.

Liberalism, liberalization and neo-liberalism are basically mechanism by which the state gives up all its responsibilities of development, growth, employment generation and is handed over to the private business.

unorganized sector is a reserve army of labour but it indirectly disciplines labour in the organized sector. The second thing, normally it is typical of economists, mainly in the American universities, World Bank and IMF to suggest that the state policies can be used to regulate the relationship between the organized and unorganized sectors. This requires a notion of a relatively neutral state, an umpire between labour in the organized and unorganized sectors and capitalists as somebody who dictate the rules and stick to them. Now, this is what has been violated.

In the case of changes in labour law it was always more in favor of capital from the time of Dr. Manmohan Singh onwards. Now, this has totally been gone in favor of the capitalists. That is why there is discussion about longer working hours, change in the hire and fire policy, giving sops to private enterprises, but nothing in favour of labour. Obviously one can state that the state not being neutral but becoming more and more biased against labour. The implication of this is the most severe as one seldom talks about the fact that the state does not care about unemployment. People talk about the use of surplus food grains which is so much in stock, deficit financing to improve the employment situation and to create demand by transferring money to the people. The reason is that the state is more interested in controlling labour in favor of the capitalists rather than changing it in a neutral way so that the capitalist don't control the workers. This clearly indicates the non-neutrality of the state and a state which is hell bent on controlling labour rather than creating more employment.

The unorganized sector and its low wages, vast under employment and its huge reserve of labour, works as a disciplining factor or reserve army for wage bargain in the organized sector. The second point is that the state have been far from neutral and the last set of regulations only show extreme bias in favor of the capitalists and industrialist. This is totally against the realm of labour to strengthen employment either in the organized or in the unorganized sector, but its main purpose is to discipline labour for the sake of capitalists.

Liberalism, liberalization and neo-liberalism are basically mechanism by which the state gives up all its responsibilities of development, growth, employment generation and is handed over to the private business. Based on this ideology governments give more incentives to the private sector including drastic changes in labour laws so that more private investment can be generated. The catch in this is not ideology, but is simple. To improve private investment, it takes time and one doesn't know how long it takes before private business confidence returns. Tax concessions, liberal loans and

Tax concessions, liberal loans and monetary and fiscal policies which have been in favor of the private sector has not really increased investment anymore and for this it is essential for the state to step in and do deficit financing.

monetary and fiscal policies which have been in favor of the private sector has not really increased investment anymore and for this, it is essential for the state to step in and do deficit financing. People should ask, how long should it take before private business picks up and employment shoot up, unfortunately there is no answer to that. The answer, if anything is negative and this is where the labour policy should concentrate on. If you don't do it within a limited period of time, if your investment doesn't increase sufficiently to turn around the economy, it has to be the state. This discipline on time by which the economy can turn around, is really what is democracy, not going against the labour and their supporting capital.

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(Professor Amit Bhaduri is a former professor Emeritus, JNU, New Delhi. The text is based on a presentation in a national webinar on 'Labour Regulations in India' organized by GIFT in collaboration with Department of Labour, Government of Kerala)

Labour law exemptions : Will the bitter pill heal?

Angarika Rakshit and Kiran Kumar Kakarlapudi

The nationwide lockdown to contain the COVID-19 pandemic brought economic activity to a standstill destroying the livelihood of millions of people. As per Centre for Monitoring Indian Economy (CMIE), nearly 122 million people have lost jobs in April 2020 itself. At a time when the economy is grappling with loss of jobs, Uttar Pradesh government passed an ordinance in support of labour compliance holiday for three years. Soon, other states joined the bandwagon to exempt industries from several labour laws for various lengths of time. Apart from provisions in the Industrial Disputes Act 1948 (IDA) which has been the backbone of workers' protection in industries in India, exemptions were also granted from the Factories Act, the Payment of Minimum Wages Act and the Contract Labour Act 1970 (CLA). State governments justified that these exemptions would attract investment, facilitate employment creation and thus help India battle COVID-19 induced economic crisis. However, such an argument is contentious as there is no strong empirical evidence to validate that doing away with labour laws enable employment creation. According to the data from Annual Survey of Industries (ASI), exemption of labour laws would increase contract labour, decrease wage rates and make workers more vulnerable.

There is no strong empirical evidence to validate that doing away with labour laws enable employment creation. According to the data from Annual Survey of Industries, exemption of laws would increase contract labour, decrease wage rates and make workers more vulnerable.

Output and employment trends in India's manufacturing

The issue of employment generation in India's organized manufacturing has received considerable attention. Long term analysis of the trends reveals five distinct phases of output and employment growth. The first phase corresponds to the decade of 1980s where there was hardly any employment growth despite high output growth followed by a revival in employment growth during 1990-95 (Figure 1). Employment growth was negative (-1.5 percent) during 1996-2003 though output growth was 6.6 percent.

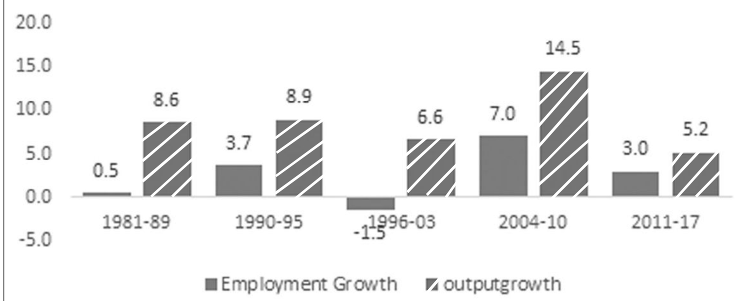


Figure 1. Output and employment growth

Source: Annual Survey of Industries, Various years

This phenomenon of absolutely no growth in employment despite high output growth for about 25 years was termed as 'jobless growth' (Kannan and Raveendran, 2009). After a long stagnation for a quarter century, employment growth picked up (7 %) along with high output growth. The last phase (2011-17), however,depicts a steep fall in output growth along with employment growth (Figure 1). The growth rates further deteriorated from 2017 onwards and the outbreak of COVID-19 made it worse.

Who creates employment?

The proponents of flexible labour market often argue that exemption of labour laws would attract more investment and employment. This argument is based only on the cost dimension of wages and not the demand dimension arising out of its role of providing income to the workers. Labour regulations in India are applicable to firms above a threshold size and induce firms to stay below the threshold. Since the 1982 amendment, the Industrial Disputes Act [IDA] was applicable to industries which employed more than 100 permanent workers. Since certain provisions of this law prevent firms from indiscriminate hiring and firing, the state governments are justifying the exemptions from these provisions on the ground that "flexible" labour laws would lead to employment creation. However, a comparison of employment generation between firms where the IDA is applicable and those where it is not, shows that the IDA has not restricted employment creation in Indian industries. Data from the Annual Survey of Industries shows that although IDA is applicable to only 7 percent of firms in the organised manufacturing sector, they contributed to as much as 53 percent of new employment created in this sector between 2000-01 and 2014-15.They also accounted for 65 percent of all direct employment (permanent workers) created in this period, thereby affirming that firms where IDA is applicable contribute much more to employment creation both in terms of quantity and quality, compared to firms which are outside its purview. Instead of

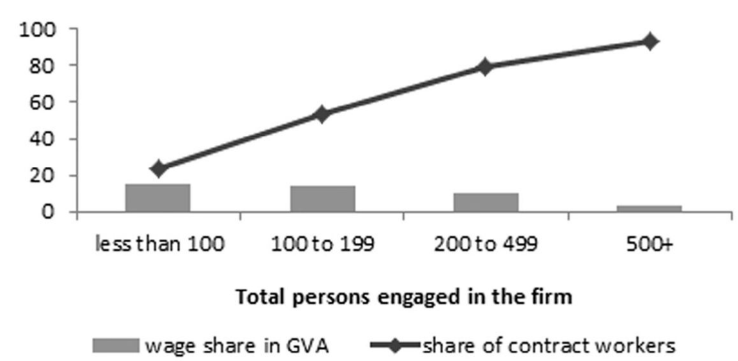
Proponents of flexible labour market often argue that exemption of labour laws would attract more investment and employment. This argument is based only on the cost dimension of wages and not the demand dimension.

granting exemptions, employment generation might benefit if more firms are brought under the IDA. Further, firms employing 50-99 workers deliberately stay below 100 by employing more contract workers compared to other firms which are under IDA (Ramaswamy, 2013). Therefore, deregulation of labour laws would allow firms to hire more contract workers at lower wages.

Quality of employment and workers' wage share

Due to the weak implementation of the Contract Labour Act [CLA] which aims to restrict and minimize the use of contract labour, many firms have been bypassing the IDA by indiscriminate use of contract workers. In 2014-15, 16 percent of the largest firms with more than 500 employees bypassed the IDA by using 94 percent of contract workers in their workforce. The result was workers' wage share hitting the rock bottom of 3 percent of Gross Value Added (GVA) in these firms. Despite this, many states had already amended the IDA to increase the threshold level for its applicability from 100 to 300 permanent workers by first quarter of 2020 even before the lockdown was imposed. Now as the industrialists are given a free hand in the use of labour with the current exemptions, this would further escalate the use of contract labour in the industries. Since on an average contract worker earn half as much as direct workers, this could reduce workers' wage share in GVA.

Figure 2. Contract labour intensity and wage share



Source: Authors' own calculation based on ASI unit level data

The right medicine for the ailing economy includes injecting more demand by increasing the purchasing power of people at the lower end of the income distribution who spend most of their earnings on consumption.

As such, most of the Indian states have been witnessing falling share of labour in income and output even before these exemptions were introduced. Among the top fifteen states in the organised industrial sector in terms of net income, in all except Tripura share of workers' wages in net income declined between 2000-01 and 2017-18. For the country, it declined from 18 to 30 percent reflecting the weakening bargaining power of workers. The share of wages in net income declined from 37 to 25 percent during the same period but it is higher than the national average and many other states like Gujarat and Maharashtra. While doing away with minimum wages would only worsen the labour bargaining power, increasing daily and weekly working hours would prevent firms from hiring more workers at a time when unemployment is already at a historic high.

Wrong medicine for the ailing economy

When the Indian economy was already slowing down, the severe demand crisis due to loss of jobs and income induced by the lockdown has deepened the crisis. Data clearly suggests deregulation of labor laws is no solution. Instead, it could make workers more vulnerable, let alone creation of more employment opportunities. The competition between states to dilute labour laws and give absolute power to firms to squeeze wages and disincentivise employment creation would only add to the demand crisis and prove to be perilous in the current context. The right medicine now includes injecting demand in the economy by increasing the purchasing power of people at the lower end of the income distribution who spend most of their earnings on consumption. While direct cash transfers in the hands of the poor is needed to provide immediate relief, creating decent employment opportunities is the only way to sustain this in the medium and long run.

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Kerala LSGs play pivotal role in the battle against COVID -19 : RBI report

George Joseph

Kerala's efforts in the last two and a half decades to empower local self governments [LSGs] through devolution of financial resources and political and administrative power has strengthened the resource base of these institutions and this leaves them in a better position to deal with Covid 19 pandemic, as per the recent Reserve Bank of India [RBI] report. A special box item in the report, 'COVID-19 - The Kerala Model of Containment - The Role of Local Self-Government' gives a vivid account of how Kerala had effectively engaged LSGs in fighting the pandemic. The report also praises the timely devolution of funds to LSGs that played a pivotal role.

The report titled 'State Finances : A Study of Budgets of 2020-21' (RBI 2020) stated that Kerala was the first state in India to report a case of COVID 19. Given the high global migration of its residents and being an international tourist destination, it was feared that Kerala would develop into a hotspot. The state, however, successfully managed to contain the spread of the pandemic in the first wave of infections. The state witnessed a second wave of infections with the arrival of non-resident Keralites from outside the state along with easing of restrictions. However, Kerala reports a lower death rate at 0.3 per cent compared to the all India average of 1.5 per cent. In the face of rising cases, Kerala has set up, 101 COVID First Line Treatment Centres [FLTCs] across the state and is focusing on intense contact tracing, testing and quarantine to minimise the community spread of the disease. With the resurgence in new cases, Kerala is actively roping in the services of LSGs in its fight against the pandemic. LSGs have been entrusted with the task of collecting information, spreading awareness, identifying the vulnerable sections, ensuring quarantine and lockdown guidelines being followed, cleaning and disinfecting the public places and ensuring the supply of essential services to those under quarantine.

Kerala's efforts in the last two and a half decades to empower LSGs through devolution of both financial resources and political and administrative power has strengthened the resource base of these institutions and this leaves them in a better position to deal with COVID 19. Kerala's 1200 strong LSGs worked in tandem with the state government to create effective interventions during the crisis. LSGs managed to create this system with the

Kerala's 1200 strong LSGs worked in tandem with the state government to create effective interventions during the covid 19 pandemic. LSGs managed to create a kind of ecosystem for assisting people with the help of health workers, Kudumbasree members, Anganwadi staff, local authorities and the state police.

help of health workers, Kudumbasree members, Anganwadi staff, local authorities and the state police. The state also set up a 300,000 strong volunteer force for working with their respective local government bodies. Substantial and timely devolution of funds to LSGs by the state government over the years has helped to strengthen these institutions, the report reiterated.

COVID poses serious threat to state's finance

The report also brings light to the alarming status of state's finance along with the spread of the epidemic. It said that the sharp increase in indebtedness of states owing to the COVID-19 pandemic poses a risk to their finances.

States have budgeted their consolidated gross fiscal deficit (GFD) at 2.8 per cent of GDP in 2020-21, however, the COVID-19 pandemic may alter budget estimates significantly. The report stated the average GFD for states that presented their budgets before the pandemic is 2.4 per cent of GSDP, while the average for budgets presented post-lockdown is 4.6 per cent.

States may see a massive cut in capital expenditure in 2020 -21 due to the revenue impact of the pandemic. The report reveals that states drastically cut their capex by Rs 1.26 trillion, or nearly 0.6 per cent of the country's GDP, in the previous fiscal year 2019-20. This is the sharpest cut in last two decades and it happened before the pandemic hit the economy.

"Sustaining the recovery from the pandemic will reshape state finances, entailing boosting investment in healthcare systems and other social safety nets in line with the states' demographic and co-morbidity profiles," it said.

State governments' finances have taken a body blow in the first half of 2020-21 and their gross fiscal deficit is projected to widen beyond 4 per cent of GDP in 2020 - 21. States have been at the forefront in the fight against the corona virus pandemic which spawned a public health crisis and the biggest migration in the world, report added.

To that extent, the dual impact of the compression in tax receipts and higher expenditure has generated unprecedented pressures on fiscal positions at sub-national levels. States had to deal with a massive wave of reverse migration during the pandemic, especially at the peak of the nationwide lockdown.

"Indian states had to contend with reverse migration from abroad as well as across states, with large-scale implications for underlying activity, conditional upon the extent of dependence of states on migrants

RBI report brings light to the alarming status of the state's finance along with the spread of the epidemic. Sharp increase in indebtedness of states owing to the pandemic poses a risk to their finances. States have budgeted their consolidated gross fiscal deficit (GFD) at 2.8 per cent of GDP in 2020-21, while the average for budgets presented post lock down is 4.6 per cent.

for factor income, employment and performance of micro, small and medium enterprises (MSMEs). This had implications for state finances as well," it indicated.

Moreover, states' outstanding debt, largely dominated by market borrowings, is expected to reach 75 per cent of GDP by the end of March 2021. According to the report, there is a compositional shift towards market borrowings after the recommendation of the Fourteenth Finance Commission to exclude states from National Small Savings Funds (NSSF) financing facility.

Capex was also hit due to sudden changes in the prioritisation of spending. During April-June period (Q1) of FY20, revenue spending rose 12 per cent when revenue receipts were down by 21 per cent. This links to one more risk factor for capital spending this year: Rising debt to GSDP (gross state domestic product) ratio of states. To keep revenue expenditure at budgeted levels when revenue receipts are falling, states are borrowing more from the market this year. For 19 states, debt-GSDP ratio is expected to exceed 25 per cent in 2020-21 which may force curtailment of capital expenditure, the report observed. Nevertheless, it is important to note that Kerala's capital expenditure increased to 21.8 per cent in the first quarter of 2020 compared to 2019 [Singh and AnithaKumary 2020].

Further, the loans from the Centre to partially make good shortfall in Goods and Services Tax compensation will add to interest outgo of states, putting a new pressure point on state finances. To drive capex, the centre recently announced a special interest free 50-year loan to states for capital expenditure of Rs 12,000 crore to be spent till March 2021. "It represents a small fraction of budgeted capex of Rs 6.5 trillion," RBI report stated.

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(Author is consulting editor of Kerala Economy)

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State of state finances

State finances of southern states during COVID 19: A comparative analysis

Anitha Kumary L and Parma Chakravartti

Various rating agencies estimated the contraction rate of Indian economy to be around 10 per cent in Q2. It shows the pain that the lockdown and social distancing followed by COVID-19 has inflicted on the Indian economy as it wrecked various economic activities. State finances in India are affected severely due to the outbreak of COVID-19. In the October issue of *Kerala Economy*, based on an analysis of CAG data, it was observed that own revenue mobilisation has become an issue of much concern for both Kerala and Tamil Nadu during the COVID-19 pandemic (Singh and Anitha Kumary, 2020). This article is a comparative analysis of the fiscal positions of all the southern States during the COVID period. In the analysis that follows, we shall compare Q1: 2020 with Q1: 2019.

Pattern of expenditure

The total expenditure, which comprises of revenue and capital expenditure, shows an increase in Q1:2020 vis-à-vis Q1:2019 in Andhra Pradesh, Kerala and Telangana with no change in Tamil Nadu and Karnataka. The highest growth is observed in Andhra Pradesh (118 %) , followed by Telangana (33%) and Kerala (16%). Highest growth in expenditure in Andhra Pradesh is on account of the alarming expenditure of interest payments.

In the case of revenue expenditure we see a positive growth across the States. The highest growth being in Andhra Pradesh (113%) followed by Telangana (45%), Kerala (16%), Karnataka (6%) and Tamil Nadu (2%).When it comes to capital expenditure also the maximum growth is observed in Andhra Pradesh (160%) with Kerala having the second highest growth (22%). Kerala's actual capital expenditure growth could be even more if we consider the extra budgetary expenditure incurred through Kerala Infrastructure Investment Fund Board (KIIFB).Karnataka, Tamil Nadu and Telangana experienced a negative capital expenditure growth of -57per cent, -37per cent and -32per cent, respectively.

The fiscal measures to handle the pandemic adopted by Kerala appears remarkable as is evident from the components of revenue expenditure and its sector-wise pattern. Within the revenue expenditure, the expenditure on

The composition of state government expenditure changed post-COVID 19 across the Southern States with substantial increase in the share of social sector in Kerala. Highest increase in subsidy expenditure of 67 per cent is also registered in Kerala.

subsidy has recorded the highest growth in Kerala (67%) during Q1:2020 as compared to Q1:2019 followed by Telangana (50%) and Andhra Pradesh (36%).

During Q1: 2019, the share of social sector expenditure in total expenditure was the lowest in Kerala (30.5%) and highest for Andhra Pradesh (59.5%), whereas the share of general sector expenditure was the highest in Kerala (53.9%) and lowest in Andhra Pradesh (17.8%). (Table 1) The composition of expenditure, however, changed substantially during the COVID period across the Southern States with a decline in the share of social sector expenditure in Andhra Pradesh (-9.4 % points) during Q1:2020 compared to Q1:2019. Rest of the Southern States experienced a rise in the share of social sector expenditure in Q1:2020 vis-à-vis 2019 with an increase of 10.8 per cent points in Kerala, 10 per cent points in Karnataka, 2 per cent points in Tamil Nadu and 0.1 per cent point in Telangana indicating a highest increase in the share of social sector in total expenditure in Kerala.One of the mportant features of expenditure observed in Kerala is the sharp decline in share of general sector expenditure from 53.9 per cent to 40.5 per cent. This is an indication of strong response of Kerala in addressing the Covild 19 pandemic.

Pattern of revenue

The total revenue of the states comprises of revenue receipts and capital receipts. The capital receipts include borrowings and other liabilities, recovery of loans and advances and other receipts. The revenue receipts, which comprises of state's own tax revenue, non-tax revenue, share in central taxes (SCT) and grants-in-aid, show a negative growth in all the southern states with an exception in Andhra Pradesh (34.8%) (Table 2).Both own tax and non-tax revenue recorded negative growth in all the Southern States in Q1:2020 compared to Q1:2019 with a sharpest decline in both own-tax and non-tax revenue in Kerala.

Although own tax revenue growth in Andhra Pradesh indicates a decline, the State shows a positive growth in revenue receipts which can be correlated with the positive growth in SCT and grants-in-aids in the State. Positive growth in SCT has been registered only in Andhra Pradesh and Telangana while being negative in rest of the southern states, Kerala (-28%), Karnataka (-28%) and Tamil Nadu (-26%).The shock of the lockdown is still reflected on the own tax revenue collection of the Southern States. The negative growth in the own tax revenue collection in the Southern States resulted in huge growth in the borrowings in Q1: 2020 compared to Q1:

Table 1. Composition of expenditure during Q1:2020 and Q1:2019 (%)

Year	Q1 2020					Q1 2019				
States	Andhra Pradesh	Karna taka	Kerala	Tamil Nadu	Telan gana	Andhra Pradesh	Karna taka	Kerala	Tamil Nadu	Telan gana
General Sector	24.1	30.1	40.5	41.3	23.1	17.8	29.1	53.9	41.7	24.0
Social Sector	50.1	47.6	41.4	37.7	34.1	59.5	37.6	30.5	35.8	34.1
Economic Sector	25.9	22.3	18.1	20.9	42.8	22.7	33.3	15.6	22.6	41.9

Source: Computed from C&AG (2020)

Note : General services include mainly expenditures on organs of State, fiscal services, interest payment and servicing of debt, administrative services and pension. Social services include mainly expenditures on education, health and family welfare, water supply, sanitation, housing and urban development, labour and employment, social security and nutrition. Economic Services includes mainly expenditures on, agriculture and allied services, rural development irrigation and flood control, energy, industry and minerals, transport, communications, science, technology and environment and general economic services

Table 2. Growth in total receipts and its major components (%)

States	Total Receipts (1+2)	Revenue Receipts (1)	Own Tax Revenue	Own Non-Tax Revenue	Capital Receipts (2)	Borrowings & Other Liabilities
Andhra Pradesh	117.5	34.8	-20.1	-29.1	255.8	256.4
Karnataka	-0.8	-23.9	-40.1	-26.4	-691.2	-678.0
Kerala	17.1	-30.0	-55.8	-74.7	112.1	112.9
Tamil Nadu	0.3	-23.2	-51.2	-42.9	87.0	89.4
Telangana	27.8	-22.6	-38.0	-23.1	179.1	179.6

Source: Computed from C&AG(2020)

Positive growth registered in revenue expenditure across all the Southern States, despite the fall in own tax and non-tax revenue. But only Kerala and Andhra Pradesh registered a positive growth in capital expenditure.

2019 with a highest borrowing of 478 per cent in Karnataka, 256 per cent in Andhra Pradesh , 180 per cent in Telangana, 113 per cent in Kerala and 89 per cent in Tamil Nadu.

Deficits and borrowing position

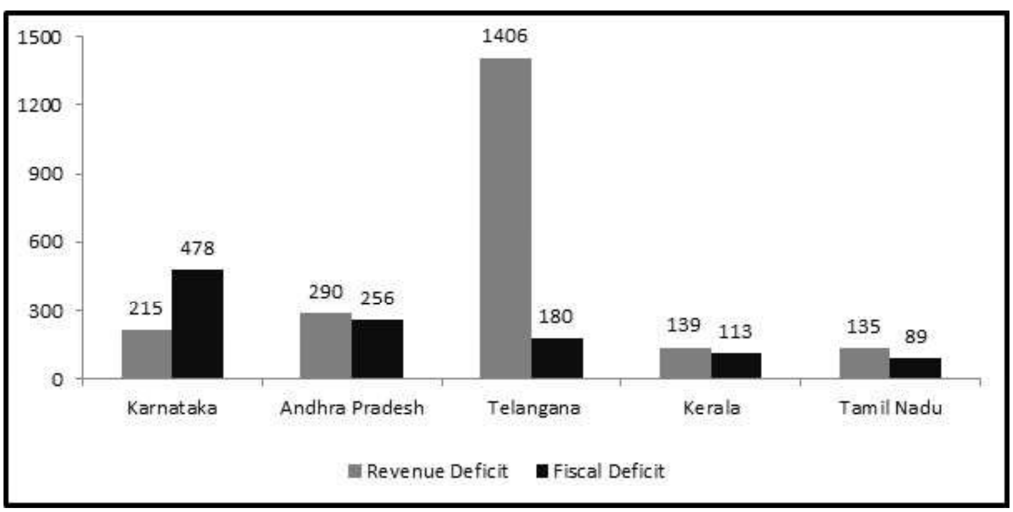
The comparative analysis of the deficit indicators suggests that revenue deficit (RD) increased by more than hundred per cent in all the Southern States (Figure 1). For Karnataka, Andhra Pradesh and Telangana the growth in RD has been more than 200 per cent.The growth in fiscal deficit is also more than 100 per cent for all the states other than Tamil Nadu (89%).

The hike in revenue deficit, fiscal deficit and the corresponding swell in borrowings are the common characteristics of State finance of all the southern States during the COVID-19 period. However, the fiscal performance of Kerala is better compared to Telangana, Andhra Pradesh and Karnataka.

Kerala's state finances updated

A comparative analysis of government expenditure of Kerala up to August between 2019 and 2020 (Table A given in the appendix) reveals that the total government expenditure increased by 15 per cent with an increase in revenue

Figure 1. Growth in deficit indicators in southern states in Q1 2020 over 2019 (%)



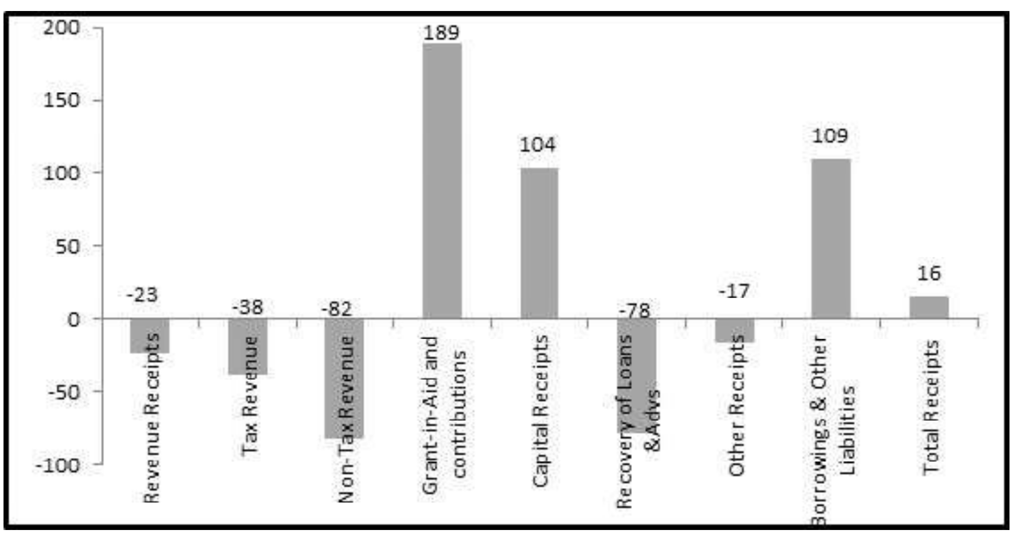
Source: Computed from C&AG (2020)

More than 100 per cent hike in revenue and fiscal deficits in all the Southern States, except Tamil Nadu (fiscal deficit of 89 per cent), and the corresponding swell in borrowing are the common features of all the southern states during the COVID-19 pandemic period. However, the fiscal performance of Kerala is better as compared to Karnataka, Andhra Pradesh and Telangana during Q1 2020.

expenditure and capital expenditure by 14 per cent and 28 per cent, respectively. Within the revenue expenditure the maximum growth is observed in expenditure subsidy of 259 per cent followed by other revenue expenditure (36%) and interest payments (7%). The sector-wise expenditure analysis indicates a rise in social and economic expenditure by 36 per cent and 56 per cent, respectively with a decline in general expenditure by -12 per cent. The grants-in-aid-contributions show an upward shift in growth by 189.2 per cent. Remarkable increase in subsidy expenditure in Kerala is a clear indication of state's intervention to contain the catastrophe of pandemic by providing necessary social security programs for the wellbeing of the people

The revenue loss is still persistent in the State since the economic activities are being harshly hit due to the pandemic which can be reflected from the Figure 2. The tax revenue and the non-tax revenue registered a negative growth of 38 per cent and 78 per cent, respectively. This has resulted in a fall in growth of revenue receipts by -23 per cent consequently increasing the borrowings of the State by 109 per cent in Apr-Aug 2020 vis-à-vis Apr-Aug 2019.

Figure 2. Revenue growth in Kerala between Apr-Aug 2020 and Apr-Aug 2019 (%)



Source: Computed from C&AG(2020)

Kerala's state finances (April-August) shows a remarkable increase in subsidy expenditure (259%) which is a clear indication of state's intervention to contain the catastrophe of pandemic by providing necessary social security programs for the wellbeing of the people.

Deficits position

As per Apr-Aug 2020 data, the revenue and fiscal deficits are Rs. 25759 crore and Rs. 31008.2, respectively, with an increase of 128 per cent and 109 per cent, respectively compared to Apr-Aug 2019 (Table A in appendix). A substantial increase in social and economic sector expenditures including subsidy together with negative growth in own tax and non-tax revenue of the government resulted in high growth in deficit indicators and borrowing of the state.

■

(Ms Anitha Kumary L, Associate Professor & Dr Parma Chakravartti, Assistant Professor, GIFT)

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Appendix A

TableA. State finances in Kerala: April-August 2020 and April-August 2019 (Rs. Crore)

Sl. No.	Description	Actuals upto August 2020	Actuals upto August 2019	Growth (per cent)
1	Revenue Receipts	26203.5	34251.4	-23.5
a)	Tax Revenue	16504.1	26675.0	-38.1
(b)	Non-Tax Revenue	793.9	4497.1	-82.3
(c)	Grant-in-Aid and contributions	8905.5	3079.4	189.2
2	Capital Receipts	31107.2	15260.5	103.8
(a)	Recovery of Loans &Advs	92.8	431.2	-78.5
(b)	Other Receipts	6.2	7.5	-16.6
(c)	Borrowings & Other Liabilities	31008.2	14821.9	109.2
3	Total Receipts	57310.7	49511.9	15.8
4	Revenue Expenditure (a+b+c+d+e)	51962.5	45550.0	14.1
(a)	Expenditure on Revenue Account (excluding (b),(c),(d)&,(e)	20636.1	15195.7	35.8
(b)	Expenditure on Interest Payment	7115.3	6654.2	6.9
(c)	Expenditure on salaries and wages	13364.7	14333.5	-6.8
(d)	Expenditure on Pension	8444.7	8696.8	-2.9
(e)	Expenditure on Subsidy	2401.7	669.8	258.6
5	Capital Expenditure(a+b)	4297.3	3353.4	28.1
(a)	Expenditure on Capital account (excluding (b)	4256.9	3307.0	28.7
(b)	Expenditure on salaries and wages	40.4	46.5	-13.1
6.	Sector wise Expenditure (i+ii+iii)	53034.8	46838.4	13.2
(i)	General Sector	21990.4	25095.7	-12.4
(ii)	Social Sector	19930.8	14609.6	36.4
(iii)	Economic Sector	11113.5	7133.1	55.8
7.	Total Expenditure	56259.7	48903.4	15.0
8.	Loans and Advances	1050.9	608.6	72.7
9.	Revenue Surpuls(+)/Deficit(-)(1-4)	-25759.0	-11298.5	128.0
10	Fiscal Surplus (+)/Deficit(-) [9+2(a)+2(b)-5-8]	-31008.2	-14821.9	109.2
11.	Primary Deficit(-)/Surplus(+) [10+4(b)]	-23892.9	-8167.7	192.5

Source: Computed from C&AG (2020)

Tax monitor

GST collection across states: Whither Kerala?

N. Ramalingam and Santosh Kumar Dash

Though the GST revenue collection for the month of September and October 2020 is often highlighted as a sign of economic recovery from the shock of the pandemic, states are still in the red zone. This is mainly because the loss recorded during the two-quarter period (March to August 2020) outweighs the recent gains. While GST is sloganed as "one nation one tax", the pace of recovery as well as the extent of revenue loss need not necessarily be uniform across states/union territories given the variation in income, population and per-capita GST. This article explores inter-state variation with respect to GST revenue.

The relevant data of the GST collection of each state/union territory were taken from the GST website (www.gst.gov.in) from March to August for years 2019 and 2020. Based on the state-wise population (2011 Census), per-capita GST across states have been estimated. For the present analysis, GST revenue of state/union territory is the sum of SGST (State Goods and Services Tax) and IGST (Integrated Goods and Services Tax) settlement to states. GST devolution from Government of India in accordance with the finance commission is not included as 'State revenue' in this analysis.

Top five states account for 50 per cent of the GST revenue and Kerala with a share of four per cent holds the 10th rank among Indian States

GST collection across states

Table 1 presents data on GST revenue collection of 30 states (including Union Territory of Puducherry) of India in the Pre-COVID and COVID period. Pre-COVID period is defined as March to August in the year 2019, and the corresponding period in 2020 is defined as COVID period. The share of five states - Maharashtra, Uttar Pradesh, Tamil Nadu, Karnataka, and Gujarat - is approximately 50 per cent of aggregate states' GST revenue. This pattern holds good during Pre-COVID and COVID period. This high concentration in GST collection is in sync with their high contribution towards GDP of the country (47.9 per cent) as per the state GDP data for 2018-19. Similarly, they also account for 42.3 per cent of the population as consumers of goods and services. This implies that on an average 1 per cent of population in these states contribute to 1.17 per cent of tax revenue.

When it comes to the next cohort of five states- West Bengal, Telangana, Rajasthan, Andhra Pradesh and Kerala - the share is 22.6 per cent of aggregate states' GST revenue. The share in GDP and population of these states is 23 per cent and 22.6 per cent respectively. It can be observed that share in GST revenue of these states corresponds with the share in GDP. One per cent population in these states on an average contributes to approximately 1 per cent of GST revenue.

Kerala belongs to this cohort and is positioned in 10th rank. However, Kerala's contribution is higher than the other four states' average. This is evident from the fact that 1 per cent of population of Kerala contributes 1.4 per cent to the GST revenue.

The states ranked from 11 to 20 with a population share of 32.5 per cent and GDP share of 26.3 per cent collect 25.5 per cent of total states' GST revenue. These states are Madhya Pradesh, Delhi, Haryana, Bihar, Odisha, Punjab, Assam, Jharkhand, Chhattisgarh, and Uttarakhand. It indicates that on an average each 1 per cent of population contributes 0.79 per cent of GST revenue collection. This implies lower per capita tax collection.

The bottom-ranked 10 states in terms of GST collection are Himachal Pradesh, Goa, Tripura, Meghalaya, Manipur, Arunachal Pradesh, Nagaland, Mizoram, Sikkim, and Puducherry. These states with 2 per cent population share and 2.5 per cent share in GDP collect 2.2 per cent of the GST revenue which suggests higher per capita tax collection. Each 1 per cent population in these states contributes to 1.10 per cent of GST revenue collection. These states though economically backward contribute more than proportionately to country's GST revenue.

The six southern states namely, Tamil Nadu, Karnataka, Telangana, Andhra Pradesh, Kerala, and Puducherry, with a population share of 21.1 per cent and GDP share of 21 per cent collect 29.5 per cent of nation's state GST revenue indicating higher contribution.

Percapita GST collection

The percapita tax collection along with ranking of states is reported in Table 2.The state of Goa with 0.12 per cent share of the total population stands first among the 30 states in the per capita GST collection. During the 6 months period (March - August 2019) every citizen in Goa contributed Rs. 7625 to the state's GST purse. Though Delhi stands second, its contribution is only Rs. 5445 during the same period which is roughly Rs. 2000 less than Goa. Contribution of the next 5 states ranked as 3 to 7 in their order hovers around Rs. 3500 per head. The next nine states (ranked from 8 to 16) recorded an average per-capita GST of Rs. 2500 and Kerala belongs to this group holding 8th rank with Rs. 2944. The next 13 states (ranked from 17 to 29) contributed on an average Rs.1400 per person. Bihar is ranked as 30th with the lowest contribution of Rs. 746. Among the six southern states, Kerala holds the third position while Karnataka and Telengana are in the first and second positions respectively.

Table 1. Pre-Covid and COVID period GST revenue

No.	State/UT*	Share in GDP (per cent)	Mar - Aug 2019		Mar - Aug 2020		Revenue Loss (per cent)
			Revenu (Rs. Crore)	Share (per cent)	Revenu (Rs. Crore)	Share (per cent)	
1	Maharashtra (MH)	14.58	40131.5	16.3	28192.9	15.8	-29.7
2	Uttar Pradesh (UP)	8.14	23418.3	9.5	16904.0	9.5	-27.8
3	Tamil Nadu (TN)	8.69	20581.2	8.4	13760.2	7.7	-33.1
4	Karnataka (KA)	8.04	20468.6	8.3	16276.7	9.1	-20.5
5	Gujarat (GJ)	8.49	17570.8	7.1	12080.5	6.8	-31.2
6	West Bengal (WB)	5.29	13334.9	5.4	9258.4	5.2	-30.6
7	Telangana (TS)	4.38	11558.3	4.7	8759.5	4.9	-24.2
8	Rajasthan (RJ)	4.85	10980.9	4.5	8102.5	4.5	-26.2
9	Andhra Pradesh (AP)	4.44	9996.7	4.1	7435.7	4.2	-25.6
10	Kerala (KL)	4.00	9837.2	4.0	6523.0	3.7	-33.7
11	Madhya Pradesh (MP)	3.73	9640.7	3.9	6901.3	3.9	-28.4
12	Delhi (DL)	4.22	9142.0	3.7	6541.2	3.7	-28.4
13	Haryana (HR)	3.80	8947.4	3.6	6852.7	3.8	-23.4
14	Bihar (BR)	2.69	7767.2	3.2	6036.5	3.4	-22.3
15	Odisha (OR)	2.73	6463.2	2.6	5550.9	3.1	-14.1
16	Punjab (PB)	2.84	6199.2	2.5	4643.4	2.6	-25.1
17	Assam (AS)	1.67	4247.0	1.7	2959.2	1.7	-30.3
18	Jharkhand (JH)	1.61	4040.4	1.6	2894.9	1.6	-28.4
19	Chhattisgarh (CT)	1.65	3873.6	1.6	3059.4	1.7	-21.0
20	Uttarakhand (UK)	1.38	2517.5	1.0	1638.1	0.9	-34.9
21	Himachal Pradesh (HP)	0.84	1662.2	0.7	1275.1	0.7	-23.3
22	Goa (GA)	0.45	1112.4	0.5	694.7	0.4	-37.6
23	Tripura (TR)	0.26	510.9	0.2	408.5	0.2	-20.0
24	Meghalaya (ML)	0.18	441.5	0.2	267.9	0.2	-39.3
25	Manipur (MN)	0.14	395.5	0.2	274.3	0.2	-30.7
26	Arunachal Pradesh (AP)	0.12	379.0	0.2	307.5	0.2	-18.9
27	Nagaland (NL)	0.13	291.2	0.1	237.5	0.1	-18.4
28	Mizoram (MZ)	0.10	261.1	0.1	197.6	0.1	-24.3
29	Sikkim (SK)	0.13	243.6	0.1	153.2	0.1	-37.1
30	Puducherry (PY)	0.17	154.6	0.1	106.4	0.1	-31.2
	Total	100	246168.4	100.0	178293.5	100.0	-27.6

Source: Authors' calculation based on data extracted from www.gst.gov.in
* Data of Jammu and Kashmir, Dama and Diu, Dadra and Nagar Haveli, Lakshadweep, Andaman and Nicobar Island, Ladakh, Other Territory, and CBIC are not taken

Table 2. Pre-Covid and COVID period percapita GST revenue

No.	State/UT*	Pop. Share (per cent)	Mar - Aug 2019 Revenu (Rs.)	Mar - Aug 2019 Rank	Mar - Aug 2020 Revenu (Rs.)	Mar - Aug 2020 Rank
1	Goa (GA)	0.1	7625	1	4761	1
2	Delhi (DL)	1.4	5446	2	3896	2
3	Sikkim (SK)	0.1	3987	3	2508	6
4	Maharashtra (MH)	9.4	3571	4	2509	5
5	Haryana (HR)	2.1	3529	5	2703	3
6	Karnataka (KA)	5.1	3350	6	2664	4
7	Telangana (TS)	2.9	3284	7	2489	7
8	Kerala (KL)	2.8	2945	8	1953	10
9	Gujarat (GJ)	5.1	2907	9	1999	9
10	Tamil Nadu (TN)	6.0	2853	10	1907	11
11	Arunachal Pradesh (AP)	0.1	2738	11	2221	8
12	Uttarakhand (UK)	0.8	2496	12	1624	15
13	Himachal Pradesh (HP)	0.6	2421	13	1857	12
14	Mizoram (MZ)	0.1	2380	14	1801	13
15	Punjab (PB)	2.3	2235	15	1674	14
16	Andhra Pradesh (AP)	4.1	2024	16	1506	16
17	Rajasthan (RJ)	5.7	1602	17	1182	20
18	Odisha (OR)	3.5	1540	18	1322	17
19	Chhattisgarh (CT)	2.1	1516	19	1198	19
20	Meghalaya (ML)	0.2	1488	20	903	26
21	Nagaland (NL)	0.2	1471	21	1200	18
22	West Bengal (WB)	7.6	1461	22	1014	22
23	Tripura (TR)	0.3	1391	23	1112	21
24	Manipur (MN)	0.2	1385	24	960	23
25	Assam (AS)	2.6	1361	25	948	25
26	Madhya Pradesh (MP)	6.1	1327	26	950	24
27	Puducherry (PY)	0.1	1239	27	853	28
28	Jharkhand (JH)	2.8	1225	28	878	27
29	Uttar Pradesh (UP)	16.7	1172	29	846	29
30	Bihar (BR)	8.7	746	30	580	30

Source: Authors' calculation based on data extracted from www.gst.gov.in

In terms of GST loss during six months, Kerala was one among the hardest hit with only four states recording higher loss than Kerala.

Prima-face based on per-capita tax collection, it appears that Kerala's performance vis-à-vis other states in terms of GST collection is better. This could be attributed to the destination based character of GST and Kerala's higher consumer base inter alia on account of higher remittances. Nonetheless, there is reason to believe that Kerala is yet to reach its potential. In terms of per capita consumption (NSS 68th round) Kerala ranks first among Indian states whereas when it comes to per capita tax collection, its rank drops to eighth position.

State-wise revenue loss of GST

In order to examine the impact of pandemic on GST revenue of the states, the two-quarter period from March to August 2020 is compared with the similar period of 2019. The GST revenue loss is plotted in Figure 1 and reported in Table 1 (last column).

The analysis of the 30 states shows that, on an average, states have lost 27.6 per cent GST revenue in March-August 2020 compared to the same period in the previous year. Orissa is affected only by 14.1 per cent shortfall during the two-quarter period during 2020 whereas Meghalaya is affected the worst, with a GST revenue shortfall of 39.3 per cent. States ranked in 1-5, 6-10, and 21-30 have suffered loss in GST revenue by about 28 per cent. Ten states (ranked from 11 to 20), however, recorded a relatively lower decline in the GST revenue by 25.6 per cent. Among the Southern states, Karnataka is least affected with 20.5 per cent loss in revenue, whereas Kerala has suffered the most during the pandemic with 33.7 percent GST revenue loss.

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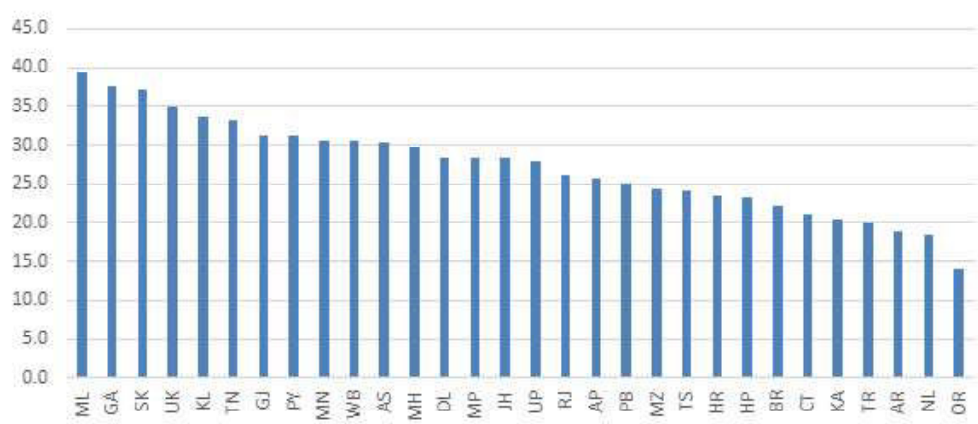
(Dr N Ramalingam, Associate Professor, GIFT and Dr Santosh Kumar Dash, Assistant Professor, GIFT)

Figure 1. GST Revenue loss during Mar-Aug 2020 over Mar-Aug 2019 (%)



Source: Authors' own calculation

Price monitor

COVID takes the flavour out of cardamom, brews up tea

D Narayana and Shagishna K

Kerala is a major producer of spices and it is reported that spices exports, unlike other exports, have shown an increase during COVID 19 lockdown largely because of the perception that spices help to improve immunity. This article looks at the price trends to examine this issue as production does not respond in the short term owing to the gestation lag. Along with spices, coffee and tea were also in the limelight during the lockdown and the four crops together account for a major part of the economy of Kerala, especially two hill districts, namely Wayanad and Idukki.

The four crops - pepper, cardamom, tea and coffee - account for roughly 12 per cent of the net cropped area of the state. But in Wayanad, they account for 80 per cent of the net cropped area and in Idukki close to 55 per cent (Table 1). However, the composition of the crops varies between the two districts. While in Wayanad, coffee and pepper dominate, tea, pepper and cardamom are the predominant crops in Idukki.

In order to analyze the impact of COVID -19 lockdown on prices of these four commodities, it is essential to examine the price trends over the last ten years. As is evident from figure 1 and table 2, pepper prices follow the old dictum of sharp increase followed by an equally sharp fall. Prices jumped over three fold in around four years, rising by over 30 per cent every year after a large jump of 60 per cent in 2011-12. It remained at that level for the next three years. Prices fell 32 per cent, 20 per cent, and 10 per cent respectively in the next three years. Almost all the gains were erased over a period of three years; the prices falling back to the levels of 2011-12 in 2019-20.

Tea prices took eight years to double between 2010 and 2018. The same feat was achieved in eight months during COVID-19 times. While the large gains in prices would benefit the planters, the other side of the story is that the common man's drink suffered a huge hit during COVID-19.

Cardamom prices show a pattern similar to that of pepper (figure 1 and table 2). 30 per cent fall was witnessed in 2011-12 and the prices continued to prevail at that level with minor year on year fluctuations

Table 1.Area under select crops in Wayanad and Idukki, 2018-19 (Hectares)

Crop	Kerala	Wayanad	Idukki
Pepper	82671	9939	43104
Cardamom	38882	4120	30968
Tea	36474	8194	25588
Coffee	84976	67426	12717
Sub Total	243003	89679	112377
	(11.95%)	(79.38%)	(54.74%)
Net Cropped Area	2033631	112976	205291

Source: ecostat.kerala.gov.in

for the next five years. The year 2016-17 witnessed a sharp 80 per cent increase in prices. In 2018-19 prices went up by 50 per cent and by a whopping 100 per cent in 2019-20 taking it to almost trifold of the level in 2016-17. Thus it is clearly evident that the prices of both pepper and cardamom are characterised by deep cyclical movements. Price increases, whenever they occur, are large followed by equally large falls. The year 2019-20 was the trough for pepper but the peak for cardamom. As is evident around 100 per cent increase over a period of three to four years and 50 per cent fall over an equal number of years is not unusual for these crops.

Unlike the prices of two spices the prices of the two plantation crops set a different trend (figure 2 and table 2). Export prices of coffee showed steady rise from 2010-11 to 2014-15, the terminal year prices being around 60 per cent higher than those in 2010-11. The prices fell by around 10 per cent during the next two years and continued to remain at that level for the next four years (2016-17 to 2019-20). This was the price level of 2012-13 and 2013 -14. Thus, coffee prices after the sharp jump in 2011-12 and 2012-13, more or less continued to remain at that level till 2019-20, with minor fluctuations.

However prices of tea moved very differently from that of coffee. Its evolution is more like a step function(figure 2 and table 2). It rises by a relatively small per cent in one year, stabilises at that level the next two or three years before taking the next step. It jumped 25 per cent in 2012, by around 10 per cent in 2015 and by another 12 per cent in 2017. Thus, over a period of 10 years the prices increased by around 50 per cent, never showing any sharp fall. The crop is that way very different from spices or coffee, mainly due to the large domestic demand that brings stability in prices.

Now the question arises is that what is the impact of COVID -19 and the lockdown on the price front of these commodities ? As regards tea, in 2019, the monthly average prices were showing a declining trend from April. Initially, the decline was mild but gained pace from June. The price of August 2019 was about 19 per cent lower than that of January 2019 (Table 3). The low prices continued till March 2020. The first month of the

The prices of spices, such as Pepper and Cardamom are characterised by deep cyclical movements. The year 2019-20 was the trough for pepper but the peak for cardamom. Whatever gains (doubling of prices) made in 2019 till January 2020 by cardamom were lost and they were almost back to the levels of 2018-19.

lockdown period witnessed the price rising by over 20 per cent. Another 22 per cent increase was seen in July, 25 per cent in August and 13 per cent in September. Thus, the September prices were twice that in January and February. In effect, while it took eight years for the prices to double between 2010 and 2018, the same level was achieved in eight months during COVID-19 times. While the large gains in prices would benefit the planters, the other side of the story is that the common man's drink suffered a huge hit during COVID-19.

Coffee prices showed hardly any variation during first two months in the first half of 2019(Table 3). While 8 per cent increase is seen in May, followed by 5 per cent increase in the next two months. The rest of the year saw hardly any variation in prices. Towards the end of the year and into January 2020 the prices jumped by 10 per cent followed by another six per cent each in February and March. The lockdown months since April showed remarkable stability in prices. Thus the movement of coffee prices is in

Table 2. Average annual prices of select crops, 2010-11 to 2019 - 20 (Rs per kg)

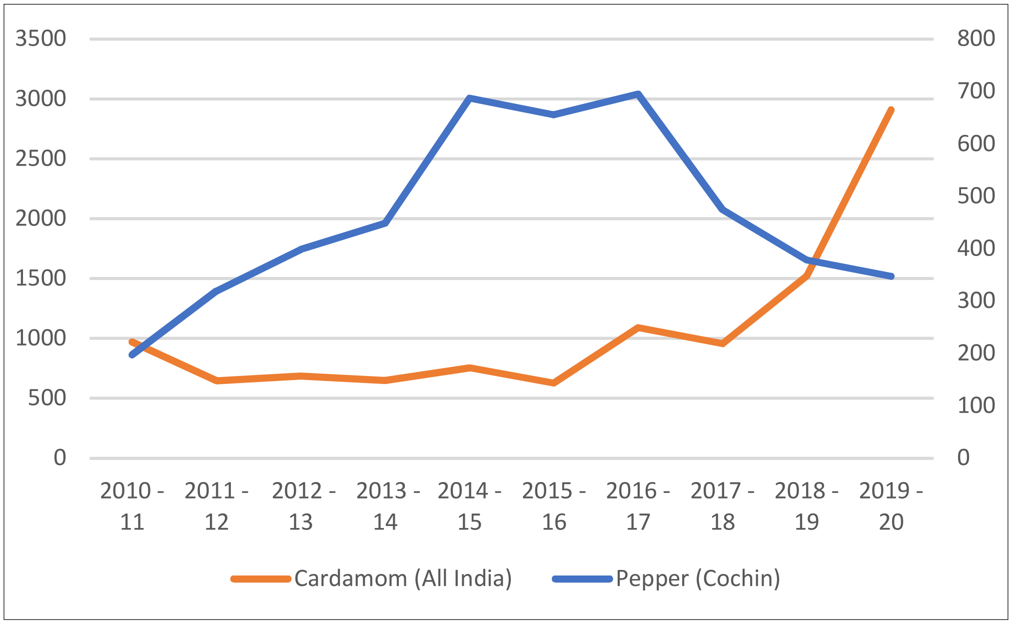
Year	Pepper (Cochin)	Cardamom (All India)	Coffee (Cochin)	Tea (All India)
2010 - 11	197.05	968.22	112.54	80.28
2011 - 12	318.77	645.62	140.41	80.37
2012 - 13	398.18	686.89	152.12	105.02
2013 - 14	448.29	649.2	155.11	100.84
2014 - 15	686.64	754.01	178.15	102.49
2015 - 16	655.22	627.12	163.11	111.67
2016 - 17	694.77	1088.5	158.33	115.81
2017 - 18	473.73	955.56	157.21	114.04
2018 - 19	378.21	1520.3	164.45	127.78
2019 - 20	347.08	2908.5	158.08	119.12

Source: For Pepper and Cardamom, indiaspices.com; For Coffee, indiacoffee.org; For Tea, teaboard.gov.in

Note: For Pepper and Cardamom, Average Domestic Prices are shown. For Coffee, All India Export Prices are presented. For Tea, Weekly Average Price of the Last Week of December is shown.

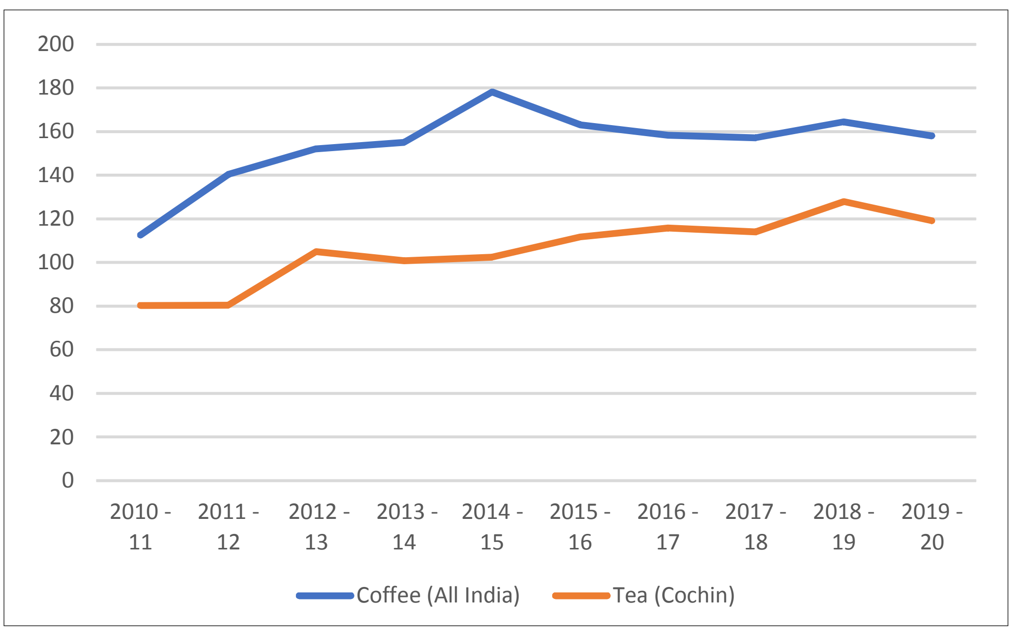
While for Tea Calendar Year is taken, for other crops Financial Year is considered.

Figure 1.Annual prices of Cardamom and Pepper, 2010 -11 to 2019 - 20 (Rs per kg)



Source: Same as Table 2

Figure 2. Annual prices of Coffee and Tea, 2010 -11 to 2019 - 20 (Rs per kg)



Source: Same as Table 2

sharp contrast with that of tea.

Pepper prices have been on a declining trend since 2016-17. The monthly variation in 2019 shows a continuation of the long term trend(Table 3). While the prices fluctuated till June 2019, they began to fall from then onwards; the fall continued till March 2020. But unlike the declining trend in the second half of 2019, the COVID-19 period brings a halt to the down trend and a remarkable stability in prices. Obviously, the perception that spices have immunity boosting properties seems to have halted the steady decline in prices.

Compared to the prices in January - March 2019, cardamom prices in June were 100 per cent higher(Table 3). The prices continued the upward trend beyond June 2019 and reached the highest level in January 2020. In the pre COVID lockdown period, between January and March 2020 the prices fell by over 30 per cent. The lockdown accentuated the decline and by June 2020 the prices were 45 per cent lower than in March. There was a slight increase the next month, but prices had lost 50 per cent from the levels in January - February 2020. Thus, the trend in 2020 was a reversal of that seen in 2019. Whatever gains made in 2019 till January 2020 were lost and prices were almost back to the levels of 2018-19.

The general belief that the boost to spices export during COVID would benefit Kerala is a misnomer. The pandemic had hit the producers of spices and coffee, badly with prices showing hardly any uptick. While pepper and coffee did not lose, it hit cardamom with 50 per cent

Table 3. Month - wise prices of select crops, 2019-20 (Rs per Kg)

Month	Pepper		Cardamom		Coffee		Tea	
	2019	2020	2019	2020	2019	2020	2019	2020
January	371	343	1432	3802	142	180	111	96
February	364	333	1398	3313	139	192	111	93
March	347	321	1471	2693	137	205	112	93
April	353	330	1813	---	135	206	111	112
May	367	328	2443	1770	146	209	107	101
June	367	334	2873	1477	154	210	103	108
July	355	325	3436	1619	162	212	91	132
August	355	336	3252	1683	156	220	90	165
September	347	345	3040	1634	158	214	93	186
October	---	---	---	---	157	210	---	---

Source: Same as Table 2

Note: For Pepper and Cardamom, Monthly Average Prices are taken; For Coffee, Raw Coffee Price (Karnataka) of the last working day of the month id presented. Price range is given in the publication and we have taken the maximum of the range; For Tea, Average Prices of the auction centres in South India are taken.

drop in prices. Only tea has gained at the cost of higher prices for the domestic consumers. The two districts of Kerala growing spices and plantation crops have hardly made any gain as either the prices have continued to remain depressed or fallen sharply. The only crop that gained handsomely (tea) does not have much area under it.

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(Professor D Narayana is the former director of GIFT & Ms Shagishna K is an independent researcher)

Labour and employment

Social spending : Its impact on income and living standards in Kerala

A V Jose

This column, in the last two issues of *Kerala Economy*, had examined the structure of employment and income in Kerala and shown that the share of the labour force engaged in non-agricultural activities is more extensive and that the productivity and earnings per worker are higher in Kerala than in many other states, especially those in the heartland region of India. It has been argued that the upbeat trend in Kerala could be the outcome of re-distributive transfers, which the state has pursued through social spending. The present note takes this argument further and suggests that the public provisioning of services in the state has had a benign impact on the income and living standards of the people. Some empirical evidence in support of the argument is given in Table 1. As in the earlier articles, the relevant figures are under two columns, one on Kerala and the other on all-India basis.

Through the past several decades, Kerala has maintained a higher level of social spending. From 1990-91 to 2000-01, the average share of social sector (including education and health) in total expenditure was 42 per cent in Kerala against an all-India average of 37 per cent. From 2005-06 to 2011-12, the same ratio came down to 33 per cent (RBI, 2014 p 156) . After that, the state managed to retrieve some lost ground, as indicated in Table 1 (Rows 1-4). According to the revised budget estimates of Kerala Government for the year 2018-19, the per capita expenditures under different categories such as i) Education, ii) Public health, iii) Social services (including i and ii), and iv) Non-development services were distinctly high, compared to the corresponding all-India average.

Through the past several decades, Kerala has maintained a higher level of social spending. From 1990-91 to 2000-01, the average share of social sector (including education and health) in total expenditure was 42 per cent in Kerala against an all-India average of 37 per cent.

Such spending on social sectors is reflected in some impressive gains on the human resource front of Kerala. The indicators

Table 1. Comparative estimates of earnings, demography and expenditure per head in Kerala and India

	Rows	Kerala	India
1	Per capita expenditure on social services (Rs) 2018-19	11285	8738
2	Per capita expenditure on education (Rs) 2018-19	5702	4013
3	Per capita expenditure on public health (Rs) 2018-19	1892	1171
4	Per capita expenditure on non-development services (Rs) 2018-19	15234	7140
5	Growth of population between 2001and 2011 Censuses (%)	4.9	17.7
6	Total fertility rate (2017)	1.7	2.2
7	Infant mortality rate per thousand (2017)	10	34
8	Maternal mortality rate per 100,000 live births (2015-17)	42	122
9	Population above 60 yearspercentage of total population (2011)	12.6	8.0
10	Percentage of women with secondary education and above 2017-18	57.0	32.3
11	Net attendance of girls in higher secondary level schools 2017-18	78.5	42.7
12	Percentage of ailments treated in public hospitals 2017-18	47.5	30.1
13	Expenditure Rs per spell of non-hospitalized treatment per person(R)	432	592
14	Expenditure Rs per spell of non-hospitalized treatment per person(U)	545	710
15	Expenditure (Rs) per hospitalized treatment Public hospitals 2017-18	4589	4837
16	Expenditure (Rs) per hospitalized treatment Pvt. Hospitals 2017-18	32746	38822
17	Expenditure per male student/year in tech/prof. course 2017-18	39967	51844
18	Expenditure per female student/year in tech/prof. course2017-18 Rs	41570	47421

Source:Rows 1 to 4: Government of Kerala (2020a) Revised Estimates from Tables B4, B13 and B11
Row 5: Government of India (2020) A169; Row 6,7: A160, Row 8: A 166, Row 9: Government of India (2020) Table 9.7
Rows 10:Government of India (2019a) Tables 3.1, Row 11: Table 9.1
Rows 12:Government of India (2019b) Table A8; Rows 13-14, Table A22; Rows 15-16: Table A17
Rows 17-18: Government of India (2019a) Table 19.1

listed in Table 1 point to notable demographic changes as well as improvements in the health and education of the people. For instance, population growth between 2001 and 2011 was 4.9 per cent in Kerala, the lowest among large Indian states (Row 5). The advancement in healthcare shows up in the lowest total fertility rate (TFR), infant mortality and maternal mortality among the Indian states (Rows 6-8). Another indicator of improved health is the changing age composition of the population. In 2011, people aged 60 years and above formed 13 per cent of the total population of Kerala, significantly higher than the all-India average (Row 9). The Economic Survey (Government of India 2020), which ranked the states about the quality of healthcare available to people in 2019-20 has placed Kerala on top of the league tables.

As for the educational status, we can look

Population growth in Kerala between 2001 and 2011 was 4.9 per cent, the lowest among large Indian states. The advancement in healthcare shows up in the lowest total fertility rate, infant mortality and maternal mortality among the Indian states.

beyond the standard measures of literary and examine the progress in extending the reach of higher education. Results of a national survey on education (Government of India 2019a) show that share of women with secondary education and above was 57 per cent in Kerala, remarkably higher than the all-India average (Row 10). The same survey showed that the net attendance ratio of girls in higher secondary schools was 79 per cent against a much lower India average (Row 11). As we noted earlier in the case of healthcare, Kerala also has the top rank with the quality of school education among the states.

The state government's active presence, promoting social consumption through re-distributive spending, has had an impact on the cost of providing healthcare and education to the general public. This cost reduction applied to service providers both in the public and private sectors. State's involvement in providing social services served as a restraining influence on any possible increase in the prices of services. In the bargain, consumers derived an "income effect", which positively influenced their access to better quality services. Such interventions effectively ensured equitable access to health and education in the state. Some illustrative figures of the income effect, derived from the NSS 75th Round, are in Table 1.

About half of the ailments treated in Kerala were in public sector medical institutions, as such a significantly higher share compared to the whole of India (Row 12). In this regard, the average expenditure per person for non-hospitalized treatment in rural and urban areas of Kerala - Rs 432 and Rs 545 respectively - was remarkably lower than the corresponding all-India average (Rows 13-14). The average expenditure per person for hospitalized treatment in urban areas is separately available for government and private hospitals. In both cases, the cost estimates of Kerala - Rs 2743 and Rs 21,808 - were lower than the all-India averages (Rows 15-16). It is conspicuously lesser in public hospitals, compared to private hospitals of Kerala and the whole of India.

The state's presence has also had a benign influence on the cost of higher education, in particular, technical education both in the public and private sectors. Expenses per student, pursuing technical education at the secondary and graduate levels, as obtained from the NSS 75th Round point to lower average costs in Kerala than in the whole of India. The figures are available for male and female students (Rows 17,18). They too give credence to the idea of an income effect due to the public provisioning of services in Kerala.

In short, the evidence put together here suggests that Indian states can make significant gains through raising the public provisioning of services. Any potential increase in the social consumption of health and education would only raise the income and living standards of the people. Indeed, this is a subject matter for more policy debates based on substantive research in the domain of Public Economics.

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(Dr A V Jose is the former director of GIFT)

[1]Such a drastic decline is linked t to t a strict implementation of the Fiscal Responsibility and Budget Management Act (FRBMA) of 2003. As estimated by Narayana and Sheel (2018, Table 8), the average shares of aggregate expenditure on health and education in Kerala during the pre-FRBMA period were 21 and 6 per cents respectively, which came down to 17 and 5 per cents in the immediate aftermath of FRBMA.

[2]Kerala has a total of 74 points. At the lower end of the ranking were UP with 27 points and Bihar with 32 points (Government of India 2020, Vol 2, Table 9.8).

[3]The total score is 86 points. At the low end are Jharkhand with 31 points and Bihar with 37 points (Government of India 2020, Vol 2, Table 9.8).

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Government of India (2020). Economic Survey (2019-20) Vol 2, Statistical Appendix

Government of India (2019a). Key Indicators of Household Social Consumption on Education in India, NSS 75th Round 2017-2018 National Statistical Office, New Delhi

Government of India (2019b). Key Indicators of Household Social Consumption in India: Health, NSS 75th Round, 2017-2018, National Statistical Office, New Delhi

Government of Kerala (2020a). Budget in Brief 2020-2021, Finance Department, Thiruvananthapuram

Narayana D., Alok Sheel (2018). "Infrastructure and Fiscal Management", Economic and Political WeeklyVol. 53, Issue No. 20, 19 May.

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Sectoral focus

Water quality degradation in Kerala: The challenge ahead

Srikumar Chattopadhyay

Kerala is perhaps the only state in India that has achieved sustainable development goals in key elements of the social sector well in advance. However, the State's performance in the water sector is not at the desired level. Kerala is well endowed with water resources receiving roughly 3000 mm annual rainfall, two monsoon seasons, 44 rivers, and several natural and impounded water bodies. However, the state also suffers from the erratic nature of rainfall, problems of water shortage in some parts of the state during some times in the year. Water supply schemes in Kerala cover only 56 per cent of the total population by 2019. It has also been reported by the Census 2011 data that the majority of people in Kerala depends on well water for drinking and household use.The problem is compounded due to degradation of water quality which is a serious emergent issue as evident from the data obtained from the State Pollution Control Board, Central Pollution Control Board and various case studies undertaken by academicians and professionals. Both surface and ground waters are contaminated and in many cases, these water sources are rendered unsafe for human consumption and survival of aquatic lives.Deterioration of water quality can severely impact human health and impinge upon the economy. This article draws attention to the water quality problem in Kerala and raise a couple of issues warranting deliberations at the policy level.

Increasing degradation of the blue water quality jeopardizing its use and non-use value is a matter of significant ecologic, economic, and human health concerns in Kerala.

The Central Pollution Control Board monitors the water quality of rivers, lakes, ponds, canals, and groundwater all over India as part of the national water monitoring programme. It has identified 21 river stretches in Kerala for initiating restoration programme under priority I (1 river stretch), Priority IV (5 river stretches), and priority V (15 river stretches) primarily based on BOD (Biological Oxygen Demand) value. The priority I stretch is along Karamana down

Table 1. Change in BOD value of stations monitored by Central Pollution Control Board, 2012 and 2017

Type of water bodies	Number of stations monitored	Number of stations recorded > 2mg value				Total number of stations recorded increase in the maximum value
		2012		2017		
		Max	Mean	Max	Mean	
Rivers	70	34	10	54	19	45
Ground water	30	4	2	16	8	20
Lakes and ponds	18	13	8	14	7	8
Canal	3	3	1	3	2	1

Source: Central Pollution Control Board, 2012, 2017

stream to Thiruvalla. This stretch shows the 'urban river syndrome', a term coined in recent years to designate the river stretches associated with urban areas that lost all its ecological functions and are highly degraded. Comparing CPCB data for the years 2012 and 2017 it emerges that number of stations recording BOD value of >2 mg/l (cut off value for polluted water) has increased in all cases (Table 1). It indicates that water quality is deteriorating over the years and more and more water bodies are recording elevated BOD values. The nutrient loading of water bodies is also increasing and in some cases, it is alarming (David, 2016). 47 percent of all water sample sources tested is found contaminated, especially bacteriological contamination (SPB, 2018). The Coliform content of water is also increasing. Unsafe water, lack of sanitation, and hygiene are the leading cause of mortality and morbidity in several countries. Kerala has recorded a 35.6 per cent increase in waterborne diseases from 2012 to 2016.

Analyses of tested data on water source contamination in Kerala indicate wide spatial variability from 27 per cent in Trissur to 59 per cent in Kollam (SPB, 2018). Correlating this distribution to population density, the proportion of the urban population and per capita income does not show any appreciable trend. Kerala's case of relatively better performance in the development sector during the past couple of decades but the growing deterioration of water quality is contrary to that hypothesized through the Environmental Kuznets Curve (EKC). This indicates that water quality is a growing problem with development. It is a complex issue and warrants deeper investigation. A similar trend has been observed in the case of many developing countries in the world (Markandya, 2004).

Water is a heritage resource and one of the principal drivers of the ecosystem. It has several benefits with use and non-use value. As an amenity, freshwater can be directly used for household purposes, recreation, and a clean environment. There is a clear benefit of the lower cost of treatment to supply drinking water. Besides, water has cultural and religious value. The cost of water pollution is yet to be worked out at the state level. However,

Anthropogenic activities are the principal drivers of water quality degradation, therefore governance issues are as much important as technical interventions.

an earlier study at the national level indicated that the estimated annual cost of water pollution in India is between 1.73 to 2.1 per cent of the national GDP (Murthy and Surendar Kumar, 2011). This does not include the non-use value.

The Principal drivers of the change in water quality are anthropogenic activities. Growing urbanization, distributed settlements, intensive use of land, plantation agriculture, lack of control on effluent discharge, and ineffective sewage management all together are contributing to this emergent scenario. Water quality is a broader management issue and it is primarily a challenge of governance. The relevant factors are control of point and nonpoint sources like treatment of municipal and industrial wastewater, policy to control non-point source, and agricultural runoff controlling fertilizer and pesticide use. The use efficiency of fertilizer is coming down. Fifty-year data analysis of the use of Nitrogen fertilizer at all India level indicated that present nitrogen use efficiency is in the range of 30 per cent to 35 per cent (Singh, 2017). It indicates that around 65 to 70 per cent of nitrogen fertilizer, presently applied, is not absorbed by plants, rather it may potentially lead to environmental pollution impacting surface and groundwater.

Water quality degradation through nutrient enrichment and contaminant pollution is perhaps one of the four main drivers to cause blue water (water in the river, surface water bodies, and aquifer) scarcity and therefore warrants immediate policy intervention for increasing pollution abetment measures and water reuse. In a water scarcity situation where the availability of rainwater is more or less constant or reducing, as indicated in several studies, water quality management through source sustainability calls for high priority. At present, the general focus is on the management of quantity of water including investment in storage, flood control, watershed management, and saving scarce water resources. There is little discussion on improving the quality of water with the necessary urgency. Technology is not the only solution. In one hand, it escalates the cost of treatment as the pollution level of water is elevated, on the other hand growing use of technology increases externality. Traditionally, people in Kerala had the minimum externality in the matter of water use that is gradually withering away with growing water quality degradation.

The threats or drivers affecting ecosystem services operate on different spatial and temporal scales and are often not independent of one another and there exists a mismatch between the scales at which ecosystem functions and the scales at which institutions operate. Analysis of these dynamics is important to understand the nature of the problem and take decision on which threats to be dealt with

The lessons from recent initiatives of river restoration may be dovetailed within the overall framework of blue water management addressing the water quality as one of the foci in conformity with the UN agenda for 2030.

by local users, and which requires complex solutions that include cooperation and management strategies - important considerations for governance. There are significant beginning in Kerala with several initiatives. The river restoration programmes in Alappuzha under Haritha Mission are noteworthy. It is important to learn lessons from these initiatives, strengthening them for further improvement in water quality as one of the main foci as advocated under Sustainable Development Goals (Goal no 6) of the UN Agenda 2030.

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(Dr Srikumar Chattopadhyay is ICSSR National Fellow, GIFT)

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New studies on Kerala

Young Scholars' Forum, GIFT
led by George K John

Economics

Scopus Indexed Journals

1. Kannan, K. P., & Hari, K. S. (2020). Revisiting Kerala's Gulf Connection: Half a Century of Emigration, Remittances and Their Macroeconomic Impact, 1972-2020. The Indian Journal of Labour Economics, 1-27. https://doi.org/10.1007/s41027-020-00280-z

Abstract : This paper is an attempt to fulfil this gap by estimating foreign remittances to Kerala for a period of 47 years that is close to half a century. Using these data, the paper has presented a Modified State Income for Kerala and calculated its impact on consumption and savings. The significance of the sizable emigration to the labour market situation has also been highlighted.

The results show an increasing trend in inequality. Despite a high growth performance aided by remittances, Kerala has not been able to address its longstanding problem of educated unemployment, especially for its women.

2. Chathukulam, J., & Tharamangalam, J. (2020). The Kerala Model in the Time of COVID19: Rethinking State, Society and Democracy. World Development 137. Advance online publication. https://doi.org/10.1016/j.worlddev.2020.105207

Abstract : Kerala has been celebrated as a development model by scholars across the world for its exemplary achievements in human development and poverty reduction despite relatively low GDP growth. It was no surprise that the COVID-19 pandemic that hit Kerala before any other part of India, became a test case for the Kerala model in dealing with such a crisis. Kerala was lauded across the world once again as a success story in containing this unprecedented pandemic, in treating those infected, and in making needed provisions for those adversely affected by the lockdown.

But as it turned out, this celebration was premature as Kerala soon faced a third wave of COVID-19 infections. The objective of this paper is to examine Kerala's trajectory in achieving the success and then confronting the unanticipated reversal. It will examine the legacy of the Kerala model such as robust and decentralized institutions and provisions for healthcare, welfare and safety nets, and especially the capacity of a democratic state working in synergy with civil society and enjoying a high degree of consensus and public trust.

3.Thomas, L., & Dinesh, V. (2020). Economics of pineapple cultivation under climate variability in Kerala, India.. Plant Archives, 20(2), 3292-3295.

Abstract: Pineapple is a plant which can survive in most of the climatic conditions except severe frost and drought. But the quality of the fruit is affected by temperature variation, which leads to price fluctuation. The objectives of the study are to analyse different climatic conditions like rainfall and temperature variation on pineapple cultivation in Kerala. Secondary data for the last few years has been collected from various sources to evaluate the relation between these two. It was found that changes in climate condition has a significant impact on pineapple cultivation, price fluctuation and diseases during the flowering stage.

4. Menon, D. V., & Vadakepat, V. M. (2020). Migration and reverse migration: Gulf-Malayalees' perceptions during the Covid-19 pandemic. South Asian Diaspora, 1-21. https://doi.org/10.1080/19438192.2020.1820668

Abstract : The United Arab Emirates has witnessed an exodus of long-term non-resident Indians, especially Keralites, due to unforeseen impacts of the COVID-19 pandemic in 2020. The Emirates' consequent economic setbacks, including a fear of the virus and falling job and financial security, threatened the survival of Indians-the largest expatriate demographic in the world and the Emirates.

While apprehensive about their homeland's ability to accommodate a mass reverse migrant population, the reverse migrants still retained attributes and values they associated with migration to the Emirates. Since the UAE hosts the largest number of Keralites in the world, the sample for this study comprises the first batch of Gulf-Malayalees who had registered to return to Kerala.

Through a means-end approach, this study reviews respondents' attributes, consequences, and values at the time of migration and compares it with their perceptions during the sudden COVID-19-related reverse migration from the United Arab Emirates.

5. Sabu, S. S., Kuruvila, A., & Subash, S. P. (2020). Price Volatility of Black Pepper in Kerala: Could Institutional Mechanism such as Contract Agreement be a Solution? Indian Journal of Agricultural Economics 75(2)

Abstract : Black pepper is a highly traded commodity and prone to price fluctuation. The paper focuses on the extent of volatility in prices of black pepper at the macro-level and explores at micro level whether an institutional support such as a contract agreement could be a solution to the problem of price volatility.

The study shows that the intra-annual volatility indices for black pepper prices decreased marginally after trade liberalisation in India, whereas the inter-annual volatility has increased in the post-liberalisation era. These fluctuating prices increase the uncertainty faced by the farmers in their planting decisions and in earning reasonable as well as stable returns. The study also identified disease and pest incidence as the major constraint in black pepper production, whereas price volatility ranked to be the fourth constraint. The study also analysed the effect of an institutional contract agreement by comparing the outcomes such as price received, net-income and replanting decisions.

6. Ramachandran, M. T., & Das, A. (2020). Collective farming and women's livelihoods: a case study of Kudumbashree group cultivation. Canadian Journal of Development Studies/ Revue canadienne d'études du développement, 41(3), 1-19. https://doi.org/10.1080/02255189.2020.1799764

Abstract: This study estimates crop productivity and incomes from crop production for women farmers undertaking collective farming with the Kudumbashree organisation. The method used to collect data on farm incomes broadly follows the Commission for Agricultural Costs and Prices [CACP] methodology for calculating costs. The unit of our study will be the Joint Liability Group (JLG). The study aims to delineate the reasons for differential performances amongst the groups and to see whether these groups are successful as a viable alternative to individual farming and whether they can realise the theoretical advantages of group cultivation.

Other journal articles

1. Joseph, J. (2020). Economic Impact of Tourism in Kerala, India. European Online Journal of Natural and Social Sciences, 9(3), pp-610. http://european-science.com/eojnss/article/view/6082

Abstract: Tourism is one of the few sectors where Kerala has clear competitive advantages as Kerala is considered as nature magic ranging from the Western Ghats covered with dense forests to the backwaters to the Arabian Sea. Its ancient rich culture including traditional dance forms and the strong presence of alternative systems of medicine add to its allure. Sustainable tourism is the mission. This can be achieved by integrating tourism with other parts of the economy like medical and health hubs which will attract more tourists over a longer period of time and with higher spending capacity. Infrastructure development is crucial to achieve this goal. This paper is an overview on the economic impact of tourism in Kerala.

2. Rajan, S. I. (2020). Migrants at a crossroads: COVID-19 and challenges to migration. Migration and Development, 1-8. https://doi.org/10.1080/21632324.2020.1826201

Abstract: This article examines the role of large scale migration surveys in understanding that future. Focusing on the example of Kerala, the article highlights the role of the Kerala Migration Survey (KMS) which has provided data on stocks of emigrants, return emigrants, cost of migration, use of remittances, and migration corridors since 1998.

The article shows how the Government of Kerala effectively utilized this data to manage the spread of the pandemic and its subsequent socio-economic impact on individuals, communities and society and organize policies and programs as well as to prepare for eventual return migrants for their integration and rehabilitation.

Books and edited chapters

1. Rajesh, K.(2020) Local Politics and Participatory Planning in Kerala: Democratic Decentralization, 1996-2016. Delhi: Primus Books,. http://primusbooks.com/local-politics-and-participatory-planning-in-kerala/

Local Politics and Participatory Planning in Kerala analyses how micro-level politics impacts and influences local governance and examines the dynamics of its interaction with honesty.

The book investigates how the stratagems and social dynamics of political parties, religious groups, and civil society towards grassroots democracy and local development have changed over time, focusing particularly on the extent of participation of women and marginalized sections.

Further, considering the evolving nature of local governance, this work analyses the history of the past 20 years of local governments and participatory democracy in Kerala on the basis of empirical data.

2. Mani, S. (2020). Kerala and the World Economy. Centre for Development Studies. http://cds.edu/wp-content/uploads/2020/09/Announcement-KaWEB.pdf

The book addresses several oft repeated propositions regarding Kerala's economy with fresh empirical data and methods of data analysis. These are integration of the state's economy with the rest of the world, the importance of remittances sent by Kerala workers especially from the Middle East, the state of Kerala's manufacturing sector and the condition of her environment.

The book deals with these current and long standing issues in 7 broad groups such as sustainable development, commercial crops, livestock and fisheries, high tech manufacturing and modern industries, international trade, migration and remittances and health.

Miscellaneous

1. Center for Public Policy Research. (2020). Kerala model of response to Covid-19. https://www.cppr.in/wp-content/uploads/2020/10/KERALA-MODEL-OF-RESPONSE-TO-COVID-19.pdf

The study explores the interventions undertaken by both government and non-government actors that facilitated the State to effectively contain the spread of the virus during the first two waves of infection. The research also suggests a framework which can be adopted by other States by remodelling it as per their contextual requirement.

Health

Scopus indexed journals

1.Thomas, A. S. (2020). Air pollution and nutritional transition as risk factors for non-communicable diseases: The emerging trends in health scenario of Kerala, India. Plant Archives, 20(2), 3296-3300.

Abstract: In Kerala, the sharp rise in prevalence of NCDs were associated with gradual process of urbanization, the phenomenal reduction in the cultivated area of paddy and all pulses and the enormous increase in poultry and meat consumption, access to labour saving techniques ,the rise of various non farm sectors, and especially the emergence of service sector. Though demographic dividend provides us a window of opportunity, the same would act as a double-edged sword as both the younger and the older people are equally prone to NCDs. The problem of increased burden of NCDs will remain unresolved until and unless both behavioural modifications at micro level and environmental protection at macro level are intensively addressed.

2. Lang, C. (2020). Neurochemistry and subjunctivities of depression in Kerala, South India. Anthropology & Medicine, 1-15. https://doi.org/10.1080/13648470.2019.1651

Abstract: Using two ethnographic examples, the aim of this paper is to analyse how subjectivities are construed and shaped in the process of negotiating depression in clinical encounters in mainstream psychiatric institutions in Kerala and how multiple framings and ontologies of affliction are assembled in them.

Subjectivities of depression are, it will be argued, less coherent than ambiguous and fractured, unstable and fragile. They engage, accentuate, and sometimes merge different, often contradictory discourses. They should therefore better be referred to as 'subjunctivities'.

The idiom of depression often becomes a rhetorical device to emphasise affiliation to a scientific medical discourse or citizenship and is often a statement to emphasise 'scientific temper' and modernity and to demarcate oneself from backwardness and superstition.

3. Brooks, L. A. (2020). The Vascularity of Ayurvedic Leech Therapy: Sensory Translations and Emergent Agencies in Interspecies Medicine. Medical Anthropology Quarterly. https://doi.org/10.1111/maq.12595

Abstract: This article offers vascularity as a multidimensional imaginary for the interspecies entanglements constituting Ayurvedic leech therapy. Whether, when, where, and how a leech decides to bite, suck, and release comprise pivotal junctures in leech therapy as practiced in southern Kerala. In the course of leech-human interactions, leeches translate matter, providing sensory mediation, relief, and amusement.

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What is new(s) from GIFT

A. Webinars

1. "Role of religious faith in financial exclusion: An analysis of financial deepening in India"

Speakers: Prof D Narayana, former director and Honorary Professor, GIFT and Ms Shagishnna K.

Discussant: Mr Siddiq Rabiyath, Assistant Professor, Department of Economics

Abstract

Financial inclusion has been the coveted policy goal of the Indian government and may be thought of at two levels, having a bank account reflecting access to banks and financial literacy, and financial deepening as reflected in operating interest-bearing deposit or loan accounts. As a sizable proportion of the Muslims in the country subscribes to 'Riba is Haram', it is possible that such religious forbiddance to subscribe to interest bearing banking products may lead to exclusion from financial deepening. While many countries have overcome this deficiency by hosting Islamic banking in their conventional banking systems, India is an exception. The objective of this paper is to examine the prevalence of financial exclusion owing to religious faith in India. NFHS - 4 and Jan Dhan data show that almost 100 per cent households have a bank account. A careful analysis of Reserve Bank of India's district level data on deposit accounts, and population census data on urbanization and religious composition suggests exclusion from financial deepening of Muslims. Regression analysis confirms that faith based financial exclusion is significant in many states of India. A few private initiatives of recent years (for e.g., Sanghamam Multi State Co-operative Credit Society, Erattupetta) to offer interest-free banking services have attracted large clientele indicating unmet demand. The lack of a policy response means denying financial inclusion for large segments of population.

2. Webinar Series jointly with Indialics (India chapter of Globelics)

October 31, 2020 (Saturday) 5.30 pm to 7.00 pm

Title of the Webinar: Inclusive Innovation: Problematizing the State and S&T in Rural India

Based on Raina, Rajeswari S. and Keshab Das (Eds.), Inclusive Innovation: Evidence and Options in Rural India, Springer, Heidelberg/ New Delhi, 2020.

Welcome : Prof K J Joseph Director, GIFT

Moderator : Prof Lakhwinder Singh Gill, Coordinator, CDEIS, Punjabi University, Patiala

Speakers:

1. Prof Rajeswari Sarala Raina, Professor, School of Humanities and Social Sciences, Shiv Nadar University, UP

2. Prof Keshab Das, Professor, Gujarat Institute of Development Research, Ahmedabad

Panelists:

1. Prof Rasheed Sulaiman, Director, Centre for

Research on Innovation and Science Policy (CRISP) Hyderabad

2. Dr Mathieu Quet, Chargé de recherché, Ceped, IRD-Université Descartes Paris V, Paris, France

3. Ms Bruna Jatoba, Researcher, Innovation, Technology and Territory Research Group, Federal University of Pernambuco, Recife, Brazil

4. Dr Janaki Srinivasan, Assistant Professor, IIIT, Bangalore

For details, please visit : Link: https://www.gift.res.in/index.php/workshop/detail/23/Indialics-Webinar-Series

3. National webinar series: Local Governments for Sustainable Developments -Good Practices from Kerala

GIFT jointly with KILA and Haritha Kerala Mission initiated a National webinar series: Local Governments for Sustainable Developments -Good Practices from Kerala.

Under this weekaly webinar series twelve webinars have already been organized from 4 July onwards . Webinars organized in the month of October 2020 are listed below.

1. New expanses in service quality management on 10.10.2020.

2. Interventions in eco-restoration on 17.10.20

3. Women Empowerment, 31.10.2020

For details Link: https://www.gift.res.in/index.php/events/detail/37/National-Webinar-Series-Local-Governments-for-Sustainable-Development-Good-Practices-from-Kerala

B. Book release

1. Release of the Book 'Labour Regulations in India' by the Hon'ble Finance Minister, Prof T M Thomas Isaac, 5 November 2020

This volume, edited by Dr A V Jose, Former Director and Honorary Professor of GIFT, is based on the papers and proceedings of a national webinar organised by GIFT on 13 June 2020. In a meeting wherein the faculty, students and staff of GIFT participated, Dr A V Jose introduced the book and Prof K J Joseph, Director GIFT welcomed the gathering. The first copy was received by Dr Srikumar Chattorpadhyay, ICSSR National Fellow, GIFT

2. Unveiling the Book Collection of Prof N Krishnaji

The entire book collection of late Professor N Krishnaji was donated to the GIFT library by Krishnaji's Family. Prof T M Thomas Isaac opened the collections in GIFT library for the public.

3. Inauguration of the PhD Bay

Prof Thomas Isaac also inaugurated PhD Bay with work stations for the scholars with a seating capacity of 18 students.

4. Interactive session with the Faculty and Staff

In an interactive session that followed, the Honorable Finance Minister and Chairman GIFT highlighted various issues that need to attract the research attention of the scholars and encouraged them to come up with a research and teaching agenda for the institute.

C.Teaching and training programmes

1. KFC-GIFT partnership in Chief Minister's Entrepreneurship Development Program

GIFT jointly with Kerala Finance Corporation (KFC) started in organizing a week long training program for the prospective entrepreneurs under the Chief Minister's Entrepreneurship Development Programme (CMEDP).

Batch 4: 05.10.2020 to 09.10.2020

Link: https://www.gift.res.in/index.php/workshop/detail/22/17082020-Chief-Ministers-Entrepreneurship-Development-Programme-CMEDP

2. PGDGST program Third Batch

Admission for the third batch of the Post Graduate Diploma in Goods and Service Tax (PGDGST) is closed .120 hours training program started through online mode for the 325 students.

First 18 hours online training programme for the third batch is completed. Second set of training of 36 hours started on 30 October on online mode.

Examination for the second batch of PGDGST was over. Paper valuation is going on. Result expected to release on the last week of November 2020.

For more detailshttps://www.gift.res.in/index.php/course/detail/14/PGD-GST

D. New faculty in GIFT

Dr Anoop S Kumar joined as Assistant Professor at GIFT. He holds a degree in Mechanical Engineering from MG University, Kerala. After working in India and abroad for a while he earned M.Phil. and Ph D. in Economics from School of Economics, University of Hyderabad. His area of interest includes international finance and macroeconomics, financial econometrics and applied time series modelling. Anoop has around 30 research articles to his credit published in journals of repute such as Singapore Economic Review, Journal of Public affairs and Physica A. Prior to joining GIFT, he was associated with academic institutions such as BITS Pilani KK Birla Goa Campus, Central University of Andhra Pradesh and SRM University.

https://www.gift.res.in/faculty/faculty_details

E. New reports and publications

1.Kerala Economy

Kerala Economy -A monthly publication in English and Malayalam has been launched with a view to provide an update on different aspects of Kerala that include, but not limited to, finance, taxation, prices and employment. It also intends to provide reflections on important developments at the regional/national/global level and update on select sectors of Kerala economy.

Vol. 1, No. 2, October issue of Kerala Economy was published in English and Malayalam

For more details please visit: https://www.gift.res.in

2.Kerala Tax Reporter (KTR)

September issue of KTR published Online and offline.

https://www.gift.res.in/ktr

3.Innovation and Development

A Routledge journal from GIFT, Volume 10, No. 2 published, Editor in chief, K J Joseph.

For details please visit

https://www.tandfonline.com/toc/riad20/current

4.Weekly update on the Indian Economy

This is an attempt by the Young Scholar' Forum in GIFT, led by Shency Mathew to update you on important developments in the national economy. Latest issue 07-13 November , 2020.

https://www.gift.res.in/index.php/publish/publish_list/14/Weekly-Updates-on-Indian-Economy

Gulati Institute of Finance and Taxation (GIFT), Thiruvananthapuram, Kerala, formerly Centre for Taxation Studies, has been conceived as a premier national institute to promote theoretically grounded and empirically based research within an interdisciplinary perspective to aid policy making at the national and sub-national level. Affiliated to Cochin University of Science and Technology, GIFT is also mandated to facilitate research leading to PhD and undertake training programs for capacity building of different stakeholders, including government officials. It also offers a Post Graduate Diploma in Goods and Service Tax. Recently, GIFT joined hands with Kerala Financial Corporation (KFC) in training the new entrepreneurs being promoted under the Chief Minister's Entrepreneurship Development Programme (CMEDP).

The governance of the Institute is entrusted with a Governing Body and an Executive Committee, consisting of scholars of eminence and senior administrators representing both the Central and the State Governments. Dr T M Thomas Isaac, Minister of Finance and Coir, Government of Kerala, is the Chairperson of the Institute.

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