

VERITAS 2021

GOKHALE INSTITUTE OF POLITICS AND ECONOMICS

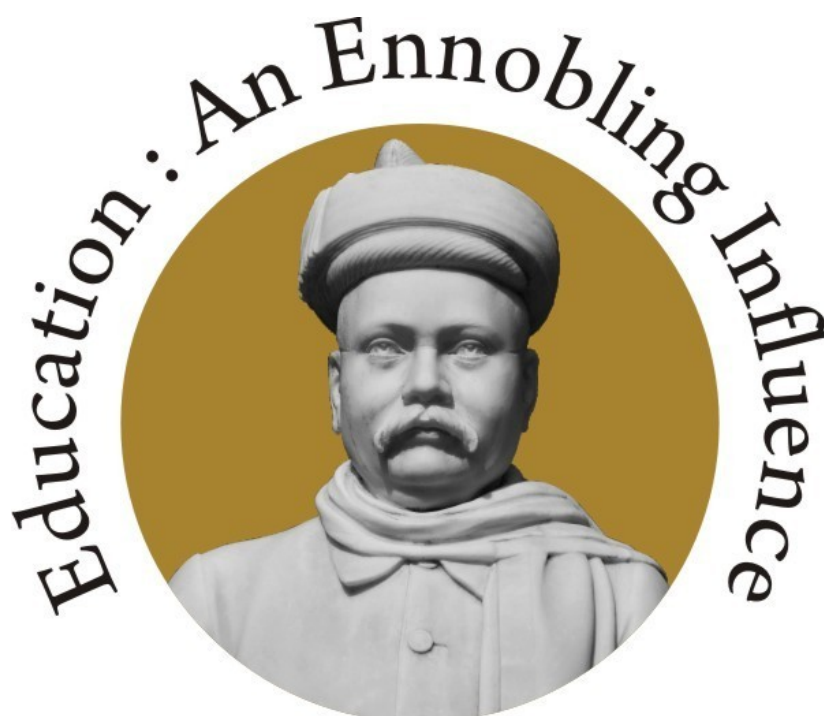


**COVID-19
Impact on
Indian
Economy**

**Post-
pandemic,
Debt and
De-Leveraging**

**The
Gendered
Impact of
COVID-19**

Cover Illustrations by Janhvi Aggarwal and Durva Shetye



Gopal Krishna Gokhale

GOKHALE INSTITUTE OF POLITICS AND ECONOMICS,
PUNE ESTD. 1930

E D I T O R S ' N O T E

This year has been a tough one for us all. We've been through isolation, heartbreak, rejuvenation, improvements and declines in mental health. This global pandemic has been a unique and yet shared worldwide experience of this generation. And though as human beings our emotions have been through the ringer, as economists and academics we look beyond. This edition of Veritas represents the theme 'Looking Beyond' where our articles look at the world pre, during and yes, though it may seem impossible, post covid-19.

We consider ourselves incredibly lucky to be part of such a rich legacy, and regret that we had some limitations this year. However, we would be remiss not to thank the incredible contributors to this magazine, who have made it possible to put up a great edition even in these conditions.

A huge thank you to all the authors, illustrators and creators. We only hope we have done you justice.

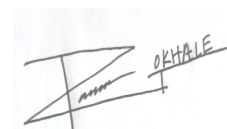
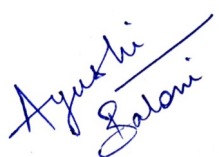
Many thanks to our humble team of Equilibria and a special thanks to the junior team, that joined us late and yet gave us their all and made this edition happen. We hope to be lucky enough to see you in person and cheer you on.

Thanks also to our incredibly supportive director Dr. Rajas Parchure and all our amazing professors and non teaching staff.

We hope to have done our rich legacy and this esteemed institution and committee justice. Any mistakes are our own.

Thank you to you, the reader!

Best,



Ayushi Baloni & Rama Gokhale
Editors-in-Chief, Veritas 2021

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EFFECT OF COVID-19 ON ECONOMY IN INDIA: SOME REFLECTIONS FOR POLICY AND PROGRAMME

01

"The core industries couldn't anticipate the pandemic and its severity, but it should gauge its response with more maturity and insight."

DR NIRBHAY KUMAR MISHRA

INSTITUTE OF APPLIED SCIENCES & HUMANITIES, GLA UNIVERSITY MATHURA

Resilient leadership and responsible attitude are the crucial factors for social-economic, engineering and management developments, and in the absence of those, a crisis usually takes place. The same happened in the case of Corona pandemic. Both China and WHO did not adequately manage the epidemic, and could not control; it turned ultimately in a pandemic. Asian Development Bank Report estimates global economic loss up to 8.8 trillion due to Covid-19. Undoubtedly, the Corona outbreak has severely affected SDGs and put forth several socio-economic-managerial challenges to sustainability and human development. The U.N., World Bank, IMF, ADB, and ILO which prepare global social-economic strategies to reach the sustainability goals are working on the problem-solving mode to arrive at the best possible approach to get rid of the worst possible disease present. Undoubtedly, reversing to a normal-healthy life is a difficult task. However, India responds to the world's hopes. It motivates the leaders, policymakers, managers and technocrats to accept the new health management model and medical leadership to develop the global narrative of what we call the 'New-Normal'.

The economy is re-experiencing great depression like the 1930s. The medical industry, software industry, and online economic ventures will mostly deliver many new products and substitute many old methods, mechanisms and industrial operations. The impact of Covid-19 is very much on the eight-core industries electricity, steel, refinery products, crude oil, coal, cement, natural gas and fertilizers in India.

However, India's five sectors are worst hit: Aviation, retail, financials, realty and automobiles. There is a direct impact on demand and supply chain management, international trade and finance. India's growth trajectory, International trade and global manufacturing and supply chain has mostly fallen. In the current scenario, there are evident barriers in the supply chain in India: lack of labour, raw material, local enforcement, unavailability of imported goods, lack of Covid-19 business-friendly awareness, overseas transport, end to end delivery, technology transfer, liquidity, lack of buyers, a decline of consumers on luxury items and e-passes availability.

In a recent report namely, Turning massive challenges into meaningful change Accenture has emphasized on five priorities to reopen and reinvent your business considering the impact of covid-19: a) Put people first, caring environment b) Design spaces that work-safety is the key., c) Solve in phases-redesign for business, d) Commit to an elastic cost structure-create fuel for growth, e) Get future ready-create next-generation agility.

Moreover, It explains the several impacts on engineering and management as follow:

- 1) Impact on Strategy-the journey to agility must start now,
- 2) Impact on workforce-paring people with opportunity resilience,
- 3) Impact on Customers-connecting with changing customers habits,
- 4) Impact on Operations-restructuring for global stability, and
- 5) Impact on Finance-building the resources to seize new opportunities, and
- 6) Impact on Technology-building tech-

nology for the strength to succeed[1]. For beating the challenges posed by the covid-19 situations, engineering and management required to transform it into meaningful changes as so neatly expressed in the report:

"All industries have been impacted by the COVID-19 crisis, with varying degrees of severity. Some have stronger defences, while others will struggle to return to a constantly shifting "normal." Consumer demand patterns are shifting, global supply chains are disrupted and remain under pressure, and different regions, markets, and governments respond uniquely to the COVID-19 crisis. Companies must continuously adapt to new and uncertain market conditions." However, the Indian economy will respond by adapting to R-4 management strategy: Respond, Recover, Resurrect, and Redeem with increased trust, strong leadership, and geo-economic shift. As depicted in the following figure:

Nevertheless, for software engineering, the covid-19 environment will create a new online-lifeline world. Online lifestyle and virtual socio-economic culture will prominently shape the new normal and will connect almost everyone. Telecom industry, data services cloud computing and IoT will cash covid-19 effect with numerous opportunities. It is very much clear that the impact is profound, and challenges are extensive



POST-PANDEMIC, DEBT AND DE-LEVERAGING

02

“How deep are
the effects of
pandemic?”

RODERICK MANN

New behavioral patterns from previous generations were adopted as a result of losing homes and farms to foreclosure during the Great Depression almost a century ago. Savings and frugality replaced speculation and debt, and for almost a half century America made a virtue out of the value of avoiding spending money on frivolous things, saving as much as possible and steering clear of speculative ventures and investments. A conservative economic ideology ruled and reigned up until the 1980's.

Beginning in the 80's, however, the trend began to move away from fru-

"debt is good," a great many others would agree with you, as the debt is almost free, and the use of that money appears to be unavoidable. In fact, the opposite is true. Debt is nothing more than borrowing from future earnings. Another way to say that is living beyond one's means today means living below one's earnings in the future. But the insidious of debt is that the new higher total spending and consumption becomes the expectation, necessitating ever-increasing loads of debt to keep the economic status quo. Today we have record levels of debt, so much so in fact that mathematically it is impossible to

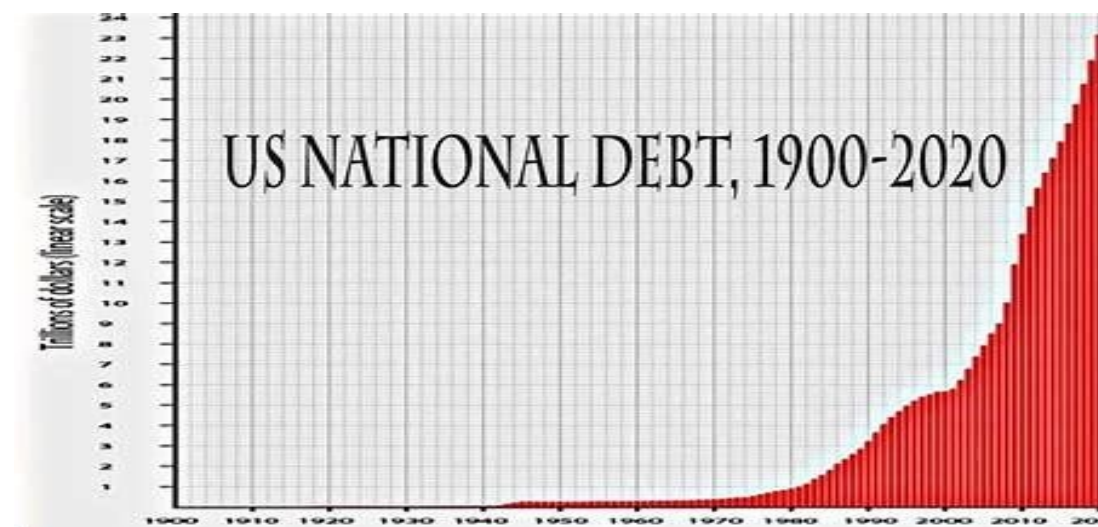
ever repay it all in total. Let's look at the components of the pervasive debt that has impacted ever level and sector in - not just America - but throughout the entire world. debt that has im-

gality and a simple life toward conspicuous consumption. But since earnings were insufficient to fund a life of expensive brands, discretionary purchases, expensive entertainment and travel options, and keeping up with others by figuring out how to drive an expensive car, leases, credit cards, loans and debt in general became the means to a standard of living that increasingly over the subsequent years exceeded our earnings.

If today you would claim that

acted ever level and sector in - not just America - but throughout the entire world.

In times of war, we understandably resorted to debt to finance the war effort. In the case of the UK, they had tremendous post-war debt, in part because they were heavily bombed. But it was this excessive debt that led to the collapse of the British Pound Sterling, much as happened prior to that with the Dutch Guilder. Over-reach and over-



indebtedness were the underlying causes.

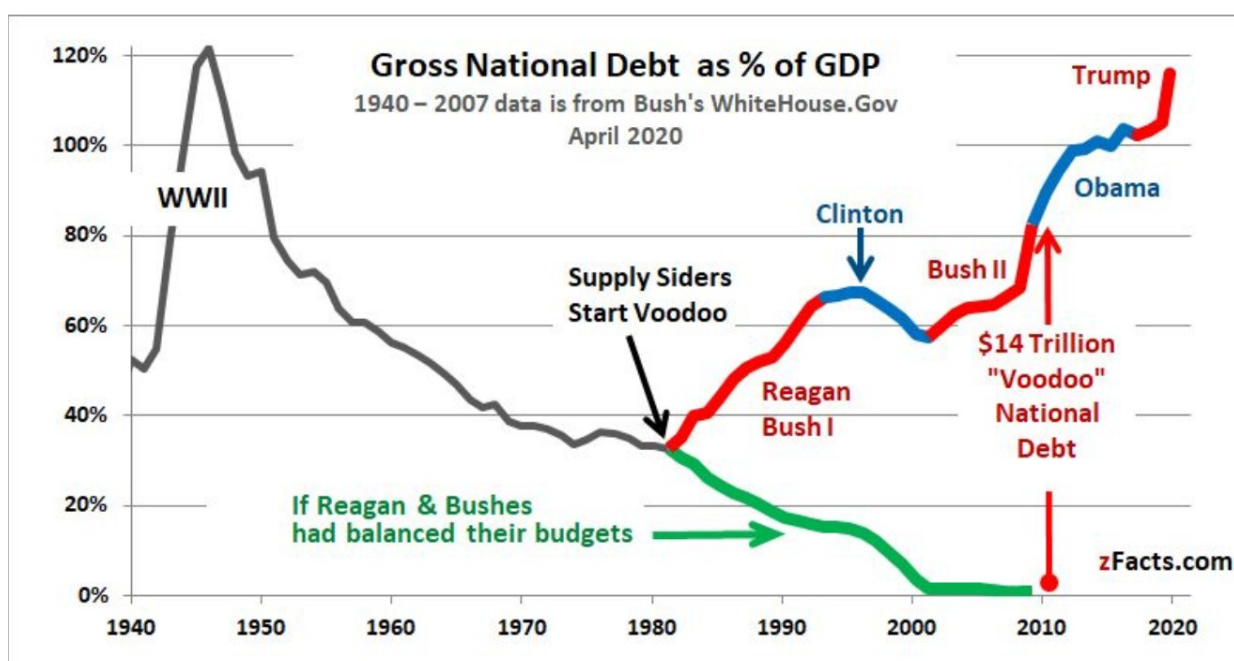
Beginning with the GFC, the Federal Reserve embarked on a plan referred to as Quantitative Easing (QE). The intention was to reduce the cost of borrowing money, the interest rate, to stimulate economic growth. In addition, massive amounts of liquidity were provided to member banks so lending would increase and speed the economic recover.

This backfired, however, although

would lead to an economic recovery post-pandemic.

What the Fed failed to take into consideration was that excessive, unproductive debt will reduce GDP growth, lower interest rates, and create a disinflationary economy. Going back to the 1980's we see a decade of 4% GDP growth, followed by a decade of 3% GDP growth, last decade clocked in at 2% GDP growth, and the 2020's will likely only register 0-1% GDP growth.

And the 40-year period experienced a



that only became apparent when the Federal Reserve (Fed) sought to reduce the amount of U.S. Treasuries and Mortgage-Backed Securities they were purchasing to push down interest rates. Known as the "taper tantrum," credit markets reacted swiftly by ratcheting up interest rates, causing the Fed to halt the effort to reduce their investments on their balance sheet.

Since that time, and with the pandemic-caused recession, the Fed has added trillions to their balance sheet, even purchasing high-yield speculative bond funds in an effort to keep their zero-interest rate policy (ZIRP) from losing control over what they hoped

steady decline in interest rates and its corresponding increase in the value of bonds, taking bonds, like stocks, into entirely risky and unjustifiable valuations today. The frightening prospect is two-fold. First, in the event of war, the national debt would skyrocket and eventually the currency would collapse. Secondly, most economists believe that each new incremental dollar of debt is no longer producing growth. In other words, more debt is not helping, but only hindering and hurting. Once a nation's debt exceeds about 90% of GDP, it loses its productive punch. Today American's national debt is approaching 125% of GDP.

Debt %-age of GDP

This is not purely an American policy. Central banks around the world have been supplying massive amounts of stimulus and liquidity in the attempts to kick their economies into a higher gear. It hasn't worked. Today over 90% of the nations of the world are in recession and the ointment and balm they continue to apply comes from more debt, which in turn only exacerbates a problem of slow growth, decreasing interest rates and disinflation. Until and unless some amount of pain associated with intentional deleveraging, creating a period of tough austerity, is finally resorted to, government policy is only kicking the debt can down the road and making the ultimate deleveraging pain that much worse when deleveraging is finally forced upon the nations. For we have reached the point where incremental additions to debt are no longer having an intended stimulative effect on any economy.

Debt is increasing rapidly on every continent as borrowing this past decade has risen to previously unheard-of levels. The International Monetary Fund (IMF) said that 40% of the debt is in eight leading countries – the U.S., China, Japan, Britain, Germany, Italy, France, and Spain. The math indicates the debt load has become virtually impossible to service. Essentially, said another way, the world has become insolvent. The World Bank agrees. It said that the combination of emerging-market and developing economies (EMDE's) had pushed borrowing to a record \$55 trillion in 2018.

The greatest threat that is of a more immediate concern is the stability of currency. As the dominant world reserve currency, the U.S. is in the catbird seat apparently not worried about debasing their currency. This may be true

for a while because almost all other nations are equally economically distressed so there is no obvious world reserve currency alternative waiting in the wings. Over time this may change as China has been growing faster than the U.S. and seeks to displace the U.S. Dollar by making their own currency more internationally accepted and more transparent.

So, what should you do? The 2020's are an entirely new paradigm, looking nothing at all like the past decade. Consider saving as much as you possibly can and investing in the safe haven gold. Emerging from the pandemic will not result in economic prosperity. The mountain of debt will prevent that. Until deleveraging finally gets underway, we will remain in the economic ditch, resulting in few and poor good investment returns. This is the decade to hunker down, become frugal and avoid the temptation to follow the momentum herds who are foolishly crowding into stocks and bonds. This decade, much like the 1930's, is a decade where those who survive financially will be people who see the handwriting on the wall and take the necessary precautions -- a great reckoning from the massive mountain of debt is upon us, the bill has come due, we can no longer avoid the deleveraging that has finally been forced upon us.

NBFCS - NAVIGATING LIQUIDITY STRESS TO BOLSTER INDIA'S GROWTH

03

“As a by-product of this rising prominence, NBFCS’ interdependence with not only the real economy but also with the financial sector (including banks, mutual funds and insurance companies) increased manifold.”

MIHIKA SHARMA & DEBOPAM CHAUDHURI

PIRAMAL ENTERPRISES LIMITED

Non-Banking Finance Companies (NBFCs) in India are financial intermediaries spread across vast gamut of credit financing (including infrastructure, real estate, housing finance, consumer durables, vehicle financing). As per RBI's latest Report on Trend and Progress of Banking in India, there are 9,618 NBFCs as on July 16, 2020. Of these, 292 are non-deposit taking systemically important NBFCs (NBFCs-ND-SI) with asset size of or greater than INR 500 crore. NBFCs-ND-SI alone make up for 86% of the total assets of the sector.

NBFCs came into prominence over the last five years, when they successfully filled up the credit vacuum left behind by banks reeling under varied levels of NPA and governance issues. This helped them gain a quarter of the market share by FY19, compared to just 9% ten years ago.

As a by-product of this rising prominence, NBFCs' interdependence with not only the real economy but also with the financial sector (including banks, mutual funds and insurance companies) increased manifold.

When lending by commercial banks slowed due to asset quality issues, NBFCs prevented any disruptions in capital formation within important sectors like MSMEs and real estate. Both MSMEs and real estate are critical for India's economic growth and employment. NBFCs began to account for as much as 60% of incremental credit to both these sectors.

Due to increased participation of NBFCs in ensuring smooth capital flows, their

interdependence with the rest of the financial sector increased significantly. As per RBI's latest Financial Stability Report- as of September 2020, NBFCs were the largest borrowers from the Indian financial system with net payables amounting to INR 8.4 lakh crore. Further, as per RBI estimates, if top five NBFCs were to default, ~9% of the entire banking Tier 1 capital would erode and at least one bank would default.

However, recently the sector has battled liquidity challenges. First, due to the IL&FS default then followed by a second round of tightening owing to Covid related economic stress. Given the systemic importance of the sector, these challenges have had implications for the entire Indian economy.

The NBFC crisis began with the IL&FS default in September 2018.

IL&FS had defaulted on a couple of its debt repayments because of asset-liability mismatches. Due to demonetization, surplus cash had become available with banks. Instead of letting it lie idle, banks chose to park it in short-term instruments such as commercial papers (CPs) of NBFCs, among other things. NBFCs too preferred raising money via CPs, as they are unsecured and cheaper instruments of borrowing. As a result, NBFCs' short term borrowings increased but they continued to lend long term. This ultimately led to the mismatch.

This saw a steep downgrade for IL&FS- from being a top rated AAA institution to a D rated company. This severely dented market sentiment as IL&FS had significant market exposure running to

almost INR 90,000 crore.

A few other incidents post the IL&FS debacle resulted in a series of downgrades by rating agencies and change in outlook to negative for the NBFC sector.

As lenders (banks/mutual funds) suddenly turned risk averse, it became tougher for NBFCs to raise money and expand their loan books. Risk premiums (spreads over government securities) on AAA NBFC issuances almost tripled from 51 bps pre-crisis to 147 bps during the crisis. Risk premiums on AA NBFC issuances increased from ~139 bps to as much as 231 bps. By December 2018 the contagion had reached its peak and markets did not differentiate between well managed NBFCs and poorly managed NBFCs.

The liquidity crisis soon became synchronous with slowdown in the Indian economy.

Disrupted credit flow resulted in contraction of manufacturing activity. Similar contraction was last seen during the Great Financial Crisis. Likewise, real estate activity decelerated considerably with a 60% jump in stalled construction projects in FY19 compared to FY18.

The slowdown took a toll on employment and job security. Weak job and spending sentiment resulted in plummeting consumer expenditure. This did not augur well for an economy driven by domestic consumption. These effects trickled down to tax collections, which slowed.

The Government acknowledged the NBFC crisis was the common link binding most of the issues plaguing the economy then. Consequently, the Government and RBI announced a slew of measures to alleviate the liquidity stress. Among such measures were - Partial Guarantee Scheme, additional liquidity support for banks to participate in Partial Guarantee Scheme, recapitali-

zation of public sector banks, relaxation in banks' single NBFC exposure limits and an INR 30,000 crore National Housing Bank (NHB) refinance window.

These measures offered support. NBFCs with the highest credit rating of AAA were their biggest beneficiaries as lenders drew comfort from their rating.

Gradually, rate cuts and Long Term Repo Operations (LTROs) helped ebb pressures on NBFC yields across rating categories. However, these gains were short lived as the sector was soon beleaguered with Covid induced liquidity stress.

By the end Mar'20, it felt like déjà vu. Lenders were once again wary to lend to the sector. Targeted Long Term Repo Operations (TLTROs), Partial Guarantee Scheme 2.0, Special Liquidity Scheme, loan moratorium and refinancing of All India Financial Institutions (AIFIs) were among measures announced to provide support.

Today, these measures along with rate cuts and surplus liquidity in the system have helped bring down the cost of borrowing for other investment grade NBFCs that are not rated AAA.

Government's timely intervention and several rescue packages for the sector imply its recognition of the systemic importance of NBFCs. In her Budget speech, FM said "Non-Banking Financial Companies (NBFCs) are playing an extremely important role in sustaining consumption demand as well as capital formation in the small and medium industrial segment." The RBI Governor as well as Chief Economic Advisor to the Government have also echoed similar views. This has reaffirmed the sector's faith in the Government.

Going ahead NBFCs will play a pivotal role in helping the Government achieve its economic aspirations for the country under its flagship Atmanirbhar Bharat Mission.

ARE WE READY TO DEAL WITH FUTUROLOGY?

04

“Closely linked is India’s own self-perception as a technology feeder rather than a hub of Initiators / innovators. ”

GIRIJAA UPADHYAY

GOKHALE INSTITUTE OF POLITICS & ECONOMICS

The accelerated change in technology with its wide ranging impact on various aspects of Human existence, raises an issue whether societies in general and India in particular, need to engage in Futurist Studies (also called Foresight Studies) .A corollary is to foster a way of thinking and the role, education pedagogy can play to achieve this.

The World Economic Forum talks of the Fourth Industrial Revolution and has graphically presented “neural networks” of a web of links between developments in one sphere with various other spheres of society. An example, Drones-security- neurosciences. We also have the Fifth mode of transport! (Hyperloop), 3Dprinting, AI. There is acceleration in the rate of change in technological developments. A look at the time it took to reach a 50mn user base of various technologies reveals this trend. It reportedly took 38 years in the case of radios to reach this penetration. In the case of PCs, it took 16 years; in the case of the Internet-4 years. Comparatively, growth in mobile internet usage is even more phenomenal. In India alone IAMAI estimates that there will be 450 mn. users by June 2018. Mobiles have redefined the financial services industry, e commerce, business and social communication and removed information asymmetries... Humanoids are at-

tending bank customers as their first interface; you have chatbots, robotic pets, dominance of social media in all strata of society...the list of the Technology –Human/ Societal interface is expanding exponentially. With the expected wider usage of AI and intelligent machines, the future of jobs, skilling of the human force is being redefined.

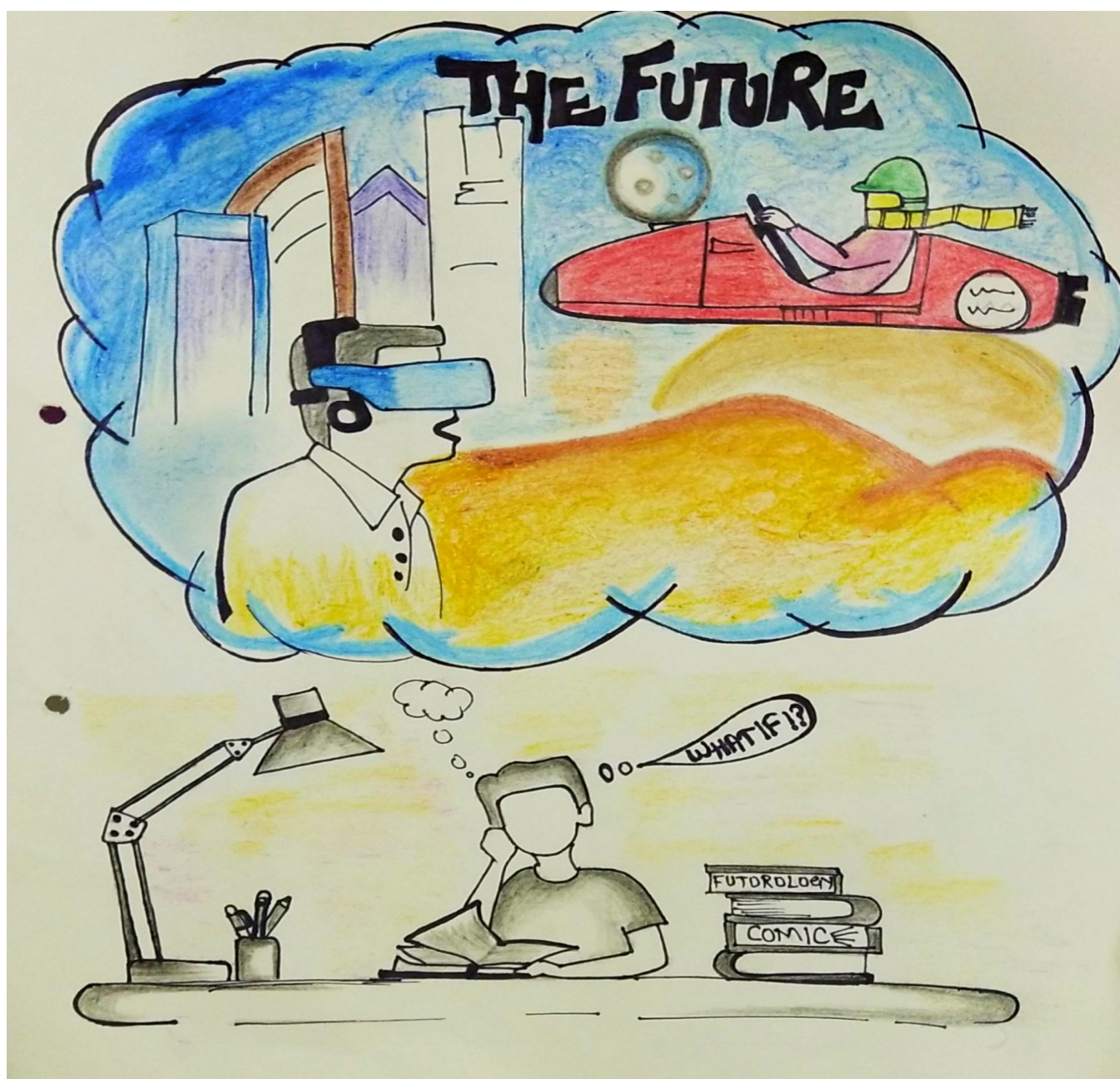
In the current context it might be necessary (?) to look at time horizons, farther than those in perspective plans, anticipating “disruptive” technologies and new models of transacting by society. Close to home the 4th Asia Pacific Futurists Network Conference was held in Bangkok Thailand in August 2018. Taiwan and Korea were active conveners. In India except for Kerala University, where a Master’s programme is offered on Futurology (and that too for certain technical fields) there is no other university or Think tank that have ventured into this space. *Global Foresight .org –a community working to advance a global foresight culture lists around 23 courses in various countries of which 13 are English based masters PhD courses.*

Select universities or centres of higher education, research/think tanks both independent and in association with academia and indus-

try could be set up in India. Closely linked is India's own self-perception as a technology feeder rather than a hub of Initiators / innovators. We may have over 4000 engineers working on 5G technology in Bangalore working for a Chinese tech giant but India is nowhere in the reckoning as a provider of/in 5G technology solutions despite its technical capability. Contrast with China which filed the second highest no of pat-

ents in 2017 an increase of 13.4 per cent, as per WIPO, World Intellectual Property Organisation.

Before Futurology Studies are initiated a Directional Plan is perhaps required to identify priorities. This would involve multidisciplinary participation keeping environmental concerns, intergenerational equity principles, social welfare and "Happiness" (the contemporary concept of development) in mind.



Illustrated by: Pragati Yadav

.For India with its current dichotomous structure, facing issues like open defecation, lack of basic needs such as water and food for a third of its people on the one hand vis a vis its capabilities in frontier tech like space technology, arriving at priorities is going to be a challenging one.

It might sound strange but a suggestion is to have a department of Science Fiction writing at these centres! Perhaps even a desi Marvel Comics type! It is often wondered if art imitates reality. Somehow in technology and science it appears that Reality has been following Fiction. Technologies which are a reality today were visualized in the genre of Science Fiction several decades ago!

Tesla's driverless car's fictional harbinger were the automatic control car in Arthur Clarke's story Imperial earth (1976), in Sally by Isaac Asimov (1953); or by another name the Automobile featured in The Living machine by David Heller (1935). Today's PDA's fictional counterpart was Minisec (Imperial Earth). Genetics Bio engineering, cloning was covered with such dramatic effect in Aldous Huxley's Brave New World(1953).The frontier tech of 3D printing had seeds as Matter compiler in Diamond Age by Neil Stephanson,or the replicator in Star trek! (Source: Technovelgy.com)

.And that raises the vital issue of pedagogy in education. Questioning and exploration are two impor-

tant aspects of human inquiry and these must be encouraged in our education systems. For decades we have had assembly line-production of intelligent drones who do keep the wheels of society turning. But something else is required from humans what with advances in AI. 'What-if' analysis that address 'problematiques' related to Human's issues need to be instituted in the pedagogy. This might incidentally enhance employability skills. It is also imperative to have a culture that is receptive to new ideas, technologies, processes, practices. It is a guess that there is an enhanced ability to comprehend new tech trends by Millennials and Gen Next as compared to people and decision makers say 50 years ago.

In sum, to prepare for the Future should we also prepare for Futurology? There should be brainstorming involving multidisciplinary streams on setting up Futurology Centre/s and immersion and exchange of ideas by participating in Global Futurists forums. Or should we just live in the Present and flow with the tide? Should we be content to embrace Change rather than Create it?

THE GENDERED IMPACT OF COVID-19

05

“The pandemic has undone the meagre progress in female participation in the workforce.”

MITALI NIKORE , POORVA PRABHU & CHANDNI GANESH

India has achieved considerable gains in girls' education, decreases in fertility rates and increasing economic growth, but only a fourth of its women are in the labour force. Based on analysis of time series data from 1950-2018, the female labour force participation rate (FLFPR) for all ages has fallen from 24.1% (1955-56) to a dismal 18.6% (2018-19). While there are differences in female employment trends based on education, income, location (urban/rural) and type of work (salaried/casual/self-employed), among other factors, women's work has remained largely informal, invisible and labour-intensive. Furthermore, COVID-induced lockdowns from March 2020 have put women's already poor job security at even greater risk.

As India's lockdown brought all economic activity to a halt, the size of the labour force contracted from 433.8 million (383.4 million men, 50.4 million women) in March 2020 to 369.0 million (332.0 million men, 37.0 million women) in April 2020. In November 2020, eight months into the lockdown, there were still 13.5 million fewer persons in the labour force vs. November 2019, 6.8 million men and 6.7 million women. Although the overall size of the labour force shrunk by 3.1% between November 2019 and November 2020, the size of the female labour force shrunk by 12.8% —vs. 1.8% for men. Urban women suffered the deepest losses with the labour force contracting by 27.2%, vs. 2.8% for urban men. Meanwhile, the rural labour force contracted by 6.5% for women, vs. 1.3% for men.

Trends in workforce participation

Within a month of the lockdown, 37.1% of women lost their jobs, versus 27.7% men. As trade and mobility restrictions eased, employment almost recovered to 99% of

March 2020 levels. However, the gender distribution changed, as there were 3.5 million fewer women employed. In contrast, 1.2 million men had found employment. Urban female employment fell from 11.8 million in March 2020 to 8.3 million in April 2020, i.e., by 29.2%, vs. 32.4% for men, recovering to 9.3 million in November 2020. Urban male employment, despite the higher initial shock, recovered to pre-lockdown levels by August 2020. On the other hand, rural female employment experienced a steeper dip, from 29.8 million in March 2020 to 17.8 million in April 2020, i.e., by 40.2% vs. 25.5% for men. Initially, recovery was rapid, with employment nearing pre-lockdown levels in June 2020. Rural men were the fastest to recover: their absolute employment bounced from 240.5 million in March 2020, to 242.2 million in November 2020.

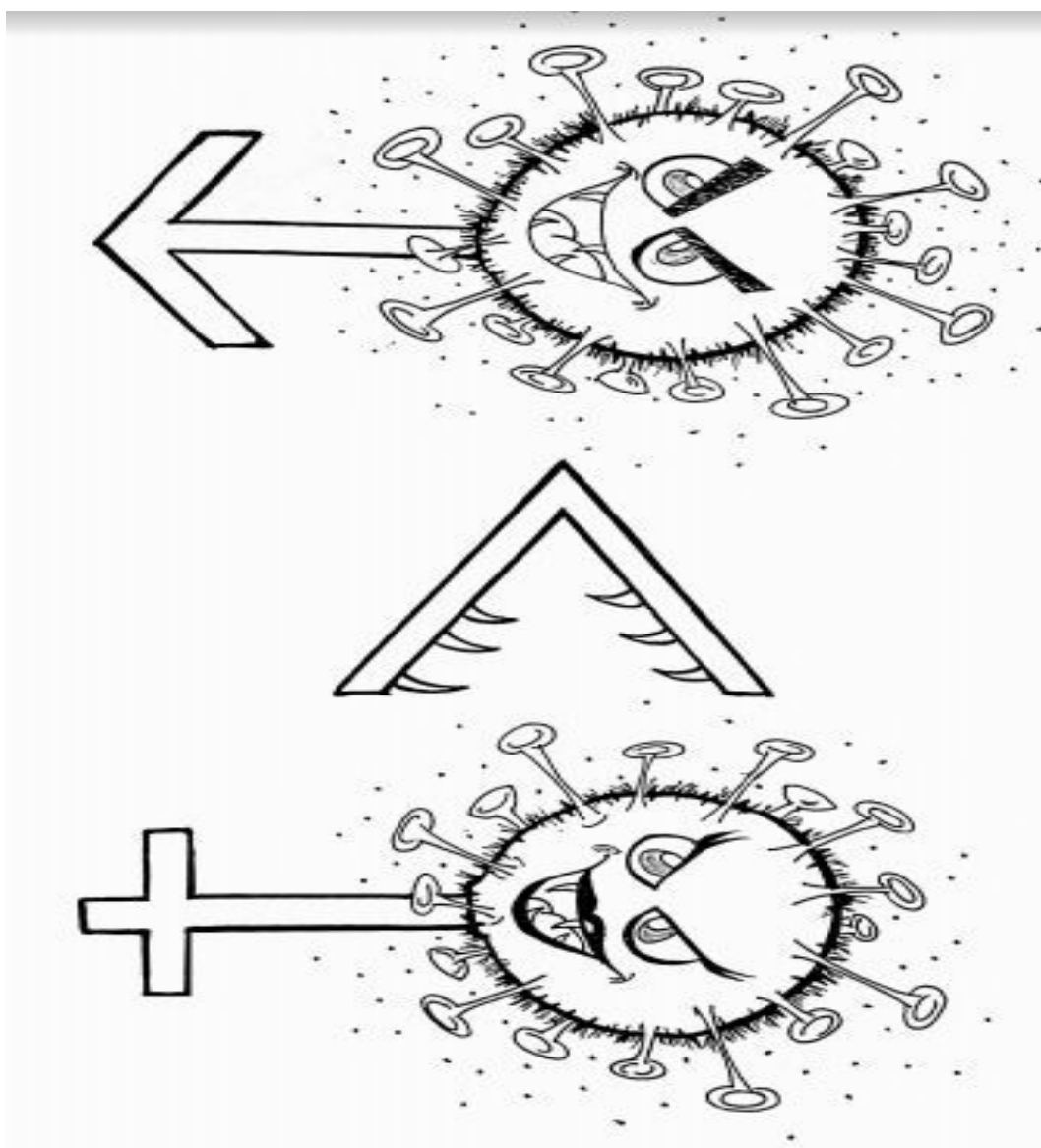
Prevalence of unemployment

Female unemployment rates (URs) were higher than male URs throughout the period of study, and the lockdown has only amplified female unemployment. During the first two months of India's lockdown, both male and female URs remained higher than 2019 levels. By November 2020, the female UR was 15.9%, slightly higher than 15.7% in November 2019, and male UR was 5.4%, vs. 6.1% in November 2019. These low URs however do not fully reveal the depth of unemployment. In November 2020, of the 30.3 million unemployed men, 20.1 million (66.5%) were actively looking for employment. In comparison, only 7.2 million of the 19.6 million unemployed women (37.0%) did the same, indicating that workers, particularly women, were discouraged by the country's economic conditions thus leading to deceptively low URs.

The COVID-19 pandemic has resulted in

massive job losses for women, especially those in the informal sector. Women-led microbusinesses too have taken a hit, experiencing slower recovery in comparison to their men-led counterparts. The pandemic has also increased the burden of unpaid domestic work on women, deepened gender digital divides, exacerbated gender-based skill and educational gaps and placed millions of female health workers at risk.

They also launched food delivery services for essential workers. Women serving as medical nurses and ASHA and Anganwadi workers formed the front line in India's fight against the virus, working relentlessly to track and treat patients despite inadequate and irregular pay.



Illustrated by: Jahnvi Aggarwal

Despite these hurdles, India's female workforce has made significant contributions to combat the health and economic effects of COVID-19. For example, women-led Self-Help Groups (SHGs) quickly pivoted to producing masks, sanitizers and cotton garments.

To chart a gender-sensitive socio-economic recovery in India, Central, State and local policy must focus on strengthening gender budgets and increasing women's representation in disaster response decision-making. India must keep women at the heart of economic recovery, creating opportunities to bring its "missing" women under the spotlight.

CHANGES IN PARENTING STYLE DUE TO LOCKDOWN

06

“During the lockdown period, some events changed the parenting style.”

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Covid-19 has impacted the lives of every person somehow and many scenarios have become new normal like Work from Home, more importance of hygiene, people have become more health-conscious, and changes in parenting style is one of them. India had observed a full-fledged lockdown for the period of almost 68 days from 23rd March 2020 to 31st May 2020.

During the lockdown period, people spend a lot of time with their family members and came to know the importance of having a family. The bond between children and parents sometimes struggles and becomes weak due to different perspectives of living life and we generally take it with a pinch of salt and call it a generation gap. But, during the lockdown period, some events changed the parenting style and I am going to discuss a few observations here.

1. Attitude towards Social Media:

Parents always complain that their children spent a lot of time on mobiles and other electronic devices, but a different scenario came into the picture during the lockdown. Parents had ample time as offices were closed and, they were involved in many activities to spend their time which included playing online games like Ludo, spending a lot of time on social media like WhatsApp, Instagram, and Tiktok. Some parents made their own funny videos showing them cooking and trying new food items, cleaning

the house on Tiktok soundtracked by music clips and some remained just audience and enjoyed these videos. There was an increment in the craze of these videos and parents were so ecstatic that they almost reached the pinnacle of their happiness of using social media and instead of stopping their children, they tend to spend more time on social media even than their children did. According to a study, the number of new registered members crossed almost 180 million figure which can further be stated that approx. 2 million new people registered on social media every day and the adults' age group has contributed in the highest amount.

2. More Importance to Appearance:

The young generation always wants to look better to capture hundreds of likes and comments on social media platforms and to improve their looks, they use many cosmetic products and some even go through cosmetic surgeries. During the lockdown period, many parents were doing Work From Home (WFH) which includes zoom meetings and online projects which made them so much conscious about their appearance, style, and looks. Many of them even compared their confidence level with their appearance level in online meetings as in the face-to-face meetings, they do not look at their own face and so don't bother much about their own facial expression and appearance, but

this is not the case in online meetings. Those who were thinking that they are not looking good in the meeting even can't focus on the objective of the meeting. For these reasons, parents used their children's cosmetic products and even went one step further to buy their own and try new and different products so that they could look better and thus give a better performance. According to a report, generally, women's products constitute 90% of cosmetic demands but there was tremendous growth in the male's grooming segment also in 2020 as working men also joined the race to improve their appearance and some even became dandy. Now, parents are not only conscious about their own appearance but also, they are becoming so much responsive regarding the appearance of their children as they are not only giving permission to use different cosmetic methods but are also encouraging them to improve appearance to boost self-confidence.

3. Comeback of Gender Discrimination:

Our society has been facing so many discriminations for a long time now in which gender discrimination is one of the most criticized issues. Though education always played an important role in eliminating these discriminations, however this time, it was the education mode that fueled this issue again. Lockdown led schools to remain closed and shifted the mode of education from personal mode to online mode. Due to the limited access to the sources like smartphones and laptops which are the important aspects of online education, parents preferred their sons to take online classes over

their daughters which not only increased the threat of decreasing girl's education but also made us think about gender discrimination again.

In a nutshell, we can say that changes in parenting style are not only limited to the points discussed above and the time span in which they were observed but it is also expected that the prints of this changed behavior will last for a long time and maybe even forever.

GO GREEN. PERIOD!

07

“Sustainable Menstruation – The Impact of Menstrual Products on the Environment.”

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You roll it, wrap it, put in the separate dry bin. But then where did you go wrong?

In India, about 336 million girls and women experience menstruation. While the taboo of menstruation still prevails in India and achieving safe and hygienic menstruation is always a challenge with 28 million people facing significant barriers to comfortable and dignified experience with menstrual health, another dark side of menstruation is damage to the environment caused due to the use of the sanitary napkin. If we consider a total of 36% of menstruating women use on an average of 6 sanitary pads per cycle over 12 months, over 9 billion disposable sanitary pads are generated every year. Studies show that one sanitary pad could take 500 to 800 years to decompose as the significant component of a sanitary napkin is plastic, non-biodegradable and can lead to health and environmental hazards. While on the one hand, we are educating people to use hygienic menstrual products most common form being sanitary pad, we most likely ignore the harmful effect of it on the environment. Most chemicals from pads cause groundwater pollution and loss of soil fertility.

So the question arises, can India achieve safe, hygienic, comfortable and green period all at the same time?

In this scenario, where safe menstruation for every female is imperative, the debate over sustainable menstruation is still far but not unattainable. The menstrual products should be considered as essential and necessary items in the consumption basket of CPI. The use of unsustainable menstrual products to be discouraged and awareness should be made regarding green menstruation. While the government very generously after much debate removed the 12% GST on all menstrual productions in 2018, the raw materials for manufacturing of these products are being taxed at 12-18% which affects the final price of these products. The focus should be made on how to lower the cost of these products. Other sustainable menstrual products such as menstrual cups, reusable cotton pads which are hygienic, comfortable as well as eco friendly should be encouraged to use. The problem with these items is that they are expensive, making it difficult for each one to have access to. The higher price is due to the prevailing demand and supply gap.

Where the majority of India is struggling to have safe menstruation, the rest are unaware of the concept of sustainable menstruation, making the demand for the eco-friendly menstrual items negligible. Majors should be taken up to reduce this gap to allow the market forces to lower the prices. Out of 9 million used napkins per year in India, only 2000 napkins are decomposed after segregation. Correct and safe segregation procedures should be adopted to separate biodegradable and non-biodegradable components of the sanitary napkin. The collection of menstrual waste must be



Illustrated by: Durva Shetye

made separate from the regular household garbage, making the segregation procedure easier and effective. The focus should be made to regulate and audit the producers of menstrual products to be responsible manufacturers with lesser environment degrading footprint with the innovation of technology and investing in R&D. As the ideas mentioned above are government-driven to a large extent, these ideas can be considered as long term projects. What we can do on a personal level that can have an immediate effect is of major concern. Most of us reading this article comes under the creamy layer of our society. It can be assumed that the consumption of higher-priced sustainable menstrual products can be put into our daily consumption items. Switching to eco-friendly menstrual products personally, making people around us aware, and segregating the sanitary napkin into a separate basket, can be a big step forward in achieving a sustainable period.

Policies, technological advancement and awareness is the key to achieve green menstruation.

PINK TAX

08

“Fight Against the
Social Cost of
Stigma”

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In this 21st century, women are working longer hours and pursuing higher education in greater numbers. However, despite this progress, significant gaps between men and women still persist in some form of social or economic inequality. Another manifestation of this economic disparity created between men and women is "pink tax". Now, many might argue, why is this barrier more important than other more vulnerable topics like safety and security of women? So, this article begins by answering them, other barriers are known and often debated about but the pink tax we are about to discuss here is barely known to people, especially women. To start with pink tax is an invisible tax which women have to pay for everyday products which they use for their entire span of life like shampoo, razor, girls toys etc. Products marketed specifically toward women cost on average 7% more than products marketed toward men, according to a New York City Department of Consumer Affairs study. For personal care the numbers shot up to 13%. Surprisingly most women don't know about this tax even after paying this tax for their entire lives. This is because this information is either obscured or not included in our curriculum. The pink tax is not illegal but undoubtedly unjust.

Why is pink tax unfair?

Both morally and financially the pink tax is to be criticized. Not only it discriminates on the basis of gender but also places an unknown burden upon women. If we analyze financially the prices on individual products may not seem that different — say, \$3.69 vs. \$3.89 for shampoo — but over time, these little increases can add up. As a matter of fact, the Pink Tax costs a 30-year-old woman over \$40,000. A woman in her 60s would spend almost

\$82,000 in fees more than a man of same age. No federal law at this time prevents retailers from charging different rates on the ground of gender for similar products. In addition, special taxes are levied in the United States, such as tampon taxes, fees charged on feminine products for women. Almost every state from US exempts non-luxury goods like food and prescriptions, however still charge taxes on essential products like tampons and pads.

Even in India, traces of pink tax can be found everywhere, first time that this gendered pricing was brought to the public eye in India was through the movement against the 12-14% GST levied on the tabooed sanitary napkins and other women's hygiene products. While contraceptives remain tax free and are considered essential goods, a "tampon tax" was imposed on women's sanitary products as they were considered a luxury instead of a necessity. So, the next time any woman wonders why their sanitary napkins are so costly, pink tax is the answer. A recent study showed that while a razor for men costs Rs. 180, its pink- i.e. women's version- costs Rs. 250, a shocking difference of Rs. 70 for a change in the mere colour of the product. Similarly, a basic t-shirt costs men Rs. 305 while the same one costs women Rs. 359 and dry-cleaning services for the same shirts may cost women as much as 92% more than men. The research conducted at the Consumer Office in New York City, (where the discrepancy has originally been found), analyzed the expenditures of hundreds of goods used from cradle to cradle, and concluded that there is a total difference of 7% between the expenditures of all products. Every year, the pink tax costs an average of \$2,135 for a woman. The AxThePinkTax official website reports that by the age of 35, a woman pays about \$47,000 in total under this "gender tax",

thus complementing the already existing gender pay gap. As of 2018, the pay gap is as wide as 19% in India and like the pink tax; it continues to persist even in developed countries such as USA. Thus, with lesser income and greater expenditure, women are doubly disadvantaged solely due to their gender. (damani, 2020)

How much more do women spend than men?

- **7 percent more** for toys and accessories
- **4 percent more** for children's clothing and 8 percent more for adult clothing
- **13 percent more** for personal care products and 8 percent more for senior/home health care products (emily sherman, 2019)

Clarifications and marketing techniques of the manufacturers

While no amount of justifications should be able to justify such a discriminatory practice, the marketing teams of manufacturers just tried their hands on this too. What they did is they changed the physical appearances of the products like colors, textures, packaging etc. Thus trying to justify their price hikes for women's products. This may somehow increase the cost of production due to lack of economies of scale in producing those specific products. For example, a manufacturer may produce far more generic blue and black cycle helmets than pink cycle helmets, which could relatively increase the cost of production of each pink helmet thus giving them an unfair advantage. Actually the quality of the products often remained the same, what is appealing here is the appearance and grooming of the products.

How much is the public aware?

A recent survey reveals that nearly 70% of the Indian population never heard about the pink tax (point to be noted here is that this is just for the urban areas, while for the rural areas nothing can be said). The first time this topic triggered was when

GST came into the scene and tampon tax was disclosed. Women realized that their necessities were tagged as luxuries under pink tax.

Conclusion

We can conclude by saying believe it or not, "there is an additional cost of being a woman on this planet". Alongside other injustices against women, pink tax remains a significant one. The government here actually can help in fighting the injustice. Some of the key points to be noted are-

- The government can cancel this tax all in all
- The government can create awareness among the youth regarding the same
- The government can atleast abolish the tampon tax and taxes of personal care and hygiene.
- Advertisements can be published in newspapers and magazines regarding the same
- The Government can actually provide extra incentives to companies who don't charge pink tax.

Apart from the government we as public can significantly fight against this taxation and force the government to stop this taxation. We as public can create awareness amongst us too. Further, one can consciously choose to turn away from these products of companies that do charge this pink tax by either switching to their similar generic or male oriented products, or by switching to an entirely different brand that refrains from charging the tax. In this 21st century our main motive should be to end gender inequalities rather than adding to them. We hope the day when the world is free of pink tax will come soon.

MICRO SMALL AND MEDIUM ENTERPRISES IN INDIA

09

“Can a revamped version of MESBIC help the struggling sector?”

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For India, the Micro Small and Medium Enterprises (MSMEs) is what could 'possibly' be a lifeline. But what happens when such an important sector is left behind while the rest of the economy progresses towards the goal of being a \$5 Trillion economy? The economy grows, grows without a backbone, and from there it takes one stumble to bring it all down from an economic slowdown to a crisis! Because the major most potential contributor is somewhere weeping in the corner, the foundation of the economy takes no time to tremble.

First and foremost the often unrecognized importance of the sector. As per World Bank's 'Lessons from Financing SMEs' report, MSMEs in India play a pivotal role in job creation in the non-farm sector, with over 60 million people depending on the sector for livelihood. They account for more than 80 percent of total industrial enterprises adding value to over 8000 products. A substantial contribution to industrial output and exports is what makes them important in the economic purview. But their contribution is not just limited to the production of value-added products. They have the potential to add value to society and steer the economy towards real economic growth. With over 50 percent of MSMEs being rural enterprises and widely distributed across low-income states, their role in promoting inclusive economic growth and poverty alleviation is what puts them on the map, highlighting the need for utmost attention diverted towards them in strategic development policies.

Unfortunately, the sector (especially SMEs) hasn't received the 'right kind of attention' and has faced hardships time after time. With broad visions like 'Make in India' in perspective, what can be the impetus to growth is, in reality, a bunch of struggling units, of which a greater chunk is just informal enterprises. Key industries are

tumbling against global competition; inadequate access to finance and markets, outdated technology, poor workforce management, gender inequality are some of the key bottlenecks in the growth of these enterprises.

The World Bank MSME census estimated that about 87 percent of MSMEs did not have any access to finance and were self-financed. Credit towards micro and small enterprises represents only around 13-15 percent of the portfolios of formal financial institutions. The sector demands a credit of ₹26 trillion, of which the met requirement to date stands somewhere around ₹16 trillion. The International Labour Organisation highlighted that policies initiated by the government such as subsidies and preferential treatment have acted as incentives for enterprises to operate on the micro-small scale and stay outside the legislation of labour laws. This explains the problem of 'the missing middle'. Here it's important to note that the bottom line of most problems that are faced by the micro-small enterprises is 'Poor Management', which on the other hand is the keystone for the large successful enterprises. Resource management, market analysis, workforce relations are key for any good unit's survival. Time and again the government has just responded in ways that have done little to solve these problems, and have added a bunch more somewhere else. Subsidies and additional doses of protection in the form of tariff hikes don't seem to have helped. Little is done to initiate the transition of informal enterprises to be a part of the formal economy. Extended credit in the form of MUDRA loans has just worsened the state of non-performing assets.

What can be a possible solution? It's often said that the government has no business to be in business, and from where I see,

sometimes this can rightly apply even beyond the frontiers of business activity and delve deeper into management activity. The management aid that the micro-small enterprises need is already what our large scale enterprises possess. The need is to form clusters and bring these two closer. The government has rightly recognized the need to boost entrepreneurial activity and venture capital flowing into the sector, but the large scale enterprises possess that required specialization that gives them an upper hand in management and realization of the set goals. Incentivizing the big enterprises and aid in the form of finance when flowed via them into micro-small firms, with added benefits of management and accountability can change the picture.

Why this may work? Minority Enterprises and Small Business Investment Companies (MESBIC; a program adopted by the US back in 1969) were venture capital firms investing specifically in Minority Business Enterprises i.e., enterprises with at least 51% of ownership in the hands of the defined minority communities. MESBICs enjoyed special federal rates of interest, subsidies, and aid by the government. They contributed positively to favourable business and social climate and fostered connectivity in the business community, setting an example of how the private sector and public sector can work together and achieve results by capitalizing on the specialization they possess.

Now drawing similarities, for India, the minorities are the rural households and the people who solely depend on micro-small enterprises for their livelihood; MESBICs can be the large enterprises that possess the desired specialization and top-notch managerial talent. The government is working on expanding the financial frontiers, just the route of this investment needs to change and it needs to flow to small enterprises via the big ones. The credit does not flow to inefficient projects and is taken care of by the big enterprises due to lesser information asymmetry within the business community (a reason which did not work in favour of credit extended by banks as MUDRA loans). Being associated with bigger names helps

the smaller units to attract and retain skilled workers. Here the role of government should not be mistaken to be limited to just extending credit facilities, the burden of project selection is exchanged for the enhanced need for checks and balances.

The subject needs further research. But somewhere silently India is progressing towards a 'revamped version of MESBIC'. Big players are seeing the benefits of closer association and integration with smaller units. Amazon India's summit 'SMBhv' (pronounced as Sambhav) is all about bringing together enterprises operating on different scales and throw light on the infinite possibilities they hold together. Amazon's leadership is expected to guide them through all relevant areas like e-commerce possibilities, logistics, payments, digitization, global trade, web services, etc. Interestingly, this is not the first empowerment program undertaken by Amazon. Where Amazon Saheli is showing massive support to women entrepreneurs on one side, on the other Amazon Karigar and Amazon Kala-Haat are promoting the creations of our indigenous artisans and weavers. Flipkart Samarth also took this a step forward by inviting the handicraft weavers to the e-commerce platform. In this process, the giants have garnered sellers and their sales have surely gone up; take fulfilled corporate social responsibility as an added perk.

Now call it smart business or some epiphany, but these companies certainly know what they are doing. The way ahead from here should be the government stepping in and adding into this integration process with the resources it possesses and step into the mix of roles of a coach and team support staff, and let the players play!

TAX REFORMS IN INDIA

10

“The Journey
from 11 Excise
Rates to One-
Stop GST”

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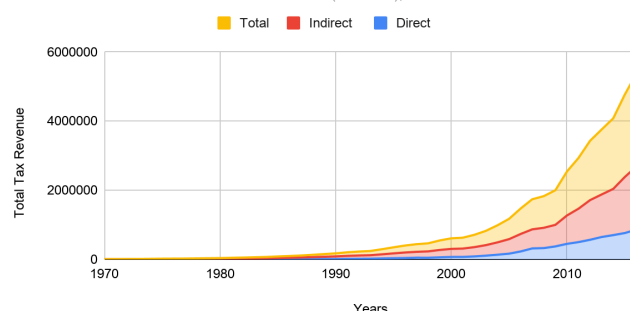
Tax revenue for any economy is the prime most component of government revenue, thus, by and large, the foundation of public expenditure. For a complex economy like India, the evolution of the tax system has been noteworthy and has its roots laid back in the 1990s. The transition from a chiefly centrally planned closed economy to the pro-market liberalized open economy has been remarkable. Liberalization accentuated the need for tax revenue to meet the growing requirements of social and physical infrastructure. With the changing needs of the open economy, the role of the state in development changed too. Combining all the factors above, in the wake of the Financial Crisis of 1991, the Indian tax system underwent major reforms. With every tax reform down the lane, attempts have been made to achieve a comprehensive tax system that minimizes distortions and thus ensures international competitiveness. Over the years the emphasis has shifted from vertical equity, i.e., high marginal tax rates with minute differentiation, to horizontal equity dealing with broad-based simple and transparent taxes, subject to low and less differentiated tax rates. The Goods and Services Tax subsuming a large number of indirect taxes, with its comprehensiveness invigorates the above idea.

The dynamic nature of tax reforms in India can be best approximated by its journey from being an economy moving towards economic liberalization, starting with 11 different excise rates, to an at par economy being able to successfully implement a one-stop indirect tax re-

gime like GST. Citing Shankar Acharya's study (Thirty Years of Tax Reform in India, Economic and Political Weekly; 2005), for the economy that had around 24 separate tax rates under which commodities were categorized, union excise duties ranging anywhere between 2% to 100% (even higher on tobacco and petroleum products), import duties skyrocketing to 200%, company tax rates as high as 60%, and 8 income tax slabs until 1985, we have surely come a long way. In

Tax Revenue (in ₹ crore)

Data Source: Indian Public Finance Statistics (2016-17), Government of India



2019, the picture has radically changed; 3 income tax slabs prevail (5%-20%-30%), corporate tax is down to 25.17%, average customs rate of 10-12% and a number of indirect taxes being subsumed by GST (5%-12%-18%-28%).

As the economy is moving forward on its growth trajectory, it is experiencing another paradigm shift. Direct taxes overtaking indirect taxes, the contribution of corporate tax growing at a faster rate than personal income tax, growing revenue from the services sector, with the exponential growth of the sector itself, highlight the gradual change. Per-

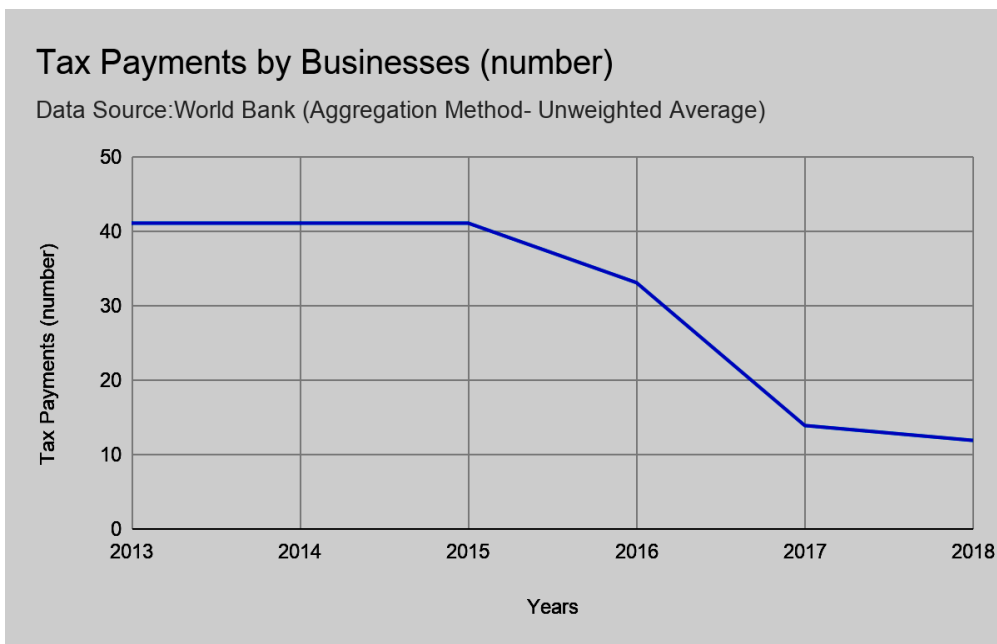
sonal Income Tax remains an unanswered concern to date. According to the Economic Survey (2017-18), only 4.5% of the total population pays income tax and counting in for the refunds made, the real revenue generated from PIT is abysmally lower than what it can be. Another concern is the low contribution of Public Sector Enterprises. Corporate tax coming from PSEs accounts for a mere 10.7% of the total corporate tax revenue, exhibiting the uncompetitiveness and building inefficiencies.

Organisation for Economic Co-operation and Development (OECD Economic Survey of India; 2017) recognized the need for reform of income and property taxes to complement the landmark GST reforms, adding to the integration of the economy and improving efficiency. Making income and property tax more growth-friendly and redistributive can play a pivotal role in improving universal access to core public services. India is a member of the Convention on Mutual Administrative Assistance in Tax Matters, acting swiftly towards fighting off-shore tax evasion and avoidance.

Improved tax administration, reduced exemptions, limited number of tax rates and many folds increase in simplicity is being acknowledged by the rest of the world. According to Doing Business 2019 (A World Bank Group Flagship Report), with 13 reforms, India stood among the top 10 improvers. Enhanced ease of doing business can be directly related to the taxation system of a country as it influences incentives and thus the behavior of economic actors and the economy's competitiveness.

The way forward from here requires working on establishing a clear mandate to divert attention towards reforms in spheres of personal income tax to play a complementary role to GST, which is already integrating the Indian tax system. Intensifying the quality of audit and overcoming the loopholes of GST needs constant efforts. The latter also requires acceptance and understanding among all stakeholders in the right spirit of cooperation. Redesigning the system of exemptions and reducing it only to the most crucial avenues can significantly improve the fiscal position. Lastly, but most importantly, ensuring that the tax revenue is mobilized into building social

and physical infrastructure honestly can be seen as a real incentive by all stakeholders. This seems promising to foster tax compliance and curb tax evasion in real sense. After all, where the tax revenue goes is as important as where it comes from!



THE ECONOMIES IN THE GREY

CAUSES OF UNEMPLOYMENT IN INDIA

11

“The struggle
beyond crown-
ing ‘Political’
Achievement.”

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In Simple terms, Unemployment can be termed as the people who are unable to find a job. In another way, the unemployed incorporate every one of those individuals who are capable and ready to work yet can't look for some kind of employment. There are different kinds of unemployment such as rural unemployment, disguised unemployment, frictional unemployment, involuntary unemployment, seasonal unemployment, educated unemployment, and technological unemployment. India's unemployment rate is 7.8%. In India, the share of educated youth to total population is 34.33% but according to a recently released academic paper, joblessness among edu-

cated youths rose from 6.1 percent in 2011-12 to 17.8 percent in 2017-18.

In India, there are various castes and communities. The class structure which may be a structure of stratification that will conceivably saturate each part of life might be a central point in producing unemployment in India. In some parts of India, specific sorts of work are prohibited for members of particular castes. This results that work is often given to members of a certain community rather than to those who truly deserve the job, who have the right skills. This creates a more significant level of unemployment. India



Illustration by: DURVA SHETYE

stood second in terms of the most populated countries in the world. As the country's economic process cannot continue with an increment, this results in a larger share of the society being unemployed.

Consequently, the Indian economy is relatively underdeveloped, economic growth is considerably slower than it may some way or another be. A slow rate of the economic process would mean that the public yield isn't increasing by much. It indicates that not enough jobs are being created to take up the workers capable and willing to figure. An important factor accountable for the slow growth of employment opportunities is that the disregard of agriculture for generating work opportunities. In India, the agriculture sector utilizes almost a large portion of the labor force. It adds to 17.5% of the GDP. Nearly 60-70% of the population dependent on agriculture. Agriculture offers unemployment for a huge sector of the population, however only for a while out of the year. The result's that for a generous segment of the year, many agricultural workers lack needed occupation and wages. As far as enterprises, Industrial advancement has made a house and limited scope ventures extensively less financially appealing, as they're doing not offer the economies of scale created by enormous scope large scale manufacturing of products. In many cases, the interest for sensible, mass-created products exceeds the will for merchandise that is handmade by those with unmistakable ability and mastery. The result's that the cottage and small-scale industry have significantly declined, and crafts worker became unemployed thus. Inadequate economic planning is a main cause of unemployment in India. Similarly, there were no

nationwide strategies to account for the significant gap between labor supply which is bountiful and labor demand which is prominently lower. The accessibility and demand of labor must be in equilibrium to ensure that those that need jobs are prepared to get them; otherwise, numerous people will compete for one job.

In India, the educated unemployment rate is 11.4% which is much higher than the average unemployment rate of India. The main reasons for educated unemployment are the absence of abilities, for example, correspondence expertise, logical expertise, and critical thinking, interest for exceptionally talented work, mechanical development Young people are not ready to take jobs that are viewed as socially corrupting or modest and so on.

Unemployment in India is profoundly brought about by necessary thing factors like absence of capital, utilization of capital-concentrated advancements, absence of admittance to land for the agrarian family unit, absence of framework, the fast development of populace prompting huge yearly augmentations in the workforce a seemingly endless amount of time after year.

TRENDS AND DIMENSIONS OF THE CHANGING DEMOGRAPHY OF JAPAN

12

“The Dilemma
of the
Developing”

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The ongoing expression with respect to Japan's demographics is that the country is facing a catastrophe. Since World War II the birth rates in Japan are falling further resulting in a declining working age population. Therefore it becomes important to analyze the factors affecting the decline in the working-age population. The objective of this paper is to analyse the reasons for the changing demography of Japan and also identify the appropriate policies for the same. Post-WWII Japan has experienced falling birth rates with the fear that the Japanese population is ageing without replacement. Generally, the size of the economy does not influence economic development, if it is stable; Switzerland and Sweden are countries with fewer population. The situation becomes worse when the process of declining is complemented with significant changes in age structures. The decline in the working age population has both short term and long term implications on the economy. In 1926, Japan's population reached 60 million, and in 1967, it crossed the 100 million mark. Japan's total population was 127.09 million in 2015 as compared to 126.71 million in 2017 according to the Population Census (Table 1.1). Factors like traditional Japanese values on marriage, women, child-bearing, and immigration have led to the crisis. Many economists and researchers have suggested various policies like opening up to immigration, empowering women, providing social benefits schemes.

Why is Japan's working-age population declining?

The fall in the working-age population is primarily due to falling fertility rates and birth rates, and the increasing life expectancy which have further resulted due to traditional Japanese values on marriage, women, child-bearing and immigration. Increase in ageing population has created a larger financial burden on youth and the government due to costs associated with maintaining elder healthcare and pension payments. As we can see in *Figure 1.1 Japan tends to have an intense vulnerability to natural disasters like earthquakes and tsunamis. On the basis of past experiences, the percentage of the Japanese population that is vulnerable to earthquakes and tsunami-related negative health outcomes will tend to increase. Lack of mobility during disasters is also one of the common cause of the vulnerability of the elderly population.*

Table 1.1

POPULATION

Table 2.2
Trends in Population (as of October 1)

Year	Population (1,000)		Age composition (%)			Rate of population change (%)	Population density (per km ²)
	Males	Females	0-14 years	15-64	65 and over		
1872 ¹⁾	34,806	17,666	91
1900 ¹⁾	43,847	22,051	33.9	60.7	5.4	0.83	115
1910 ¹⁾	49,184	24,650	36.0	58.8	5.2	1.16	129
1920	55,963	28,044	36.5	58.3	5.3	1.30	147
1930	64,450	32,390	36.6	58.7	4.8	1.42	169
1940	71,933	35,387	36.7	58.5	4.8	1.10	188
1950	84,115	41,241	35.4	59.6	4.9	1.58	226
1955	90,077	44,243	33.4	61.2	5.3	1.38	242
1960	94,302	46,300	30.2	64.1	5.7	0.92	253
1965	99,209	48,692	25.7	68.0	6.3	1.02	267
1970	104,665	51,369	24.0	68.9	7.1	1.08	281
1975	111,940	55,091	24.3	67.7	7.9	1.35	300
1980	117,060	57,594	23.5	67.4	9.1	0.90	314
1985	121,049	59,497	21.5	68.2	10.3	0.67	325
1990	123,611	60,697	18.2	69.7	12.1	0.42	332
1995	125,570	61,574	16.0	69.5	14.6	0.31	337
2000	126,926	62,111	14.6	68.1	17.4	0.21	340
2005	127,768	62,349	13.8	66.1	20.2	0.13	343
2010	128,057	62,328	13.2	63.8	23.0	0.05	343
2015	127,095	61,842	12.6	60.7	26.6	-0.15	341
2016	126,933	61,766	12.4	60.3	27.3	-0.13	340
2017	126,706	61,655	12.3	60.0	27.7	-0.18	340
(Projection, 2017)							
2030	119,125	57,697	11.1	57.7	31.2	-0.47	319
2040	110,919	53,595	10.8	53.9	35.4	-0.71	297
2050	101,923	49,257	10.6	51.8	37.7	-0.84	273
2060	92,840	44,744	10.2	51.6	38.1	-0.93	249

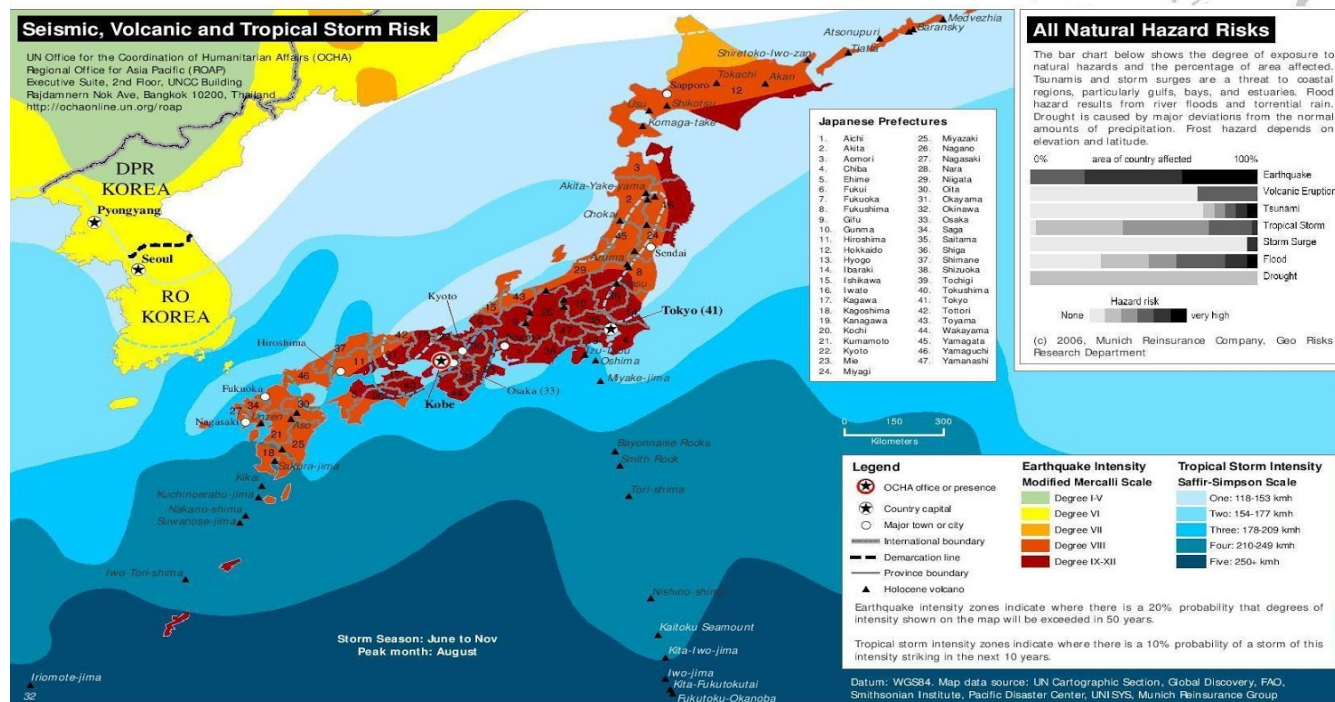
¹⁾ As of January 1.

Source: Statistics Bureau, MIC; Ministry of Health, Labour and Welfare; Geospatial Information Authority of Japan.

Figure 1.2



OCHA Regional Office for Asia Pacific
JAPAN: Natural Hazard Risks
 Issued: 09 March 2007



In Japan, the social structure is such that they believe in male as a breadwinner and female as a homemaker. In such a setup, Japanese individuals are choosing to postpone marriages primarily due to increasing financial burden and increasing wedding costs and this phenomenon is evident in Table 1.2. Similarly, as per the societal norms, having children out of wedlock is extremely scarce therefore the declining marriage rates have resulted in a successive decline in total birth rates. In Japan, women have to often choose between their careers and childbirths. According to (Cooper and Hagiwara) paper, Japanese women who choose to work instead of staying home to look after their husband are often termed as "Devil Wife". Besides, post-marriage women are not

provided equal opportunities at work and are generally degraded. Such perspectives have highly influenced the psychology of women and providing a social obstacle for women in Japan.

Table 1.2

Mean Age of First Marriage

Year	Groom	Bride
1950	25.9	23.0
1955	26.6	23.8
1960	27.2	24.4
1965	27.2	24.5
1970	26.9	24.2
1975	27.0	24.7
1980	27.8	25.2
1985	28.2	25.5
1990	28.4	25.9
1995	28.5	26.3
2000	28.8	27.0
2005	29.8	28.0
2010	30.5	28.8
2015	31.1	29.4
2016	31.1	29.4
2017*	31.1	29.4

Source: Ministry of Health, Labour and Welfare.

Proportion of Never Married at Exact Age 50 by Sex ¹⁾

Year	Proportion (%)	
	Males	Females
1950	1.5	1.4
1960	1.3	1.9
1970	1.7	3.3
1980	2.6	4.5
1990	5.6	4.3
2000	12.6	5.8
2005	16.0	7.3
2010	20.1	10.6
2015	23.4	14.1

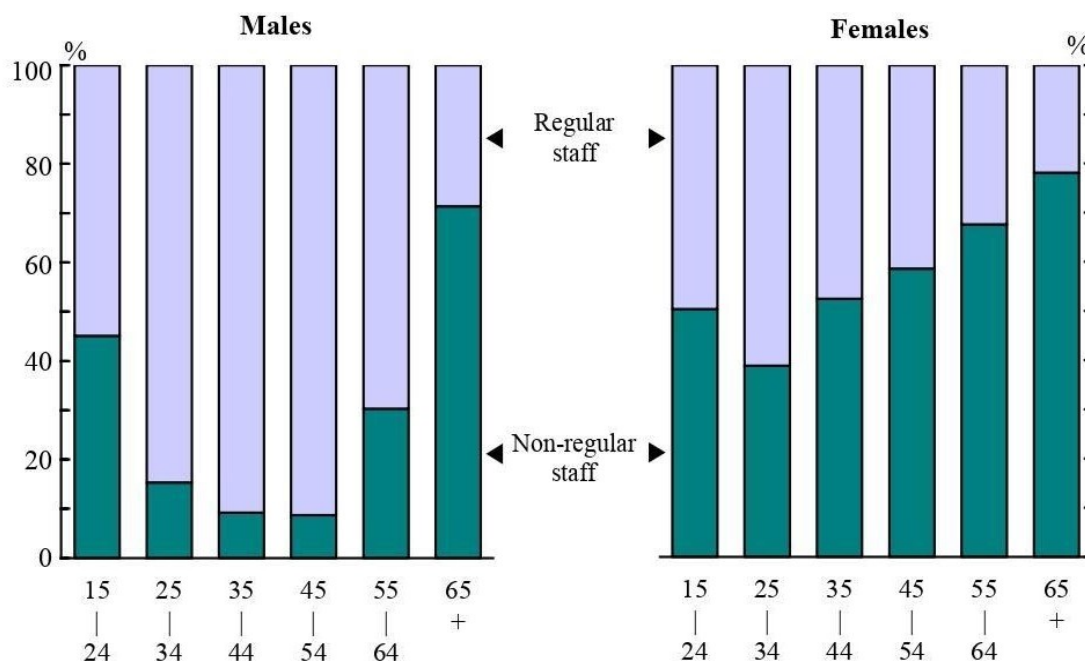
1) The Proportion is computed as the mean value of the proportion remaining single at ages 45-49 and 50-54.

Source: National Institute of Population and Social Security Research.

The changing expectations of the workplace can also be considered as one of the reasons for the changing demographics of the country. The percentage of part-time workers in Japan is observed to be increasing post-1990's due to which they tend to postpone marriages. Post World War II the formation of standard employment was on the basis of full-time employment. However, post-1990's economic crisis, the domestic companies started to hire workers on a part-time basis due to cost reduction and social insurance made it cheaper to do so. The proportion of irregular workers in Japan is observed to be around 40%. The part-time employment rate is 22.4% (OECD Data). Currently, irregular employment is becoming a daily routine in the employment structure of Japan and has also resulted in "parasite singles" where adult individual continues to stay with their parents due to economic constraints. As per the social norms in Japan, children are expected to take care of their parents in old age where the responsibility is shifted to the children's, however, due to lack of permanent jobs a role reversal is observed. The labour force participation of women in Japan is around 60% as it is evident in *Figure 1.2*.

Figure 1.2

Employment Pattern by Gender and Age (2017)



Source: Statistics Bureau, MIC.

Policy changes recommended

Earlier, the Japanese government had adopted different strategies to increase the birth rate "including the "women handbook" to educate

women on high and low points of their fertility and state-sponsored matchmaking events." Besides, the government has invested in child benefits and daycare systems as there are less number of daycare centres in Japan. Hence, apart from government-owned daycare systems, private enterprises were allowed to enter into the market to increase the same but these strategies have not been successful.

The potentially viable strategy which can help the Japanese government is relaxing immigration. Relaxed immigration policies will attract an international labour force which will further help the economy to survive on the short term basis. Immigration reforms are very complex in Japanese homogenous culture. The 2008 proposal from Japan's Liberal Democratic party to increase the extent of immigrants to 10% was made. However, the government can not depend on immigration reform forever as it will make the economy vulnerable to external factors and pose a threat to the traditional ethnic Japanese culture. Hence, empowering women and designing such schemes which will induce birth rates is necessary. Inclusion of women in the labour force and providing family choices is an important component of women empowerment. Improving the status of working

women will have a positive impact on the economy. If women are motivated to choose career post marriage and children's it will gradually lead to an increase in marriage rates which in turn will increase total birth rates in Japan. Similarly, the increase in daycare

centres will allow women to choose to work again. The structural changes in employment with respect to permanent jobs or women employment will have a positive impact on the birth rates.

COVID-19 POLICY FOR HOMO SAPIENS- LEVERAGING THE POWER OF NUDGE

13

“The concept of nudge helped in making effective Public Service Announcements during the testing pandemic of 2020 .”

GAURJAL

M.SC. INTERNATIONAL BUSINESS ECONOMICS AND FINANCE 2020-22

GOKHALE INSTITUTE OF POLITICS AND ECONOMICS, PUNE

The Nudge Theory in Behavioural Economics developed by Richard Thaler and Cass Sunstein is simply a design-based public policy approach which uses positive and negative reinforcements to modify the behaviour of the people (Debnath and Bardhan, 2020). Combining policies with small “nudges” that benefits citizens has become a significant policy tool in the last few years. The Economic Survey of India, 2018-19 dedicated an entire chapter to how the “Behavioural Economics of Nudge” played a key role in the success of policies such as Swachh Bharat Mission and the Beti Bachao Beti Padhao campaign.

The advent of the Covid-19 pandemic imposed a full stop to our social life. While international organizations emphasised on “social distancing” and “lockdowns” to control the spread of virus, it was futile to believe that all human beings are rational enough to accept these measures happily. After all, decisions made by real people often deviate from the impractical robots theorized in classical economics (Economic Survey, 2018-19, Volume 1). The key to successful implementation was therefore to “nudge” people towards the right behaviour. This article therefore highlights how “Nudge” played a significant role in the Government of India’s policies of handling the Covid-19 pandemic.

The nudges from the Prime Minister (PM) were critical in creating herd ef-

fect on lockdown and social distancing norms across the nation (Debnath and Bardhan 2020). In his address to the nation on the eve of 24th March, 2020, he appealed that “21 days are critical to break the infection cycle of Coronavirus. If we are not able to manage these 21 days, the country and your family could be set back 21 years” (Press Information Bureau, 2020). His speech that day inculcated feelings such as “nationalism”, “cooperation” and “solidarity” which **nudged** people to stay at homes. The use of catchy slogans - “Do Gaj ki Doori” (a distance of two yards), “Jaan hai toh Jahaan hai”, “Lakshman Rekha” helped people understand the importance of “social distancing” and the “lockdown”. People are more likely to change their behaviour if they consider it something that is consistent with hope and optimism—a smile, rather than cowering in terror (Sunstein, 2020). His subsequent speeches thus focused on eliminating negativity by constantly reiterating that how India is well equipped with adequate resources and it has successfully converted crisis into an opportunity. Also, the Prime Minister’s Citizen Assistance and Relief in Emergency Situations Fund, spearheaded by the PMO inculcated a sense of “national responsibility” which nudged corporations and general public into making donations for promoting research during the pandemic.

Digital nudges also played a significant role in keeping people indoors during the lockdown. The re-

peated telecast of popular TV shows from the 80s and 90s by Doordarshan, which used “nostalgia” and “family bonding” as well as Aarogya Setu, a contact tracing application which sent regular notifications to its users to answer few questions that keep Covid -19 symptoms under check were one of the distinct public policy nudges.

The economic impact of the pandemic has been severe. However, policy nudges focused on making it easier for people to increase consumption, such as giving central government employees tax incentives if they spend their Leave Travel Concession (LTC) amount on goods and services that attract GST of 12 percent or more. To push manufacturing, The Micro, Small and Medium Enterprises (MSMEs) were involved in the manufacturing of essential medical supplies as well as incentivising them with collateral free loans worth Rs 3 lakh crores. The fiscal packages nudged state governments to increase capital expenditure by offering a special interest-free 50-year loan to be spent by March 31, 2020.

In order to ensure that people do not become careless during festivities and opening up of the economy, the PM launched the “Jan Andolan Campaign.” This campaign with its three mottos- “Wear Mask, Follow Physical Distancing, Maintaining Hard Hygiene” and a pledge focused on making these practices as a part of people’s identity –one of the key ingredients of nudging desired behaviour.

While nudges improve the efficacy of any policy, they have to be reinforced repeatedly in order to gener-

ate socially acceptable behaviour. For instance, the Aarogya Setu application was a tremendous success in the beginning, with the app garnering over 10 million users within days, however after some time, things slowed down. Except for a few nudges in the form of tweets and text messages, there were no major success stories shared. Another observation in India’s case was behavioural fatigue i.e. the idea that eventually people get bored of doing one thing and start engaging in other, sometimes undesirable, behaviours. While “social distancing” was initially observed seriously, it gradually took a backseat especially during festivities.

Nevertheless, the adoption of behavioural insights enabled the government to control the spread of virus in a country with such a massive population and highly vulnerable health system. The government’s use of the nudge during the pandemic provides a conclusive proof of how “Nudge Theory” can help mitigate subsequent disasters in the future as well.

MENTAL HEALTH: THE BIGGEST POST-PANDEMIC ISSUE: THE ECONOMICS OF MENTAL HEALTH

14

“While it is necessary to combat the short term economic impacts of the pandemic, the long term effects can lead to a mental health epidemic .”

RAHUL GIRI

M.SC. FINANCIAL ECONOMICS 2020-22

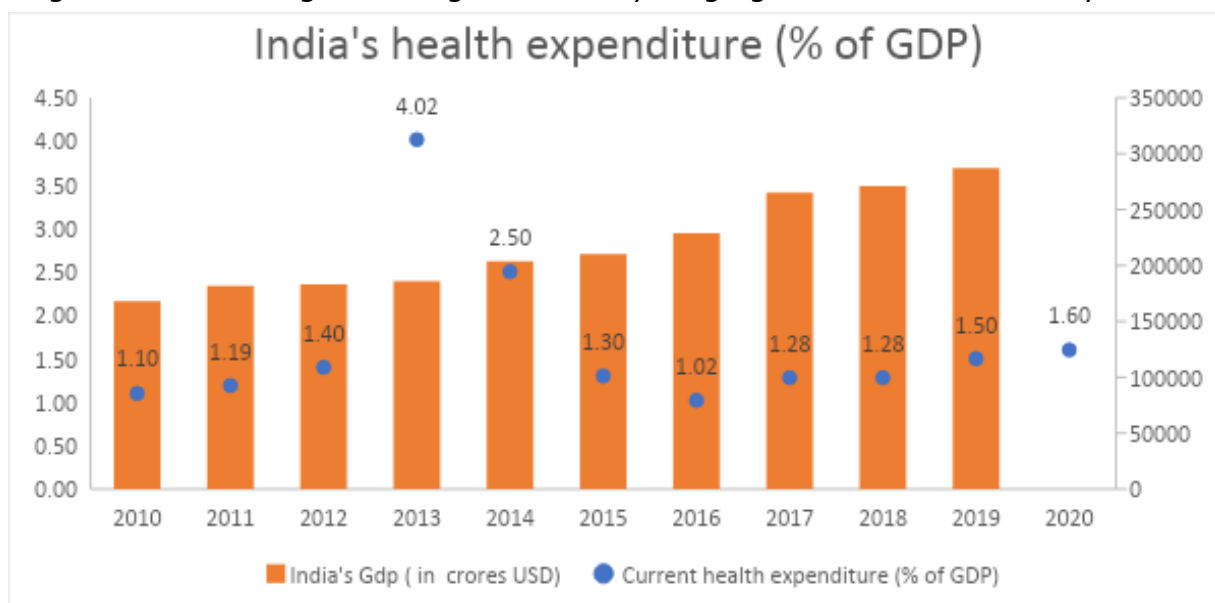
GOKHALE INSTITUTE OF POLITICS AND ECONOMICS, PUNE

The Covid-19 pandemic, which penetrated as a viral infection causing respiratory problems, soon became an unexpected threat to our mental wellbeing. The studies conducted globally predicted a "tsunami of psychiatric illness" as the repercussion of this deadly disease (Tandon,2020). While on the positive front, we witnessed a kinder society that could appreciate how interconnected and dependent we are on each other, we could not avoid the mental roadblocks that came along with the repercussions of the pandemic. Mental health has been increasingly acknowledged as a major concern for people and combined with unemployment, economic downturn, and social adversities, it is an issue that will continue to be a point of discussion across the globe.

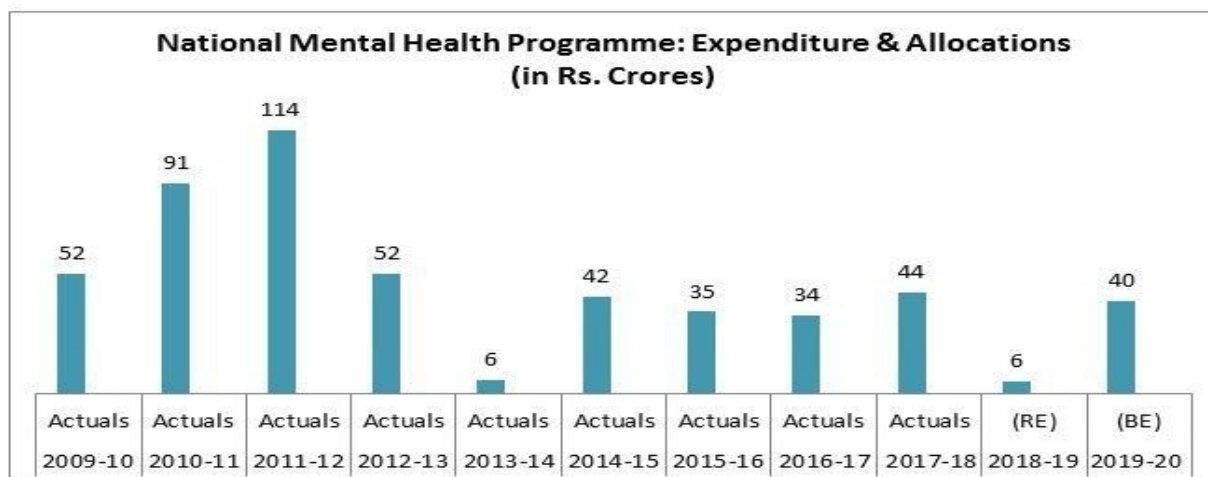
With the onset of Covid-19, we saw an increased level of insomnia, post-traumatic stress, accompanied by financial and personal losses that no sterling could ever reimburse. The pandemic initiated a vicious cycle of poverty, inequality, and unemployment, the economic echoes of which will be continued to be heard in the future. The worldwide lockdown resulted in firms adapting to the technological changes

brought about in way of doing business, which further pushed the economic agents into a virtual environment that was vulnerable to cybercrimes and illicit usage. The pandemic contributed to long working hours for white-collar workers and left the blue-collar worker jobless, deteriorating their mental health further.

Now is the time when the policymakers must not only be concerned with the 'economic revival' but also sensitize investment on the mental health of those who were affected by the shocks of the pandemic, as these are agents who are eventually going to revive the economy. Though the GDP statistics are escalating over the years, an increased expenditure on the health sector is yet to be witnessed particularly concerning the mental health (Figure 1&2). Starting at the rock bottom the New Education Policy should incorporate mental health as a part of the curriculum implemented through the means of a reward-based game sessions mechanism that will impulse the students to be enthusiastic towards it. The faculty being devotedly involved in such sessions will result in the mental growth of children from a young age and create a healthy of the rich,



Source: World Bank Indicators

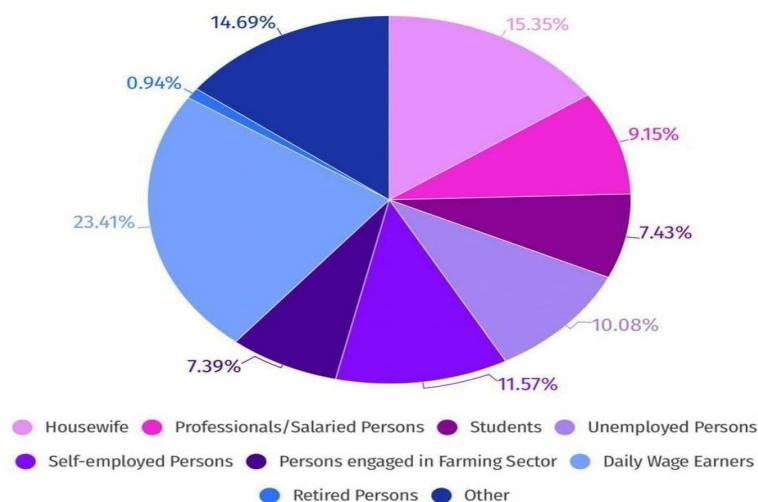


Source: Compiled from Union Budget, GoI, various years

therefore a medical insurance policy blanketing such expenditures devised by the public authorities is the need of the hour. Free clinics addressing the post traumatic experience of the public could prove to be a turning point in the history of mental health assistance. Further, with the pressure of long working hours on the white-collar job sector the government should enforce stricter laws for these corporates, making a safe space for them to deal with the pandemic. Such measures should be undertaken which should help them to deal with mental health issues rather than burdening them productivity expectations. Helplines dealing with mental health should be made available even at the academic institutions given the tremendous shock to the generation that has been impacted due to loss of an academic year and opportunities further added with unemployment pressures and an uncertain future. The impact on various professions could be gauged through the distributional chart in figure 3 which is suggestive of how the housewives and the daily wage-earning workers are more at a risk of suicide, hence policy actions addressing to such concerns should be the priority of the government and associated organisations.

the complications associated with mental health, but the magnitude is yet unrealized. It is time for policymakers to address the issue of mortality and morbidity to encompass productivity for a developing economy like India. Life is not an endless, self-defeating rat race but a means of pursuing emotional, physiological well-being while pursuing goals that give meaning to individual existence. The change is needed, and it will come when we address the issue with the utmost importance with unfailing solutions.

Professions that Accounted for the Most Suicides in India



Data Source: NCRB India (2019)

The pandemic has shed light on

THE INDO PACIFIC SHOWDOWN

15

“The China
Challenge ahead
of India”

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What if I tell you, there's a country that has enjoyed uncharted dominance of waters that are a passageway to 80% of world trade via cargos, one would think that with a 75 year experience of navy and warships operations, this country must enjoy dominant soft and military power and heavy diplomatic capital. A brief answer, no. India has not in the longest stretch of its history exercised this dominance in any way to gain any say on world relations and any strong decisive role in the world military (4th most powerful force). This dominance in Indian Ocean also meant plush access to the coast line and all the derivative benefits of independence and safety.

All this has been an unexploited endowment that could have remained so, until an expansionist force emerged, much to India's woes, it's a neighbor, China, the soon to be largest economy too, along with the largest operator of naval vessels (2020 US army report). This new power has its eyes set on dominating these waters, regularly mapping it with submarine drones, the bigger threat being the array of offshore naval bases it has and is further acquiring steadily encircling India, in Pakistan, Sri Lanka, Djibouti and now in Cambodia.

While the Sri Lankan government has denied permission for docking Chinese Naval assets, trends still are not to be ignored. The attempted "*String of Pearls*" has been thwarted as of now, owing to a rejuvenated outward oriented diplomacy from New Delhi.

How has India responded to this? 7 years, numerous foreign visits *per year* have started yielding some soft power muscle to New Delhi. This is corroborated by the near unanimous selection to the UNSC (whopping 185 votes, more than twice from Canada!). India has started acquiring logistical agreements with major

nations operating naval bases in Indo Pacific. France, Japan, Russia and much to history's irony the USA! India will have privileges to dock and refuel at Diego Garcia; an island IOR base of the USA, which in 1971 was a war theatre planning to attack India! There's been a tectonic change of winds in recent years considering India had meager glimpses of POTUS in times of dire needs whereas it is now of one of the few nations to have hotline access to the POTUS. On the other hand, the agreement with Russia ensures its non partisan role in case of any showdown between India and China. Albeit, India is the remaining and possibly still the largest importer of weapons from Russia and that puts India in a very comfortable spot in that aspect, ensuring continued Russian loyalty.

Besides these logistics agreements, India has emerged as a major shoulder for ASEAN nations and Japan to face China together, their confidence aided by the increasing presence of Indian Navy in south china sea, in fact in May in the face of Galwan clashes, India sent its warships in south china sea, predominantly near the choke point, Malacca strait

The contest shaping up will clearly be between China and India, aided by the USA and NATO.

The ideal way forward, would be to develop the ASEAN nations' collective naval strength. They also become the ideal export market for Indian defense products.

The Brahmos Missile systems and LCA Tejas planes will be major force multipliers for these nations and have been drawing keen interest from these nations especially Philippines and Malaysia, as western assets have been too expensive.

Domestic radar technologies too have been garnering interest lately owing to the utility they gave to Armenia in the war with Azerbaijan. The benefit of such transactions is satisfying twin goals- Cutting China's dominance on these nations and ensuring a strong force to curtail its free flow into Indian Ocean. Second; helping the domestic economy with exports of such importance. Further, defense exports also improve overall trade with a country. The best strategy for India

would be to keep China occupied with strengthened ASEAN naval forces.

New Delhi understands this and has been making every right move towards it, but a new administration in Washington and how it deals with this new strategy will define how smooth the road will be for India (or China).

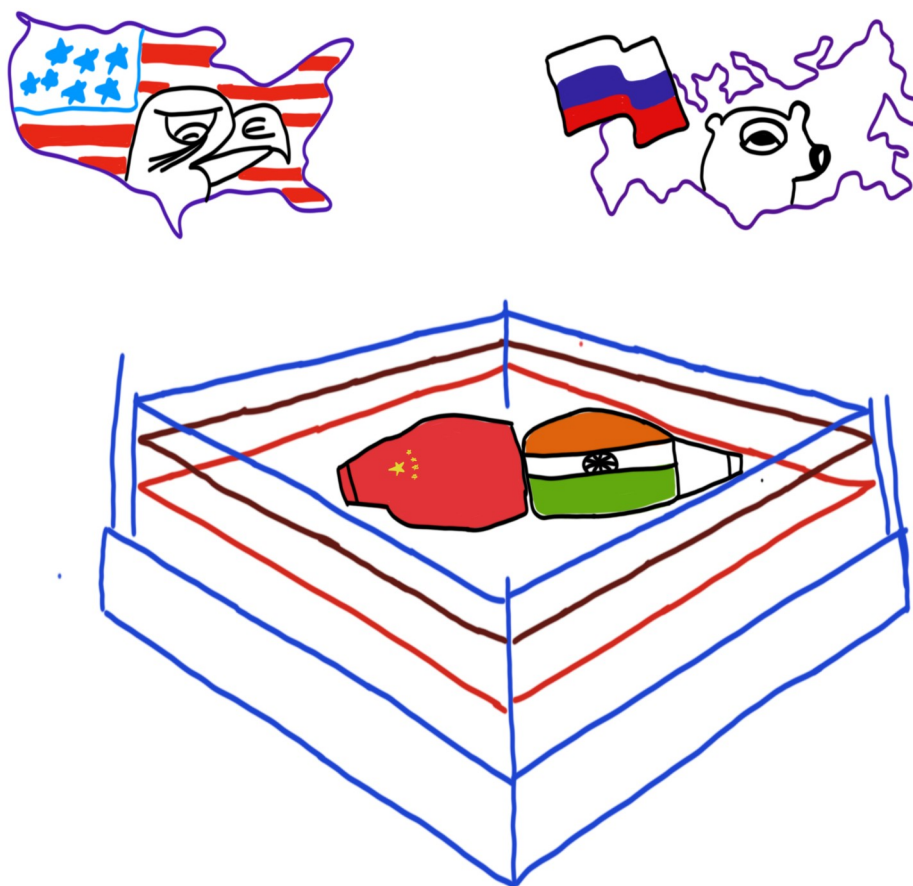


Illustration by: DURVA SHETYE

AYUSHMAN BHARAT AND ROAD TO UNIVERSAL HEALTH COVERAGE(UHC) IN INDIA

16

“Snowballing
the Health
Sector”

YASH MEHRA

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The World Health Organization defines universal health coverage (UHC) as means to enable all people and communities to use promotive, preventive, curative, rehabilitative, and palliative health services they need, of sufficient quality to be effective, while also ensuring that the use of these services does not expose the user to financial hardship.

Why India Need a Good Healthcare System for Its Rural Population

India is one of the developing countries in the world having 1.3 billion populations, of which 70% and 30% population lives in rural and urban area respectively. Currently, India in a state of epidemiological health transition i.e. India is facing dual health problem of communicable diseases as well as non communicable diseases which remain a threat to health and economic security specially for poor labour class people.

India's Road to Universal Health Coverage(UHC)

At a point of time when the common man is struggling to meet the expenditure of health care which may cost a family's lifetime savings, the Ayushman Bharat Scheme has come as a lifeline to the poor which ensures the treatment to the beneficiaries free of cost or at minimum expense.

Ayushman Bharat, the flagship scheme of Government of India, was launched by Prime Minister Narendra Modi, to achieve Universal Health Coverage. In 2018, the Government of India launched an ambitious health-care scheme know as "Ayushman Bharat" (long live India). projected to be a progressive step toward UHC in India especially for poors and poorerers of poor peoples in India. The Ayushman Bharat scheme essentially has two components: Pradhan Mantri Jan Arogya Yojana (PMJAY) and Health and Wellness Centres

(HWCs). The PMJAY is a publicly financed health insurance scheme for the socio-economically deprived rural and selected occupational category of the urban population. It aims to cover 100 million households and approximately 500 million people of the country, which roughly accounts for 40% of the total population.

In India, the average annual total medical expenditure is about Rs.9,373 according to India Consumer Economy 360 Survey. Average annual expenditure on health is Rs 13,198 by household in towns while Rs 11,387 medical expenditure for a Metros household and Rs 6,371 for an underdeveloped rural household.

It is seen that due to financial constraints, the 30% of the rural population did not avail any medical treatment and in most of hospital admission in rural or urban area, the people are paid by either by taking loans or sale by their assets.

The benefits package under the PMJAY includes cashless treatment up to 500,000 rupees per family per year on a family floater basis. Around 1350 medical and surgical procedure are included under the scheme which is claimed to include almost all secondary and most of the tertiary care procedures. It allows the beneficiaries to avail free services from either public or an impanelled private hospital. All preexisting diseases are also covered, and the hospital is not allowed to charge any fee.

The different categories in rural and urban areas include:

Families having only one room with kuccha walls and kuccha roof; families having no adult member between age 16 to 59; female headed households with no adult male member between age 16 to 59; disabled member and no able-bodied adult member in the family; SC/ST households;

landless households deriving major part of their income from manual casual labour. Families in rural areas having any one of the following will be included: households without shelter, destitute, living on alms, manual scavenger families, primitive tribal groups, legally released bonded labour.

For urban areas, 11 defined occupational categories are entitled under the scheme by occupational Categories of Workers: Rag picker, Beggar, Domestic worker, Street vendor/ Cobbler/hawker /Other service provider working on streets, Construction worker/ Plumber/ Mason/ Labour/ Painter/ Welder/ Security guard, Coolie and another head-load worker, Sweeper/ Sanitation worker/ Mali, Home-based worker/ Artisan/ Handicrafts worker/ Tailor, Transport worker/ Driver/ Conductor/ Helper to drivers and conductors/ Cart puller/ Rickshaw puller, Shop worker/ Assistant/ Peon in small establishment/ Helper/Delivery assistant / Attendant/ Waiter, Electrician/ Mechanic/ Assembler/ Repair worker.

Around 25% of the country population was already covered by a health insurance scheme in 2015–2016, mostly by any publicly financed schemes. The interstate variation in health insurance coverage ranged from 75% in Andhra Pradesh to around 6% in Uttar Pradesh. Therefore, the PMJAY with its target beneficiaries of around 40% (the poorest & the vulnerable) of households can increase the coverage in some states but only marginally. Though It also leaves a large section of the population uncovered, thus exposing them to the risk of catastrophic health expenditure. This will defeat the spirit of the central pledge of “leaving no one behind”.

The expenditure incurred in premium payment will be shared between Central (60%) and State Governments (40%) in specified ratio as per Ministry of Finance guidelines in vogue.

Beauty of the scheme is that the beneficiaries can avail of services anywhere in India i.e. an eligible card holder family from Haryana can get surgery done even in

Tamil Nadu. Ayushman Bharat scheme will lead to timely treatments, improvements in health outcomes, patient satisfaction, improvement in productivity and efficiency, job creation thus, leading to an improvement in the quality of life.

V-SHAPED RECOVERY IN 2021

17

“How a swift mobilisation of union machinery is paving the way for economic revival from the pandemic.”

TANU GOYAL

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Amidst a once in a century crisis 'The COVID19' brought an eye opener impact on Indian economy. The GDP was growing at 4.2 per cent in the FY2019, the onslaught of the actions taken in the view of giving importance to lives of citizens vis-a vis trade off to growth of the economy has led to GDP fall at 23.9 per cent in Q1 to 7.5 per cent in Q2.

The IMF projected an impressive 11.5% growth rate for India in 2021, making India the only major economy of the world to register a double-digit growth this year. Moreover, the economic survey of 2020 states India's real GDP is projected to record a growth of 11.0 percent in 2021-22 which is highest since independence. This will be symbolic of India's testimony of the resilience, economic strength and mature policy making.

The cushion of this is, prudence of government actions in correspondence to nuanced details. This initiates with the early stringent lockdown implemented keeping in view India is the second largest population country and the transmission effect is much higher in a country with a high population density. Hence, saving the human resource to maximum possible extent. Further, the calibrated demand policies like a public investment programme centred around the National Infrastructure Pipeline is likely to accelerate the demand push and further the recovery. The scheme of Pradhan Mantri Garib Kalyan Yojana for ensuring food security through public distribution system, direct benefit transfers to widows, pensioners and women, additional funds for MGNREGS, and debt moratoria and liquidity support for businesses. This action led to increase in the demand in the economy as the beneficiaries have high marginal propensity to consume. Timely proposing and rolling out of forbearance and under the package of Atmanirbhar Bharat Package Government of India also launched Emergency Credit Line Guarantee Scheme (ECLGS 1.0) to provide

much needed relief to stressed sectors by helping entities sustain employment and meet liabilities for MSMEs. A boost for Project Exports with the assistance of EXIM Bank A second version of the Scheme (ECLGS 2.0) was also launched to offer necessary credit guarantee for loans by banks and NBFCs to identified stressed sectors. The Atmanirbhar 2.0 and 3.0 timely increased the capital expenditure. On the other hand, supply sided policies included changes in the monetary policy Lowering of Repo and reverse repo rate by 115 and 155 bps respectively. Injection of durable liquidity through Open Market Operation (OMO), Reduction in the CRR requirement of banks, increasing bank's borrowing limit. Privatization of PSUs in non-strategic sectors, Production Linked Incentives (PLI), easy of doing business etc The Government has undertaken several structural reforms with a focus on land, labor, liquidity and law that will globally position India as an attractive investment destination. Since the onset of the pandemic, it has injected over Rs. 20 lakh crores stimulus for the economy. The sectors covered include power, manufacturing, defence, land, education, mining and minerals. India now ranks 63rd out of 190 countries in the World Bank's Ease of Doing business 2020 report.

With the approval of two indigenously manufactured vaccines for emergency use is adding an extra feather to achieving the expected target. With the economy's returning to normalcy brought closer by the initiation of a mega vaccination drive, hopes of a robust recovery in services sector, consumption, and investment have been rekindled. Thus, giving way too many opportunities which were surpassed by the pandemic. All the fiscal, monetary and structural reforms are paving the way of achievement.

TEAM PHOTOS

EDITORS



Rama



Anushka



Ayushi



Ridhima



Muskan



Affan



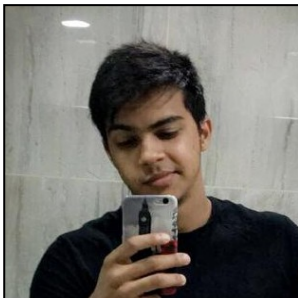
Akshat



Arijit



Gonik



Tejas



Cherry



Lisa



Sahaj



Shubham



Janhavi

ILLUSTRATORS



Pratiksha



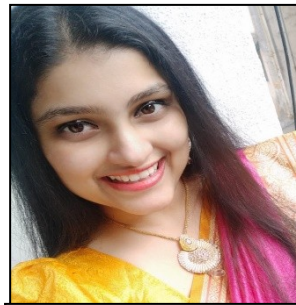
Ayushi



Pragati



Manvi



Durva

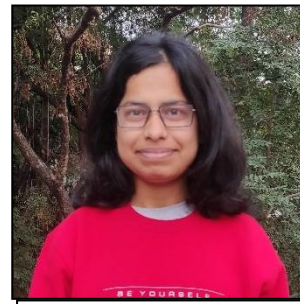
SOCIAL MEDIA & TECHNICAL TEAM



Agrima



Aarushi



Himadri



Abhijeet



Nikita

