Big on hopes, short on ideas

The Budget aims to focus on infrastructure and connectivity, but lacks growth-invigorating proposals

Finance Minister Nirmala Sitharaman's fourth successive budget, while commonsensical in its approach, is not exactly bubbling with new ideas. With the economy still in search of durable momentum that could help entrench the recovery from the last fiscal year's record contraction, Ms. Sitharaman has missed an opportunity to address the flagging consumer spending in the wake of erosion in real incomes and savings through a combination of tax breaks for the middle class and cash handouts for the poor. And even as the Minister acknowledges the role public capital expenditure could play in crowding-in private investment at a time when "private investments seem to require that support" and help to 'pump-prime' demand in the economy, the Budget outlay of ₹7.50 lakh-crore for the capital account marks just a 24.4% increase from the revised estimate of ₹6.03 lakh-crore for the current fiscal. To be sure, Ms. Sitharaman's speech highlights the PM GatiShakti, a "transformative approach for economic growth and sustainable development" that is to be powered by the 'seven engines' of roads, railways, airports, ports, mass transport, waterways, and logistics infrastructure. While the broad sweep of the public infrastructure envisioned by the programme could potentially be truly transformative if it were to be executed as imagined, the Budget is largely short on details where it concerns the specifics and pencils in some figures only for the roads and railways components. The Budget lists a 'Master Plan for Expressways' that will be formulated in 2022-23 under the scheme and projects the addition of 25,000 kilometres of roads to the National Highways network. The talk of enabling seamless multimodal movement of goods and people and providing multimodal connectivity between mass urban transit systems and railway stations, however, all sound a familiar refrain from past speeches.

Spending outlays on several other key sectors including health care, rural development and the vital jobs and income providing national rural employment guarantee scheme have all shrunk as a percentage of overall expenditure in the Budget estimates for fiscal 2023 from the revised estimates for the current year, even if in some cases only marginally. That these sectors have been forced to bear the impact of the Government's keenness to broadly stick to a fiscal consolidation road map – with the Budget projecting a narrowing of the fiscal deficit to 6.4% of GDP in 2022-23, from a revised estimate for 6.9% – reflects on its priorities. Government spending on health care ought to have instead been significantly increased, with the lessons from the ongoing pandemic's first two waves serving to illuminate the need for a sizeable enlargement of the public health infrastructure. A source of some solace, though, is the announcement of a 'National Tele Mental Health Programme' to address mental health problems that have been exacerbated by the claustrophobic lockdowns and plethora of anxieties triggered by the pandemic.

In a nod to the ruling party's nationalist moorings and in line with the Government's push to increase self reliance or AtmaNirbharta, the Finance Minister has proposed a series of tariff and policy steps that could help bolster domestic manufacturing in the long run. A key policy element is a commitment to reduce import dependence in procurement for the country's defence forces. To that end the Minister has proposed earmarking 68% of the armed forces' capital procurement budget to domestic industry in 2022-23, a not insignificant increase from the current fiscal's 58% target. The tariff rationalisations, which cover a broad swathe of items ranging from electronics, gems and jewellery, chemicals, inputs used by MSME units and project and capital goods, could, however, have varying short-term impacts. Specifically, the move to phase out the concessional rates in capital goods and project imports gradually and apply a moderate tariff of 7.5% could in the short term hurt infrastructure projects and the setting up of new manufacturing capacity, some proposed exemptions for advanced machinery notwithstanding. The Minister has tried to address the raging debate over how to deal with virtual currencies by adopting a twin-track approach. On the one hand Ms. Sitharaman proposes to introduce in the coming fiscal year a Central Bank Digital Currency that she posits will impart a big boost to the digital economy and "lead to a more efficient and cheaper currency management system". The RBI-issued Digital Rupee would leverage blockchain and other related technologies. In parallel, she intends to tax income from the transfer of any virtual digital asset at the rate of 30%, with deduction allowed only for the cost of acquisition. It remains to be seen if the Government's efforts at bringing the mushrooming trade and investment in a multiplicity of virtual digital assets including cryptocurrencies under the tax net would have a salutary impact besides adding a revenue stream to the exchequer. The Minister's latest budget also skirts mention of the asset monetisation plan mentioned in the last Budget and shows a sharp decline in capital receipts from disinvestment. With just ₹65,000 crore budgeted from asset sale for fiscal 2023, as opposed to ₹78,000 crore as per the revised estimates for the current fiscal, the Minister has had to increase gross borrowings to ₹14.95 lakh-crore, a 24% increase from the current fiscal's budget estimate but a far sharper 43% jump from the revised estimate of ₹10.46 lakh-crore. The resource crunch manifest in the proposed higher debt issuance is ultimately bound to get more acute in the days ahead, given the Budget's lack of growth-invigorating proposals.

A takeaway is the good infrastructure push

On the other side, the programme of fiscal consolidation does need further strengthening

C. RANGARAJAN & D.K. SRIVASTAVA

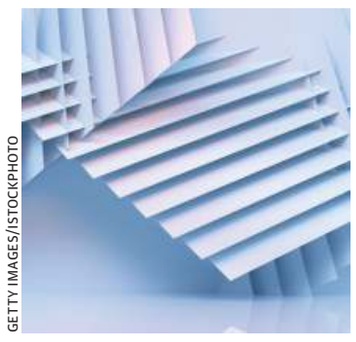
The clear emphasis in the Union Budget on expanding capital expenditure is a welcome directional change, particularly since 45.2% of fiscal deficit is being devoted to finance capital expenditure. This should help accelerate growth not only in the current year but also in the years to follow. However, the programme of fiscal consolidation needs further strengthening. As of now, it remains vague. A relook at the projected income growth for 2022-23 and its impact on revenue projections become necessary.

Perspectives on growth

The Centre's 2022-23 Budget provides a nominal GDP growth estimate of 11.1% for 2022-23. The Economic Survey, on the other hand, had provided a real GDP growth range of 8%-8.5% for this year. Taking the lower end of the real GDP growth estimate of 8%, an implicit price deflator (IPD)-based inflation of 2.9% will deliver nominal growth of 11.1%. The real GDP growth of 8% may, however, be considered somewhat optimistic since 2022-23 would be the first normal post-pandemic year where any significant base effects may not be available. In fact, at the end of 2021-22, real GDP in terms of magnitude at ₹147.5 lakh-crore is estimated to only marginally exceed the corresponding level at ₹145.1 lakh-crore in 2019-20 using the NSO data released on January 31, 2022. In fact, in the second half of 2021-22, when there were no base effects, real GDP growth was only 5.6% using the latest available quarterly data. A real GDP growth of 7%-7.5% in 2022-23 appears to be more realistic. However, this may not undo the Budget's nominal growth assumption of 11.1%. In fact, the IPD-based inflation may continue to be relatively high in 2022-23 since wholesale price index inflation rate is likely to remain high at least in the first half of 2022-23 as these are driven largely by the high prices of global crude and primary products. A more realistic assumption of IPD-based inflation of 5% and real GDP growth of 7.5% would have given a nominal GDP growth of nearly 13%.

Revenues and expenditures

According to 2021-22 (RE), the Centre's gross and net tax revenues are estimated to grow at 24.1% and 23.8%, respectively. This indicates achieving a buoyancy of 1.4 in each case. In 2022-23 (BE) however, the buoyancy has been brought down to 0.9. Again, given the expanded digitisation and formalisation of the economy and the tax assessees, the Centre's tax buoyancy may turn out to be higher than 0.9. If the under-assessment in both tax buoyancy and nominal GDP growth assumption are marginally corrected to



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say 1.1 and 13%, respectively, the Centre's gross tax revenues would have grown more realistically by 14.3%. This would have created fiscal space for either raising expenditure growth or accelerating the reduction in fiscal deficit. In fact, in 2022-23, total expenditure is budgeted to grow by only 4.6% in which revenue and capital expenditures are budgeted to grow by 0.9% and 24.5%, respectively. This spells a welcome structural change in government expenditure in favour of capital expenditures. To the extent that these capital expenditures pertain to non-defence expenditures particularly in expanding construction and other infrastructure sectors, these would be associated with relatively high output and employment multipliers.

While the structural shift towards infrastructure expansion is quite welcome, it would have provided greater transparency had a medium-term assessment of the National Infrastructure Pipeline (NIP) been undertaken in the Budget indicating the sectors of deficient investment as compared to the original targets. The Budget provides for incentivising the States to expand their capital expenditures by permitting them a fiscal deficit limit of 4% of GDP; here, 0.5% points is marked for expanding power infrastructure. In addition, ₹1 lakh-crore has been allocated to States for capital expenditure in 2022-23 as 50-year interest-free loans, over and above the normal borrowings allowed to them.

On the side of revenue expenditures, there is a reduction in budgeted total subsidies to 1.2% of GDP in 2022-23 from 1.9% in 2021-22 (RE). This is also a welcome structural change provided the food, fertilizer and petroleum subsidy numbers are not revised upwards during the course of the year due to the pressure emanating from high global crude prices. The burden of interest payments as a percentage of GDP has gone up from 3.5% in 2021-22 to 3.6% in 2022-23. In fact, interest payments may also come under pressure because of the Government's increased gross and net borrowings from the market associated with high debt-GDP levels.

Debt and fiscal balance

According to estimates given in the Economic Survey for 2021-22, the general government debt relative to GDP is close to 90% at the end of 2021-22 and 2022-23. In the Medium-Term Fiscal Policy cum Fiscal Policy Strategy Statement attached to the Union Budget, the Centre's debt at the end of these two years is estimated to be 59.9% and 60.2%, respectively. Thus, in spite of the fiscal deficit to GDP ratio going down from 6.9% to 6.4%, the debt-GDP ratio is still slated to increase in 2022-23. This may be marginally adjusted downwards if the nominal GDP growth increases above what is assumed in the Budget. Such high debt-GDP levels pre-empt a substantive part of the Government's revenue budget. In fact, interest payments to revenue receipts ratio in 2021-22 and 2022-23 are 39.1% and 42.7%, respectively.

The reduction in fiscal deficit relative to GDP by a margin of 0.5% points between these two years is a welcome directional change. The Medium-Term Fiscal Policy Statement indicates reaching a level of 4.5% by 2025-26. This implies an average rate of reduction of 0.63% points per year in the next three years. It would have been best for the Medium-Term Fiscal Policy Statement to clearly spell out the fiscal deficit adjustment path over the course of the next three to five years. In fact, given the Government's high debt-GDP levels, the Centre's Fiscal Responsibility and Budget Management (FRBM) Act requires it to be re-examined to recast the sustainable levels of debt and fiscal deficit and the adjustment path.

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A bold effort at public investment-led growth

But the Budget barely mentions the fall in share of private consumption in GDP and rising economic inequality

R. NAGARAJ

The Union Budget starts with a self-congratulatory announcement that India's domestic output (GDP) is likely to grow 9.2% this year (2021-22) over last year – the highest among the world's large economies. What is unsaid is that India's output contraction the previous year (2020-21) was among the worst in the world. Compared to the pre-pandemic year (2019-20), the current year's GDP will be marginally higher by 1.3%, as per the Economic Survey. If the adverse effect of the ongoing wave of the Omicron virus is factored in, the (estimated) modest rise in GDP may vanish. Thus, it is worth starting with the factually accurate picture that India lost two years of output expansion. In other words, per capita income today is lower than it was two years ago. Regarding sources of demand, the share of private consumption declined by three percentage points of GDP between FY2020 and FY2022. The Government stepped up its expenditure to mitigate the decline, but only modestly; hence, the marginal output expansion. In contrast, the United States boosted public spending by about 10% of GDP, and its output roared back!

This year's Budget seeks to boost public investment by 35.4% at current prices over last year to raise its share in GDP to 2.9% from 2.2% last year. With grant-in-aid for state investments, the Budget hopes to increase public investment share to over 4% of GDP. The Budget hopes to trigger a virtuous investment-led output and employment growth by arguing in favour of the "crowding-in" effect of public investment on private investment. The theory is sound and is a welcome change from the past policy stance. The crux will be to mobilise resources to finance the investment as the Budget seeks to reduce the fiscal deficit ratio, as per the schedule laid out in the last Budget. The critical question is whether additional tax and non-tax revenue (that is disinvestment proceeds) will be sufficient to finance the investment plan.

To refresh our memory, last year too, public investment was sought to be raised by about the same proportion (34.5%). I had written, "These figures certainly look impressive. The realisation of these investments would crucially depend on tax revenue realisations, disinvestment proceeds, sale of rail and road assets and the Government's ability to raise resources from the market, without raising interest rates for the private sector." (https://bit.ly/3AWzxKP) It is ditto and holds for this year as well. Indeed, public investment has picked up in the current fiscal, by barely 0.2% of GDP. With the threat of higher (imported) inflation (on account of rising international oil prices) and rising interest rates (on account of the US Federal Reserve's decision), meeting the ambitious investment target would be challenging, but it is worth attempting.

On the employment crisis

But the larger question is: how will it address the sharp decline (of

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three percentage points of GDP) in private consumption, which is likely to be caused by loss of employment? The derived demand for labour from an infrastructure boost may be limited, as the suggested projects are machinery intensive, not labour intensive. The Budget does not directly address the employment crisis caused by the novel coronavirus pandemic and the lockdown. The employment crisis would call for enhanced allocation for the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) and initiating a similar scheme for meeting urban unemployment. Instead, shockingly, the Government has slashed the allocation for MGNREGA by 25% over last year.

Industrial slowdown

The manufacturing sector's share in GDP has been stagnating at around 15% of GDP for quite a while. The annual industrial growth rate has sharply slowed down from 13.1% in 2015-16 to minus 7.2% in 2020-21. Perhaps a most telling example of the industrial slowdown is the fall in two-wheeler sales. As per news reports, it fell to 11.77 million units in 2021, below 11.90 million units sold in 2014. Expectedly, employment has contracted, most of which in the informal or unorganised sector. Lack of demand is the real problem, with low capacity utilisation. Indeed, the proposed public investment would create demand for capital and intermediate goods. But if a substantial share of such investment "leaks" out as imports, then the industrial output may not get the desired boost.

It is essential to appreciate that India has become an import-dependent economy, especially on China. Despite the clarion call for Atmanirbhar Bharat, India's imports have shot up. Research reports show that India's trade deficit with China has gone up from $57.4 billion in 2018 to $64.5 billion in 2021. The figure would be much higher by China's official trade account. And the deficit would be even higher if exports from China and Hong Kong to India are combined.

Premature on PLI scheme

India launched a production linked incentive scheme (PLI) for numerous technology-intensive products, starting with mobile phone assembly a few years ago to augment production and reduce imports. The Budget has mentioned the overwhelming response to the scheme. However, evidence on the number of such projects that have taken off, their investment and employment generation and rise in domestic content in such industrial units is too sparse. Hence, it is premature to claim the success of the PLI scheme.

India launched the "Make in India" initiative in 2014-15 to raise the manufacturing sector's share in GDP to 25% and create 100 million new jobs in the industry by 2022. However, the Government diagnosed the principal barrier to increasing manufacturing in India as excessive and dysfunctional regulation holding back the private initiative.

The solution, it was argued, was to improve India's rank in the World Bank's Ease of Doing Business (EDB) index. India did splendidly to improve its rank – from 142 in 2014 to 63 by 2019-20. But the improved ranking failed the industrial sector miserably, with a steady slowdown, noted above. Last year, the World Bank scrapped the index as it was flawed globally and reportedly politically motivated (https://bit.ly/3HlaWSm).

Yet, the present Budget harps on improving the EDB index and reducing regulatory constraints on industry and infrastructure to boost growth. It appears shocking as the Government refuses to learn from past mistakes.

To sum up, the Budget for 2022-23 is a bold effort at public investment-led growth – quite similar to last year's. The widely discussed concerns of the unemployment crisis, fall in the share of private consumption in GDP, and rising economic inequality (caused by the pandemic and the lockdown) have been barely mentioned in the Budget. Instead, the Budget pins its hope on investment to boost employment, as derived demand for labour. Without fully committed funds for capital investment, the success of the ambitious effort remains questionable.

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LETTERS TO THE EDITOR

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Hits and misses

Presented on the very threshold of major Assembly elections this month, Budget 2022-23 is significant in eschewing self-defeating populism that was *de jure*. It has also in a similar vein apparently put growth over fiscal deficit worries. But then of this, ₹1 lakh-crore that was to have been borrowed by the States is now a loan to them from the Centre's account – just a transfer of onus. The key must lie in the full and even utilisation of this kitty. Though funds available to MSMEs have gone up substantially in this Budget, the problem till now has been with the lower end of the sector that was unable to have access.
This underscores the need for the Government's administrative acumen to ensure the flow of funds more than its higher provisioning. The equity market is clearly very pleased with the Capex bonanza but the tax-payer has not been given relief. Given the palpable and extended inflation regime, the Government has chosen to shift much of its fiscal burden onto his shoulders.

R. NARAYANAN,
Navi Mumbai

■ The presentation is a mixed bag. In the backdrop of a discernible rise in tax revenues which have offered huge space for a hike in capital expenditure, the Finance Minister has announced a conspicuous jump of 35.4% in the outlay for capital expenditure to fund various infrastructure projects. It will augur well for our ailing economy that has been struggling to script a robust economic recovery following the havoc unleashed by the COVID-19 pandemic. If the introduction of a tax regime for the taxation of digital assets can be considered a significant step in the mainstreaming of this asset class, the announcement of the launch of a digital currency by the Reserve Bank of India (RBI) is an indication that the Government will discourage private cryptocurrencies. The Budget's push for a transition toward a greener economy is laudable. While the Budget has underlined the need for government focus on long-term growth support, it lacks measures to boost employment generation on the ground.

M. JEYARAM,
Sholavandan, Tamil Nadu

■ The Budget has disappointed many. The salaried class continues to suffer without much relief or rebates. The COVID-19 pandemic has thrown the salaried class in disarray, robbing them of their savings.

P.S.S. MURTHY,
Hyderabad

■ Apart from a digital rupee, there is hardly anything noteworthy for the middle class. I-T slabs remain unchanged. For many Indians, the cost of living remains high. The Finance Minister has only highlighted inessential plans. It is time Budgets brought a smile to the face of the middle class.

K.R. HARI KARTHIKEYAN,
Theni, Tamil Nadu

■ The budgetary allocation for the AYUSH Ministry has increased over four times in the last seven years. It was ₹691 crore in 2014-15; it is ₹3,050 crore in 2022-23. Yet, there has been no substantial research output from the institutes run by this Ministry. Ayurveda continues to be perceived in some influential quarters as pseudoscientific. This underscores the fact that knowledge-production first requires a robust intellectual resource. Where there is a dearth of this vital resource, increased funding would only result in the draining of public money.

DR. G..L KRISHNA,
Bengaluru

■ The Union Budget fails to address the basic issues that haunt the economy. All the support extended to start-ups, Micro, Small and Medium Enterprises, the defence sector, and other sectors with an emphasis on 'Make in India' will have the least impact on the economy or employment in the absence of vibrant, market-driven growth. Reforms in e-education, communication and digitalisation of the economy will only aid corporates and the affluent.

A.G. RAJMOHAN,
Anantapur, Andhra Pradesh

■ There does not seem to be much concern for the honest tax-paying citizen who files his returns on time. Instead, one has 'time' being given to taxpayers who submit incorrect returns.

KATURU DURGA PRASAD RAO,
Hyderabad

■ The criticism, especially from the Opposition, is on expected lines. Nobody appears to be bothered about the overall growth of the nation especially with the future in mind. The Budget does look ahead. And, the media needs to analyse the Budget in a positive way.

V.S. GANESHAN,
Bengaluru

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Focus on accelerating growth with stability

The Budget is in the desired direction in the given circumstances, but its impact on the economy will depend on the efficiency of implementation

M. GOVINDA RAO, *former Director, NIPFP, and Member, Fourteenth Finance Commission, is now the Chief Economic Adviser, Brickwork Ratings. Views are personal*

With the country yet again grappling with another wave of the COVID-19 pandemic, there are concerns about faltering growth and increasing unemployment. With international commodity prices, particularly crude oil prices, continuing to rise and with advanced economies draining liquidity and increasing interest rates, there is limited scope for monetary policy and heavy lifting of the economy, for growth acceleration must come from fiscal policy. It is in this context that the focus fell on the Budget to address the task of accelerating growth and creating new employment opportunities and the task of fiscal consolidation became secondary.

Accelerate growth, create jobs

The Budget for 2022-23 presented by the Union Finance Minister does not disappoint on this count. At 2.9% of GDP, the budgeted capital expenditure for 2022-23 is higher than the revised estimate for the previous year by 24.5% even as the overall growth of expenditure is just 4.6%. An increase of almost ₹1 lakh crore is for assisting the States to catalyse the development of infrastructure by giving them interest-free loans over and above the regular loans to be given according to Fiscal Responsibility and Budget Management limits. Most of this is for developing multi-modal transportation networks. In addition, about ₹60,000 crore has been budgeted for providing tap water for 3.8 crore households and another ₹48,000 crore for affordable housing. In addition to reviving the economy, many of these projects are employment-intensive and will help in reducing unemployment.

The increase in capital expenditure is to be accomplished even as the fiscal deficit is budgeted to be reduced from 6.9% in the current year to 6.4% in 2022-23. Of course, this is higher than the limit of 5.5% recommended by the 15th Finance Commission under a slow recovery scenario, but the Finance Minister in her Budget speech stated that the rate of consolidation will be faster in the coming years to reach a level below 4.5% by 2025-26. In fact, revenue deficit and primary deficit numbers are also budgeted to decline in the next year.

How realistic are these estimates? On the revenue side, the estimates look conservative. Total revenue receipts are estimated to increase by just 6% over the revised estimate and this is partly due to the high base figures as the revised estimate for 2021-22 is higher than the Budget estimate by 16.4%. On non-tax revenues, a sharp decline of 14% is budgeted mainly due to lower estimates of dividends from public sector enterprises and the Reserve Bank of India. On disinvestment proceeds, as against the budgeted ₹1.75 lakh crore in 2021-22, the revised estimate is placed at ₹78,000 crore and for the next year, it is budgeted at ₹65,000 crore. The critical question is whether the government will be able to contain the revenue expenditure growth next year at the budgeted level of less than 1%. In particular, the total subsidy bill for 2022-23 is budgeted lower by ₹1.15 lakh crore from the revised estimate of 2021-22 which includes a lower food subsidy of about ₹79,638 crore and fertilizer subsidy of ₹34,900 crore.

An important concern is the increasing protectionist trend and continued differentiation in import duties. Minute rate differences and taxing inputs at lower rates increase the effective rate of protection, adversely impact competitiveness and give rise to special interest groups lobbying for higher import duties.

Tax proposals

On tax proposals, the most notable measure is the decision to levy tax on transactions in virtual digital assets in the hands of the recipient with 1% deducted at the source. Equally important measures are extension of tax incentives for start-ups by one year and extension of the commencement date for concessional tax for new entities by one year up to March 31, 2024, due to the delay in completion of the projects caused by the pandemic. On the personal income tax front, although there was a clamour for increasing the exemption limit, deductible allowances and rate brackets, the Finance Minister decided to maintain the status quo. Perhaps, in the interest of simplification, she should have rationalised the tax system by getting rid of the options of rate structure with and without incentives introduced last year and keeping only the one without the incentives with a lower rate and reducing the number of rate brackets to four including the exemption limit. There is a proposal to levy surcharge on long-terms capital gains uniformly at 15% for all types of capital assets. The Budget has also introduced a number of measures to reduce compliance burden, encourage voluntary compliance, reduce litigation, and improve the ease of doing business.

However, an important concern is the increasing protectionist trend and continued differentiation in import duties. Minute rate differences and taxing inputs at lower rates increase the effective rate of protection, adversely impact competitiveness and give rise to special interest groups lobbying for higher import duties. While the Production-Linked Incentive seems to be helping some of the newer industries and is helpful in increasing exports, it is necessary to erect a competitive wall rather than relying on scaffolding through incentives.

On the expenditure side, besides a significant increase proposed on capital expenditures, the PIL schemes for 14 sectors are expected to improve the competitiveness of Micro, Small and Medium Enterprises (MSMEs), help in increasing exports and create 60 lakh new jobs. Hopefully, the excessive protection and reservation given to MSMEs will not prevent them from becoming bigger and more competitive to take advantage of the scale economy. There are proposals to spend ₹2.37 lakh crore direct payment of MSP value to farmers' accounts as well as ₹1,400 crore in 2022-23 on the Ken-Betwa river-linking project, create 100 new cargo terminals in the next three years, and during the year, build 25,000 km of highways.

In the right direction

By and large, the Budget is in the desired direction in the given circumstances. However, it must be noted that despite the hype regarding the Union Budget, almost 60% of the actual spending is at the State level. Besides, the impact of the Budget on the economy will depend on the efficiency with which the various proposals are implemented. Let us hope we will break the jinx of poor implementation.

A betrayal of the social sector when it needs help

The government seems to have prioritised meeting its fiscal deficit targets rather than using this opportunity to signal a path of employment-centred and inclusive growth

DIPA SINHA *is faculty at Dr. B. R. Ambedkar University Delhi*

India continues to rank poorly in various global indices that reflect the quality of life, human capital or human development in the country, such as the Human Development Index (rank 131 out of 189 countries) and the Global Hunger Index (rank 101 out of 116 countries). It is well documented that the pandemic over the last two years has had a severe impact on the health, education and food security of the poor and informal sector workers. A number of recent reports, including the Oxfam's 'Inequality Kills' report and the ICE360 survey, well establish that the recovery in economic growth in India is K-shaped, meaning that the incomes of the poorer sections of the society are decreasing, while those of the richer sections are increasing. As many have argued, while this trend has been exacerbated by the pandemic, the country has been experiencing increasing inequality over the last couple of decades. Further, the period after 2016 has also seen stagnant real wages and increasing unemployment.

A conservative view

In this context, it was expected that the current Budget would see an expansion in government spending on the social sector. Greater spending on the social sector can contribute to improvements in human development outcomes, provide a cushion to people during the current economic crisis and also contribute to boosting private consumption demand which in turn can have a positive multiplier effect on the economy. However, despite the current situation of a demand crisis, the Budget has taken a conservative view and seems to have prioritised meeting its fiscal deficit targets rather than using this opportunity to signal a path of employment-centred and inclusive growth.

A complete disconnect

While it acknowledged that learning among children has been affected because of prolonged periods of school closures, the government announced that it will expand its 'one class, one TV channel' scheme instead of announcing enhanced allocations for schools so that they can reopen with vigour. This reveals a complete disconnect with the situation on the ground where school infrastructure needs upgradation, teacher vacancies need to be filled and efforts need to be made to bring back children who have dropped out of school and also have huge learning losses to catch up on.

This is also reflected in the lower spending in the last two years as seen in the revised estimates (RE). The budget for school education at ₹63,449 crore is a slight improvement over last year's ₹54,873 crore (2021-22 budget estimates, BE) and a mere increase of 6% in nominal terms compared to 2020-21 BE of ₹59,845 crore. After a grand announcement rechristening the school mid-day meal scheme as Pradhan Mantri Poshan Shakti Nirman, simply called PM Poshan, the allocation for the scheme has reduced from ₹11,500 crore last year to ₹10,233 crore this year.

The resources allocated for crucial government schemes in the fields of health, education, nutrition, and social protection have remained stagnant or show negligent increase. In fact, the budgets for these schemes have been declining in real terms since 2015.

In the midst of a pandemic, and despite repeated statements about strengthening the public health system, the overall budget for the Department of Health and Family Welfare at ₹83,000 crore has gone up by only 16% over the BE for 2021-22 and by less than ₹1,000 crore compared to the RE for 2021-22, which is ₹82,921 crore. However, by including water and sanitation in the budget for health, there is an increase being shown in health spending as a proportion of GDP. While spending on the drinking water mission is also extremely important, for the sake of consistency it cannot be clubbed with the health budget. Also, even though the budget for the Jal Jeevan Mission has increased from ₹50,000 crore to ₹60,000 crore, only 44% of the allocated funds to the Department of Water and Sanitation for 2021-22 has been spent as on end December 2021.

Through the pandemic period, the Public Distribution System has been a lifeline for many, although only 60% of the population are covered by ration cards currently under the National Food Security Act. Those who were eligible benefited from the additional free foodgrains that they have been given under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY). However, the food subsidy (BE) for 2022-23 at ₹2.06 lakh crore is only enough to cover the regular NFSA entitlements. The indication is that there is no plan to extend the PMGKAY. The food subsidy RE for 2021-22 is ₹2.86 lakh crore.

Budgets for important schemes such as Saksham Anganwadi, maternity entitlements and social security pensions are around the same as the allocations for last year. The allocation for MGNREGA at ₹73,000 crore also does not reflect the increased demand for work or the the pending wages of ₹21,000 crore.

Continued negligence

On the whole, in the Budget for 2022-23, the social sector has once again been betrayed while this is perhaps a time when it needs the most support. As seen above, the resources allocated for crucial government schemes in the fields of health, education, nutrition, and social protection have remained stagnant or show negligent increase. In fact, the budgets for these schemes have been declining in real terms since 2015. India already starts off from a weak position of having very low spending in the critical areas of social protection, education and health. For instance, the World Social Protection Report 2020-22, brought out by the International Labour Organization, shows that the spending on social protection (excluding health) in India is 1.4% of the GDP, while the average for low-middle income countries is 2.5%. Budgets on health and education have also been low, much below the desirable levels of 3% and 6% of the GDP. This continued negligence does not bode well for inclusive development in India.

A Budget that sends mixed signals on health

While the Budget promotes social determinants of health, there is less than anticipated increase for health programmes

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Though the Finance Minister referred to the Omicron variant of COVID-19 and the need to maintain caution, the clear signal that emerged from the Budget is that COVID-19 is no longer perceived to be a major threat and that the post-COVID-19 phase of development must focus on capital-intensive infrastructure projects. The commitment to primary healthcare that was strongly articulated in the Budget of 2021 was much more muted this year.

Definition of health

The Finance Minister expanded the conventional definition of health in her presentation of the Budget of 2021, when she included water, sanitation, nutrition and air pollution control. The Economic Survey, released a day before this year's Budget, reported that expenditure on health reached 2.1% of GDP with an annual increment of 0.4% in the last two years. This suggests that we are on track to reach the government's target of 2.5% by 2025. Recent increases represent both the redefined accounting categories and the COVID-19-related attention to augmented health services. Whether the health sector by itself will display a budgetary momentum of increased allocations was a feature of interest before the Finance Minister rose to present this year.

Supply of tap water to 38 million more homes will be welcome and so will the provision of housing under the Pradhan Mantri Awas Yojana and initiatives for pollution control which include expansion of zero emission public transport services, incentives to reduce crop stubble burning and battery-swapping policy. These along with expansion of digital classroom support to schools across the country will promote the social determinants of health.

Need for higher investment

For the health programmes themselves, there has been less than anticipated increase. The National Health Mission received a 7.4% increase over the money expended last year. With a large need to strengthen both rural and urban primary care, this is disappointing. There is a need to galvanise the Urban Health Mission which has moved slowly thus far. A number of rural and urban Health and Wellness Centres need to be established and activated with staff, equipment and supplies. While some of it will come from the infrastructure mission, the requirement of trained human resources calls for higher investment.

The allocation for the Pradhan Mantri Jan Arogya Yojana (PMJAY) stays unchanged at ₹6,412 crore. The expenditure last year was ₹3,199 crore. This represents a 100% increase. The scheme fell short of utilising its allocated budget for the past two years because of reduction in non-COVID-19 care under its payments and also because of the limited number of accredited hospitals in Tier-2 and Tier-3 urban locations and rural areas. It does not also cover the cost of outpatient care and medicines outside a hospital setting. Unless these limitations are overcome, mainly private sector hospitals in well-developed urban locations will be able to utilise it.

Vaccines for COVID-19 received an allocation of ₹5,000 crore as against ₹39,000 crore the previous year. This suggests that the government believes that all the eligible persons who need to be vaccinated through public funding will receive the vaccines in the current financial year and that there would be no major threat which would call for large-scale investments in new vaccine procurement.

The Health Infrastructure Mission has got an allocation of ₹5,156 crore. Since its launch in October last year, it has spent ₹900 crore. Since the mission has projected an expenditure of ₹64,120 crore over six years, the allocation seems to fall short of ambition. Perhaps, next year's Budget will show catch-up growth. The Pradhan Mantri Swasthya Suraksha Yojana, which focuses on expansion of tertiary care facilities, has been allocated a 35.1% increase, keeping in with the promise of an AIIMS in every State and upgrading of several medical college hospitals.

AYUSH has been given a 14.5% increase, while the Department of Health Research sees an increase of only 3.9%. This is surprising, given the impetus given to continuing need for COVID-19 research and development of new vaccines. There is also a need for health systems and implementation research to support effective delivery of national health programmes that span communicable diseases, maternal and child health, nutrition, non-communicable diseases and mental health. Development and evaluation of appropriate and affordable health technologies too would be in keeping with the spirit of Atmanirbhar.

The Digital Health Mission has an allocation of ₹200 crore. Given the potential and promised services under that mission, the allocation appears sub-optimal. However, there is a welcome initiative to establish 23 Telehealth centres to provide support for mental health services across the country. The National Institute of Mental Health and Neurosciences (NIMHANS) at Bengaluru will coordinate these services. The International Institute of Information Technology (IIIT) in that city will provide technical support. While this is a much-needed initiative, mental health services must extend even to those who are not digitally enabled. That requires strengthened primary care services everywhere.

Vaccines for COVID-19 received an allocation of ₹5,000 crore as against ₹39,000 crore the previous year. This suggests that the government believes that all the eligible persons who need to be vaccinated through public funding will receive the vaccines in the current financial year and that there would be no major threat which would call for large-scale investments in new vaccine procurement. Since the government has granted market licensing to Covishield and Covaxin, the policy indicates that the private sector would be the principal source for providing additional vaccines to those who may seek it. If there is a resurgence of COVID-19 due to a new threatening variant, a special package may be needed. At present, that does not appear to be highly probable.

To end on an appreciative note, the Finance Minister deserves plaudits for providing tax relief to differently abled persons, whose parents or guardians have crossed the age of 60 years. This takes into account the fact that employment and the earning capacity of the person who provides such support usually diminishes at that age.

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THE HINDU

WEDNESDAY, FEBRUARY 2, 2022

Text & Context

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NEWS IN NUMBERS

Defence spending

5.25 In ₹ lakh crore was the defence allocation for FY2022-23 in the Union Budget. The defence budget had a major push on procurement of weapons and military platforms from domestic players as well as to involve them in defence research and development. The Finance Minister said 68% of the outlay for defence procurement will be set aside for buying from the domestic industry and that 25% of the allocation for R&D will be kept for collaboration with the private sector. PTI

Central vista

2,600 In ₹ crore was the amount allocated to the Housing and Urban Affairs Ministry in Budget 2022-23 for the construction of non-residential office buildings of the Central Vista project, including the Parliament and Supreme Court. Six infrastructure firms, including Tata Projects Limited, L&T Limited and Shapoorji Pallonji and Company Limited, are in the race to win the contract to construct the Executive Enclave, which will house the new PMO and other offices. PTI

Coal budget

39 In percentage, the decrease in the share of the budget allocated to the coal ministry for FY23. According to Budget documents, the expenditure for financial year 2021-22 was at ₹534.88 crore. The expenditure budget of ₹393.24 crore in the 2022-23, includes ₹314.54 crore on central sector schemes/ projects and ₹12.96 crore on Coal Mines Pension Scheme. The actual expenditure budget for financial year 2020-2021 stood at ₹571.6 crore. The investment in public enterprises increased to ₹21,420.00 crore in budget 2022-23 PTI

Slight increase

3 In percentage, the increase in the budget allocation to the Women and Child Development Ministry. It stood at ₹25,172.28 crore in 2022-23, a slight increase of 3% from ₹24,435 crore that was given in 2021-22. The budget allocated for Saksham Anganwadi and POSHAN 2.0 (Umbrella ICDS - Anganwadi Services, Poshan Abhiyan, Scheme for Adolescent Girls) was ₹20,263 crore, a small increase from ₹20,105 crore in 2021-22. The budget allocated for Mission Shakti was ₹3,184 crore in 2022-23, increased from ₹3,109 crore in 2021-22. PTI

Home Affairs

1.85 In ₹ lakh crore was the allocation to the Ministry of Home Affairs, with the majority of spending on central police organisations like the CRPF, BSF and for improving the infrastructure along the international borders. The 2022-23 budget allocation to the MHA, is ₹1,85,776.55 crore, about 11.5% more than the current fiscal when it was allocated ₹1,66,546.94 crore. Modernisation of police forces, intelligence gathering apparatus, women safety, cyber security also got priority in budget. PTI

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EXPLAINER

The strategy behind North Korea's missile tests

What message do the recent IRBM tests in North Korea send to the larger international order?

THE GIST

- North Korea, on Sunday, test fired their IRBM Hwasong-12. Its immediate neighbour, South Korea, has decried the tests. South Korea has long followed the Sunshine Policy to improve relations with its northern neighbour. However, the American president, Joe Biden, in the face of North Korea's increased aggressiveness, worked with South Korea to scrap its missile guidelines which limited the types of missiles it could work on.
- The COVID-19 pandemic, multiple natural disasters, and the sanctions by the U.S. have ravaged North Korea's economy. Kim Jong-un is therefore, looking to work towards increasing the agricultural output, and with his recent visit to a new agricultural facility, also trying to send a message on the domestic front in order to safeguard his political position.
- North Korea, like any other state, is looking to safeguard its interests and is doing it in the best way it knows. Kim doesn't want to give up power and considering the U.S.'s ambitions for the Korean peninsula, from his perspective, strengthening North Korea with a robust ballistic missile and a nuclear weapons programme is the only way to keep more conventionally powerful forces at bay.

RISHABH KACHROO

The story so far: North Korea, on Sunday, test fired their IRBM (Intermediate Range Ballistic Missile) Hwasong-12. This can be seen as a multipronged strategy to not only signal its adversary far west and work as an effective way to refine their weapon systems but also serve as a propaganda tool for its people who are currently going through a severe food crisis. The Korean Central News Agency, North Korea's state news agency, reported that the test "confirmed the accuracy, security and operational effectiveness of the "Hwasong-12"-type weapon system under production".

What has been South Korea's response?
Its immediate neighbour, South Korea, has decried the tests with its president, Moon Jae-in, calling it a "challenge toward the international community's efforts to denuclearise the Korean Peninsula, stabilise peace and find a diplomatic solution". It has long followed the Sunshine Policy to improve relations with its northern neighbour. Under this policy, South Korea seeks to work towards improving relations with North Korea through actions that signal its commitment to non-interference in North Korean matters and improving economic cooperation with them. It has also continued to work on the development of its ballistic missile programme. Within a few months of coming to power, the American president, Joe Biden, in the face of North Korea's increased aggressiveness, worked with Moon Jae-in to scrap South Korea's missile guidelines which limited the types of missiles (in terms of their range) South Korea could work on (first introduced in 1979). This also served as a strategic tactic in the region for the Americans to allow South Korean missiles to potentially reach China. As of now, South Korea's biggest weapons in its arsenal are the Hyunmoo series of missiles and the Haeseong missile. As Moon Jae-in's term comes to a close, he is looking to continue to make efforts for peace talks.

What is the domestic situation in North Korea?
Recent evidence coming out of North Korea tells us that Kim isn't even remotely close to considering clamping down on testing; if anything, he wants more. It is also important to note here that this recent test was a confirmational one. With this, he just further proved North Korea's ability to hit the U.S.'s island territory of Guam. The continued American sanctions are unlikely to make an impact of the kind the U.S. is hoping for as China would be more than happy to help its ally. One sign of hope for the West to come out of North Korea, even if a bleak one at that, is Kim Jong-un's recent push for agricultural growth and economic development. He is looking to work towards increasing the agricultural output, and with his recent visit to a new agricultural facility, also trying to send a message on the domestic front in order to safeguard his political position. The message he is sending out to this people is simple—I see the challenges we are facing, and I am actively working to resolve them. The COVID-19 pandemic, multiple natural disasters hitting North Korea, and the sanctions by the U.S. and the western community at large have ravaged North Korea's economy. It would be in the interest of the U.S. to not let this opportunity pass and offer something concrete to North Korea to help improve their situation as North Korea would seek to further strengthen ties with China.

Why is North Korea adamant on pumping huge resources into its weapon programme even as it suffers on the economic front?
Kim doesn't want to give up power and considering the U.S.'s ambitions for the Korean peninsula, from his perspective, strengthening North Korea with a robust ballistic missile and a nuclear weapons programme is the only way to keep more conventionally powerful forces at bay. Experts worry about North Korea reneging on its self-imposed moratorium to not test Intercontinental Ballistic Missiles and nuclear weapons. Kim had first hinted about not being bound to this moratorium back in 2019. It would be an unwise reading of the situation to imagine North Korea giving up its nuclear capabilities. A more realistic goal ought to be to get it to dial down on the tests. In addition to serving as a bargaining tool to bring North Korea to the negotiating table, its economic situation should also be seen as a potential recipe for disaster as weapons and weapons technology can find their way out to other state and non-state actors. It has already long been suspected of being involved with Syria, Pakistan, Egypt, Iran, and reportedly, much recently in an indirect manner, with Taiwan. With the recent tests, Kim has only shown his resolve to continue such acts of belligerence.

How advanced is the country's weapons programme?
Its ballistic missile programme situation seems more robust than ever, only exacerbated by the 'confirmatory' tests it seems so adamant on doing. Their arsenal boasts of short range, medium range, intermediate range, and intercontinental ballistic missiles (ICBMs), in addition to a wide array of cruise missiles and potentially at least two submarine-launched ballistic missiles (SLBMs). Additionally, at the very least, they also possess the capability to weaponise chemical and biological agents. Its actual possession of chemical and biological weapons is debated. It has also conducted 6 nuclear tests since 2006 with the last one being in 2017 (reportedly a hydrogen bomb). It continues to produce enriched Uranium and weapons-grade Plutonium. It went on a self-administered moratorium in 2018 on the testing of long-range ballistic missiles and nuclear weapons which it later clarified (multiple times) to not being bound to. It is reported to possess enough fissile material for at least 45 nuclear weapons.

What next?
Maybe, merely looking at the strategic external perspective won't tell us the whole story. Perhaps the domestic front can further help us in understanding North Korea's actions. 2022 is the year that will see the 80th birth anniversary of Kim's father, Kim Jong-il, and the 110th birth anniversary of the country's founder, Kim Il-sung. With such 'momentous' occasions, North Korea may be looking to portray a show of power to its people. As mentioned before, this act serves as a multipronged strategy.

The geopolitical rationale of the missile test is simple—it gives Kim Jong-un leverage. Kim has seen the fate of the likes of Ukraine, and South Africa. He has seen Libya's fate. He understands the kind of leverage ballistic missiles and nuclear capabilities give him. What remains to be seen is exactly how far out can he play this act of brinkmanship.

Deadly tests: This picture from the Korean Central News Agency released on August 30, 2017 shows North Korea's intermediate-range strategic ballistic rocket Hwasong-12 lifting off from the launching pad at an undisclosed location near Pyongyang. AFP

North Korea, like any other state, is looking to safeguard its interests and is doing it in the best way it knows. This is neither a strategic anomaly nor does it run counter to its philosophy of *juche* (self-reliance) and *songun* (military-first). Whether or not it runs counter to certain nations' interests and how it impacts the larger weapons proliferation processes at play is an entirely different area of discussion. It says more about the hegemonic interests of larger powers which lead to the emergence of conflicts that continue to brew for years and potentially threaten the stability of the international order than it says about North Korea's way of responding.

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EXPLAINER

The FTA talks between India and the United Kingdom

How will a free trade agreement help both countries and in which sectors?

K.S. VIJAY ELANGOVA

The story so far: Last month, India and Britain launched trade talks in Delhi, with an aim to finalise a free trade agreement (FTA) as soon as possible. The proposed pact with Britain could help double bilateral trade by 2030, a Government statement said, after talks between Commerce and Industry Minister Piyush Goyal and U.K. Secretary of State for International Trade Anne-Marie Trevelyan.

What is an FTA?
An FTA is an agreement between two countries wherein it allows free flow of goods and services to and from both sides, removing all tariff barriers to boost trade with one another.The U.K.'s somewhat fettered wings to the European Union's horizons have been fully undone, after Brexit happened, and Britain can now fly the world with full-flown wings, especially its trade. The first such flight was seen when the U.K. signed an FTA with Australia on December 17, 2021, eliminating almost 99% of tariff on both sides, allowing free flow of goods between the two countries. This will save nearly $10 billion for Australia in its exports of agricultural products to Britain and the U.K. will save several hundred million dollars in automobile, liquor and

GETTY IMAGES

cosmetics exports. The pact further helps Britain access the Pacific Rim, an 11-nation trade conglomerate including Australia called the Comprehensive and Progressive Trans-Pacific Partnership.

What does it mean for India?
Likewise, Brexit also paved the way for Britain to freely and comprehensively negotiate a new free mega trade deal with India, talks for which are underway. The £1 billion investment and commercial trade deal India signed with Britain on May 4 last year creating 6,500 jobs in the U.K. was a kick-starter to this, opening a new chapter in commerce between them. As Lord Karan Bilimoria, President of the Confederation of British Industry, put it: "The free trade deal between India and the U.K. will usher in a new era in the annals of India-British trade cooperation. The renewed partnership will bring in enormous changes not only in trade, but enhanced cooperation in agriculture, education and health sectors." He also said, "India's traditional stakes are high in Britain as British Indian companies cumulatively turned over more than £85 billion just last year even amid the pandemic. And India's trade would see a quantum jump when the free trade pact is signed, from £23.3 billion when they inked an Enhanced Trade Deal last year to £50 billion post-FTA. The British inward investment into the subcontinent was nearly £21 billion in the last two decades making Britain as the largest western investor in India, and this will also see a substantial increase." With India set to becoming the world's third largest economy by 2050, India not only becomes the U.K.'s most preferred partner, its 1.5 million diaspora in the isles would get a shot in the arm when the FTA is signed.

What is India seeking from the U.K.?
While the talks between Ms. Trevelyan and Mr. Goyal, under the aegis of the 15th U.K.-India Joint Economic and Trade Committee, centred around removing all trade bottlenecks, and green trade, India is also seeking cooperation from Britain to reduce its carbon footprint by 45% while steadfastly promoting green energy. Ms. Trevelyan sounded pretty optimistic, "This is just the start of a five-star year of U.K. trade, forging closer economic partnerships around the globe and negotiating deals that work for businesses, families and consumers in every part of the U.K."

"FTA negotiations with India and the already-signed FTA with Australia," as Lord Bilimoria detailed, "mark Britain's deft Indo-Pacific tilt, beyond the absolute EU-bind."

What are the sectors that will benefit?
With trade between India and the U.K. set to soar, there are substantial activities simultaneously taking place in other sectors, especially agriculture and education. The second Green Revolution, aimed at increasing food production in India to 400 million tonnes in the next 15 years, is led by plant ecology scientist and co-chair of the Global Food Security Strategic Research Initiative Prof. Howard Griffiths of Cambridge University under Transforming India's Green Revolution by Research and Empowerment for Sustainable food Supplies (TIGR2ESS). The TIGR2ESS, led by the chief investigator, Prof Griffiths, would strengthen alliance between Indian and British experts in social policy and science, hydrology and crop science based on the thesis of making modern agricultural practices reflect the needs of society acceptable to India today. The research programme, funded by Cambridge University to the tune of £9 million, will have diverse partners such as the University of Cambridge (leader), Rothamsted Research, John Innes Centre, Centre for Global Equality, Universities of Essex and East Anglia, The British Dietetic Association and 19 higher education and research institutes in India including the National Institute of Agricultural Botany, Hyderabad and seven NGOs. There are also animated parleys between these countries for more cooperation in education, and possibly, India would allow more U.K. universities to open their branches in the subcontinent after the FTA. Lord Bilimoria, who also is Chancellor of Birmingham University, said, "The cooperation in education between India and the U.K. is already on for years as many exchange and collaborative programmes have taken place and some U.K. institutes have already set up their Indian campuses, but will reach its peak when the Indian government allows more U.K. universities to open their direct branches in India."

Vijay Elangova is a senior journalist based in the U.K.

THE GIST

- An FTA is an agreement between two countries which allows free flow of goods and services to and from both sides, removing all tariff barriers to boost trade with one another. The U.K. had earlier signed an FTA with Australia in 2021.
- The £1 billion investment and commercial trade deal India signed with Britain last year creating 6,500 jobs in the U.K. was a kick-starter to talks for an FTA, opening a new chapter in commerce between them.
- The TIGR2ESS, an initiative by both countries, is aimed at increasing food production in India to 400 million tonnes in the next 15 years, There are also animated parleys between these countries for more cooperation in education.

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Funds slashed: Women renovate the children's park as part of the MGNREGA at Paraniputhur in Kancheepuram district. ▪ FILE PHOTO

FROM THE ARCHIVES

The long road to timely MGNREGA payments

There remain delays in the stage where the Central government transfers wages to the workers' accounts

THE GIST

■ Eight crore MGNREGA wage transactions were pending on Diwali. The PAEG recently released important metrics on MGNREGA implementation which showed that funds allocation this financial year is 34% lower than the revised budget allocation of last year.

■ There are two stages in the wage payment process. In Stage 1, States must electronically send invoices to the Central government within eight days of completion of work. These invoices contain essential worker details. The Central government then processes the invoices and transfers wages directly to the workers' accounts. This is Stage 2 and must be completed within seven days after Stage 1. If Stage 1 plus Stage 2 exceeds 15 days, then workers are entitled to a delay compensation for each day's delay. However, none of these compensations have been allocated by the centre and the delay in payments continue.

■ The Central government issued a circular to segregate invoices based on caste of workers. While 46% of payments to SC workers and 37% for ST workers were completed in the mandated seven-day period, it was a dismal 26% for non-SC/ST workers. After critical media reportage, the Central government revoked the caste-based segregation of wage payments. However, the Government has not assumed any accountability by paying compensation for delays.

RAJENDRAN NARAYANAN
ANURADHA DE

In light of the Union Budget reducing allocations for the MGNREGA, this article dated November 8, 2021, by Rajendra Narayanan and Anuradha De outlines how technical tinkering and the lack of funds to the MGNREGA is delaying the payment of workers.

There is a famous parable of the 13th century mystic Mullah Nasruddin. He was once spotted under a street light searching frantically for a key that he had lost. A passer-by noticed the frazzled Nasruddin and stopped to help him. After both of them spent a long time searching for the key, the exasperated passer-by asked Nasruddin if he was sure that he had dropped his key there. Pointing to his house far away, Nasruddin said that he had, in fact, lost the key near his house. Agitated, the passer-by shouted at Nasruddin: "If you lost the key near your house, why are you wasting time searching for your key here?" To which Nasruddin, with no sense of irony, responded, "There is no light near my house but there is light here, so I am searching for the lost key here."

Delays in payments

This parable captures the essence of wage payment delays under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). Eight crore MGNREGA wage transactions were pending on Diwali. The People's Action for Employment Guarantee (PAEG) recently released a tracker with important metrics on MGNREGA implementation. It showed that funds allocation this financial year (FY) is 34% lower than the revised budget allocation of last year. And this year's funds have been exhausted. The Ministry of Rural Development issued a press release in response to these stating, "Currently Rs.8921 crore funds are available which can meet the wage liability..." This statement is misleading as the Ministry has not accounted for pending arrears of ₹17,543 crore from previous years. In a welcome move since the media reports, the Chief Ministers of Odisha and Tamil Nadu wrote to the Prime Minister seeking additional funds for MGNREGA.

There is ample evidence by now, including an admission by the Ministry of Finance, that delays in wage payments are a consequence of insufficient funds. There are two stages in the wage payment process. In Stage 1, States must electronically send invoices, also called FTOs, to the Central government within eight days of completion of work at a worksite. These invoices contain essential worker details like their names and bank account numbers. The Central government then processes the invoices and transfers wages directly to the workers' accounts. This is called Stage 2 and is the Central government's responsibility that must be completed within seven days after Stage 1. Since Supreme Court orders in 2018, Stage 1 delays have reduced while Stage 2 delays continue. As per the Act, if Stage 1 plus Stage 2 exceeds 15 days, then workers are entitled to a delay compensation for each day's delay. However, in violation of the Act and the Supreme Court's orders, no delay compensation for Stage 2 is even being calculated. Instead of ensuring sufficient funds for timely payments, the Central government has repeatedly tinkered with the payment architecture as if payment delays are an artefact of technological hurdles. The Nasruddin parable appeared in a new avatar this year. Earlier, the invoices were not segregated by caste. On March 2, the Central government issued a circular to segregate invoices based on the caste of workers (Scheduled Castes, Scheduled Tribes, and 'Others').

In order to investigate Stage 2 delays and the impact of caste-based invoices, as part of LibTech India, we released a report called 'Heavy Wait'.

Instead of ensuring sufficient funds for timely payments, the Central government has repeatedly tinkered with the payment architecture as if payment delays are an artefact of technological hurdles

We analysed 18 lakh invoices across 10 States from April to September. In our sample, Stage 2 was completed only for 29% of the invoices within the mandated seven-day period. In fact, for nearly two-thirds of the transactions in Jharkhand and more than half the transactions in Chhattisgarh, Madhya Pradesh and West Bengal, Stage 2 exceeded 15 days. There was also a steady increase in Stage 2 delays from July to September indicating depletion of funds. If the Central government's recent claims of allocations being adequate are true, then what is the explanation for such massive delays in wage payments?

Caste-based segregation

There were significant variations in delays by caste. While 46% of payments to SC workers and 37% for ST workers were completed in the mandated seven-day period, it was a dismal 26% for non-SC/ST workers. The negative impact of caste-based segregation was felt acutely in poorer States such as Madhya Pradesh, Jharkhand, Odisha and West Bengal. For instance, Stage 2 was completed in seven days for only half the transactions for SC/ST workers in Madhya Pradesh. This was much worse for non-SC/ST workers in Madhya Pradesh for whom only 7% of transactions were completed in that period. In addition to such stark differences, in West Bengal, the Central government kept pending nearly 45% of the wages beyond 15 days as on October 13.

As this newspaper reported earlier, caste-based segregation has also resulted in tensions at worksites. It had also resulted in a threefold increase of workload for computer operators at blocks. Our Right to Information request to access the circular met with a hazy response. When questioned by the media earlier about this move, the Central government said that "For better accounting purposes, it has been decided, in consultation with the Department of Expenditure, to have a category-wise (SC, ST and others) wage payment system." No doubt, knowing the earnings of SC/ST households is useful. But it could have been done after the wages were paid. Toying with the Act using the veil of better accounting is illegal. After critical media reportage, the Central government, in a welcome move, has revoked the caste-based segregation of wage payments. However, the Central government has not assumed any accountability by paying compensation for delays despite the evident damage caused by caste-based segregation of payments.

Additionally, in our large sample analysis, we found no difference in the time taken for payments through the Aadhaar Payment Bridge Systems (APBS) and traditional account-based payments. In fact, APBS has given rise to a litany of complicated problems like misdirected payments and payment failures due to erroneous Aadhaar mapping with the payment software. Misdirected payments happen when one person's Aadhaar gets linked to somebody else's bank account. These problems are difficult to resolve even for bank and block officials resulting in increased hardships for workers. These minimally warrant an impartial, independent assessment and audit of the payment systems. Lost keys cannot be found where they were not lost in the first place. In the same vein, technical fixes cannot be substitutes for political will. Official data show that the work demand this year is similar to that of last year. As such, at least ₹50,000 crore needs to be allocated urgently and the Central government, in compliance with Supreme Court orders, must automatically calculate and pay the workers their entitled delay compensation.

Anuradha De is a researcher with LibTech India; Rajendran Narayanan teaches in Azim Premji University, Bengaluru, and is associated with LibTech India and PAEG

BIBLIOGRAPHY

Censorship and its impact on reading

By banning books for their difficult content, we remove the possibility for conversation

SUDIPTA DATTA

When Delhi University announced last August that it was dropping Mahasweta Devi's short story, 'Draupadi', from the undergraduate English syllabus, students around the country began to share it online. Set around the Naxalite movement, 'Draupadi' is a retelling of the powerful eponymous character from the *Mahabharata*. Mahasweta Devi's Draupadi or Dopdi as she is called, is a rebel who is cornered by the police trying to put down forces she represents, and some of the reasons given for the story being dropped were that it was explicit, mentioned rape and showed the armed forces in poor light. In the U.S., school boards of various States have voted to keep out notable works of literature including John Steinbeck's *Of Mice and Men*, Harper Lee's *To Kill a Mockingbird*, Toni Morrison's *Beloved* and most recently Art Spiegelman's Pulitzer Prize winning graphic novel, *Maus*, on the holocaust.

Often, a ban is likely to put a book in the hands of more readers. As soon as a Tennessee school board announced that it was dropping *Maus*, just before the International Holocaust Remembrance Day on January 27, sales began to soar on Amazon even as bookstores in the U.S. handed out free copies. The book tells the story of Spiegelman's ties with his father, Vladek, who survived a concentration camp, and moved to New York. Jews are presented as mice ('maus' is German for mouse) and the Germans as cats. Vladek and Art have an uneasy relationship but soon his father narrates to him how the noose began to tighten for Jews in Poland and the inevitable journey to a concentration camp. Vladek ends up in Auschwitz, and shows his son the number that was etched on his hand, 175113. The school board was apparently upset with the use of curse words and some nude imagery; the U.S. Holocaust Memorial Museum criticised the ban, pointing out that *Maus* plays a critical role in teaching students about the Holocaust when millions of Jews were killed. One of the most famous books to have been banned is of course James Joyce's *Ulysses*, first serialised in an American journal, then published in its entirety by Sylvia Beach, owner of the Paris bookshop, Shakespeare and Company, on February 2, 1922. To mark 100 years of its publication, Shakespeare and Company has created an ensemble recording of the text read by writers including Margaret Atwood, Ben Okri and Jeanette Winterson, and other artists, musicians and comedians from across the world. The stream-of-consciousness novel, which profiles a day in the life of Stephen Dedalus, Leopold Bloom and his wife Molly Bloom, has survived controversy, bans and legal action to be hailed as a "monument to the human condition." India and other countries banned Salman Rushdie's *The Satanic Verses*, and Iran's spiritual leader, Ayatollah Khomeini, issued a fatwa against the writer in 1989 for the book, considered blasphemous of Islam. Rushdie was provided police protection in the U.K. where he lived then, and he chose an alias– Joseph Anton (later the title of his memoir) –and went into hiding before emerging years later to live in the U.S. George Orwell's dystopian novel *Nineteen Eighty-Four* was banned in Russia till 1990. Deborah Caldwell-Stone, director of the American Library Association's office for intellectual freedom, told *The New York Times*, that aggressively policing books for inappropriate content and banning titles could limit students' exposure to great literature, including towering canonical works. Among the most frequent targets are books about race, gender and sexuality, *NYT* reported. Writer Laurie Halse Anderson, whose young adult books have frequently been challenged, said "pulling titles that deal with difficult subjects can make it harder for students to discuss issues like racism and sexual assault. By attacking these books, by attacking the authors, by attacking the subject matter, what they are doing is removing the possibility for conversation." In his 2021 book, *Dangerous Ideas*, Eric Berkowitz chronicles the cultural history of censorship and thought suppression through the ages, raising a pertinent question: Will the compulsion to silence the other ever be resolved?

For feedback and suggestions for Text & Context, please write to **letters@thehindu.co.in** with the subject 'Text & Context'

THE DAILY QUIZ

Finance Minister Nirmala Sitharaman presented the Union Budget yesterday. In the light of the momentous event, here is a quiz on previous Finance Ministers and Union Budget presentations of India.

1 The Union Budget was presented at 5 pm on the last working day of February as per British-era practice. Who was the finance minister who moved the practice of presenting Union Budgets in the evening (5:00 PM) and instead tabled it around noon?

2 Who is the first woman to have presented the Union Budget of India?

3 After being presented separately for 92 years, in which year and under which Finance Minister was the railway budget merged into the Union Budget and presented together?

4 Who holds the record for presenting the maximium number of Union Budgets? This person also had the honour of delivering 'Leap Year Budgets' twice.

5 What does the French word 'Bougette' mean and why is this significant in the last couple of years in the context of the Union Budget?

◀ What is happening in this image?

Please send in your answers to the **dailyquiz@thehindu.co.in**

Answers to the previous day's daily quiz: 1. 'From Me to You' (U.K., April 1963) and 'I Want to Hold Your Hand' (USA, February 1964), 2. 'Please Please Me', 3. 'Love Me Do' and Andy White, 4. 'Ticket to Ride', 5. 'Yesterday', 6. 'Hey Jude', 7. 'The Long and Winding Road', 8. '1', 9. 'Eleanor Rigby'

Early Birds: Pooja Khyalia| Nirav Mehta

Compiled by: Venkataraghavan Srinivasan

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THE EDITORIAL PAGE

WORDLY WISE

IF A FREE SOCIETY CANNOT HELP THE MANY WHO ARE POOR, IT CANNOT SAVE THE FEW WHO ARE RICH.

— JOHN F KENNEDY

The Indian EXPRESS

FOUNDED BY

RAMNATH GOENKA

BECAUSE THE TRUTH INVOLVES US ALL

MEASURED STEPS & A LEAP TO SPEND

FM Sitharaman's budget keeps a calm head as pandemic continues, and politics heats up. It bets on investment, desists from fiscal adventurism, holds back on privatisation

ON MONDAY, PRIME Minister Narendra Modi called for delinking the Union budget from elections -- the former's importance "transcends our (political) differences", he said. Finance Minister Nirmala Sitharaman's budget for 2022-23 appears to take its cue from the PM's exhortation. Even as elections in Uttar Pradesh, Punjab,Uttarakhand, Manipur and Goa are around the corner, the budget has refrained from measures that put more money in the hands of people – whether through increasing cash transfers to farmers under PM-Kisan from the current Rs 6,000 per year, or by providing income tax relief to the middle class. The outlay on MGNREGA has been slashed to Rs 73,000 crore, from Rs 1,11,700 crore in 2020-21 and Rs 98,000 crore in revised estimates (RE) for 2021-22.

The focus of the budget, instead, has been on ramping up public sector capital spending. The Centre's own capex for the coming fiscal is budgeted at Rs 7.5 lakh crore, which is Rs 2 lakh crore higher than the 2021-22 RE and more than double the Rs 3.36 lakh crore in 2019-20. This step up in government expenditure in the form of investment as opposed to consumption is bold, and welcome. Bold, because it resists the temptation of raising spending that can yield political dividends in the short term. An announcement on hiking the annual PM-Kisan benefit amount to, say, Rs 9,000 per farmer, would have certainly appealed to rural voters in the context of the upcoming elections. Welcome, because it looks at the medium and long term. The Indian economy needs investments in roads, railways, mass transport, irrigation and waterways that will boost productivity and reduce logistics costs. Given their long gestation periods, investments in such projects can today be undertaken only by the government. These investments can, in turn, stimulate demand for steel, cement, capital goods and commercial vehicles, apart from crowding-in private investment.

OF COURSE, THIS approach carries its own risks. For one, it assumes a return to normal economic activity in 2022-23, which would hopefully be free of disruption from a new wave of infections. The fact is that the economy will continue to struggle from the setbacks induced by the pandemic over the last two years. The poor and lower middle class households have suffered income losses along with a significant draw-down of savings. This is going to act as a drag on private consumption for some time to come.

The Modi government has also had to reckon with the problem of scarce resources at its command. Any attempt to boost both consumption and investment would have come at the cost of a higher fiscal deficit. The resultant increase in government borrowings would have further driven up interest rates, harming growth prospects. In fact, even with its fiscal deficit budgeted lower at 6.4 per cent of GDP, as against 6.9 per cent in 2021-22 (RE), the Centre's gross market borrowings are pegged at a whopping Rs 14.95 lakh crore. That alone was the reason for yields on the benchmark 10-year government bond to close at 6.83 per cent on Tuesday, up from 6.68 per cent the day before. To that extent, Sitharaman has made the right call. Any fiscal adventurism would, moreover, have backfired in the present global context, where governments and central banks are in the process of tapering their pandemic-induced stimulus measures. Simply put, 2022 is not 2020.

THAT SAID, THE budget has some glaring absences. The most prominent one is the scaling back of the disinvestment target. Last year's budget invited praise for its boldness in targeting Rs 1.75 lakh crore receipts from the sale of government stake in PSUs. The revised estimates show collections at a modest Rs 78,000 crore – in a year of record capital raised by the private sector, including the likes of Zomato, Paytm, and Nykaa. For the coming fiscal, a mere Rs 65,000 crore is being budgeted from disinvestment. This could arguably be a consequence of the recent protests by young people over limited public employment opportunities amid perceptions of a "sell-off of national assets". Whatever be the reason, there was not even a mention of privatisation or asset monetisation in Sitharaman's budget speech this time. Nor has any attempt been made to raise urea prices and bring it under the nutrient-based subsidy regime or to phase out the current open-ended minimum support price procurement of wheat and paddy. The possibilities of such reforms appear remote ahead of the 2024 general elections.

On the whole, Sitharaman's budget holds no big surprises. To a large extent, it does good by not doing bad. The markets have heaved a sigh of relief not only because of the step-up in capital outlays, but also because of the absence of any proposals on wealth or inheritance tax or grandiose new schemes. Now, the focus needs to shift to implementation of schemes that are already drawn out, such as production-linked incentives and the ambitious Gati Shakti digital platform. Bringing back growth is not just an economic necessity, but also a political imperative. It is important to do this in a manner that is fiscally sustainable, while bringing down general government debt to much below the existing 90 per cent of GDP.

UNBLOCK

Mere mortals need Twitter to rant and rave. For West Bengal Governor, CM it should be the opposite

EVEN BY THE hyper-partisan standards of Twitter, a chief minister of a state blocking the governor on a social media platform is bad form. But West Bengal Chief Minister Mamata Banerjee has gone ahead and done just that. She blamed her ire on the frequent comments of Governor Jagdeep Dhankhar, who she accused of trying to become a "super paharadar (guard)" over an elected government. Several Trinamool Congress leaders have followed their leader – they too have blocked the governor's tweets. Dhankhar, who, it has to be said, is not known for a record of restraint or reticence in keeping with the constitutional office he holds, most recently called West Bengal a "gas chamber" of democracy. Neither the friction, nor the war by hyperbole between the chief minister and the governor is surprising. But this – refusal to even communicate -- is a new low.

Some would argue that Banerjee's decision is mere grandstanding, with little real-world effects, and hence unimportant in the larger scheme of things. Or, that in the hurly-burly of social media, where few rules of etiquette anyway apply, chief ministerial conduct cannot be held to unrealistically high standards. But it must be remembered that the constitutional relationship between a chief minister and the governor is bound by propriety and decorum. It does not allow, surely, one to block another, like a common troll. Even if the relationship comes under strain, it does not behove the West Bengal Chief Minister to use the weight of her office to settle a petty verbal duel.

The world over, the use of social media platforms by politicians has eroded the common or middle ground of public spheres. While the "real world" task of politics, by definition, is about negotiating and navigating conflicting points of view, social media has only licensed confrontation and adversarial aggression. It indulges the leader's fantasy of an Opposition-mukt or criticism-free public discourse. But blocking Dhankhar's tweets does not really achieve much beyond the dopamine high of point-scoring. Neither does the governor's over-enthusiasm for using his Twitter handle as a megaphone for his dissatisfaction serve the cause of his office. Both Banerjee and Dhankhar need to signal a ceasefire in their hostilities. Like for much of West Bengal, a chat over tea at Raj Bhavan might help.

The struggle to spend

Governments face a new fiscal situation: They have more funds than they can allocate

NEELKANTH MISHRA

FOR ALL OF the last decade, the primary metric for evaluating budgets was the fiscal deficit. How much would the government target to bring it down by, and how credible were the numbers? The source of that stress was the massive stimulus set in motion by the government well before the global recession showed up, as it was inundated by taxes in the 2006 to 2008 period. The challenge with that stimulus was that it was hard to roll back, much of it being a large increase in state and central government salaries and pensions.

The narrative after the recent economic downturn could not have been more different. It is now "how much can the government really spend"?

Tax collection is surprising positively, and should be more than 1 per cent of GDP higher than before the Covid-19 lockdowns (though assumptions are lower). Further, financial markets appear to be expecting both central and state governments to incur large fiscal deficits for several years, with the anchor shifting higher by 3 per cent of GDP. Let us assume that GDP being below where it was supposed to be if the pandemic had not happened means an extra per cent-and-a-half of costs for the government. Interest costs have risen as governments borrowed to bear a large part of the economic loss during the lockdowns. Further, some government expenses, like salaries and pensions, keep rising irrespective of the level of GDP. This still leaves 2.5 per cent of GDP of space for governments to increase spending.

Even for governments, it is difficult to spend such large sums productively at short notice. Struggling to spend, the central government has been clearing arrears and bringing into the budget expenditures that were earlier off the budget. Last year, it did so with the fertiliser and food subsidies, and this year, the use of extra-budgetary resources has dropped to nearly zero. Further, more than Rs 50,000 crore of export incentives were paid, in addition to a similar amount for the debt write-off for Air India. While the transparency this brings is commendable, and clearing of arrears is prudent, they do not add to aggregate demand.

In any case, despite these efforts, government cash balances with the RBI are now at a record high of Rs 5.5 trillion; for perspective, this number should be around half a trillion in normal times. We estimate that more than half of this is cash parked by state governments.

> If the tax-to-GDP ratio continues to climb, as it appears likely to, fiscal space may continue to expand, even if headline deficit ratios fall as planned over the next four years. While a permanent increase in government spending may be unwise until we are sure this trend will last, a surge in unused sums also runs the risk of some governments getting tempted into wasteful expenditure.

The challenge for the next year remains much bigger. During the pandemic, the distribution of free grains, higher demand for MGNREGA work, and free vaccinations necessitated significant government spending. The surge in fertiliser prices also meant higher fertiliser subsidies. However, nearly none of this is required next year (fertiliser prices should normalise going forward). How, then, can the spending be maintained, or, to stretch things a bit, boosted?

The sharp increase in capital expenditure from Rs 5.45 trillion to Rs 7.5 trillion shows the intent of the government is to stay away from distributing freebies (commendable, given the upcoming state elections), and focus instead on productive spending, which may be rolled back if necessary. However, half of this increase is an allocation for interest-free loans to state governments for capital expenditure, and some of the rest is the inclusion of off-budget provisions in last year's budget in the budget numbers this year. There are increases in the allocation for defence (particularly once adjusted for the lower spend on aircraft purchases this year), the Nal se Jal scheme, and for roads and railways, but these are incremental rather than substantial.

Allowing state governments more fiscal space (deficits up to 3.5 per cent of GDP are allowed, with another half a per cent if the state undertakes power sector reforms), and dangling the carrot of more funding if they undertake capital expenditure is the right approach in theory. Much of the necessary investments need to occur at the state level: Like in health, education, urban infrastructure, water supply, sanitation and power distribution. However, the gap between states' intent to spend and their execution has widened substantially during the pandemic, and their total spending is far lower than budgeted, despite increases in non-discretionary expenses like interest costs, salaries and pensions.

The budget also seems to have built significant buffers in tax receipts. Growth in gross taxes has been north of 40 per cent for the first nine months of this fiscal year, and 21 per cent in the last three months, including in December. Yet, assumptions in the revised estimates for this year imply a decline in taxes in the last quarter. On this low base, the assumed growth for next year is small as well. The 11.1 per cent growth assumed for nominal GDP is below consensus, which itself needs substantial upgrades, in our view.

The reluctance to increase permanent expenditure heads for the government is prudent, for one never knows when the narrative may change. However, keeping deficits high without meaningful expenditure means the worst of both worlds: Large headline deficit numbers push interest rates higher for borrowers, whereas the benefits of higher government spending are missing. The delay in clarity on India's inclusion in global bond indices, which needed some clarity on taxation, is also a concern for bond markets. A premature rise in interest costs is as much a monetary as a fiscal issue, particularly given elevated sovereign debt levels. This can delay fiscal consolidation.

This is a new fiscal situation for governments (the Union as well as states) — having more funds than one can spend. But this may not be the last year of such a challenge. If the tax-to-GDP ratio continues to climb, as it appears likely to, fiscal space may continue to expand, even if headline deficit ratios fall as planned over the next four years. While a permanent increase in government spending may be unwise until we are sure this trend will last, a surge in unused sums also runs the risk of some governments getting tempted into wasteful expenditure. During this year, if government cash balances keep rising, and states are unable to scale up spending even after lockdowns are lifted, the government having to reduce its borrowing targets remains a possibility.

The writer is co-head of APAC Strategy and India Strategist for Credit Suisse

SETTING THE STAGE FOR GROWTH

Budget 2022 resolves legacy issues, focuses on the future

AKHILESH MISHRA

THE BUDGET FOR FY 2022-23 has been presented in unique circumstances. Read along with the Economic Survey, it offers a convincing case of its economic management. Legacy issues have been resolved and the stage set to make this India's decade of growth. In an earlier speech, PM Narendra Modi referred to the 2020s as "techade". It may also be the "growthade".

Consider the structural legacy issues inherited from the UPA and how they have been resolved.

First, the chronic NPA problem. Solved. Gross and net NPA ratios are steadily declining. Second, low bank capitalisation was adversely affecting credit, thereby affecting investment. Solved. The capital-to-risk weighted ratio is now over 16.5 per cent from below 13 per cent in 2013-14. Third, the indirect taxation mess was hampering capital efficiency. Solved. GST has now stabilised, with over Rs 1.4 lakh crore collections in January 2022. Fourth, sluggish private sector investment. Solved. There has been record resource mobilisation through IPOs from a low of Rs 1,500 crore in 2013-14 to 1.04 lakh crore in 2021-22 (April-December). Fifth, stalled infrastructure creation. Solved. National highways doubled from 71,772 km in 2011 to 1,40,152 km in 2021. Operationalised airports doubled from 62 in 2016 to 130 in 2021. Sixth, stalled privatisation and disinvestment. Solved. The privatisation of Air India is now complete. Other sectors like space, IT-BPO, drones, coal mining and geospatial mapping have been deregulated.

> The hugely successful ECLGS scheme, which provides credit to the MSME sector, has been extended by another year with an overall outlay of Rs 5 lakh crore, and Rs 50,000 crore is reserved for just the hospitality sector. With over Rs 2.7 lakh crore budgeted for direct benefits transfer to farmers as MSP, the rural economy will continue to be infused with cash. The huge increase in capex and infrastructure spends, especially in rural areas — such as the Rs 48,000 crore for housing and Rs 60,000 crore for household tap water — will create a virtuous cycle of jobs, consumption and growth in the rural sector.

The pandemic created its own problems. Yet, India today is the fastest-growing major economy in the world, with growth pegged at 9 per cent or above by most major financial institutions. Here is how the budget sets the agenda for the "growthade".

First, by empowering the future industry. The taxation of virtual digital assets will bring them into the mainstream, making India a hub for the productive use of this resource. The drone industry, already opened to private enterprise, has been given a huge captive market by integrating it with agriculture. The battery interoperability protocol for electrical vehicles is potentially a game-changer as it resolves the conundrum of long charging times. The introduction of the government's own digital currency, using blockchain, will further boost the digital economy.

The time frame for availing the 15 per cent tax rate for new manufacturing units being extended till 2024 and tax incentives for start-ups being extended by a year will give impetus to sectors that have flourished in the last few years and created jobs. With over 25 per cent spending reserved for private-sector R&D and over 68 per cent of the defence procurement budget reserved for domestic industry, the military-industrial complex is finally on its way in India.

Second, empowering the 80 per cent to empower India. The hugely successful ECLGS scheme, which provides credit to the MSME sector, has been extended by another year with an overall outlay of Rs 5 lakh crore, and Rs 50,000 crore is reserved for just the hospitality sector. With over Rs 2.7 lakh crore budgeted for direct benefits transfer to farmers as MSP, the rural economy will continue to be infused with cash. The huge increase in capex and infrastructure spends, especially in rural areas — such as the Rs 48,000 crore for housing and Rs 60,000 crore for household tap water — will create a virtuous cycle of jobs, consumption and growth in the rural sector.

Third, a cycle of investment, which creates jobs that generate higher incomes, inducing greater consumption and driving higher growth, thereby fueling more investment. All the enhanced investment is in productive assets, and they create jobs across the skills value chain: Unskilled to semi-skilled jobs in rural areas through PMGSY and housing (over 80 lakh houses) and tap water connectivity (over Rs 1 lakh crore), semi-skilled jobs through Gati Shakti and national highway construction (25,000 km), skilled jobs in manufacturing sector, highly skilled top-end jobs in startups and high-end tech jobs in the defence manufacturing industry. The PLI schemes will generate over 60 lakh jobs and over Rs 30 lakh crore of new production.

Taken together, the economic management by the PM's team and the budget proposals are well-positioned to make India the growth driver of the world economy in the 2020s. This "growthade" will be the story to watch out for.

The writer is CEO, Bluekraft Digital Foundation and was earlier director (content) MyGov

FEBRUARY 2, 1982, FORTY YEARS AGO

INDIAN EXPRESS

KERALA ASSEMBLY

ON A DAY of high drama in the Kerala Assembly, the Speaker and Deputy Speaker resigned to join the ranks of the opposition and the Janata Legislature Party split to give a one-vote edge to the ruling side. The Assembly, which met in the morning adjourned abruptly, as the speaker, A P Kurian, a motion for whose removal was listed first on the agenda, made the dramatic announcement of his resignation. The Deputy Speaker, Zakaria Saif, who accepted the resignation and took the chair, announced the adjournment of the House and his own intention to resign. Minutes before the Assemby session started, the five-member Janata Legislature Party split formally, with three members — Mr P Bhaskaran, Mr P C Thomas and Mrs Kamalam — walking out to offer their support to the one-month-old Karunakaran ministry, in defiance of the party high command's directive.

LOK DAL TURMOIL

FOUR SENIOR LEADERS of the Lok Dal revolted against their party chief, Charan Singh, for his "unilateral" dissociation with the coordination committee set up last month to facilitate the merger of the Lok Dal, the Janata Party and the Congress (S). Biju Patnaik, George Fernandes, Karpoori Thakur and Kumbha Ram Arya, in a joint requisition, asked Charan Singh to convene immediately a meeting of the Dal's parliamentary board to discuss his action.

ISRAELI INTELLIGENCE

A CENTRAL INTELLIGENCE Agency document which fell into the hands of the Iranian authorities when the US embassy was captured reveals some astonishing details of Israel's worldwide intelligence network. It discloses, among other thing,s that some of the Muslim countries professing support for the Arab cause have, in fact, close relations with Israeli intelligence.

WHAT THE OTHERS SAY

"If Tory MPs choose to keep Mr Johnson after this debacle, then they will have shown to have had no regard for standards in public life or integrity in parliament."

— THE GUARDIAN

Voices the budget didn't hear

Budget avoids populism, but encroaches on states' domains. Its problematic politics is evident in low allocations to health, MGNREGA, absence of policy push on employment generation, protection

PALANIVEL THIAGA RAJAN

THE ANNUAL BUDGET is a statement of the government's economic philosophy. It translates into numbers the principles and priorities that guide the government's actions. Most politicians would agree that reduced communication and feedback are the unfortunate but inevitable corollary of increasing responsibility and authority. More so at the Union than at the states, the key is to ensure that the finance department doesn't shape policy with the inputs of only those who can reach the rarified corridors of power, and makes conscious efforts to seek out the voices of the under-privileged who are rarely heard. In that context, I fear that this budget leaves something to be desired.

But let me start with the positives. That the Union finance minister spoke in English (instead of Hindi as in the past) was welcome for many reasons, starting with my own ability to fully understand her speech. It also behooves India's standing in global markets that her speech should be immediately and directly accessible in a widely spoken language. The restraint shown in not descending to irresponsible populism even on the verge of elections in many states is to be highly commended. As is the Union government's holistic approach to many programmes under a single umbrella. The progressive view on several leading-edge technologies, including the promised blue-print for battery-swapping to encourage the adoption of electric vehicles, and the incentives for the creation of green jobs are visionary elements. The continuation or extension of MSME relief programmes shows the government has not lost all touch with the stark problems facing MSMEs even now.

But true to the form of the past few years, the budget was tinged with "one rule for us, another for you" hypocrisy and increasing intrusion into the states' rights. For example, the Union's fiscal deficit is well above 6 per cent and projected to stay there in the coming year. The projected glide path to a 4 per cent fiscal deficit stretches to 2025-2026. Yet the Union sets the state's fiscal deficit limit at 3.5 per cent unconditionally (about half of its own level), and at 4 per cent conditioned on power sector reforms. The continuing expansion of centrally sponsored schemes even while shifting the burden of many programmes to the states, is characteristic of the anti-federal nature which is at this government's core.

Exquisitely creative accounting is another hallmark of this government, as evidenced by the absorption of FCI loans (till-then accrued off the government's books) in FY '20 to indicate increased capital expenditures (as promised but not delivered in actual projects) during the pandemic, or indeed the capture of over Rs 50,000 crore of Air India's liability settlement in this year's Revised Estimates to show increased capital investments as a function of increasing revenues. But the true work of art — even by Wall Street standards — is the transfer of spending on various grants and schemes into the Rs 1 lakh crore interest-free long-term loan to states. This accomplishes the triple-magic of converting grants to loans, revenue spending to capital investment, and showing an eye-watering 35 per cent year-over-year increase in annual capital investments.

C R Sasikumar

My other broad concerns are the usual suspects. The penchant to name everything "Pradhan-Mantri XYZ", instead of "National XYZ", or indeed, just "XYZ". The laser-like focus on naming, framing and marketing irrespective of the delivery is bound to catch up with the country someday. A classic example of outcomes falling way short of announcements is the Saksham Anganwadi Programme, under which 2 lakh anganwadis are targeted for improvement. Yet the response to an RTI request on this programme (budgeted at over Rs 20,000 crore) in December 2021 stated: "This ministry has no information to furnish as Objectives of Saksham Anganwadi and POSHAN 2.0 is not yet finalised."

In some cases, the focus on "political publicity value" is precisely counterproductive. For example, it makes no sense that the countermeasure to overcome two years of the ills arising from "remote learning", should be more remote learning with the catchy slogan of "One Classroom, One TV" and label of "E-Universities"!

The announcement of "One Nation, One Registration" is also puzzling. Registration is a state subject under the Constitution, and most states have inadequate electronic land ownership records even now. Further the rates, concession policies, and validation protocols, all of which are crucial to both states' revenue as well as effective control of criminal fraud, vary greatly across states. In fact, the land classification system itself varies across states. Given these circumstances, this is a case of kite-flying at best, or an extreme case of poor judgement at worst.

> Exquisitely creative accounting is another hallmark of this government, as evidenced by the absorption of FCI loans (till-then accrued off the government's books) in FY '20 to indicate increased capital expenditures (as promised but not delivered in actual projects) during the pandemic, or indeed the capture of over Rs 50,000 crore of Air India's liability settlement in this year's Revised Estimates to show increased capital investments as a function of increasing revenues.

The reduction of surcharges for corporates from 12 per cent to 7 per cent is also puzzling considering stock indices are at record highs. Corporates are earning record profits and sitting on huge piles of cash while private investment is still in the doldrums, and the overall ratio of direct to indirect taxation has skewed grossly towards regressive indirect taxation. As is the (merely) marginally higher fiscal allocation for defence in the face of increasing aggression from China (defence only up 5 per cent).

The inherent contradiction between a long-term policy vision founded on "*atmanirbharta*" while expecting to scale up exports in a big way seems a bit contradictory. Will other countries really ramp up purchases of our goods and services while we scale down purchases from them as we become increasingly domestically self-reliant? Time will tell.

But the biggest disappointment is reserved for what did not feature in this budget. No holistic approach (like the other PM–XYZ schemes) for either social sector spending or employment generation and protection (MGNREGA budget allocation is 20 per cent below this year's R.E.), even as we are yet to come out of the second year and third wave of the pandemic — one that has greatly exacerbated inequality and affected most of the bottom two-third of our country.

Perhaps my fears of the inherent risk in budget preparation have been realised, and the right voices did not feature adequately at the right place and time.

The writer is Finance Minister, Tamil Nadu

The missing focus on health

It seems no lessons have been learnt from the pandemic. Budget has little by way of building people's resilience

K SUJATHA RAO

The Covid pandemic has amply demonstrated the health sector's direct and indirect intersectoral impacts and its devastating power in creating disruption. It was, therefore, not surprising to see its imprint on the Economic Survey.

Given the learnings of the pandemic, it was reasonable to expect a "health-centred" budget. That was not to be. The budget's main focus is on increasing capital expenditures for expanding the economic infrastructure under the PM Gati Shakti scheme. TV discussions centred around the GDP, as if a 7.7 per cent or an 8.2 per cent recovery holds any meaning for the millions who have been impoverished by the pandemic-induced income losses, hunger, sickness and trauma.

Inequalities have widened. An estimated Rs 70,000 crore have been spent by the people out-of-pocket in this short time for medical treatment that the government ought to have provided. Spending at a time when earnings were down, pushed millions below the poverty line and hunger has emerged as a major issue placing India low on the malnutrition and hunger index rankings. Children have lost two years of schooling that in real terms will be three, as they have lost what they had learnt when they last went to school.

The budget allocation for the post-Covid year is a princely amount of Rs 83,000 crore, up by 16.4 per cent over last year's Rs 71,268 crore. The budget for the flagship National Health Mission that funds all health initiatives in partnership with the states has been increased by 7.4 per cent from Rs 36,576 crore to Rs 37,000 crore. It is under the NHM that all disease control programmes and reproductive and child health programmes including immunisations -- they pertain to ailments that cost little to treat, but are life and death for the large masses of the poor — are implemented. Covid resulted in an over 30 per cent shortfall of coverage under all these programmes giving rise to fears of drug-resistant HIV and tuberculosis and left lakhs of children unprotected from vaccine-preventable diseases. These programmes required a much bigger boost alongside strategies to ensure they are insulated from another viral outbreak. But do we care?

Instead, the obsession is with digitisation. How does a digitised health record help a patient in ICU? What India's health system requires are strong policies that enhance the availability of doctors and nurses and access to drugs and diagnostics.

Another announcement by the FM was establishing 23 telehealth centres of excellence for mental health. Why a special mention in the speech when the mental health budgetary allocation was increased only nominally — from Rs 597 crore to Rs 610 crore? Mental health impacts over 6-8 per cent of our population and is a major unaddressed epidemic, estimated to cost the economy $1.03 trillion and accounting for 2,443 disability-adjusted life years per 1 lakh population — equal to cardiovascular diseases and more than stroke or COPD. Addressing this requires the implementation of the Mental Health Act through an infusion of substantial money, ideas and imagination. We have a severe shortage of trained human resources, drugs are expensive and services are scarce and unavailable in most parts of the country.

The budget outlays for public hospitals has increased by 30 per cent — from Rs 7,000 crore to Rs 10,000 crore — though the much-needed investment for strengthening the surveillance system has a nominal 16.4 per cent increase. The flagship Ayushman Bharat health insurance scheme (PMJAY) continues to be grossly underfunded at Rs 6,412 crore — the same as last year. But then it had, quite strangely, spent only Rs 3,199 crore despite the huge medical needs people faced on account of the pandemic. An important takeaway ought to have been greater investment in health research. It has seen a miserable 3.92 per cent increase from Rs 2,663 crore to Rs 3,200 crore. It is out of this inadequate budget that the network of laboratories are expected to be built till such time additional money is mobilised from the World Bank or ADB.

This year, the health budget was required to build the required resilience so that we never go through the disruptions we have witnessed. Sadly, it contained neither a vision nor a direction towards bridging the glaring gaps in the health system. Despite all the evidence and data, year after year, we only lament the poor health budgets that have been stuck at about 1.5 per cent of the GDP.

At the end of World War II, England had a flattened infrastructure, a wrecked economy and a tired people. Yet, the political leadership had the courage to announce a National Health Service — universal free health care to all — on grounds that "Social insurance fully developed may provide income security; it is an attack upon want. But want is only one of the five giants on the road to reconstruction and in some ways the easiest to attack. The others are disease, ignorance, squalor and idleness." Given that India too needs a massive building up of its economy to ensure a minimum quality of life for all its people, we need to envision a transformative change by attacking inequality, disease and ignorance by investing in health, education, nutrition and employment to ensure equal opportunities. Covid gave us that opportunity. It's a pity we missed seizing it.

The writer is former Union Health Secretary

Letting down the bottom half

Budget does little to address inequality, insecurity of poorest households

AMIT BASOLE

THIS YEAR'S UNION Budget, presented to Parliament by Finance Minister Nirmala Sitharaman, is the second budget during the pandemic period. As with last year, the twin challenges this time were offering vital income support to poor and vulnerable households which have suffered greatly during the pandemic, while stimulating broad-based recovery in growth. The two goals are intimately connected. However, even more than last year, this budget does not make direct provisions for the former.

The Economic Survey provides the context for the decisions made in the budget. The survey emphasises rapid economic growth of 9.2 per cent in 2021-22. But given the low base effect of the pandemic year, it is more instructive to compare real GDP in 2019-20 (the pre-pandemic year) to that in 2021-22. This comparison reveals modest growth of 1.26 per cent. This is not nothing. It indicates that the losses of the pandemic were made up for completely and then some, during the past year, at least in aggregate terms. But when we look at the composition of this recovery, some worrying signs emerge. Consumption, which is the largest part of the GDP, is still short of its pre-pandemic value in real terms by 3 per cent. Government spending is up 10 per cent while private investment is up by 2.5 per cent, indicating that public investment has driven the recovery.

As is well known, the GDP numbers do not capture the informal sector adequately. Here we must rely on household surveys. As per nationally representative household data from the CMIE, employment has been back to its pre-Covid levels for several months now, but incomes remain stagnant at around 80 per cent of their pre-pandemic levels. That is, the average household has lost almost a year and a half to depressed incomes. Recall that, as per the Periodic Labour Force Survey data, the average Indian worker earned only around Rs 11,000 a month prior to the pandemic, and a monthly income of Rs 50,000 per month placed a worker in the top 5 per cent of the income distribution. In this context, a persistent income gap over more than a year, signifies almost certain hardship. Indeed, multiple smaller surveys show a large build-up of informal debt and households resorting to pawning jewellery to make ends meet. Food insecurity also persists.

Given this macro and welfare context, the budget ought to have substantially increased total fiscal outlay, in part towards capital expenditure and growth, and in part to an expanded safety net. In fact, the total outlay for next year is 39.4 lakh crore, up from 37.7 lakh crore, the revised estimate for 2021-22. In real terms, assuming inflation of 5 per cent next year, this means that the total spending is approximately the same for the coming year as it was in this year.

We can look at two key big ticket social expenditure items, MGNREGA and PDS, to get a sense of the thinking behind the budget. During the first pandemic year, the total allocation for MGNREGA was Rs 1,11,170 crore. Field reports and surveys indicated that this was inadequate given the large increase in demand for work under the programme from returning migrants as well as distressed rural workers. In the second pandemic year, the budgeted amount was reduced to the pre-pandemic level of Rs 73,000 crore. However, distress and the resulting sustained high demand for work under the programme forced the government to increase the outlay, which finally rests at Rs 98,000 crore for the current financial year. Even this is not adequate, given the prior pending wage payments and the current demand. Hence the budget estimate for the coming year, once again at Rs 73,000 crore, is nowhere close to sufficient. It is likely that more funds will be released over the course of the year as needed.

The amount budgeted for foodgrains delivered via PDS has also been reduced from Rs 2,10,929 as per the revised estimate of 2021-22 to Rs 1,45,920 in the coming year. This too reflects the thinking that the worst effects of the pandemic, reflected in increased hunger, are safely behind us. But this is not the case. And even if households are now earning enough to meet their basic food needs at the pre-pandemic level, provisioning of expanded rations will enable them to devote some resources to other ends, such as paying down debt or increasing consumption on other items. This will improve their living standards as well as contribute to increased aggregate demand.

Before concluding, a small point worth noting, given the continuing debate on the state of economic statistics in the country, is that last year's budget allocated Rs 28 crore for the National Programme for Improving Quality of Statistics in India. But the revised estimates show that nothing was spent on this programme and its allocation for the coming year has been reduced to a token Rs 0.01 crore.

In sum, the Union Budget scores reasonably well on the continued emphasis on alleviating supply-side problems via infrastructure investment and improving ease of doing business. But it scores poorly on spending that will compensate the bottom half of Indian households for the enormous sacrifices made during the past two years. To the extent that this means continued low levels of aggregate demand, it also risks a return to slow economic growth once the base effect of 2020-21 has disappeared.

The writer heads the Centre for Sustainable Employment at Azim Premji University

LETTERS TO THE EDITOR

COSMETIC EXCERCISE

THIS REFERS TO the editorial 'Ramp up support' (IE, February 1). The customary economic survey report presented every year by the Union Finance Minister hogs the limelight for a day and is over-shadowed by the budget next day. The annual budget is equally a cosmetic exercise, devoid of any sanctity and accountability. For one, GST on goods, especially fuel prices, is revised time and again keeping common man perpetually on tenterhooks. Even after the budget ,the various financial packages and programmes are rolled out around the year which are politically motivated and reek of crony capitalism. Secondly, the government is never held accountable for not meeting the targets spelt out in preceding fiscal year. Failed disinvestment is a textbook case. Therefore painting a rosy picture year after year does not cut much ice when ground reality is at variance. More and more people are being pushed into poverty, people are struggling to make both ends meet and are left to fend for themselves.

Deepak Singhal, *Noida*

TELL THE TRUTH

THIS REFERS TO the editorial, 'Court and Pegasus' (IE, February 1). The NYT's claim that Pegasus was a larger backroom deal makes the issue even more serious. If the findings are true, the Indian government not only jeopardised citizens' privacy but also violated the core principles of the Constitution. Shockingly, this subversion of democracy was done with public money. One eagerly awaits the results of the probe into the matter by the Supreme Court panel. National security is no excuse for spying on citizens.

S S Paul, *Nadia*

THIS REFERS TO the editorial 'Court & Pegasus' (IE, February 01). The government must come out clean on this issue, especially, when such software is capable of planting incriminating material in the devices of the targeted persons without their knowledge. Such forged evidence is then likely to be misused against the targeted persons as has allegedly happened in the cases of Surendra Gadling and Rona Wilson reported by The Washington Post in July 2021. This software is potentially capable of subverting the fundamental rights of the citizens by way of denial of privacy and justice. The Supreme Court panel must act fast before the irreversible damage is done to the constitutional safeguards provided to the citizens.

Pritam Singh, *Jaipur*

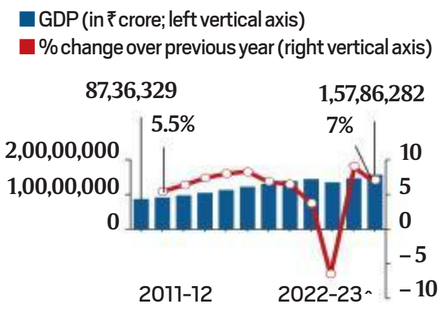
WELCOME SURVEY

THIS REFERS TO the article, 'The room to grow' (IE, February 1).This year the survey has made a welcome recognition of the need for flexible policies that encourage economic flexibility through innovation, entrepreneurship and risk-taking on one hand, and simultaneously invest in resilient infrastructure, social safety-nets and macro-economic buffers on the other.

It is heartening to see that India did not waste its scarce fiscal resources in trying to pump up discretionary consumption and instead focussed on ushering process reforms to position the government as a facilitator of economic activity.

Shreyans Jain, Delhi

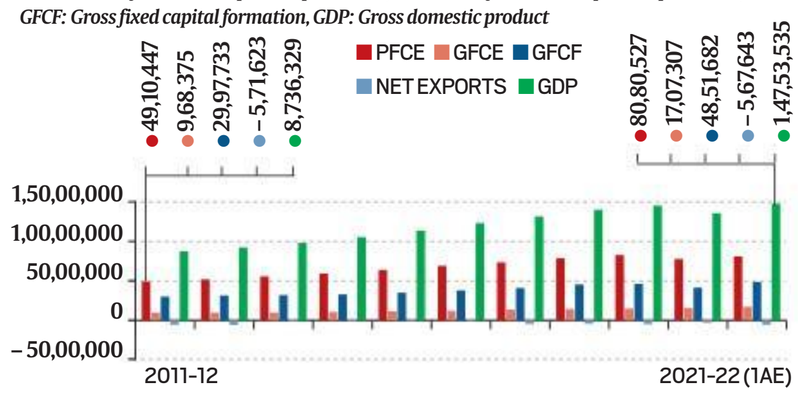
GDP



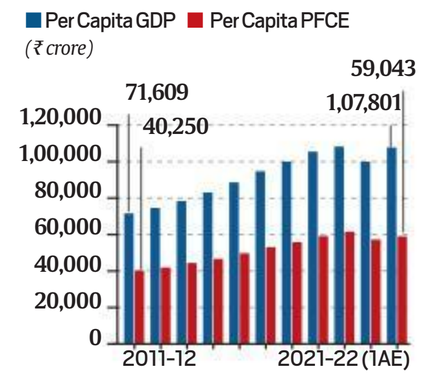
2018-19: Third RE; 2019-20: Second RE; 2020-21: First RE; 2021-22: First Advance Estimates; 2022-23: Assuming 4% inflation and 7% real growth

ENGINES OF GROWTH (IN Rs CRORE)

PFCE: Private final consumption expenditure, GFCE: Govt final consumption expenditure, GFCF: Gross fixed capital formation, GDP: Gross domestic product



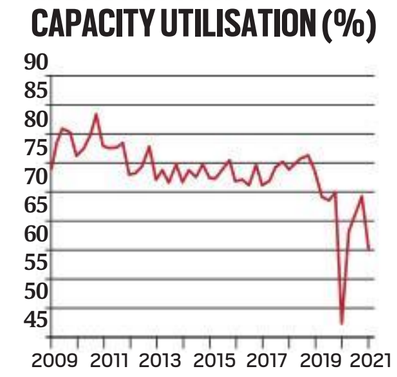
AVERAGE INCOME AND EXPENDITURE LEVELS



EMPLOYMENT RATE FALLING SINCE 2016

ER: Employed as a % of working age population
Source: CMIE, Express Research

MANUFACTURING CAPACITY UTILISATION (%)



Source: Oxford Economics/CEIC

SIMPLY PUT QUESTION & ANSWER

Five questions: the Budget big picture

Finance Minister Nirmala Sitharaman has bet on significantly ramping up capital expenditure to start a virtuous cycle of growth. The strategy has obvious benefits in normal times — but India's economy is still Covid-scarred, demand is weak, and capital assets have a long gestation period

UDIT MISRA
NEW DELHI, FEBRUARY 1

AS FINANCE Minister Nirmala Sitharaman rose to present the Union Budget for 2022-23 on Tuesday, she was faced with several competing demands. On the one hand, the government's fiscal deficit (or total borrowings from the market) was a concern. On the other, there were demands for continued support to the weaker sections of the economy.

If she spent more to provide direct financial support to various sections of society, the fiscal deficit, which was already more than twice the prudential norms, would worsen. If she tried to sharply curtail expenditure, it might hurt vast sections of the economy that are already struggling in the wake of Covid-induced disruptions.

In the end, she chose a strategy that substantially ramps up capital expenditure or capex (that is, expenditure towards making new productive assets) while largely holding back revenue expenditure (that is, expenditure to meet day-to-day expenses).

While prioritising expenditure for building capital assets is a macro-economically sound strategy in normal times, it remains to be seen whether this will work for India as it comes out of the Covid-induced setback with significant scars.

What were the challenges facing the economy?

India's GDP growth rate had been decelerating since 2017-18 with unemployment touching a four-decade high. Data released on January 31 showed GDP growth in 2019-20 was just 3.7%. It was at that point that the Covid-19 pandemic hit.

Between a sharp contraction and an equally sharp recovery, the next two financial years (FY21 and FY22) essentially amounted to the loss of two full years of incomes and jobs. Also, the recovery in aggregate GDP hides the pain in large sections of the economy. Most surveys and data point to a K-shaped recovery, which has meant that economically weaker sections still have significant scars.

As the second chart above shows, while overall GDP has recovered, the most important component of GDP — private final consumption expenditure (PFCE), or the money that people spend in their individual capacity — which accounts for 56% of all GDP, is below the pre-Covid pandemic level.

The picture appears worse when one looks at per capita levels of GDP and PFCE *(chart 3)*. The average PFCE (or expenditure) is below 2018 levels. Also, these are still arithmetic mean figures. They suggest that a large section of the population is below even this average level. People are spending less because employment levels have seen a secular decline since 2016 *(chart 4)*; Covid only made matters worse.

Weak PFCE meant that the other big engine of GDP growth — investments or Gross Fixed Capital Formation — would remain weak. That is because weak demand has led to low capacity utilisations *(chart 5)* and that takes away any incentive from private businesses to invest in new capacities, create new jobs and income streams for people.

The only other engine was the money government spends. But too much spending here was ruled out because the fiscal deficit was already twice the prudential norms.

The question before the Finance Minister was: What would be the trigger for growth in the coming year?

So what was the Budget's strategy she chose?

The standout feature of Budget 2022-23 is that the government has chosen to significantly ramp up capital expenditure while largely restricting revenue expenditure. This capex push will get reflected in the "investments" component of the GDP. The chief advantage of capital expenditure is that it gives much higher returns to the overall GDP.

According to different studies, one rupee spent towards capital expenditure can give returns between Rs 2.5 and Rs 4.8 (over periods ranging from 1-7 years), while money spent on the revenue account, such as giving direct cash transfers to the poor, tend to give returns between Rs 0.54-Rs 0.98 (that is, less than a rupee).

Capital expenditure provides better returns not just by creating new jobs but also by creating new productive assets that boost future productivity.

Here's how the government hopes this capex push will play out and lead India's economic recovery: New roads, ports etc., will not only create new jobs but will also reinvigorate several other industries through forward and backward linkages. For instance, apart from new labourers, a new bridge will need cement, iron and steel, etc. It will increase the demand for engineers and other technical and managerial professionals.

When done on a large scale, such expenditure will leave people with more income and that, in turn, will boost the aggregate demand — the PFCE component. That fresh demand will further incentivise the private sector to boost investments of their own and, in fact, take the lead on future investments.

Thus, according to the Budget's strategy, a capex push by the government can dig India out of the current slump and create a virtuous cycle of growth. In time, as tax revenues from new economic activity increase and as private sector investments become self-sustaining, the government will retreat from its leading role in investments, thus bringing down its borrowing requirements.

How is this strategy different from what has been done by countries such as the US?

Countries such as the US unleashed a massive fiscal response to the Covid crisis. That involved a lot of money flowing out of government coffers to people's accounts. In India, most of the help was either in the form of free foodgrain, the rural employment guarantee scheme, and credit guarantees (not actual money flowing to small and distressed firms; just guarantees on the loans they may take). As such, there is no comparison between the direct financial help that developed countries provided (even in percentage terms), and what India provided.

It is for this reason that most estimates suggest a sharp increase in poverty and inequality in India post-Covid. In contrast, the US was among the countries that have seen a genuine 'V-shaped' recovery, getting back to the pre-pandemic growth path, not just the level.

But countries such as the US too have ended up facing a problem: inflation. When lots of money flowed into people's hands, the aggregate demand recovered far too quickly even as supply disruptions persisted, thus creating historic levels of inflation.

CAPEX PUSH IN BUDGET WILL BE REFLECTED IN 'INVESTMENTS' COMPONENT OF GDP. CAPITAL EXPENDITURE GIVES HIGHER RETURNS BY CREATING BOTH JOBS, NEW PRODUCTIVE ASSETS

It is another matter that even with depressed demand, India too has seen fairly high inflation over the last two years.

Similar to the capex push in India, in the US, President Joe Biden has been pushing for an ambitious $1.9 trillion plan called Build Back Better, aimed at growing the US economy "from the bottom up and the middle out".

Will the capex push in the Budget succeed?

Few would argue against the merits of higher capital expenditure by the government because of the obvious benefits, especially at a time when all other engines of growth are struggling. Moreover, there are several points that suggest such an investment cycle will sustain.

In a recent research note analysts at Nomura observed: "At face value, a number of preconditions appear to be in place. The government has announced various reforms, including the national infrastructure pipeline (NIP), the production linked incentive scheme, lower corporate taxes and privatisation. Corporates have deleveraged their balance sheet during the pandemic. The corporate debt-equity ratio has fallen broadly across industries from 0.79 in FY19 and 0.82 in FY20 to 0.63 in FY21."

Add to that the creation of a bad bank, which will enable the banking system to be ready to give loans when the private sector demands them.

But there are reasons why this may not succeed. That's because these are not normal times. There are deep scars in the economy, especially in the informal sector (which accounts for 90% of all jobs), and aggregate demand is still quite weak. Capacity utilisation levels are far below the point where companies may contemplate ramping up investments.

Economists such as Ravi Srivastava of the Institute for Human Development and Radhicka Kapoor of ICRIER believe that success of this strategy would depend on the way these projects are implemented. Both economists pointed out that such capital assets have long gestation periods, and the expected benefits to the common people may take time to accrue.

To the extent that these projects are of a local nature — rural roads instead of a big highway — they may be more effective in providing relief to the weaker sections of the economy. "Given the extent of pain in the economy, this Budget needed to stand on two legs. Capex is fine but the government also needed to provide more direct relief here and now," Srivastava said.

This was the ninth Budget under PM Narendra Modi. Is there a pattern emerging?

Over the past eight years, the Modi government has employed very different economic strategies, without suggesting a settled ideological anchor. Before 2017, he berated farm loan waivers, but just before the UP elections took the lead in promising them. Similar U-turns were seen with regard to programmes such as MGNREGA, doing away with the land acquisition Act, or the recent repealing of the farm laws. In the run-up to the 2019 elections, direct cash transfers were made to farmers under PM-KISAN — politics of dole of the kind he had long criticised.

Likewise, in last year's Budget, privatisation and disinvestment were the biggest themes — but this year they are completely missing.

And, if the Prime Minister believed in a government investment-led growth strategy, it is not clear why this was not done in 2019-20 itself instead of giving a Rs 1.5 lakh crore worth corporate tax cut to firms, who simply pocketed the money — either to pay off their debts or improve their bottom lines.

Illustration: Suvajit Dey

MAYAWATI IN AGRA TODAY

Which way will she lean? BSP chief has Dalits in UP guessing

Will Mayawati be kingmaker, go with BJP or keep options open, they wonder

LIZ MATHEW
AGRA, FEBRUARY 1

ON WEDNESDAY, when Mayawati kicks off her campaign in Agra, amid rumours and intense speculation over her party's strategy and prospects, many will hang on to her every word to assess which way the BSP will lean or whether she would stay neutral and keep her options open.

With the party that once dominated UP's political scene now increasingly becoming a fringe player, the chatter on the ground is all about whether Mayawati, a four-time CM, will fight to retain her party's hold over the Dalit votes or prepare the ground for the BJP to return to power in UP.

While die-hard supporters of Mayawati maintain that "Behenji" will be the kingmaker post counting day on March 10, a section of the Jatavs, her core supporters, appear unsure.

"On February 2, Behenji will give us some clarity," said Sarvesh Kumar, a 52-year-old labourer in a leather factory in Agra. Like Kumar, several Jatavs are puzzled at Mayawati's low-key campaign.

"For those of us who had great faith in Mayawatiji and the BSP, this is disappointing. I have been hearing rumours that she has struck a deal with the BJP in many constituencies. That got many in our community to decide that they would support other parties. But our youngsters are disillusioned with the Yogi Adityanath government, so some say we should support the SP," said Biresh Kumar, a tailor in Rajawati Chauraha in Kasganj.

Jatavs form over 50 per cent of the Scheduled Caste communities in the state, with Dhobis, Pasis, Koris, Valmikis, Dhanuks, Gonds and Katiks, who are spread across the state, making up the rest and forming a potent political force. Of the 403 seats in the Assembly, 86 are reserved for SCs. In 2017, the BJP won 70 of those and in 2012, the SP, which won with a majority, won 58 of the 86. When it won a majority in 2007, the BSP had managed 62 of the total SC seats. These seats, in a sense, hold the key to power in UP.

The BSP, which enjoys an overwhelming support among Dalits, especially the Jatavs, had contested 403 seats but won only 19 in 2017. But its vote share stood at 22.23 per cent.

Meanwhile, Yogi has been campaigning in west UP. *PTI*

Anil Kumar, who runs a shop in Agra, points out that law and order and the condition of roads were "much better" during Mayawati's regime (2007-2012). "The leather industry employs many from the lower castes, but this government increased the tax on leather goods. It obviously hurt them and they are shifting their loyalty to other parties. But with the BSP seen to be under the BJP's thumb, the SP is an option," he said.

However, Badri Narayan, author and professor at Allahabad's Govind Ballabh Pant Social Science Institute, said Jatavs transferring their votes to SP or BJP is a "local phenomenon."

"In and around Agra and some parts of eastern UP, BJP has been working very intensely. Its decision to elevate Baby Rani Maurya and to field her from Agra Rural has helped the BJP split Dalit votes. But overall, the Jatavs will remain with the BSP," he said.

Gauri Shankar, a journalist in Tilsai Kala village, is confident that Mayawati, despite her silence so far, will emerge as the kingmaker. "The BSP will win enough seats and it will be a hung Assembly. Then it will be the kingmaker and form a deal with the BJP," predicts Shankar.

Piyush, a teacher in Agra, says, "I think the BSP will end up as the kingmaker. If so, it will either be a BJP government or BSP government. It is unlikely that Maywati won't stake claim for the top post if it's a coalition government," Piyush said, explaining that the BJP "is in trouble because of the growing discontent among traders and Brahmins".

FULL REPORT ON www.indianexpress.com

FAITH MEETS POLITICS

At the Sangam in Allahabad on Tuesday. Amid polls and the pandemic, about 1.30 crore people took a dip in the Ganga river during the annual Magh Mela. Allahabad votes on February 27 in the fifth phase of elections in UP. *Reuters*

HASHTAG POLITICS

• Kejriwal begins Goa campaign

AAP convenor and Delhi Chief Minister Arvind Kejriwal reached Goa on Tuesday for a four-day election campaign in the state. He listed out two options for Goans in this election. "Either form an honest government, or vote for any other party that will directly or indirectly benefit the BJP," @AAPGoa quoted him as saying.

• A #LollipopBudget: Congress

The Uttarakhand Congress called the Union Budget presented in Parliament on Tuesday a #LollipopBudget. In a short video clip, the party claimed that the BJP betrayed the farmers with 'black promises'.

• Maurya rakes up Kairana 'migration'

At an election rally, UP Deputy Chief Minister Keshav Prasad Maurya raked up "migration of Hindu families" from Kairana. In a 1.51-minute video posted on his Twitter handle @kpmaurya1, he said that the Samajwadi Party has given tickets to the two 'criminal families' responsible for the 'Kairana migration'.

In Mathura's Mant, BSP MLA aims to make it nine in a row

AMIL BHATNAGAR
MATHURA, FEBRUARY 1

IN DECEMBER last year, in the run-up to the UP elections, Deputy CM Keshav Prasad Maurya had shared a tweet suggesting that a temple would come up in Mathura on the lines of Ayodhya and Varanasi. Weeks later, CM Yogi Adityanath spoke on the same lines, effectively setting the tone for the BJP's campaign in Mathura.

Yet, in Mant, one of the five Assembly constituencies that make up Mathura district, the Sangh's temple agenda is not central to any conversation on the election. Instead, it's the candidate who gets a lot of attention — Shyam Sundar Sharma, 72, an eight-time winner from Mant, who is considered to be above caste equations. Locals say Sharma, the BSP's candidate, wins purely on popular sentiment.

"There is a reason why Shyam Sundar has won so many times. First, he never refuses anyone's calls. He spends all his time on the ground. From providing handpumps to fixing roads, he has touched several lives. At this point, Shyam Sundar can stand as an Independent ticket and still win," says Ompal Singh, 50, as he sits huddled with his other Jat friends on a wooden bench in Mant's Jasoli Kala.

SEAT WATCH

Shyam Sundar won his first MLA election in 1989 from Mant and has represented the seat ever since. While he fought his first few elections as a Congress candidate, in 2016, he joined the BSP.

The only election he lost was in 2012, when RLD leader Jayant Chaudhary defeated Shyam Sundar by nearly 16,000 votes. But as Chaudhary decided to resign as MLA and keep his MP seat (Mathura), Shyam Sundar won from the same seat in a by-poll which he fought on a TMC ticket for the sake of a symbol.

"The BJP is trying to rake up many issues but it won't work here. People here need someone who can listen to them," Sharma told *The Indian Express*.

This time, he is up against Rajesh Chaudhary of the BJP and Sanjay Lathar of SP-RLD combine.

A seat with a predominant Jat presence, Mant also has a sizeable Bhramin, Thakur and Dalit population.

Both BJP and SP have given tickets to Jat candidates, given the majority population, but Sanjay Lathar, the SP candidate, is on a sticky wicket since he got the ticket in place of Yogesh Chaudhary, an RLD leader who a local favourite.

Residents recall the 2012 by-polls when the SP, in a massive show of strength, sent several ministers to campaign for Lathar. Yet, Lathar lost to Shyam Sundar.

As one travels from Mant to Mathura, a city that revolves around its temples, the crowds get denser. The city is part of Mathura Assembly seat that is represented by Cabinet Minister Shrikant Sharma. In the previous election, Sharma won by a margin of nearly 1 lakh votes against Pradeep Mathur of the Congress.

While residents express their anger at "the lack of development in the last five years" and blame the party and the candidate, Yogi remains a big draw.

"*Shrikant majboori hai kyunki Yogi zaruri hai* (We have no option but to back Shrikant because it's important that Yogi stays). There is no denying that the MLA could have done more. But we believe in Yogi Adityanath because he has given us a sense of security," says Rakesh Agarwal, a trader in Mathura's Holi Gate market.

Shrikant Sharma is up against BSP's S K Sharma, who recently left the BJP after he was denied a ticket from Mant.

In nearby Chaata seat, Animal Husbandry Minister Laxmi Narayan Chaudhary, the sitting MLA and four-time winner, is fighting RLD's Tejpal Singh, a three-time winner. Laxmi Narayan was previously in the BSP and served as Cabinet minister during Mayawati's regime.

FULL REPORT ON www.indianexpress.com

PM ration scheme is clear winner in Muzaffarnagar seat

AMIT SHARMA
BUDHANA (MUZAFFARNAGAR), FEBRUARY 1

ONE OF the six Assembly segments under Muzaffarnagar, Budhana had seen 1,286 NOTA votes, the highest in the district, in 2017, the election in which the Modi wave was at its peak.

Five years, anger over the farm laws, and an alliance between the SP and RLD later, as memory of the 2013 riots fades, opinion in the seat remains as unclear between the contenders.

Of Budhana's around 3.30 lakh voters, Jats at nearly 63,000 form the bulk, followed by Thakurs (nearly 48,000) and Muslims (43,000), with the SCs making up around 37,000. Muzaffarnagar MP and Union minister Sanjeev Baliyan belongs to Budhana, as does BJP Budhana candidate Umesh Malik (Dungar village).

SEAT WATCH

In 2017, all the six Assembly segments of Muzaffarnagar (Purkaji, Budhana, Muzaffarnagar, Meerapur, Charthaval and Khatauli) had been won by the BJP.

What is a clear hit, across sections, is the PM Garib Kalyan Yojana, under which ration card holders have been getting free rations since the beginning of the pandemic.

"We are getting free rations, that too twice a month. What difference does it make to us if the packet has the photo of Modi, Yogi or Akhilesh?" says 43-year-old Abdul Hamid of Mahaljana village, where Muslims make up 550 of the 800-odd population.

Hamid gets free rations twice a month. *Amit Sharma*

The BJP realises the electoral dividend of the scheme, now extended till Holi.

Six km from Mahaljana, in the Thakur-dominated Nagwa village, it is what the UP government has failed to provide, "government jobs", that is the top-most topic.

The change, many feel, should be to the SP-RLD's Rajpal Singh Baliyan, a two-time MLA from here.

Says Rajpal Singh, "The SP-RLD alliance is working magic at the grassroot level. The (Jats) are with the alliance as they have still not forgotten the sacrifices of over 700 farmers during the protests against the farm laws."

In a strategic move, the SP-RLD has not fielded a single Muslim candidate in the six Muzaffarnagar seats. "This will consolidate minority votes in favour of the SP-RLD," says Dilshaad Beg, who runs a furniture shop in the Budhana market.

Even the AIMIM has fielded a Dalit here, Bheem Singh. The only Muslim candidate is the BSP's Anees.

FULL REPORT ON www.indianexpress.com

TRACKING COVID IN ELECTION-BOUND STATES

	UTTAR PRADESH	PUNJAB	UTTARAKHAND	GOA	MANIPUR
Deaths	23,233	17,292	7,564	3,699	2,050
Deaths Today	26	39	18	6	4
Cases	13,654 → 4,651	5,598 → 1,597	3,727 → 1,840	1,582 → 910	411 → 327
	Jan 23 – Feb 1	Jan 23 – Feb 1	Jan 23 – Feb 1	Jan 23 – Feb 1	Jan 23 – Feb 1

I HEREBY DECLARE

PARKASH SINGH BADAL
Shiromani Akali Dal, Lambi

TOTAL ASSETS:
₹15.11 crore (self)
Cash: ₹2.49 lakh
MOVABLE ASSETS:
Self: ₹8.40 crore

IMMOVABLE ASSETS:
Self: ₹6.7 crore
VEHICLES: Tractor
PENDING CRIMINAL CASES: Nil
CRIMINAL CASES: criminal complaint Balwant Singh vs Sukhbir Singh Badal and Others
PROFESSION: MLA and Agriculturist
EDUCATION: BA

AKHILESH YADAV
SP, Karhal (Mainpuri)

TOTAL ASSETS:
₹40.14 crore (self)
IMMOVABLE ASSETS:
Self: ₹8.43 crore
Wife: ₹4.76 crore
Child: ₹10.39 lakh

IMMOVABLE ASSETS:
Self: ₹17.22 crore
Wife: ₹9.61 crore
LOANS AND LIABILITIES:
Self: ₹28.97 lakh
Wife: ₹14.26 lakh
CRIMINAL CASE:: 1 (IPC Section 188, Disaster Management Act, Epidemic Act)
SOURCES OF EARNING: Salary, agriculture and rent
EDUCATION: BE, Civil Environment

ANOTHER CALLING

In Punjab poll fray, an Arjuna awardee, officer who probed sacrilege firing, ex-bureaucrats

MANRAJ GREWAL SHARMA
CHANDIGARH, FEBRUARY 1

AN EX-IAS officer who bagged a UNESCO award, an IPS officer who took premature retirement to join politics, a cop who had once arrested Jarnail Singh Bhindranwale, an ex-police officer pitted against Chief Minister Charanjit Singh Channi, and an Arjuna awardee who quit his Punjab Police job last year to take the political plunge. These are among a slew of former bureaucrats and police officers contesting the 20 February Punjab Assembly polls as candidates of various political parties.

The ex-IPS officer Kunwar Vijay Pratap Singh, who had quit as IG eight years before retirement after the Punjab and Haryana High Court last year slammed his investigations into the Behbal Kalan firing on anti-sacrilege protesters, is the AAP's "poster boy" in Majha and its candidate from Amritsar North. Once posted as an SSP in Amritsar, he was feted by several Sikh organisations following his resignation.

Dr Jagmohan Singh Raju, who recently resigned as additional chief secretary in Tamil Nadu, is the BJP candidate from the high-profile Amritsar East seat where Punjab Congress chief Navjot Singh Sidhu is pitted against Shriomani Akali Dal(SAD)'s Bikram Majithia.

In Doaba, the fledgling Samyukt Samaj Morcha (SSM) has fielded ex-IAS officer Khushi Ram against sitting Congress MLA and ex-bureaucrat Balwinder Singh Dhaliwal from Phagwara. In Malwa, the BJP has given the ticket to a retired Punjab-cadre IAS officer S R Ladhar from Gill constituency.

Retd IAS officer Jagmohan Singh Raju; (right) former Team India kabaddi player Gurlal Ghanaur

Raju, who won the UNESCO King Sejong World Prize for Literacy in 2009, says he joined politics because good politicians are essential for good governance. "And the biggest reform Punjab needs is in its political leadership," he says.

Almost all the candidates attribute their career shift to a greater calling. Raju says his grandfather was a landless labourer, and his father worked hard to join the civil services. Ladhar says he joined politics for the cause of '*khet mazdoor*'. "I took part in the farmer agitation and even went to Tikri but despite the '*Kisan mazdoor ekta zindabad*' pitch, labourers have been left behind," says Ladhar. The AAP's Jandiala nominee, Harbhajan Singh, a 2012-batch PCS officer, says he quit to do social service.

The BJP has fielded former IPS officer and minorities commission chairman Iqbal Singh Lalpura from Ropar. An author of 14 books on Sikh religious scriptures, he is well known as the officer who had arrested Bhindranwale in April 1981.

Most of the former bureaucrats and ex-policemen have been fielded by the AAP. Ex-ADC Jaswinder Singh Ramdas, who is the AAP's candidate from Attari, says he joined politics because of "Kejriwalism" and the AAP's "Delhi model of governance", though his father Ujagar Singj Rangreta was an Akali MLA.

For Harmohan Singh Sandhu, too, who resigned as AIG last year, politics runs in the family. His mother Satwant Kaur was five-time SAD MLA, while his father Ajaib Singh Sandhu was a two-time SAD MLA. Sandhu joined the SAD but switched to its alliance partner BSP when his constituency Chamkaur Sahib went to the latter. He will now contest against CM Channi.

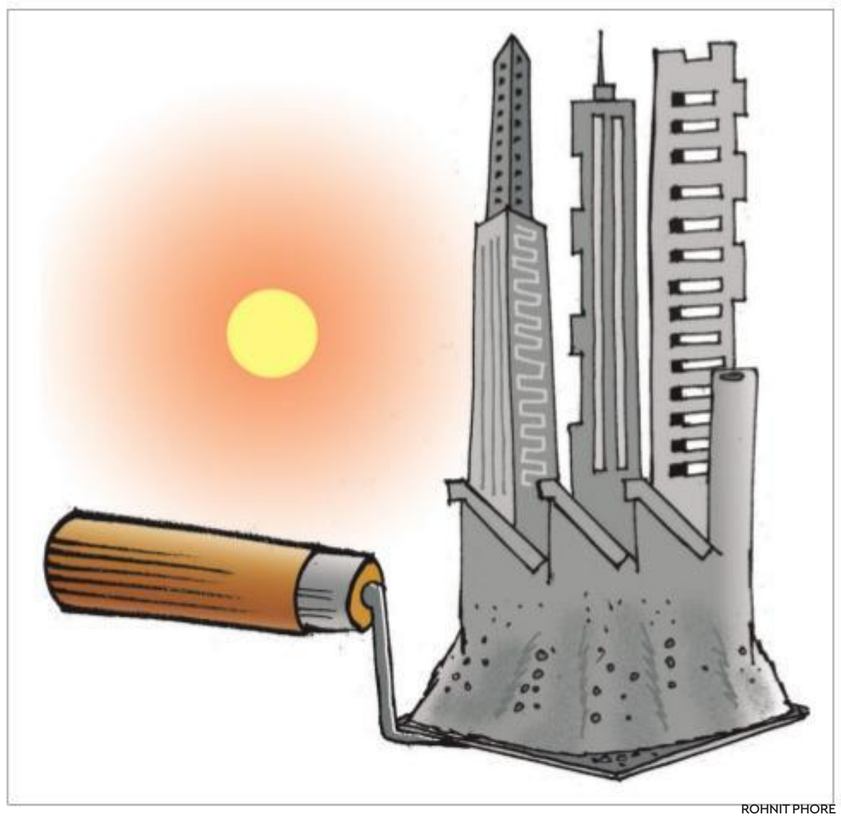
There is a long line-up of sportspersons-turned-policemen who are in the fray. An Arjuna awardee, Surinder Singh Sodhi was part of the Indian hockey contingent that won gold at the 1980 Moscow Olympics. Last year, he took premature retirement from the Punjab Police to join AAP, which has fielded him from Jalandhar Cantt against sitting Congress MLA and ex-hockey captain Pargat Singh.

Gurlal Ghanaur, who was part of India's Kabaddi World Cup winning team, quit as Punjab Police ASI to contest as the AAP candidate from Ghanaur. Gurdit Sekhon, a national-level basketball player, who had taken premature retirement from Punjab Police in 2010, is the AAP's candidate from Faridkot.

Budget FY23 has several initiatives that will boost Make-in-India and exports

BOLD AND IMAGINATIVE

KUMAR MANGLAM BIRLA
CHAIRMAN
ADITYA BIRLA GROUP



ROHNIT PHORE

BUDGET FY23 IS a landmark budget that has the potential to rev up all engines of economic growth, including capital and consumer spending and exports. The Budget has several important initiatives that will provide an impetus to the Make-in-India agenda in general, and the resurgence of India's exports, in particular. For several years, India's export growth has been tepid. This fiscal, though, we have seen splendid growth on the back of restocking demand and strong global growth. Recognising this potential of exports being a key and sustainable driver of growth, the budget has made it a centre-piece.

First is clearly the continued thrust on upgrading India's infrastructure. The Budget reinforces the credibility and visibility of the ambitious National Infrastructure Pipeline—with an unprecedented 35% jump in the provision for the Centre's capital expenditure. Given the government's stated intentions, one always expected infrastructure allocations to increase. But the extent of the increase budgeted for FY23, which comes on the base of already higher expenditure this year, has been a hugely positive surprise. This large and upfront commitment from the government will encourage private investors as well and set the stage for the creation of a future-ready infrastructure. Inadequate infrastructure, high logistics costs and related delays have long been a bone of contention for Indian manufacturers and exporters. One, therefore, looks forward to a step improvement in the competitiveness of the Indian Industry over the coming years.

The second aspect pertains to the various tweaks that have been made to customs duties; these are broadly pragmatic interventions to support value addition and jobs creation in Indian manufacturing. These tweaks include gradual rationalisation of those customs duty concessions and exemptions that were affecting the competitiveness of local manufacturers and certain reduction in duty rates on inputs used by export-intensive sectors.

The third is the announcement regarding a new legislation for Special Economic Zones (SEZs). The concept of SEZs, which India adopted many years ago, sought to create large pockets of export-intensive activities, supported by world-class infrastructure and a favourable duty structure. The early part of China's success story in manufacturing exports was scripted by SEZs, and India was aiming to replicate it. Unfortunately, however, SEZs could not become a significant engine of exports for India. While the details of the proposed rejig of India's SEZ model are not yet known, the Budget speech talks about enabling state governments to become an important partner in the scheme and improving the ease of doing business for exporters in SEZs.

Besides these announcements, the Budget also contains proposals for expanding the production-linked incentives scheme, stepping up domestic procurement of defence equipment and extending the timeline for availing lower corporate tax by new manufacturing entities. All these proposals will help in realising India's manufacturing potential. India's ongoing initiatives on striking trade agreements with major markets of India's labour-intensive manufacturing sectors will be a further catalyst. In light of this Budget's proposals, therefore, one looks forward to strengthening India's manufacturing backbone—which also supports the overall economic vitalism and creates quality jobs for Indian youth.

This Budget is futuristic in many ways. Going through the FM's speech, one realises that the Union government is possibly as enthusiastic about digitisation as the private corporate sector is, if not more. It talks about digital tools and platforms for delivery of health services, skills development programs and monitoring of the PM Gati Shakti programme. The government will promote the use of 'Kisan drones' for crop assessment, land records and spraying of insecticides. The Budget also mentions the launch of the 'digital rupee' by RBI in FY23, which will make India among a handful of countries with their own central bank-issued digital currency using blockchain technology. India will be launching Sovereign Green Bonds this year, again being amongst one of the pioneers. All these initiatives seed India's adoption of leading technologies and practices.

Overall, this is a bold and imaginative Budget that reignites the animal spirits in the economy and invests in India's future. The economy is already showing signs of a very strong rebound, and the budget will sharply accelerate the wheels of economic activity. I will be watching the economy take off.

A growth-and-development budget

The government is being realistic on capital and overall spending

TV MOHANDAS PAI, CHAIRMAN, AARIN CAPITAL PARTNERS

A REDEEMING FACTOR of this budget has been an increase in tax collection, from ₹22.17 lakh crore (budget estimate) to ₹25.16 lakh crore (revised estimate, or RE). However, till December 2021, the gross tax collection was ₹19.28 lakh crore. Considering a minimum tax collection of ₹6.85 lakh crore collected in January–March 2021, the current year's tax gross tax collection would be about ₹26.13 lakh crore. It is very evident that FY22 tax collection RE has been underestimated by ₹1-1.5 lakh crore. The government could have taken a more realistic estimate of tax collection this year based on the tax collected till December 2021 and used that money to fund the states or to ensure some relief for the taxpayers.

The FY22 disinvestment target of ₹1.75 lakh crore has been cut to ₹78,000 crore (RE). It appears that the target of ₹1 lakh crore from LIC's disinvestment has been cut to ₹50,000 crore. The FY disinvestment target, at ₹65,000 crore, is a gross underestimate of what the government could naturally get. The government is also seeing a huge increase in the dividend collection from PSUs and RBI, at ₹1.43 lakh crore. However, for the next year, it has been pegged at a little over ₹1 lakh crore.

The FY22 expenditure is going up to ₹34.4 lakh crore (RE) from the budgeted ₹32.46 lakh crore. This shows that despite the supplementary demands of ₹3.23 lakh crore, there have been savings of about ₹1 lakh crore in the overall budget. If one looks at the market borrowings this year, it was budgeted at ₹12.05 lakh crore. It was brought down to ₹10.46 lakh crore (RE), and goes up to ₹14.95 lakh crore in FY23.

Tax collections in FY23 are budgeted at ₹27.57 lakh crore, an increase of less than 10% over FY22. The tax collection could possibly be higher by ₹1-1.5 lakh crore based on growth in direct taxes. The disinvestment proceeds and dividends receipts too can also be much higher. The tax revenues for FY23 have been estimated in a very conservative manner. The expenditure is expected to go up to ₹35.08 lakh crore, a marginal increase, with focus on infrastructure, social sector, housing, water, health, etc. Over all, the financial statements show that the economy is in a healthy state, with a positive bias towards increased tax revenues. If one looks at the details of spending, the big factor has been a massive increase of 35.4% in capital expenditure, from ₹5.54 lakh crore to ₹7.50 lakh crore. For the states, too, the incentive for capex has gone up from ₹15,000 crore to ₹1 lakh crore. The focus on increased spend on infrastructure will make India more productive and stronger much later. As far as start-ups are concerned, there is some disappointment. While surcharge for all capital gains has been reduced from 37% to 15%, long term capital gains tax on unlisted stock remains at 20%. This discriminates against the Indian investor who has to pay 20% as against a foreign investor who pays 10%.

The govt is making sure that the odds of seeing an increase in tax collection next year are in its favour

The government has extended the tax deduction scheme for start-ups by one more year. But, like some government schemes, the conditions are so onerous that only about 600 start-ups of over 12,000 funded start-ups can benefit. This is a scheme where the conditions make sure that nobody can use the benefit given by Parliament. The government has promised to set up an expert committee to remove all difficulties for venture capital. The government could have taken many more decisions, too. The promise of increased funding for thematic funds is very encouraging.

The 30% tax on sale of digital assets is very good. It means that sale/transfer of crypto-assets held by any Indian tax resident will be taxed at 30%. The target of reducing voluntary winding up to six months removes a big barrier to growth. The increase in defence purchases domestically from 58% to 68% indicates that the government means business here.

The government is making sure that the odds of seeing an increase in tax collection next year are in its favour; it is being realistic on capital and overall spending. It has reduced spending on food subsidies, given the special scheme expires on March 31. The budget must be commended for continuing the good work on infrastructure and growth. The big negative is that the long-suffering middle class has not been given any tax relief.

Co-authored with ***S Krishnan****, a tax consultant*

MUKESH BHUTANI
PARTNER, BMR LEGAL ADVOCATES

A blueprint for India at 100

The focus on re-imagining the growth story for future-readiness is visionary

DURING THE GREAT DEPRESSION, the renowned economist, JM Keynes adviced the government to increase public spending. This would counter recessionary trends, inject liquidity and industrial activity, all of which would lead to buoyancy in economic fundamentals and foster overall national growth. Clearly, 2022 is not a year of recession. However, the finance minister seems to have picked a leaf from Keynes's book and transposed it in her budget speech, perhaps an upshot to the Covid revival pill. The Budget proposals are comprehensive, covering most areas of the economy without getting into the details of allocations, a common phenomenon in Budget speeches. The North Block mandarins have identified new avenues for investment and growth, with a thrust on Make-in-India and the revival of MSMEs, the worst-impacted segment in the pandemic.. The finance minister's speech listed four priorities for national growth—PM GatiShakti, inclusive development, energy transition, and financing of investments—all axiomatic touchstones for rebooting the economy. A correct description of the Budget speech would be that it was a holistic and pioneering in terms of reimagining the growth story and aspirations for achieving 'developed country' status.

What stands out is that the finance minister has resisted the temptation of considering FY23 as a year of economic revival post the Covid restrictions by not getting carried away with the growth in tax revenues. Instead, the budget estimates are conservative on growth and revenues, as she has envisioned the budget as a foundation for the next 25 years. Recognising the importance of the ease of doing business, an overhaul of SEZ regulations by making state governments as partners in the revival is visionary. The multifarious avenues for PPP and allowing start-up and entrepreneurial drives in new areas such as defence, digital, etc, are a step towards further expansion of India's liberal pursuits and participative democracy, both in economic and regulatory terms.

It addresses India's aspirations of becoming a developed nation

The proposal to earmark every parcel of land through digitisation and assign unique land parcel ID is a step not just towards digitisation of land-records but also towards cutting red tape and rent-seeking; it keeps in mind tax evasion, too. Another key element on the wish-list, the unique health identity, has the potential to make healthcare cover accessible to the marginal classes, giving a fillip to the living conditions, life expectancy and promoting the 'ease of living' vision, if implemented in letter and spirit. Other reforms such as fast-tracking the introduction of 5G, energy transition, climate change, digital currency, etc, are laudable and tie in well with the vision on fast-track growth and demonstrate continued commitment towards a multilateral framework on ESG.

The ₹1-lakh-crore assistance for capital investment by states can be dubbed as an attempt towards living the cooperative federalism ideal, which, along with GST and other Centre-State initiatives is no longer an aspirational vision, but a mantra for the functioning of two tiers of government. By digitising the municipal/ panchayat administration and opening up opportunities for rural India, it is evident that the next generation of Indians can stake claim in opportunities available, and transition away from the past inequities—the rural-urban divide—given the massive potential for reviving the rural economy and lessening reliance on farm income.

Elsewhere, the Budget has been monikered a "capex mahotsav". This is a fitting tribute to the growth aspirations of the next generation of Indians and also addresses the pangs for shifting horizons of geo-economic exchanges in international trade and economic outlook.

Co-authored with ***Rishabh Prasad****, managing associate, BMR Legal Advocates*

A vision for the economy over the next 25 years

The Budget rightly focusses on multi-modal transportation, logistics infrastructure, urban development, renewable energy, drinking water and housing

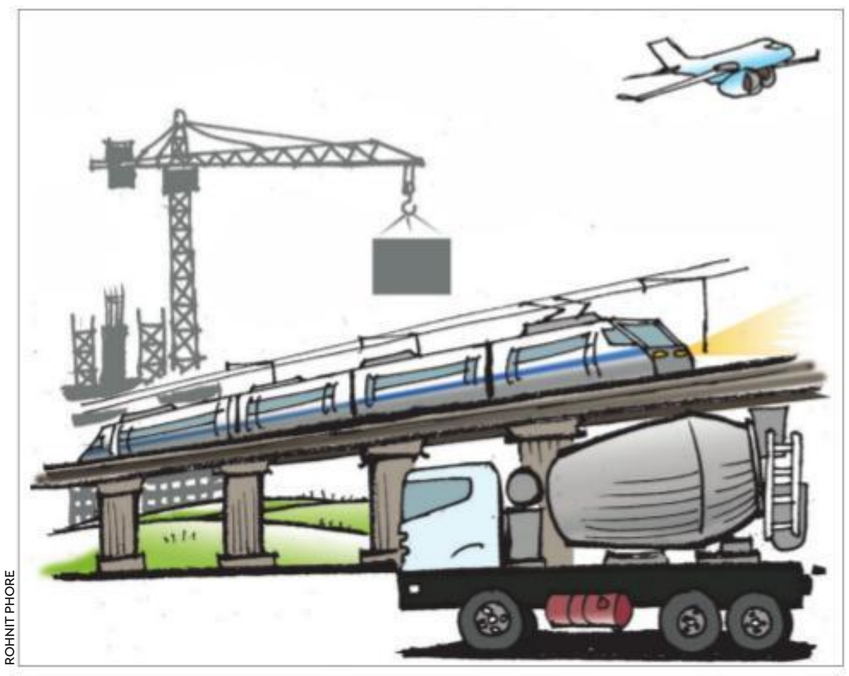
R SHANKAR RAMAN, GROUP CHIEF FINANCIAL OFFICER, L&T

BUDGET FY23 HAS been drawn at a time when Indian economy takes strides towards complete recovery and growth post the pandemic. The Budget aims to rebuild the economy and attain the long-term objective of sustainable growth. In a way, it seeks to lay the foundation and give a blueprint to steer the economy over the next 25 years.

The government continues with its thrust to infrastructure development through the PM Gati Shakti National Master plan. The transformative approach for economic growth and sustainable development is driven by seven engines, expected to pull forward the economy in unison. For a bigger multiplier impact, the Budget rightly focusses on multi-modal transportation, logistics infrastructure, urban development, renewable energy, drinking water and housing. Development of highways, railway network including metrorail at scale, transit-oriented development, etc, are intended to address the present constraints of the supply-chain ecosystem. Significant increase in the allocation for capex spend, at ₹7.5 lakh crore, if implemented with speed and purpose, will lead to inclusive development through widespread employment generation. The government has emphasised the need for public investment to pump-prime private investment and has also highlighted the PPP route for funding the developmental infrastructure programme. The government would be required to take concrete steps in enabling these models to work well.

In order to incentivise the states to enhance their capex spends, an allocation of ₹1 lakh crore has been made available through 50-year interest-free loans to be utilised primarily towards PM-Gati-Shakti-related and other productive capital investment.

For facilitating the Make-in-India initiative, 68% of the capital procurement budget in defence is being earmarked for the domestic industry. Budget FY23 also enhances the PLI scheme for domestic manufacturing of solar cells & modules and energy-storage devices. Further, the Budget proposals also focus on making the MSME sector resilient for long-term growth. Credit guarantee schemes have been rightly provided for to such entities towards this end.



ROHNIT PHORE

To facilitate energy transition towards a carbon-neutral economy, the Budget provides incentives for solar manufacturing in addition to measures around reduced emissions, energy conservation and promoting afforestation. Providing infrastructure status to data centres as well as energy-storage and charging systems will boost credit availability for some of these new businesses.

With the expectation of an increase in credit offtake from the banking system to finance the growth plans of the industry, issuance of surety bonds by the insurance companies in lieu of bank guarantees has been announced. This will unlock capital availability of the banking system for credit growth.

The Budget has provided a stable tax structure while rationalising some of the anomalies is the surcharge for AOPs. Reduction of surcharge on long term capital gains is expected to motivate flow of long-term investments. Tax collections have been budgeted to rise by 10% on the back of the projected GDP growth.

The Budget announcements are subtle and understated with respect to the financing plans. While remaining silent on asset monetisation programmes, the Budget plans include market borrowing of nearly ₹15 lakh crore and issuance of sovereign green bonds. These are expected to have an upward impact on interest rates. High oil prices and commodity inflation would only add to this pressure.

While the government deserves to be complimented on crafting a growth-oriented budget, the outcome would depend on efficient implementation of programmes, including facilitation of clearances, early award of construction contracts as well as improving the ease of doing business.

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Cautious, with a growth-impetus

A slightly more ambitious revenue-raising effort was perhaps called for

REALISTIC WOULD BE a good way to describe finance minister Nirmala Sitharaman's budget for 2022-23. By pegging the fiscal deficit for 2022-23 at 6.4% of the GDP, compared with 6.9% in 2021-22, the government is consolidating the fisc. At the same time, the finance minister has neither compressed the balance sheet too much nor expanded it beyond her means. It is a fine balance, and the government will still have some room to give growth an impetus, which is much-needed in an economy where the post-pandemic recovery has been rather uneven. To be sure, the government plans to spend just 4.6% more next year than it will in the current year, in what could be called a very conservative effort. However, it is an extremely pragmatic one given the many potential headwinds—high oil prices, the global tightening cycle and slowing local growth in H2FY23—that could blow away the estimates. Indeed, there are those who would argue the budget is somewhat expansionary and that the fiscal deficit is much higher than might be warranted. After all, it would necessitate a huge jump in market borrowings, not prudent at this juncture, when interest rates are moving up and the public debt is already at uncomfortable levels.

One had hoped the FM would give the small taxpayer some relief, and also provide extra support to MSMEs, by raising the tax rates for large corporations who are doing extremely well. The middle class, battling soaring inflation and high medical expenses, will be disappointed and with good reason.

The extra resources would have come in handy. Against an unfavourable base and a waning of the formalisation effect, tax revenues next year will increase at a more modest pace of just under 10%, nowhere near the 24% jump seen in 2021-22; it is a drop in the buoyancy from 1.4% to 0.9%. Also, non-tax revenues will be smaller by about 14% next year, with the divestment target projected at just ₹65,000 crore.

> The govt must pass on the infrastructure investment baton to the private sector

Under the circumstances, a slightly more ambitious revenue-raising effort was perhaps called for. That would have helped the government spend a little more and help lower the substantially higher market borrowings—a net ₹11.2 lakh crore, which is a jump of a whopping 44% over the ₹7.8 lakh crore in 2021-22. It is possible the government is counting on foreign portfolio investors (FPIs) to invest in bonds and there has been talk of India joining one of the global bond indices. Should this materialise soon, it would take the pressure of local bond investors. In the meantime, however, one should not be surprised if the government moves somewhat cautiously on the expenditure front, at least in the initial months of the year. Should there be no more pandemic waves, there could be an upside to the 11.1% GDP growth estimate.

To the FM's credit, she has made some well-thought out allocations. Apart from a chunky ₹48,000 crore outlay for affordable housing, the ₹50,000 crore for the ECLGS is welcome. The capex outlay has been increased by a good 25%, to ₹7.5 lakh crore, over the revised estimates. The focus on creating modern infrastructure is right, and there are, no doubt, synergies to be exploited from the multi-modal approach being envisaged. However, the success of the infra build-out, especially where PPPs are being visualised, will depend on the schemes being properly framed. We all know how the plan to privatise the operations of passenger trains ended; it went nowhere. A national infrastructure pipeline and the Gati Shakti programme sound good, but need to effectively implemented. Also, one is not sure the government will be able to commit the resources needed to roll these out. What it needs to do is to make the terms and conditions of the projects attractive enough to entice the private sector to implement them on its own. Indeed, the FM spoke of this in her speech, saying public investments would need to be complemented by private capital on a "significant scale". One does not see that happening unless the projects are well thought out and remunerative for the concessionaire. There are funds to be sourced from multilateral agencies, and the states, who have got themselves an additional ₹1 lakh crore in interest-free loans to spend on capex, must tap this. The investments should help create urban jobs, direly needed given there is no urban equivalent of the MGNREGS.

Over the next few years, the government must pass on the infrastructure investment baton to the private sector, which must pick it. It is important that private investment is 'crowded in'. Meanwhile, the government must make sure the asset monetisation scheme makes headway so that the resources it frees up can be recyled. While encouraging local production, the government must also encourage the creation of globally-competitive companies; leaving import duties high so as to protect local manufacturers will stymie the growth of large, efficient producers.

One area where the government needs to get its act together is the disinvestment programme; the process has not progressed as fast as is needed. While the taxpayer will no longer be footing the bills of Air India, she will continue to support other PSUs like BSNL, in which the Centre plans to infuse nearly ₹45,000 crore next year. It must try and raise more than the budgeted ₹65,000 crore next year. The reserve price for the 5G auctions must be reasonable so that telcos participate in them. The budget numbers are credible and there could be an upside in the revenues. But it is critical the government focuses on raising resources so that it is not forced to scale back expenditure.

Budget FY23 is a stark reminder of this; it casts a cloud over medium-term growth prospects

IN NEED OF FISCAL SPACE

RENU KOHLI
NEW DELHI-BASED ECONOMIST

ROHNIT PHORE

ENDURING STATES ARE quick to create fiscal space for future shocks, uncertain events or a rainy day. The fiscal space used up in the 2008 global financial crisis was never sufficiently recouped in the last decade. Thus, when Covid-19 struck in March 2020, India's debt-to-GDP ratio had reached 74%; it has been pushed up to 90%. Ever since private investment weakened from 2011-12, the clamour for more and more public capex has grown with every budget; recourse to revenue expenditure has grown with populist social sector programmes, subsidies, and cash dole-outs becoming the foundation of electoral successes. The fallout has been a conspicuous slowdown in fiscal consolidation and repeated toying with publicly pronounced roadmaps. The chickens have now come home to roost.

When the government has needed more resources to support distressed citizenry from a lengthy pandemic atop a prolonged economic slowdown, the headroom to manoeuvre barely existed. Months before the budget, international conditions turned adverse—it was clear the budget would have to weigh macroeconomic stability concerns even as it had to focus on growth support with a fragile recovery and a large negative output gap. The apprehension was that fiscal consolidation could have adverse short- and long-run impacts. This had considerable merit.

Therefore, the budget favors gradual consolidation—a 50-basis points reduction in the fiscal deficit to 6.4% of GDP in FY23 from an overshot 6.9% this year—with a capex push. Yet the growth push is tepid. One, the effective ₹10.7 lakh crore capital spending—₹7.5 lakh crore budgetary and ₹3.2 lakh crore as grants in aid for capital asset creation includes MGNREGS allocations, budgeted at ₹73,000 crore in FY23 against ₹98,000 crore in FY22RE. Two, combined public capex—budgetary and resources of public enterprises—actually moderates to 4.7% of GDP in FY23 from 4.8% of GDP in FY22RE; at ₹12.2 lakh crore total in FY23, this increases just 10.4% from ₹11.1 lakh crore (FY22RE), which grew 22.3% over -7.5% in FY21. The truth is PSEs' capex is falling—in FY23, this is 27% below FY20 level. Fiscal resources are insufficient to offset the slack.

Herein lies the bind. Central government debt-GDP ratio will nonetheless rise to 60.2% of GDP in March 2023 from 59.9% this year. The medium-term fiscal policy-cum strategy statement does not provide a consolidation path given pandemic uncertainties, alluding to slowing global growth in 2022 and retention of flexibility for contingency response. But like last year, it reiterates fiscal consolidation will continue to reach deficit-GDP level below 4.5% by FY26 through a fairly steady decline over this period. A more stringent fiscal consolidation path beginning FY24 may have to be spelled out. From a medium-term growth perspective, this hardly makes sense! It closes any space for response to any further shocks or failure of private demand to revive ahead.

It was easy to push up deficit financing and debt over the last decade, as many other countries did, when inflation was benign and well-anchored. Financing large borrowings did not encounter much push back from the bond market or crowd-out private sector credit demand that remained weak. Rating agencies also remained fairly considerate under the assumption public capex would both shield and bolster medium-term growth prospects. But conditions have changed. Globally, inflation has resurged. As long as inflation in advanced economies remained below the 2% target, it was alright to float as much bonds they wanted and print as much money as markets needed. Post-Covid, the risk of inflation catching fire in these economies is real. The US Federal Reserve, for instance, has grudgingly admitted to its lapses as inflation galloped to a 40-year high, running the risk of de-anchoring; it is now preparing to raise interest rates like many other advanced economy central banks are.

This may sound alarmist, but bond markets are going to be risk-averse and yield-sensitive, especially in the EMEs. India's bond market responded yesterday with a 17-basis-points jump in the benchmark 10-year yield to 6.85%. Rising cost of debt—market borrowings increase 32% this year in reorientation from small savings that decline 28%—are a pointer to future difficulties. Higher interest rates will have to be reckoned with, more so if inflation does not subside. Notably, the IMF projects global growth slowing considerably in the medium-term, especially in advanced economies. This could impact global trade and thereby India's exports, the only bright spot in 2021. If private demand does not revive, then growth could face headwinds from medium-term fiscal contraction.

Budget underscores a twin focus

It supports both near-term growth and hastening of structural development of the country

KOUSHIK CHATTERJEE, EXECUTIVE DIRECTOR & CFO, TATA STEEL

FOLLOWING TWO YEARS of the pandemic—when the priority was to save lives and livelihoods—it is now the time to now focus on a strategy that serves the near-term priority to provide a boost to the economy and provide employment as well as the the long-term agenda of accelerating the structural development of the country. Perhaps this is the prevailing mindset within the government and among its planners, because the finance minster's Budget speech reflected these twin objectives as a thematic narrative at all times.

Clearly, a capital-investment-focused one, Budget FY23 has allocated capital to building scalable infrastructure, announced programmes for developing skills and capability amongst the employable youth, for widening and deepening the social sector schemes to improve the quality of lives of the poor and giving access to basic needs like water to every home, and for modernising the economy by accelerating digital-access for citizens; it also underlines a very strong commitment towards energy transition and climate action.

The fiscal deficit for FY22 (revised estimates) is at 6.9%, understandable given the significant spending by the government on tackling the pandemic. The target fiscal deficit of 6.4% for FY23 is also expected as the Centre is clearly focused on capital-investment spending that will structurally make India strong in the long term while addressing the immediate issues of domestic growth, consumption and employment.

The infrastructure development programme through the PM Gati Shakti, with investments in national infrastructure, is critical—not only to boost capital spending in the near term but also to enhance India's competitiveness in the future. The Atmanirbhar Bharat programme has been further enhanced, by increasing the reservation in capital procurement for government-spend from domestic companies from 58% to 68%. This will have a multiplier effect on the manufacturing segment and is expected to drive private-sector capex. The government procurement process is proposed to be made more transparent by

> The govt, in the near future, must address the critical need for significant capacity expansion in healthcare

migrating to a digital platform through the e-bill system, easing doing business with the government. Doing away with bank guarantees will release capital for the suppliers.

The proposal to significantly enhance the capital support to the states, by ₹100,000 lakh crore, in FY23 will help infrastructure development at the state level; it reflects the Centre's clear intention to work with the states to co-create national infrastructure.

The announcements on climate action are commendable, especially on accelerating India's transition towards a green economy and promoting the circular economy. Climate finance will play a very important role in the transition to a low-carbon economy and the initiatives taken to make GIFT IFSC a hub for climate finance will enable access to companies to fund climate-linked investments.

From the speech, it seems the finance minster has largely left the direct taxes untouched, which is fair given significant restructuring of corporate taxes was done a few years ago. Her indirect tax proposals had a clear theme of imposing customs duty on sectors where the government wants the domestic companies to invest and build scale as part of the Atmanirbhar Bharat initiative.

Finally, given the recent pandemic experience, I was expecting the finance minister's speech to specifically focus on a much higher capital allocation in significant capacity expansion in the healthcare sector, including building world-class medical research institutions, expand undergraduate/post graduate/ super speciality seats in the medical education, incentivising the private sector to invest in healthcare to enhance the healthcare system in the country.

I am hoping that the government will look at this critical issue in the near future.

Focusing on growth, with prudence

Budget FY23 signals confidence in India's short- and long-term growth stories

SUDHIR KAPADIA, EY INDIA TAX LEADER

WHEN THE ECONOMIC history of the three years of Covid gets written in India, the Narendra-Modi government may justifiably take pride in its unflinching resolve on growing the economy with prudence. As we know, in the aftermath of the first wave of Covid in India, there was no dearth of sage advice from economic experts of all ilks, pushing for mimicking the Western economic response of fiscal profligacy without worrying about the conventional concerns on managing fiscal deficit. Interestingly, while accepting the need to temporarily abandon the dogma of maintaining the fiscal deficit target, the Centre did not yield to any adrenaline rush and print cheap money. It rather focussed on working closely with RBI to ease monetary policy. Simultaneously, at an early stage in the pandemic, it unveiled a long-term vision of structural reforms along with a series of investor-friendly initiatives. This approach ensured high credibility when it came to the government's intent on maintaining prudence, even though fiscal deficit expectedly shot up to 9.2% of GDP for FY21. On the back of a quick turnaround in GDP growth, Budget FY23 has been almost fully able to maintain the fiscal deficit target of 6.8% for FY22 while projecting a reduced target of 6.4% for FY23. Specifically on taxation, the relentless efforts towards formalisation and digitisation have resulted in a very healthy tax buoyancy, both for direct as well as indirect taxes. It is against this backdrop that the FM has been able to confidently retain stability in tax rates and shun the temptation of incremental tax measures.

Once again, there are no dearth of economic experts who keep exhorting the Centre to increase tax rates, on the grounds of addressing inequalities in income while ignoring the obvious reality that high income earners and their capital is extremely mobile and is spoilt for choice in an intensely competitive global market. In fact, the FM has chosen to restrict the sur-

> Instead of mere tweaks, the FM has focused on overhauling the entire framework in many areas

charge on LTCG to 15% for all types of assets, including unlisted securities, bringing them on a par with listed securities when it comes to surcharge. At the same time, the FM has clearly signalled her intent to wean investments away from virtual currencies by imposing a flat tax rate of 30%.

The other notable feature of the Budget is that rather than tweaking existing provisions relating to, say, SEZs or Pes/VCs, the FM has chosen to focus on overhauling the entire framework to make it more current and attractive for business. The proposal to push the sunset-date on setting up of new manufacturing units and availing the concessional tax rate of 17% (including surcharge) from March 31, 2023, to March 31, 2024, will give time to business-entities to benefit from this incentive, more so as many would also be eligible for PLI benefits which have only recently been firmed up across many sectors. Similarly, the date of incorporating a start-up entity eligible for tax incentives (in three out of 10 years) has been extended from March 31, 2022 to March 31, 2023. The salaried class, though, may be disappointed, given the absence of any further relief in tax rates or deductions—perhaps meant to progressively nudge taxpayers towards the 'lower tax-rates, no deductions' regime. In a long-awaited and welcome move, surcharge on taxation of unincorporated joint ventures has been restricted to 15% instead of applying the higher rates of surcharge for high-income individuals. This will remove the anomaly of such ventures, especially for the infrastructure sector that suffers higher surcharge than normal corporate entities

Budget FY23 signals confidence in India's short- and long-term growth stories as well as confidence in progressively enhancing the tax base through effective use of technology and transparency.

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EDITORIAL

An inclusive budget?

The unique criticality of the Annual Budget 2022 stems from the fact that it comes amid a transition from the pandemic-ridden society towards more or less a normal life. Capacities of the government were found in abyss and expectations of the public were quite high. In this limited space, the government may also be facing an unavoidable temptation of catering to the interests of the population of the poll-bound states. Finance Ministers' Budget speech, of course, had no way out other than striking a balance between these three aspects. The Economic Survey of India 2022 has already pegged the country's GDP growth at 9.2 per cent for the ensuing fiscal. Fiscal deficit for FY22 has been settled at 6.9 per cent which will further go down to 6.4 per cent in FY23. This unusually high fiscal deficit figure gave the government a headroom for bringing in the much-needed capital spending. But still the government's hands are tied to a significant extent. To be more concrete, the government broadly set before itself four key priority areas — infrastructure development, productivity enhancement, financing investments and energy transition and climate action. In this light, one of the prime highlights of the Budget 2022 is an overwhelming target for capital expenditure. On-Budget expenditure for capex has been raised to 7.5 lakh crore from 5.5 lakh crore in the previous budget — an increase of 34 per cent. This is indeed a major boost and could potentially solve a couple of interlinked problems by creating short-term employment at the ground level, promoting investment and assisting production processes through enhanced transportation and other infrastructure. In contrast, less focus has been laid on developing social infrastructure which is no less important at this juncture. Emphasising on 'inclusive development', the finance minister announced the procurement of 1,208 lakh metric tonnes of wheat and paddy from 163 lakh farmers. She announced direct payment of MSP worth Rs 2.37 lakh crore to wheat and paddy farmers. Apart from this, the government also focussed on other novel aspects like Kisan drones and organic farming. It is heartening to see that a significant part of the Budget is focussed on addressing the concerns of agriculturists — who only very recently backed from their protest at Delhi borders. Though the key concern of the farmers has been around legalisation of MSP rather than just a discretionary allocation of whatever scale. Political analysts are associating the move with assembly elections in the northern belt. Whatever be the reason, a major focus on the large agricultural community is indeed a good sign. The finance minister has further announced an allocation of Rs 60,000 for 'Har Ghar Jal' Mission and Rs 48,000 crore for PM Awas Yojana in FY23. The target beneficiaries of the two programmes mostly consist of rural population. Given the unfathomable negative impact of the pandemic on the social sector, the government was genuinely expected to at least lay the groundwork to pull critical sectors like health and education out of the flux. This, however, was only scantily evident in the FMs Budget speech. In the education sector, the Centre has proposed to set up a digital university to facilitate access to education. It has also expanded the educational TV scheme from 12 to 200 channels. The fact remains that even after so many years of operations, educational TV channels continue to be plagued with basic challenges around quality and reach. Rather than just counting on numbers, the focus should have been towards making the content engaging and relatable to the students. It must also be reiterated at this point that the 'digital platform' itself is highly inaccessible and exclusionary. A lopsided focus on 'digital' could overshadow other important aspects of the education system that need to be dealt with currently. At a time when the education sector was so badly hit countrywide, particularly in rural India, more deep-rooted allocations were expected from the Budget. The Budget speech was also silent on health expenditure. On the other hand, Budgetary focus on clean energy is indeed laudable. In the first place, the finance minister made an additional allocation of Rs 19,500 crore in the production-linked incentives scheme. This will certainly provide some boost to the existing solar capacity in India and take the country closer towards the fulfilment of targets announced domestically and internationally. Another major development towards green transition has been the announcement of battery swapping policy in coming days. Lack of charging infrastructure is one of the key roadblocks towards adoption of electric vehicles in India. A robust policy on battery swapping could potentially provide an alternative support to the charging infrastructure. It can also prove to be useful in making EVs a commonplace among consumers. The Budget also contains provisions for issuance of green bonds. It appears to be a good revenue route to fund the great scale of green infrastructure needed in the country. It remains to be seen how attractive and popular these bonds will go on to become in the coming years. Another major announcement in the Budget has been around the issuance of digital rupee. This coincided with the decision to tax any income from transfer of virtual digital assets at 30 per cent. This may actually be hard-hitting for prospective and existing Crypto supporters. Though nothing as such cryptocurrency was mentioned in the Budget speech. It might just be seen as a consolidation of the government's stance on the crypto market over the past few months. The decision clearly seeks to limit and regulate the booming market and introduce a sort of Central Bank Digital Currency. Towards boosting investment, the government has expanded ECLGS till March 2023 while also broadening the guarantee cover by Rs 50,000 crore. This, however, is more of an indirect support to attract investors during this grim pandemic period. It appears to be a positive step though. To conclude, it can be said that the government tried to cover the areas it prioritises with the limited fiscal headroom it had but neglect of critical sectors like health and education may be hurting.

Dear Editor

AN EPITOME OF GREATNESS

It refers to "Admirable fightback". Just a few months ago, owing to his knee injury Nadal was not even certain that he would play at Australian Open but he has shown what tenacity and grit mean in a more than 5 hours long match against Daniil Medvedev in Australian Open final. Nadal has reached right on the top in men's tennis with 21 Grand Slam titles. He is only fourth man in Tennis history to have won all four major titles at least twice. It is indeed a stuff of fantasy and Rafael Nadal is the ultimate dream-maker. He is an epitome of greatness. One could expect more thrilling tennis matches from the 'Big Three' in the coming future.

— BAL GOVIND, NOIDA via email

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A balancing move

Government's decision to tax virtual digital assets has watered down the arguments supporting the validation of digital currencies; writes Rajarshi Dasgupta

No tax is to be deducted in case the payer is the specified person and the value or the aggregate of such value of consideration to a resident is less than Rs 50,000 during the financial year

The Central Government appears to have acknowledged that virtual digital assets have gained tremendous popularity in recent times and the volumes of trading in such digital assets has increased substantially. It also is watching the emergence of a market where payment for the transfer of a virtual digital asset can be made through another such asset. Recognising the potential of digital assets to turn into a cash cow, the Government has come up with a new scheme providing for the taxation of such virtual digital assets at 30 per cent. Moreover, a TDS at 1 per cent will be levied where the sale consideration exceeds a specified threshold. Such a development may carry a bitter-sweet aftertaste for those seeking validation of digital currencies. And what may become a bone of contention for litigants, no deduction will be allowed in respect of any expenditure (other than the cost of acquisition) or allowance or set-off of any loss shall be allowed to the assessee under any provision of the Act while computing income from transfer of such asset.

The government has come up with a new scheme providing for the taxation of virtual digital assets at 30 per cent

The proposed section 115BBH seeks to provide that where the total income of an assessee includes any income from transfer of any virtual digital asset, the income tax payable shall be the aggregate of the amount of income-tax calculated on the income of transfer of any virtual digital asset at the rate of 30 per cent and the amount of income-tax with which the assessee would have been chargeable had the total income of the assessee been reduced by the aggregate of the income from transfer of virtual digital asset. Further, no set-off of any loss arising from transfer of virtual digital assets shall be allowed against any income computed under any other provision of the Act and such loss shall not be allowed to be carried forward to subsequent assessment years. This amendment will take effect from April 1, 2023, and will accordingly apply in relation to the assessment year 2023-24 and subsequent assessment years.

Further, in order to widen the tax base from the transactions so carried out in relation to these assets, it is proposed to insert section 194S to the Act to provide for deduction of tax on payment for the transfer of virtual digital assets to a resident at the rate of one per cent of such sum. However, in case the payment for such transfer is:

(i) wholly in kind or in exchange of another virtual digital asset where there is no part in cash; or

(ii) partly in cash and partly in kind but the part in cash is not sufficient to meet the liability of deduction of tax in respect of the whole of such transfer, the person before making the payment shall ensure that the tax has been paid in respect of such consideration.

However, in the case of specified persons, the provisions of section 203A and 206AB will not be applicable. Further, no tax is to be deducted in case the payer is the specified person and the value or the aggregate of such value of consideration to a resident is less than Rs 50,000 during the financial year. In any other case, the said limit is proposed to be Rs 10,000 during the financial year. It is also proposed to provide that if tax has been deducted under section 194S, then no tax is to be collected or deducted in respect of the said transaction under any other provision of Chapter XVII of the Act. It is proposed to empower the Board to issue guidelines, with the prior approval of the Central Government, to remove any difficulty arising in giving effect to the provisions of the said section and every such guideline issued by the Board shall be laid before each House of Parliament, and shall be binding on the income-tax authorities and on the person responsible for paying the consideration on transfer of such virtual digital assets. This amendment will take effect from July 1, 2022.

The writer is Executive Director and Head of Taxes, AQUILAW. Views expressed are personal

Cuba's exemplary 'revolution'

Punching way above its weight, the tiny nation has developed five vaccines, and offers hope of vaccine equity across the world

LATHA JISHNU

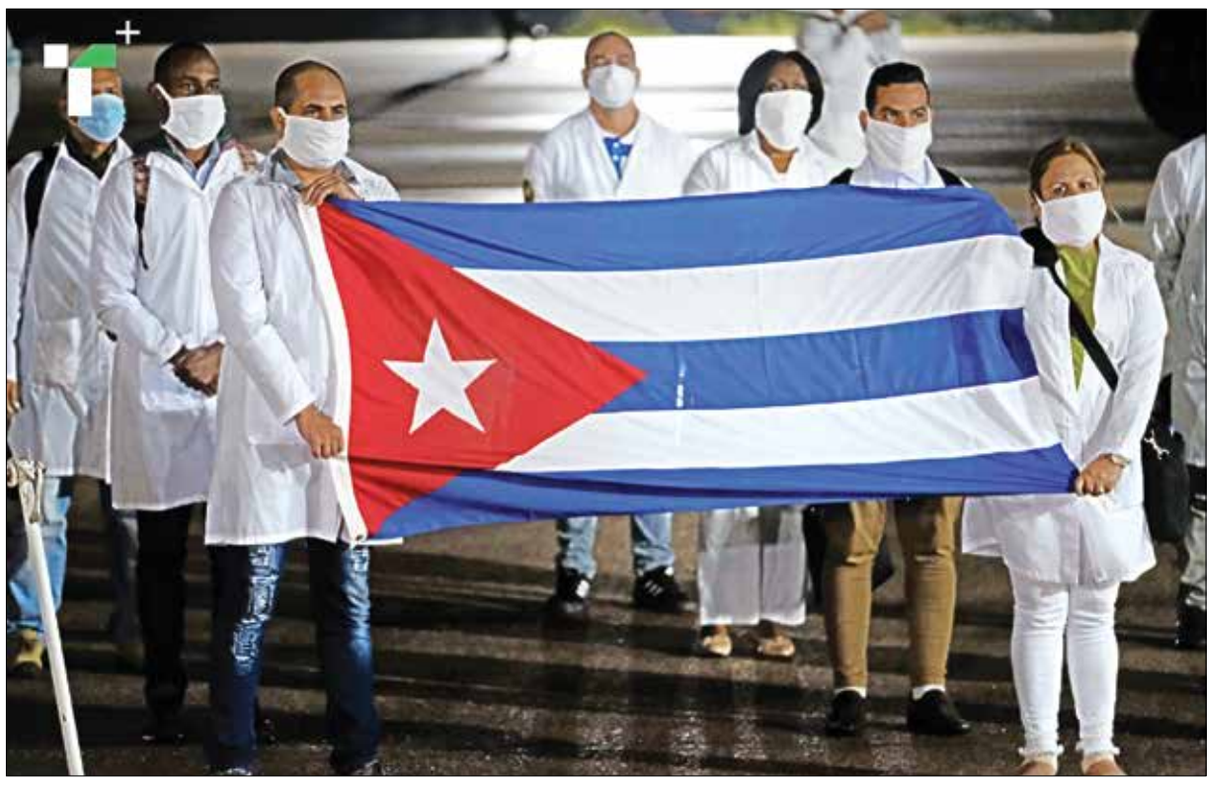
Cuba's decision to fight the pandemic on its own holds many lessons for other countries — especially India

This is possibly the quietest and most stunning of Cuba's revolutions since Fidel Castro overthrew Batista's military dictatorship in 1958.

There have been other revolutions in the tiny nation over the decades — in public health, in medical internationalism (where doctors were sent to countries in need) and most impressively in its biotechnology sector.

Even so, the development of five vaccines to fight the SARS-CoV-2 virus that causes COVID-19, three of which have been deployed to vaccinate 93 per cent of its population, is an unparalleled feat.

This has been largely unnoticed by the global media, which was focused almost entirely on the new-fangled and expensive mRNA vaccines brought out by the likes of Pfizer Inc and upstart company Moderna Inc, and was writing paeans about their bosses.



Cuba has developed five vaccines and says four of them provide over 90 per cent protection against COVID-19

Science journal *Nature* was one of the earliest to spot the breakthroughs made by Cuba's Centre for Genetic Engineering and Biotechnology and Finlay Institute of Vaccines. Towards the middle of 2021, a couple of news agencies began to report on the good news emanating from Havana, piquing interest as Cuba sent vaccines to some countries.

When the COVID-19 pandemic hit the Caribbean Island, the Cuban spirit of independence, honed by six decades of trade sanctions imposed by the Americans, once again came to the fore. Depending on the rich world to send vaccines would in all likelihood mean a long and possibly futile wait — which it indeed has for a host of low-income countries in Latin America, Africa and Asia.

Cuba's decision to fight the pandemic on its own holds many lessons for other countries — especially India, which has 10 times the scientific humanpower of Cuba apart from more resources and a much freer access to the inputs required for its research.

The fundamental difference is the depth of Cuba's education and science as well as the clear alignment of its research and development (R&D) with the social and economic priorities of its people. This is how Cuba built an outstanding health biotechnology sector that is globally respected.

Havana's decision to channel its resources and formidable research talent into developing its own vaccines indicated a determination to brush aside its acute economic crisis. It also entailed the shelving of some important research projects, but the heavy caseload of COVID-19 cases called for urgent action.

The results of the year-long effort have been spectacular. Cuba, with a population of 11.3 million, has developed five vaccines and says four of them provide over 90 per cent protection against COVID-19 when administered in three doses. This has allowed the country to vaccinate a massive percentage of its population, more than any other country barring the oil-rich United Arab Emirates — a Gulf state that has a lower population than Cuba — and Portugal, which is a fraction ahead.

As of January 20, 2022, some 86.54 per cent of Cubans are fully vaccinated (three doses) and another 7 per cent have been partly inoculated, according to the dashboard of scientific website Our World in Data.

Glasgow University academic and Cuba expert Helen Yaffe describes this as an "incredible feat" while John Kirk of Dalhousie University in Nova Scotia, another Latin American specialist, was equally laudatory:

Just the sheer audacity of this tiny little country to produce its own vaccines and vaccinating (sic) over 90 per cent of its population is an extraordinary thing.

Both were speaking to news business news outlet CNBC. But given Cuba's track record, this should not come as a great surprise.

In the 1980s when Castro sensed the potential of biotechnology — at a time when even the most advanced rich nations had not yet grasped the possibilities of this nascent field — he invested an unbelievable $1 billion in the sector. He also sent his scientists to the pioneering researchers in the US, Finland and Canada who were ready to share the fruits of their R&D without putting up intellectual property barriers, along with those in the former Soviet Union.

As a result, bio-pharma innovation has been a hallmark of the Cuban system since the 1980s, an endeavour dedicated to finding low-cost drugs to combat life-threatening diseases such as hepatitis, polio and meningitis B.

But this is not what makes Cuba special; rather, it is its readiness to share its discoveries with other Third World countries that puts it in a class of its own. The World Health Organisation (WHO) lauds Cuba as "a global leader in South-South transfer of technology, helping low-income countries develop their own domestic biotech capabilities, providing technical training, and facilitating access to low-cost life-saving drugs to combat diseases such as meningitis B and hepatitis B."

As the world grapples with new variants of SARS-CoV-2, Cuba's discovery that its three-dose regimen of the vaccines — the Abdala vaccine is protein-based while the others, collectively called the Soberana series, use a "conjugate" design along the lines of meningitis or typhoid vaccines — spells hope for countries that have been scrambling for doses.

Political allies may probably get priority, since emergency shipments have already been sent to Venezuela, Nicaragua, Iran and Vietnam while waiting for WHO's approval of the vaccines. This would help make the vaccines more widely available.

In a significant tie-up, the Finlay Institute has joined with the Pasteur Institute in Tehran to run a massive 24,000-person clinical trial in Iran. The results are expected to be published shortly. The only problem for wider access to these vaccines is the limited production in Cuba. The Finlay Institute can produce 10 million doses of Soberana 2 per month, but the world needs more, especially in Africa, where vaccine inequity is stark.

Cuba-watchers like Yaffe believe its vaccines are their best hope for facilitating inoculation in the coming years. Health experts are talking less and less about the Covaxin jab produced by India's Bharat Biotech International Ltd. Not only is its efficacy in taking on the new variants of teh novel coronavirus yet to be proven, its production has also not increased significantly. Nor have there been any licensing agreements with other companies, possibly because the ownership of the technology remains murky or because it is not viewed as a viable project.

So, it is Viva Cuba, with the hope that its latest revolution spreads far and wide. DTE

Views expressed are personal

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THE GOAN EVERYDAY

Advice is like snow - the softer it falls, the longer it dwells upon, and the deeper it sinks into the mind.
Samuel Taylor Coleridge

Massive infra push in Budget, but no direct focus on jobs

Finance Minister Nirmala Sitharaman has announced a forward-looking budget with a clear focus on bridging the digital divide. Contrary to an expectation that the Central government would be emphasizing on poll-bound States, including Goa, the finance minister steered away from the exigencies of elections and presented a broad roadmap for a "futuristic India" with the spotlight on digitalization.

While there's nothing much to cheer for the salaried class with tax slabs remaining unchanged, there is a consolation with taxpayers allowed to file updated returns within two years in a one-time window.

The biggest surprise however was the announcement that RBI would introduce its digital currency in the form of a digital rupee, a move that is seen by stakeholders as granting legality to private cryptos. On the flip side, there is a rude shock for crypto-currency investors with an introduction of a 30 per cent tax on income from the sale or acquisition of digital assets. Another big move towards digitalization is the introduction of e-passports with embedded chips. The digital banking push with 75 units okayed for 75 districts in commemoration of 75 years of India's independence is a welcome step in taking digital banking to citizens, in addition to the move of making internet banking available across all post offices.

Infrastructure development does not provide direct solutions to unemployment. The government should have had a concrete plan on job creation, instead of resting its case on the development plan

Sitharaman's announcement of spectrum auction for 5G and 100 per cent fiberisation under the PPP model raises new hopes for States like Goa which have been facing network outages and pathetic bandwidth even under the 4G regime. The FM's initiative of introducing 5G services with fibre optic cabling to villages and remote areas of rural India is big news for Goa which is falling way short in the online world. Let's not forget the horror stories of students wandering across hills and isolated areas in search of networks. While there was a lot of promise when 4G was introduced, the introduction of 5G and the new network plan could usher in a change.

One of the biggest takeaways from the budget is that Capex has been hiked by 35 per cent to Rs 7.50 lakh crore, with Rs 1 lakh crore assistance announced for States. The investment in infrastructure development is the testimony of the government's commitment to boosting economic growth. However, while the government has touched upon Vikas and Vishwas, the budget has failed to deal with one of the greatest issues that India is facing in recent times, i.e unemployment. The target of creating 60 lakh jobs in the next five years is not convincing because it entirely relies on the PM Gati Shakti project to open up more jobs and opportunities. This is against the background that similar logic has failed in the previous years despite the considerable hikes in capital expenditure. Last year was no exception.

Infrastructure development does not provide direct solutions to unemployment. The government should have had a concrete plan on job creation, instead of resting its case on the development plan. Surprisingly, the rural employment budget has been slashed by 25 per cent, even though there are over 2.7 crore households seeking jobs, a figure which has seen a jump from 2.4 crore households in the previous financial year.

There is still a lot of clarity needed in the finer detailing of the budget. On the outside, the second budget during the pandemic has set the groundwork for India to take a giant leap in the digital world. However, the devil is in the details, and it is to be seen how the fine-print unfolds.

OPEN SPACE >>

Electorate could opt for politics of economics

With days to go before Feb 14 polls, if the voters decide to opt for economic benefits, then the Trinamool Congress with at least 3 lakh womenfolk registered for the Griha Laxmi scheme Yuva Shakti scheme will attract a large following. The Aam Aadmi Party has also promised several economic benefits and may also draw supporters towards it. The BJP has several social welfare schemes, but the amounts offered are less compared to what the TMC has promised. Should the electorate choose economics over loyalty to the other parties, it will be the Congress that will suffer the most. However, if traditional loyalty prevails, then Cong will benefit.

ELVIDIO MIRANDA, *Via email*

The 'missing' list

It is painful to see in all poll promises being made, women are being seen as the weaker sex who are in dire need of economic upliftment

SWATI DATTARAJ RAO

Goa is gearing up for the next elections. Lists are being declared, forms are being filled, rallies are being organized, campaigning is being held. In short, the whole state is working towards one common goal, democracy. But aren't we sidelining one more equally important issue in this voterpalooza?

One of the parties involved made an announcement of nominating a chief ministerial candidate of a particular caste. Making good on their promise, they did announce the name of the candidate belonging to that particular caste well ahead of elections. To ponder over the issue, a simple internet search shows the said caste holds 30% of Hindu population of Goa. Hindu population of Goa is 60 to 65% of the total population of the state. So that brings the caste in point to around 18 to 20% of the total population of Goa. It is a commendable thing to promote equality over casteism, but it brings us back to one more important issue we are ignoring in showcasing ourselves as secular.

The ratio of women to men in Goa is 973 women per 1,000 men according to the 2011 census. Presuming there are no drastic changes in this number over the years, it paints a pretty flowery picture of feminism for the state. For the sake of ease of understanding let us round it up to around 48%. This means in the population of Goa, women should have almost equal number of opportunities as men in all sectors. And still, of all the lists declared and nominations filed, none of the parties even came close to giving 48% of seats to women. So, when it comes to forming a government, we are living in an ancient age of regression.

The political scenario isn't all deprived of femininity. There are some women who are contesting elections. But a fair share of those names are succeeded with the names of the existing members of parliament or the ex-members of parliament. In simple words these ladies are married to people who already hold a position of power or were holding it at some point of time. So to be in the inner circle of government, you already have to be in the inner circle of people in government. Though it might feel like an exaggeration, for the rest of us common folk, the journey to even be considered as a potential candidate seems very Kafkaesque.

One argument which often has been made in denying equal opportunity to women is that they don't participate enough in the active groundwork. And yet, of all the footages of candidate campaigning always include many women. People of all ages feel more connected to womenfolk. Most phone calls seeking help are received by women. Prima facie, it feels unbelievable that the hand which rocks the cradle and feeds the mouths would shy away from any chance of helping people.

Let us hypothetically consider the above argument holds an ounce of weight, then it makes the stance of some of these political parties hypocritical. If women cannot work at the ground level, having an official union (morcha) dedicated to them looks like an imaginary post. Having a different name for the members of the same party, in itself is discriminatory. Instead of giving equal footing and voice, conjuring up a group to make us feel included screams sham on so many levels. It still would be justifiable if the said union nominated half the candidates for upcoming elections. The lists very obviously show otherwise.

It is painful to see all the promises which are being made of clean governance and equal opportunities, women are being seen as the weaker sex who are in dire need of economical upliftment, which can only be achieved by handing free money. Instead of making jobs more accessible to women, they are being handed alms. Calling it any other name does not take away the inferiority complex of being looked down as a freeloader. Without providing any means to earn in a dignified manner, handing out free money is merely adding insult to injury.

In the patriarchal society, a woman's opinion is often ignored. Goa being a state of higher literacy rate, one would expect a legislative assembly with a prominent female presence. The government is supposed to be a representation of the public, not just a part of the public.

Women don't need freebies. Women don't need to be saved from monsters. Women don't need to be treated like goddesses or fairies. All we ask is to be looked at as human beings. Not less, not more. Only equals. We have been reading feminism quotes for a long time now, it might be a high time to put those thoughts in action. Like the founder of Cova project G. D. Anderson says, "Feminism isn't about making women stronger. Women are already strong. It's about changing the way the world perceives that strength."

Women don't need freebies. Women don't need to be saved from monsters. Women don't need to be treated like goddesses or fairies. All we ask is to be looked at as human beings. Not less, not more. Only equals

THE INBOX >>

Drunken drivers must be given harsh punishments

Driving is a responsibility, and it is important to obey all traffic rules while driving. Drunken driving needs to be avoided at all costs. This is necessary in order to make sure that any rash decisions or faulty behavior don't cause grave accidents that can put lives in danger. Life is valuable and at all times, one must abide by the traffic rules and especially avoid drunken driving. Driving under the influence of alcohol is a grave concern in India. As per Section 185 of the Motor Vehicle Act 2019, it is illegal to drive when one is under the influence of alcohol or drugs.

Continuing the drive against people driving under the influence of alcohol, Ponda police have reportedly arrested four persons at various places in the town. Drunken driving could be the prime cause for the disturbing number of accidents occurring in the state. Many of the accidents have resulted in fatalities. Goa is a place where liquor flows freely and attracts hordes of tourists from across the country. Hence drunken driving is an issue which needs to be tackled with a firm hand by the concerned authorities. Breath-analyzer tests need to be carried out regularly especially during the night hours. Suspension of the driving license for a predetermined period needs to be the punishment for the first violation and the period of the suspension of the license increased for every subsequent violation. For habitual violators the license needs to be suspended permanently.

ADELMO FERNANDES, *Vasco*

Do not fall for freebies of poll candidates

It is funny to see some panchayat members standing as candidates for assembly election. Do they think that this is a panchayat ward election? Or do they think that elections are a joke and they can fool the people by their dirty tricks? Many independent candidates are the candidates of BJP party where the politicians have made an arrangement to spilt the votes so that BJP candidate will be the winner. This is the election Mastermind game as the independent candidate is well paid. The assembly elections are on Valentine's Day and we request that lovers can go for date after casting their vote for a better candidate which will be a Valentine's gift to the people of Goa. Politicians have given money to few persons to spread rumours that some candidate and party are winning a particular election constituency. Please do not fall in their trap as they will all come with empty promises, schemes, money, liquor and biryani. Politicians' workers will come to your door steps to take you and your family members to the polling station by car but after you cast your vote nobody will drop you back.

RONNIE D'SOUZA, *Chandor*

Vote for those who will legislate for people

Parties force their choice without taking voters into confidence. Their main concern is winnability at all costs with muscle and money power. No decent, educated individual with required credentials aspires to throw in his hat. Simply because he does not have the resources to splurge.

What type of enlightened participation, debates can be expected from such tinpots to scrutinise, suggest or bring forth legislation. To legislate is the core role of an MLA , instead lot of mileage is attached to question hour and theatrics and scenes to record their presence and worth. The quality of debates has come down to dismal levels of intellectual discourse. Recording attendance for perks is the best service. Why do Departments of PWD, Water and Electricity exist. Are road work, electricity repairs, water works part of MLAs service to gloat about? How many of them have identified with public issues of linear projects, coal pollution, doubling of rail tracks, rising prices, unemployment, atrocities against minorities and women, destruction of environment? Or how many sitting MLAs have given an account of public sentiments and contentious bills?

NELSON LOPES, *Chinchinim*

Why are those involved in Pegasus not resigning?

A fresh plea has been filed in the Supreme Court by Advocate ML Sharma seeking an investigation after The New York Times in its latest report said that the Narendra Modi-led government had purchased the Pegasus spyware from Israel in 2017. In his plea, Advocate Sharma has sought directions from the court to register a first information report for prosecuting the "concerned persons" and to investigate & recover the public money paid as part of the alleged deal. Advocate Sharma has alleged that the purchase deal was not approved by Parliament. The advocate has also alleged criminal breach of trust by the Bharatiya Janata Party and the Prime Minister by "embezzling" public money to further the party's political interests. It should be noted that a row had erupted last year over Pegasus for allegedly being used for targeting surveillance in India. The Modi government had dismissed all allegations of any kind of surveillance on its part on specific people. Multiple petitions were filed in the Supreme Court seeking an investigation into the matter. The Supreme Court had then appointed an expert committee to, investigate and determine whether the Pegasus spyware was used on Indian citizens.

Well, if a similar type of report had come out during the rule of erstwhile former UPA regime then the BJP leaders would have taken out huge rallies creating 'humgama' everywhere and would have demanded for the immediate dismissal of the same government. Now, why are the BJP leaders quiet and not telling their own media-created supreme leader to resign over this latest New York Times report on Pegasus?

JERRY FERNANDES, *Saligao*

Exercise caution while using social media

The Andhra Pradesh High Court has recently pulled up the US headquartered social media giant Twitter for not complying with its orders to take down abusive content against the judiciary on its platform which amounts to contempt of court. It was told in no uncertain terms that it will have to abide by extant laws in India or ship out pronto. Entities like Twitter, Instagram, Facebook etc have become a law unto themselves and are huge influencers of public opinion. Though many social media platforms were used for good during the last two waves of Covid when people posted appeals for beds, oxygen, medicines, ambulances and provisions it is of late being increasingly used as a means to amplify hate and bigotry by malcontent. The negativism is very difficult to get a grip on, owing to the 'virtual' nature of the medium which guarantees tremendous anonymity to mischief mongers. People must exercise caution while posting or reacting to anything on social media. A fire can be used to light the hearth but it can also be used to burn down the house.

REKHA SARIN, *Benaulim*

Send your letters to us at editor@thegoan.net. Letters must be 150-200 words and mention the writer's name and location

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Letters to the : In China, 'Fight Club' gets happy ending

Sir — Can all films have a happy ending? It seems as if it can for China. The country recently changed the ending of the 1999 film, Fight Club, to suit its economic and political agenda. Instead of a successful plot to destroy a series of buildings, the Chinese version of the cult classic ends with a note to viewers saying that the police "rapidly figured out the whole plan and arrested all criminals..." Ironically, though, China is not the only one happy. The author of the original book is happy that the censored ending now matches his text unlike the film. Perhaps it is a happy ending after all.

Sir — The Tatas are overjoyed about Air India's homecoming ("Tatas reclaim ownership of Air India", Jan 28). The prestigious carrier — started by the Tatas but handed over to the Central government later — had given wings to a young nation. Indian skies cannot wait for the Maharaja to regain its past glory. Sir — The takeover of Air India by the Tata group is a ray of hope for the airline that has been struggling with financial losses. Inefficient management and bureaucratic red-tapeism ensured that Air India failed to thrive in the largely-privatized aviation sector. One hopes that the handover to the Tatas will pave the way for reforms that will save the carrier. Sir — The restoration of Air India' former glory will be a daunting task. But since it is a Star Alliance member and has access to lucrative routes and landing rights across major destinations, it can be revived if the owners put their minds to it. However, a strong union culture and an ageing fleet of aircrafts could pose problems. The Tatas should undertake the restoration of Air India separately from their other airline ventures, Vistara and AirAsia, or they could end up hurting the latter. Sir — As the Tatas take on the mammoth challenge of reviving Air India, one of the primary problems it will face is intense competition in the private market. Ticket prices of Air India are exorbitant and the services subpar. This needs to change at once. Sir — It is unfortunate that a tug of war has ensued among the Centre and the states over the proposed amendment to the deputation rules for the Indian Administrative Service cadre, which will give the Centre the power to call up IAS officers from the states ("IAS tweak interferes with statute: Ex-officials", Jan 28). The move will undermine the officers' ability to discharge their duties independently. Worse, they will be left at the mercy of ministers who may be trying to settle political scores. Ultimately, the public will have to bear the brunt of the fallouts of such a power tussle between the Central and the state executives. Sir — The proposal to amend the IAS Cadre Rules comes amidst a significant centralization of executive and legislative powers. This proposal goes against the spirit of federalism and reveals the Centre's plan to use the specialized services to keep the states on a leash. The Narendra Modi-led government must drop this ill-conceived proposal at once in the interest of constitutional propriety. Sir — The Centre is trying to do away with the requirement of taking approval from state governments while appointing IAS officers. The move is set to put it on a collision course with the states, particularly those ruled by the Opposition parties. Eleven states, including one with a Bharatiya Janata Party government, have already objected to the move. The Centre must bin this proposal at once.

Matrix reloaded

The rise of the spectre of virtual reality

Imagine that when your great-grandparents were teenagers, they got their hands on a ground-breaking new gadget: the world's first, fully-immersive, virtual-reality entertainment system. These weren't those silly goggles you see everywhere now. This device was more Matrix-y — a stylish headband stuffed with electrodes that somehow tapped directly into the human brain's perceptual system, replacing whatever a wearer saw, heard, felt, smelled and even tasted with new sensations ginned up by a machine.

The device was a blockbuster; magic headbands soon became an inescapable fact of people's daily lives. Your great-grandparents, in fact, met each other in Headbandland and their children, your grandparents, rarely encountered the world outside it. Later generations — your parents, you — never did. Everything you have ever known, the entire universe you call reality, has been fed to you by a machine. This, anyway, is the sort of out-there scenario I keep thinking about as I ponder the simulation hypothesis — the idea, lately much discussed among technologists and philosophers, that the world around us could be a digital figment, something like the simulated world of a video game.The idea is not new. Exploring the underlying nature of reality has been an obsession of philosophers since the time of Socrates and Plato. Ever since The Matrix, such notions have become a staple of pop culture, too. But until recently the simulation hypothesis had been a matter for academics. Why should we even consider that technology could create simulations indistinguishable from reality? And even if such a thing were possible, what difference would knowledge of the simulation make to any of us stuck in the here and now, where reality feels all too tragically real

For these reasons, I've sat out many of the debates about the simulation hypothesis that have been bubbling through tech communities since the early 2000s, when Nick Bostrom, a philosopher at Oxford, floated the idea in a widely-cited essay. But a brain-bending new book by the philosopher, David Chalmers, Reality+: Virtual Worlds and the Problems of Philosophy, has turned me into a hardcore simulationist. After reading and talking to Chalmers, I've come to believe that the coming world of virtual reality might one day be regarded every bit as real as real reality. If that happens, our current reality will instantly be cast into doubt; after all, if we could invent meaningful virtual worlds, isn't it plausible that some other civilization somewhere else in the universe might have done so too? Yet if that's possible, how could we know that we're not already in its simulation? The conclusion seems inescapable: we may not be able to prove that we are in a simulation, but at the very least, it will be a possibility that we can't rule out. But it could be more than that. Chalmers argues that if we're in a simulation, there'd be no reason to think it's the only simulation; in the same way that lots of different computers today are running Microsoft Excel, lots of different machines might be running an instance of the simulation. If that was the case, simulated worlds would vastly outnumber non-sim worlds — meaning that, just as a matter of statistics, it would be not just possible that our world is one of the many simulations but also likely. Chalmers writes that "the chance we are sims is at least 25% or so." Chalmers is a professor of philosophy at New York University, and he has spent much of his career thinking about the mystery of consciousness. He is best known for coining the phrase, "the hard problem of consciousness," which, roughly, is a description of the difficulty of explaining why a certain experience feels like that experience to the being experiencing it. (Don't worry if this hurts your head; it's not called the hard problem for nothing.) Chalmers says that he began thinking deeply about the nature of simulated reality after using VR headsets like Oculus Quest 2 and realizing that the technology is already good enough to create situations that feel viscerally real.

Virtual reality is now advancing so quickly that it seems quite reasonable to guess that the world inside VR could, one day, be indistinguishable from the world outside it. Chalmers says this could happen within a century; I wouldn't be surprised if we passed that mark within a few decades. Whenever it happens, the development of realistic VR will be earthshaking for reasons both practical and profound. The practical ones are obvious: if people can easily flit between the physical world and virtual ones that feel exactly like the physical world, which one should we regard as real? You might say the answer is clearly the physical one. But why? Today, what happens on the internet doesn't stay on the internet; the digital world is so deeply embedded in our lives that its effects ricochet across society. After many of us have spent much of the pandemic working and socializing online, it would be foolish to say that life on the internet isn't real. The same would hold for VR. Chalmers' book, which travels entertainingly across ancient Chinese and Indian philosophy to René Descartes to modern theorists like Bostrom and the Wachowskis (the siblings who created The Matrix), is a work of philosophy and, so, naturally, he goes through a multipart exploration into how physical reality differs from virtual reality. His upshot is this: "[V]irtual reality isn't the same as ordinary physical reality," but because its effects on the world are not fundamentally different from those of physical reality, "it's a genuine reality all the same." Thus, we should not regard virtual worlds as mere escapist illusions; what happens in VR "really happens", Chalmers says, and when it's real enough, people will be able to have "fully meaningful" lives in VR. To me, this seems self-evident. We already have quite a bit of evidence that people can construct sophisticated realities from experiences they have over a screen-based internet. Why wouldn't that be the case for an immersive internet? This gets to what's profound and disturbing about the coming of VR. The mingling of physical and digital reality has already thrown society into an epistemological crisis — a situation where different people believe different versions of reality based on the digital communities in which they congregate. How would we deal with this situation in a far more realistic digital world? Could the physical world even continue to function in a society where everyone has one or several virtual alter egos? I don't know. I don't have a lot of hope that this will go smoothly. But the frightening possibilities suggest the importance of seemingly abstract inquiries into the nature of reality under VR. We should start thinking seriously about the possible effects of virtual worlds now, long before they become too real for comfort.

Unfettered howl

When mothers screamed together to express the tiredness and frustration caused by the conditions of the pandemic

Only Edvard Munch could have captured the scream of nature. But would he have perceived mothers screaming together as another kind of nature's scream too? In Boston, mothers, led by a therapist, gathered to scream together, to have a meltdown. As the pandemic reaches a third year, women at home caring for children unable to go to school, cooking, cleaning, doing the laundry and trying also to work from home are at the end of their tether. But they cannot throw tantrums; only children can do that. The screaming was a relief, expressing their pent-up frustration and exhaustion, even rage. It was not very far from Munch's scream of nature: it was a wordless protest against the cruelly intransigent conditions of life. Studies show that the lockdown caused by the pandemic has re-established an unequal distribution of responsibilities at home. Even when men are coming forward to help, their contribution seldom makes a meaningful difference to the ceaseless round of women's duties.

It is women, studies show, that are dropping hours of work, not the men working from home. This does not only mean economic loss at present but is also likely to affect women's careers in the future. Besides, employers would find it easier to retrench women employees whenever there are job cuts. Working mothers know all this only too well; it is hardly surprising that screaming together was so cathartic. Research shows that while housework, managing online and hybrid schooling and childcare are visible, mothers also carry an invisible mental load — of cognitive and emotional labour. The constant planning and organization that goes on inside a woman's head is cognitive labour, while the anxiety and tension associated with it is emotional labour. Mothers with children who need special help have far heavier visible and invisible loads. In India, the loads are multiplied many times. Household work often includes constant care of the elderly besides children. There are a huge number of households where schooling through smartphone or computer is either unaffordable or impossible because of a lack of signals, so children, especially first-generation learners, are losing touch with education. This mental burden on mothers — fathers too — who try to work in risky circumstances to bring food to the table and educate their children can only be imagined. Even then, women are dropping out of the labour force in alarming numbers. Women made up only 24 per cent of the workforce earlier, but 28 per cent of job losses were of women during the pandemic.

We didn't start the fire, say Assam Congressmen to silence turncoats

DELHI DIARIES: In Uttar Pradesh, the JDU manages to have the cake and eat it too

The Assam Pradesh Congress Committee president, Bhupen Kumar Borah, has written a poem, "Moi fire brigade (I am the fire brigade)", targeting the chief minister, Himanta Biswa Sarma, in response to the latter's assertion that the fire which has been lit to curb criminal activities will continue to burn. Through his poem, Borah sought to remind people that unemployment, price rise and fake encounters have also been burning issues that have singed the general populace and that he would act as the fire brigade to douse those flames since the government was allegedly asleep.

In response to this, Assam minister, Pijush Hazarika, said that a huge section of Congressmen were either thieves or robbers or their descendants and thus lost no opportunity to speak up for them. This saw Congressmen go after Hazarika, with Borah subtly reminding everyone that Hazarika's father was a dyed-in-the-wool Congressmen all his life. Hazarika's thief-and-robber barb was thus an insult to his father as well. Other Congressmen reminded Hazarika and Sarma that they were also Congressmen till 2015, before their switch to the ruling Bharatiya Janata Party. This attack and counter-attack will continue, but as one Congressman said, this barb has given them an opportunity to rake up the Congress origin stories of some of the leading lights in Assam's BJP unit with a younger Congressman adding, "We didn't start the fire".

Forsaken by its ally, the Bharatiya Janata Party, the Janata Dal (United) is contesting the Uttar Pradesh assembly elections on its own. However, the JD(U) chief and Bihar CM, Nitish Kumar, and the Union steel minister, RCP Singh, will not campaign there even though the regional party wishes to enlarge and cement its national footprint. Senior JD(U) leaders cited different reasons for this abstinence — they said Kumar was not available owing to health issues (he had contracted Covid earlier this month) and Singh would not campaign because he was a minister in the Union cabinet.

Political circles, however, were abuzz with different rumours. A source said that the JD(U) was miffed with Singh over his closeness to the BJP and hence he had not been asked to pitch for votes and that Kumar had decided to keep away to balance the questions Singh's absence would evoke. One politician even wondered what the JD(U)'s chances were like in Uttar Pradesh in the absence of two of its best-known leaders. After all, Singh was a well-known bureaucrat there. "We contested twice there and did not win any seat. It seems we are going to be third time unlucky too," he said. Yet another leader recalled that Kumar once cancelled his campaign after finding that just a handful of people were present at a public meeting to listen to him. Somebody else pointed out that the JD(U) has planned to contest the polls solo and also not to annoy the BJP — "This is what you call having the cake and eating it too," he said. The liquor ban in Bihar has thrown up many funny tales. For instance, the police in Arwal district will auction 100 quintals of potatoes that it got stuck with while seizing liquor bottles hidden among them in a huge truck. They thought it would be better to sell the produce when nobody turned up to claim it. In fact, several police stations in the district have their hands full with food grain, grocery, garlic, onion, chicken, eggs and other goods that were seized by default because liquor was being smuggled into the dry state hidden among them. The instructions are to sell these items and deposit the money in the State treasury. "It's a good idea to do so for the cash-starved state. We must replicate this across the state," a senior police officer said. That will be quite a sight. The leader of the Opposition in Kerala, VD Satheesan, does not see a difference between the killers of senior journalist, Gauri Lankesh, and cyberbullies from the Communist Party of India (Marxist) who attack critics of the Left government's policies. With the Left government facing sustained opposition to its pet project, K-Rail — a semi-high-speed rail link to connect the north and south ends of the state — CPI(M) cyberbullies have been accused of targeting critics who raise valid points against the high-priced project that is seen as an environmental hazard. While the home minister, Amit Shah, has been spotted campaigning in Uttar Pradesh and Uttarakhand, and moistening his finger with saliva to distribute fliers, a Rashtriya Lok Dal leader who refused Shah's invitation to join hands is an example in contrast. The RLD leader, Jayant Chaudhary, is mostly seen with an N95 mask, even while meeting other leaders or addressing the press. His Twitter display picture has the message, "Mask On!!". Chaudhary lost his father, Ajit Singh, to Covid-19 last year. Shah had been hospitalized with the virus in 2020.

At a time when top politicians are caught lying about their educational qualifications, the Karnataka home minister, Araga Jnanendra, has admitted that he was a poor student. He confessed that he wouldn't have become a politician had he been a bright student. The minister recounted how his ordinary family background made him struggle his way up the ladder.

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PAPER WITH PASSION

Work ahead

Budgets in an election year are populist but there's no tax relief for the middle class

In her fourth Budget, Finance Minister Nirmala Sitharaman announced that Indian growth has been remarkable and comparable to the world's best economies. Indeed, it has been a difficult time for the country. The disparities grew, with the rich growing richer and the poor becoming poorer. The worst ever economic situation pushed millions into abject poverty. The Minister said this Budget seeks to lay the foundation of the economy for the next 25 years — '*Amrit Kaal*' — India at 100. She claimed that her Budget will benefit youth, women, farmers, SCs, STs, the sections badly hit in recent years. Moreover, the Government's announcements like doubling the farmers' income and generating jobs must be fulfilled by the Budget. It also must ensure that we move towards the Prime Minister's cherished goal of making the Indian economy a $5 trillion economy. She had the daunting task of balancing the country's growth with the prospects of her party in the five State elections that commence in less than 10 days. Generally, Budgets in an election year are populist by political compulsions and this Budget was no different. It was high on rhetoric and addressed people's concerns in a rather kneejerk fashion than with a comprehensive plan to tackle the rising mass poverty, galloping inflation and unemployment. For instance, the Finance Minister talked about seven engines of growth clubbed under PM Gati Shakti — Roads, Railways, Airports, Ports, Mass transport, Waterways and Logistics infra. To appease farmers, she announced ₹2.37 lakh crore worth of MSP direct payments to wheat and paddy farmers but no concrete steps towards doubling their income.

She talked about Inclusive development, productivity enhancement, energy transition and climate action as four pillars of development but failed to suggest the action she would take to achieve these goals. The Budget has the noble aim of achieving Inclusive Development, Productivity Enhancement, Sunrise Opportunities, Energy Transition, Climate Action and Financing of investments. But the framework to achieve it is conspicuous by its absence. The country is in dire need of private investments and to boost that, big private investment in infra would be guided by Gati Shakti. The National Highway network will be expanded by 25,000 km in 2022-23. To boost small businesses, ECLGS cover has been expanded by ₹50,000 crore to ₹ 5 lakh crore and the ECLGS extended till March 2023 to create 60 lakh jobs in the next five years. However, there is no tax relief for the middle class. ₹48,000 crore have been allotted for PM Awas Yojana, ₹60,000 crore for providing access to tap water to 3.8 crore households. To support small businesses, a Rs6,000-crore programme to rate MSMEs would be rolled out over the next five years. The Government is also planning to roll out Digital Rupee by the RBI using the blockchain technology. Whether all these measures successfully take place and help boost the economy, we need to wait for yet another financial year to find out.

PICTALK

A demo at Marina beach as part of the Indian Coast Guard Raising Day celebrations, in Chennai PTI

Deliver equality

A public sector bank recently floated a rule that's discriminatory to pregnant employees

The State Bank of India introduced a provocative and discriminatory rule a few days ago that a woman candidate over three months pregnant is "temporarily unfit" for employment. The rule came with a relief that such candidates could join the bank within four months after delivery. The bank perhaps did not want to employ women who were sure to go on maternity leave a short while after joining. The bank did not say if the attempt was to save on maternity benefits costs. Political parties and women's organisations flayed the rule. It was discriminatory, prejudicial and treated pregnancy as a kind of disability. It forced a woman to choose between having a child or working in the bank and interfered with the women candidates' reproductive rights and the right to employment. The SBI backtracked on its order. However, it did not revoke the circular but kept it "in abeyance". The SBI was trying to push an amendment it had originally introduced in 2009 but had to withdraw it following public outcry. The Union Government must use this opportunity to see that the human resources policies of the public sector institutions, including banks, are not discriminatory. The recent fiasco cannot be repeated.

The Indian Maternity Benefit Act, 1961, and the Code on Social Security, 2020, protect a woman's rights related to pregnancy and privacy. The SBI incident must encourage all employers to strike all discriminatory employment rules concerning women. In fact, in this time and age, no law can mandate a woman candidate to disclose her pregnancy status. Jobs that demand intense physical or stressful work can have exceptions that cannot kick in so long as the pregnant employee can successfully discharge her duties. The exceptions prove that the candidate's pregnancy status is of no consideration when deciding to give her the job. The employer cannot also revoke her appointment if the candidate's pregnancy is discovered after she gets the job. Unfortunately, some employers overtly or covertly refuse to employ pregnant women to save on maternity benefit costs. Some have prejudices against pregnant workers and refuse to hire them. Yet others cleverly tell pregnant candidates to try their luck after having the baby. The laws must have severe punitive clauses to stop illegal rejection of jobs of women candidates on account of their pregnancy.

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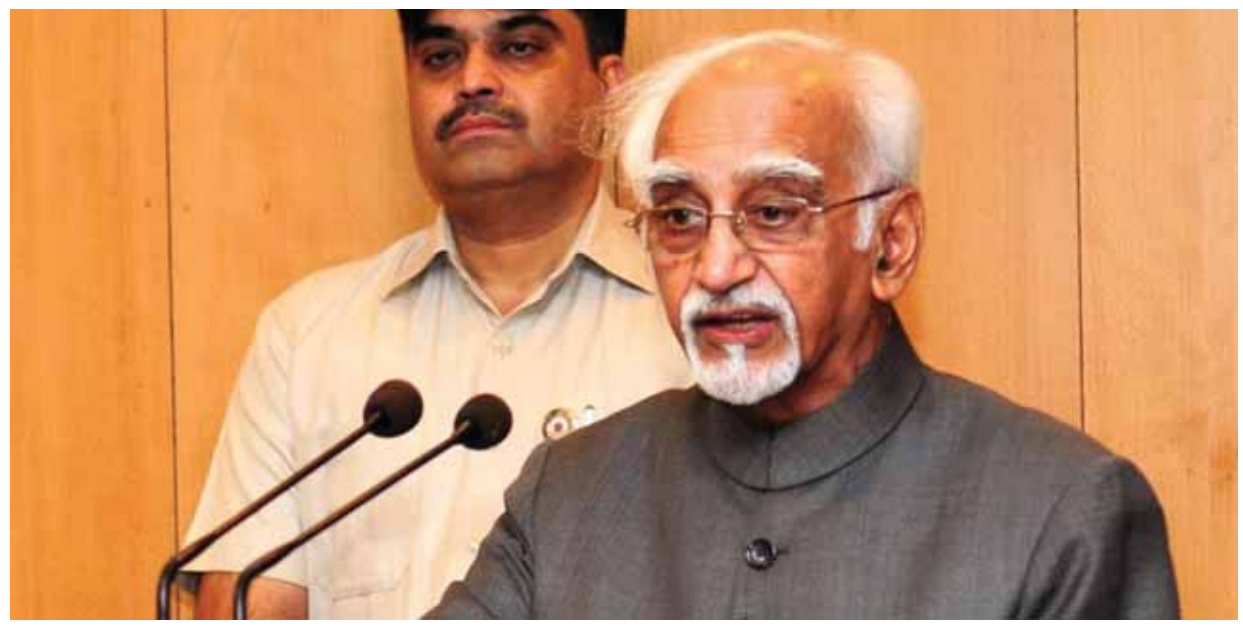
What's civic versus cultural nationalism?

PRAFULL **GORADIA**

A former Vice-President told an international forum that cultural nationalism was taking over civic nationalism. Now, how true is that?

India is being taken over by a "new and imaginary practice of cultural nationalism" as against the "well-established principle of civic nationalism, which seeks to present electoral majority in the guise of a religious majority, and monopolise political power". Thus spoke former Vice-President Hamid Ansari while addressing a conference on protecting the Constitution. The fact that the former Vice-President chose to make these comments while speaking at an international forum, the Indian American Muslim Council, sharing space with foreign elements, some of whom are known to be hostile to our country and its interests, is also not lost on many Indians.



However, the thrust of Ansari's speech must now bear closer scrutiny. His allegation is that a civic life laid down by the Constitution is sufficient in a pluralistic country. This is far from a welcome assertion. The culture and the history of one community might be distasteful to another. Those not proud of the post-Independence history of theirs because they have stayed back in a Dar-ul-Harb (place of conflict) instead of migrating to their new homeland now prefer their origin to be the Constitution of 1950. This is a conflict between culture and civic existence. In the views of a significant segment, the culture of the rest of the country is something that harks back to *jahalia* or darkness.

The former Vice-President's outburst must also, therefore, provoke another very serious question, one which the country has so far chosen to put off, but with rather unhealthy outcomes for its body politic. What is so permanent about a country's civic life? The Constitution can be amended; it can be replaced by another document. Our own Constitution has been amended more than 100 times already since 1950, whereas the history of Indian culture would go back to at least the Vedic Age. What probably the former Vice-President referred to was this conflict when he talked of the phenomenon of cultural nationalism seizing power from those who established the principle of civic nationalism, possibly operative since 1006 AD and Qutubuddin Aibak, or perhaps 1526 AD when Babur won the first Battle of Panipat, or any other date.

Those citizens who are desirous of civic nationalism would have to abandon their imaginary preferences and identify with the pristine culture of the country. This, ie, the Partition of the nation, was effected in 1947 as Messrs Jinnah, Mohd Iqbal and Sir Sayyid Ahmad Khan believed in and wanted it at any cost. It was a settlement made for all time to come, as it appears now. An undoing of that Partition means a 60/40 population ratio between the 'cultural nationalists' and the potential 'civic nation' advocates.

Three prominent personalities had envisioned this clash of nationalism; namely MA Jinnah, BR Ambedkar and Dr Rajendra Prasad, our first President. All of them proposed what the League of Nations, the predecessor of the United Nations, had done with respect to Greece and Turkey in 1923. Going back into history, the Turks had conquered Anatolia and its neighbourhood in the decades preceding 1453. This was the Islamic takeover of legendary Greece.

> THE FACT THAT THE FORMER VEEP WAS SHARING SPACE WITH FOREIGN ELEMENTS, SOME OF WHOM ARE KNOWN TO BE HOSTILE TO OUR COUNTRY AND ITS INTERESTS, IS ALSO NOT LOST ON MANY INDIANS

Istanbul was Constantinople until then; the headquarters of the Eastern Christian Church are still situated in this historic city. Through the centuries, there used to be clashes between the Turks and the Greeks; in fact, they were rather like what we nowadays call communal riots.

The League of Nations, after the end of World War I — when the Turks were amenable to listening after their defeat and collapse of the centuries-old Ottoman Empire — proposed an exchange of Greeks who were to migrate to their original country while all the Turks were to immigrate to Turkey. A detailed procedure of what was to be done, who would do what and by when was documented. The exchange was conducted smoothly and methodically; there has not been a single riot since.

Returning to what former Vice-President Ansari has chosen to articulate, many questions spring to the minds of many concerned countrymen. Why did a former Vice-President choose an international forum to make remarks against one's own country, whose second-highest office he held for, say, 10 years? Is there even an iota of merit in Ansari's claim that India is being "torn apart by a new cultural nationalism?" It is also very difficult to ignore the record in public life of the country's former Vice-President. Also, the fact that Ansari chose the platform of the Indian American Muslim Council (IAMC), a sectarian lobbying group with a long history of anti-India activities, certainly is a poor advocacy for any civic nationalism. Cultural nationalism is nothing but the nation waking up to its fundamental ethos.

The historical track record of this supposed civic nationalism in promoting tolerance, togetherness, peace and any sense of national security can at best be called a disappointing one. The substance of the former Vice-President's remarks, if one were to ignore his diatribe, is also lacking in any specific content as to the exact nature of the threat he has talked about. The country, despite no dearth of serious challenges since Independence, has steadfastly stood by democracy and the very freedom that allowed Hamid Ansari to become the country's Vice-President.

(The writer is a well-known columnist, an author and a former member of the Rajya Sabha. The views expressed are personal.)

LETTERS TO THE EDITOR

LET'S GROOM OUR KIDS FOR FUTURE

Sir — This refers to '*Postcards from our future to India's future*' (January 31). This competition involving more than 10 million schoolchildren under CBSE, State Boards, Kendriya and Navodaya Vidyalayas was largely ignored by the mainstream media. The initiative conceived by our PM and organised by the Departments of Posts and School Education is first-of-its-kind in the history of independent India. Thanks for giving coverage to this event where the schoolchildren wrote their postcards directly to the PM. The evolving leaders of tomorrow's India not only clamoured for recognition of India's unsung heroes but also brought out their vision of India in 2047.

India's aspirational youth need to be groomed for tomorrow's India. Though our NEP 2021 makes all the right noises, it needs effective dovetailing with our education system which is woefully inadequate to prepare tomorrow's leaders in nation building. India's large pool of talent can bring about school-centric, cost-effective innovations to transform education. We have the wherewithal. Now we appear to have a political will, too. Given these two, a prosperous, equitable and India of our dreams in 2047 is not a far cry.

SK Prabhakar | *Gurugram*

A CONTROVERSIAL PRECEDENCE

Sir — One is really shocked to go through the comments and observations made by Justice GR Swaminathan while ordering a CBI probe into the death by apparent suicide of a girl in Thanjavur district. He has based his order on his observation that the police, Government and even the Education Department have already formed an opinion that the death is not due to any coercion by the school warden for the girl to convert to Christianity and this thinking would set the course of inquiry and the final decision if the case was handled by the CB-CID. He also refused to accept that the girl, afflicted with leukoderma, was tortured by her stepmother which would have led the girl to such a drastic step.

The judge could have simply ordered the case transferred to the CBI. But his comments appear to be a direction to the CBI as to how their course of inquiry should be. Or, he could have simply convicted those accused of the conversion attempt. Just as he quoted a Bible verse, there is at least one quote in the *Bhagvad Gita* that can be misconstrued if quoted out of context. With due respect to Justice Swaminathan, one sincerely feels that he could have avoided setting up such a controversial precedent which has hurt the sentiments of the entire Christian community.

Tharcius S Fernando | *Chennai*

A HOCKEY LEGEND PASSES AWAY

Sir — It is saddening to hear about the demise of hockey legend Padma Shri Charanjit Singh on Thursday in Himachal Pradesh, a glittering star of yesteryears who belonged to an era when hockey was associated with national pride. It also reminds us of the golden era of nearly two decades of supremacy when Indian hockey ruled the roost in the international arena. The skillful midfielder played a seminal role in the 1960 Rome Olympics as well as in the 1964 Olympic Games in Tokyo, and led the Indian team to a historic gold in the latter by beating Pakistan.

He will always be remembered for his skills, humility and grace on and off the field. To preserve the legacy of that golden period of Indian hockey, which recently found echo in India winning the bronze medal at the recent Tokyo Olympics, a lot needs to be done to continue this trend until India reaches the summit of its revival, as the stars of yesteryear did effortlessly.

Vijay Singh Adhikari | *Nainital*

All fizz, no substance

Finance Minister Nirmala Sitharaman spoke for an hour and 30 minutes delivering Budget 2022-23, making it one of the shortest Budget speeches. As usual, Prime Minister Narendra Modi went gaga over the Budget while Congress MP Manish Tewari termed it "unrealistic and unimplementable", CPM's Sitaram Yechury asked why the super rich weren't being taxed more? As usual, the salaried class expected the Finance Minister to provide some income tax relief to boost consumption amid the ongoing COVID-19 pandemic, but sadly there was no change. Similarly, nearly 65 lakh pensioners, under the EPS-95 scheme of the EPFO who have worked their entire life, got only a paltry minimum pension of ₹1000.

Whatsoever, a few important inclusions/exclusions in the Budget are: Taxpayers can file updated returns within two years; 'Make in India' can create 6 million jobs (though more than 6 crore lost their jobs during COVID); ; Saksham Anganwadis, or two lakh next-generation anganwadis to be powered by clean energy; 80 lakh homes to be completed under the PM Aawas Yojna; digital university in different Indian languages to be established; one channel PM e-Vidya to be expanded to include 200 channels (scope for more Modi publicity) and, in a country where even after 'development' it still remains on top in the world's hunger list, in Sitharaman's Budget custom duty on cut, polished gemstones reduced to five per cent to help the rich.

Bidyut Kumar Chatterjee | *Faridabad*

Send your feedback to: **letterstopioneer@gmail.com**

SOUNDBITE

The training I got in NCC and the things I learnt there have provided me immense strength in delivering upon my responsibilities.

Prime Minister
— Narendra Modi

There won't be a war as far as it depends on the Russian Federation.

Russian Foreign Minister
— Sergey Lavrov

You were invariably playing the hero's girlfriend or wife. I got tired.

Actor
— Lara Dutta Bhupathi

The BCCI has decided to conduct the Ranji Trophy this season in two phases.

BCCI secretary
— Jay Shah

I'm confident that under the Tata Group, Air India will regain its lost place..in international skies as well.

Union Minister
— Jyotiraditya Scindia

FIRSTCOLUMN

GANDHI IS REMEMBERED, BUT GANDHI-ISM?

The recent farmers' protest was based on his principles

NILOFAR **SUHRAWARDY**

Mahatma Gandhi is certainly revered even today, in India and abroad. Described as "half-naked fakir" by former British Prime Minister Winston Churchill, the frail-looking, bespectacled, dhoti-clad Gandhi succeeded in uniting Indians against the colonial powers to achieve India's freedom. His strategy rested on people joining him in a non-violent struggle for independence from colonialism. The crux of his movement drew strength from people and subsequently forced the British government to acknowledge its power marked by India gaining freedom. With a law degree from London (1891) and roughly two decades' experience in South Africa (1893-1914) as a lawyer and civil rights' activist when he donned western attire, he returned to India in 1915. As he joined politics and familiarized himself with Indian issues back home, he opted for the Indian dress, the then popular dhoti. He began using the loin cloth from 1921 to identify himself with poor Indians. Of course, apart from

being a key part of his communication strategy, this was opted for probably to bridge any communication gap between him and poor Indians. Undeniably, Gandhi did not only identify himself with the majority but also reached out to them -as one of them- and won their support. The seeds of people's power he sowed then find resonance even today. For instance, the recent farmers' protest is a classic example of people's participation in a non-violent agitation compelled the authorities to take note of their grievances. The three anti-farm laws, against which farmers protested, may be viewed as representing the obvious apathy, lack of concern and perhaps ignorance of the powers that be about issues concerning farmers. If state elections in Punjab were not around the corner, the Indian government may not have withdrawn anti-farm bills.

Farmers from Punjab were most strongly represented in their protest. There is an apprehension that after elections the central government may impose similar bills again. Not surprisingly, farmers have asserted that their fight is not over yet. The chain binding people to protest together and/or support a leader may be viewed as symbolic of genuine democracy. Gandhi moved with his walking stick with the masses walking with him. The farmers' protest would not have probably gained attention and hit national as well as international headlines if it had not lasted for a long period with thousands participating in it. Gandhi is still remembered but hardly any importance seems to be given to Gandhism. Exercise of power appears more strongly guided by what the "mon-eyed" minority desires, even at the cost of economic crisis for the majority. Besides, leaders appear more concerned about their "success" being marked by their own images spread around extensively on boards, posters, photographs, even their masks donned by others and so forth. For how long will the masses allow themselves to be guided by their leaders who continue to nurture their egos, serve personal interest, and their quest for their own prosperity outweighs their concern for the people? Yes, money can be and is used to purchase necessary political support. But when money strikes through inflation, etc., the aggrieved may be expected to give greater importance primarily to those united with them in their grievances. Here is where masked leadership bears little relevance against people's voice. And when democracy echoes through people's protests and movements, chances of it leading to an impactful conclusion exist. Sadly, even elected leaders tend to notice these grievances only when they sense the need of electoral support of the aggrieved. It is time democratically elected leaders threw away their masks, stepped out of their ivory towers, moved beyond their own shadows and gave a little more importance to Gandhism.

(The writer is a senior journalist. The views expressed are personal.)

Roadblocks to '*Ram Rajya*' in Uttar Pradesh

ARUN **SINHA**

The lower castes want security, dignity and upward mobility and are not going to give up these concerns for the sake of Hindu unity

Of all the states going to polls next month Uttar Pradesh is where the BJP's stakes are highest. The party has been using the state as a laboratory for testing a 'Hindu model' of Government-a model that, in the words of Prime Minister Narendra Modi, combines virasat (heritage) with vikas (development). Yogi Adityanath was seen by the party as the best person to execute the model, so he was made the Chief Minister. And, in the party's estimation, he has done exceptionally well. In all his speeches he proudly points to the Ram temple (virasat) with one hand and to the expressways and international airports (vikas) with another.

The stakes of the RSS (Rashtriya Swayamsevak Sangh) are even greater in UP. The RSS is the driver of the Hindutva ideology. The BJP is only its vehicle. The 'Hindu model' of Government combining virasat with vikas is the RSS idea. Those who follow the speeches of RSS leaders know that the Sangh, after winning the battle for the Ram temple, has now set itself a target for establishing a '*Ram Rajya*' in the next twenty-five years. '*Ram Rajya*' is but another name for 'Hindu Rashtra'. In recent years the RSS seems to have discovered that the concept of '*Ram Rajya*' is more saleable to the masses than 'Hindu Rashtra' and also safer from criticism by pluralists.

When Prime Minister Modi talks of virasat and vikas they might seem like two ideas to ordinary people. But to the RSS they are not separate. They flow from the single idea of Rambhakti or complete devotion to Ram. The ruler has to be a devotee of Ram (virasat) and bring prosperity (vikas) to all his people as Ram did to his subjects as the king of Ayodhya. Thus can the ruler establish a '*Ram Rajya*'. That is the 'Hindu model' of government the BJP has been trying to construct in UP.

Modi and Yogi have been at pains to prove that the 'Hindu model' of development is far better at social inclusion than the 'social justice' model of government of the Samajwadi Party. The 'Hindu model', they say, has brought benefits to all castes and communities, unlike the Samajwadi Party Government that provided benefits only to a few castes. Social equality and social harmony have been truly established under their rule, they claim. To support their claim, they pointed to the massive support of the non-Yadav backward classes and dalits their party had amassed in the recent years. If you were to believe Modi and Yogi, UP was well on its way to becoming a '*Ram Rajya*', with a Rambhakt ruler ruling as honestly, justly and non-discriminatingly as Ram and the people of all classes having absolute trust in his justice and fairness as the subjects of Ram had in Ram's.

> THE DISCONTENT AMONG THE LOWER CASTES HAS BUSTED THE SELF-ILLUSION OF THE BJP THAT IT CAN BIND ALL CASTES SECURELY WITH THE HINDUTVA GLUE. HINDU UNITY TO THEM HAS PROVEN TO BE A CHIMERA WHICH ONLY PERPETUATES DEEP SOCIAL AND ECONOMIC DIVISIONS

(The writer is an independent journalist and author. The views expressed are personal.)

That it was not exactly so became clear soon after the elections were announced, when a number of MLAs of the BJP whose political careers depended on the support of non-Yadav backward classes resigned from the party. The indication from their resignations was that their constituencies were dissatisfied with the BJP's performance. And reports from grassroots corroborated that perception. There was a large gap between the government's propaganda of what it had given to the lower classes and the realities of the life they were living.

Ground reports spoke of the lower classes in several villages being denied financial assistance under the Pradhan Mantri Awaas Yojana to build pucca houses because they could not afford to pay the bribe the local officials demanded. Such villages included Jayapur, one of the four villages in Varanasi district adopted by Prime Minister Narendra Modi as the MP of the constituency. In villages declared ODF (open defecation free) several poorer people still had no toilets. In other villages the toilets constructed had turned dysfunctional.

Yogi claimed he had made women's life secure, but in the villages girls from poorer classes going out to work in the fields or tend the cattle still faced serious risks of being molested, raped and killed. In 2020, there were 9,864 cases of assaults on women with intent to outrage their modesty in the state, according to the National Crime Records Bureau. The total number of crimes against women in the State were 59,445 in 2018, 59853 in 2019 and 49,385 in 2020, the highest among all states.

In every case of injustice against the lower classes the perpetrators of the injustice happened to be from the better-off classes. The pradhans (panchayat heads) who demanded 20 per cent cut from the financial assistance under the PM Awaas Yojana, the men who molested and raped girls in villages and the policemen who acted on the side of the perpetrators were all from the better-off classes. The poorer classes of UP had always seen themselves as 'chhote log' (small people) oppressed and exploited by 'bade log' (big people). That did not change under the Yogi rule. That is why there is disappointment among the lower classes with the BJP.

What has added to their disappointment is the opposition of the BJP to a socio-economic caste census. The poorer communities among the backward classes have come to the conclusion that unless a caste census is done the benefits of public sector jobs and college admissions would never be distributed equitably. The Yogi Government has even refused to implement the recommendation of its own Social Justice Committee for the division of 27 per cent reservations for OBCs into three categories of backward class (7 per cent), more backward class (11 per cent) and most backward class (9 per cent).

The discontent among the lower castes has busted the self-illusion of the BJP that it can bind all castes securely with the Hindutva glue. The lower castes want security, dignity and upward mobility and are not going to give up those concerns for the sake of Hindu unity. Hindu unity to them has proven to be a chimera which only perpetuates deep social and economic divisions.

Today Hindutva lies buried in the ruins of the social coalition the BJP built. The big lesson for the party is: It has to address the fundamental issues of social inequality, social injustice, economic oppression and administrative discrimination and corruption the 'chhote log' face in their life before it can hope to bind all castes with the Hindu glue. But as the 'bade log' make the core constituency of the BJP it could be the last thing the party might ever be tempted to do. And that is sure to leave the party in a state of perpetual dilemma. We will see how it resolves the dilemma in the coming years.

POINTCOUNTERPOINT

WHY WAS BHATTACHARJEE SUDDENLY CHOSEN BY THE BJP? THE MOVE WAS AIMED AT SECURING LEFT VOTES IN THE UPCOMING ELECTIONS.
— TMC SPOKESPERSON
KUNAL GHOSH

BHATTACHARJEE HAS CONTRIBUTED TO SOCIETY AND POLITICAL MOVEMENTS. THE DECISION WAS OBVIOUSLY TAKEN WITHOUT ANY POLITICAL MOTIVE.
—BENGAL BJP PRESIDENT
SUKANTA MAJUMDAR

Testing time for Priyanka's political future

The party had favoured her over brother Rahul and appreciated her people-management skills, language proficiency and repartee

KALYANI **SHANKAR**

Every leader takes advantage of a crucial moment to settle down. The current UP Assembly elections will be a decisive momentfor the political future of Priyanka Gandhi Vadra. Once considered a trump card, she now faces a massive challenge in the present elections. The party has not been in power in UP since 1989, and the organization is almost extinct. So, it will be a Himalayan task for the 49-year-old Priyanka Gandhi, who formally entered the rough and tumble of politics in January 2019.

The party has not announced her as the chief ministerial candidate. But if Congress wins by a miracle, who else but Priyanka? She admitted last week that she is the face of the Congress, asking a reporter whether any other face is visible.

(The writer is a senior journalist. The views expressed are personal.)

The party believed her entry could be a game-changer. Congress President Sonia Gandhi often said Priyanka, a mother of two children, would take the political plunge when she was ready. In January 2019 she became the General Secretary in charge of Eastern UP. A leader should have three qualities: charisma, crowd-pulling, ability to convert the masses into votes. It is only the third, converting the crowds into votes, Priyanka is yet to achieve.

However, she is no greenhorn in politics. For close to two decades she played politics with backroom decisions. Her role was confined to Uttar Pradesh. Priyanka's involvement in UP goes back to her father, Rajiv Gandhi; She was helping him in his campaign trail in Amethi

and her mother's constituency Rae Bareili. She also took care of her brother's Amethi he lost in 2019. There are many pluses and minuses for Priyanka's political career. A Gandhi family member is an added advantage. She has taken charge of the party when the congress support base is lowest in UP and the country. The party had favored her better than her brother Rahul Gandhi and appreciated her people skills, language proficiency, and repartees.

With no base, the party has been floundering since 1989. The upper castes have moved to the BJP, the backward classes to SP, and the *Dalit*s to BSP. Minority voters are split among SP, BSP, and Congress. Before Priyanka, the biggest challenge is to recover the party's social base or create a new one. The party had a bare 7 per cent vote share in 2017. Above all, the BJP has the upper hand with a divided opposition. The party's alliance experiments with the BSP in 1996 and the Samajwadi Party in the 2017 Assembly elections failed miserably. Congress has adopted the 'eklachalo' strategy in 2022 UP assembly elections and thus isolated while other parties like TMC and NCP have aligned with the SP. Any anti-incumbency against the BJP seems to be going to the SP-RLD combine.

While the other parties depend on caste and religious cards, Priyanka has chosen the gender card and brought out a special women's manifesto promising to restore their self-esteem and self-reliance, employment and more opportunities to enter politics. *"Ladki Hoon, Lad Sakti Hoon"* is her poll slogan.

Priyanka has made some politically correct moves to improve the Congress profile, like consoling the family of the Hathras rape victim,arranging transport for the migrants from Uttar Pradesh, etc. Yet, Congress remains out of reckoning due to lack of organization, absence of second-rung leaders, factionalism, and indiscipline.

Her minuses are also many. Some complain she is inaccessible and arrogant. She has not been able to strengthen the party in the past two years. It is indeed a gamble that the party has decided against alliances. Priyanka's revamp of the party organization has upset many seniors and old-timers who feel side-lined. Under her watch, senior leaders like RPN Singh and Jitin Prasada and four declared candidates left recently. Many think that she should have checked the erosion when the party is weak.

Interestingly, Priyanka is expanding her role beyond Uttar Pradesh, going to Punjab and Goa and perhaps acquiring a national profile. The mess in Punjab resulted in the exit of chief minister Captain Amarinder Singh and the appointment of Navjot Singh Sidhu as the new PCC chief due to her influence. The UP polls will decide what works, Priyanka's chemistry or the poll arithmetic. Her success would depend on her appeal to women and youth. It is nobody's case that Priyanka could bring back the Congress rule in the state, but even if she could ensure an improvement for the party, it will go a long way.

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The Statesman
Incorporating and directly descended from THE FRIEND OF INDIA - Founded 1818

Pushes and pulls

Any analysis of the Union Budget - presented on Tuesday by Finance Minister Nirmala Sitharaman ~ must be tempered with the knowledge that the annual exercise over the years has lost at least some of its lustre because major fiscal policy changes are now not restricted to a single day of the year. But even within the constraints dictated by this approach, this year's Budget, except for a few significant announcements, does not really rock the boat, nor set the pulses racing. Without a doubt, the major jump in infrastructure spending ought to boost the economy, for a 35 per cent increase or an addition of some Rs 2 lakh crore is not to be sniffed at. The government's thinking seems to be that expenditure on that scale, with capital expenditure pegged at 2.9 per cent of GDP, will create synergies in terms of both wealth and job creation, and contribute to the economic growth that has been projected. This is a laudable objective, and one that the government must strive to achieve.

The other significant announcement is that the fiscal deficit has gone up further, and worryingly this seems to have happened despite the government having accounted for the disinvestment in Life Insurance Corporation, pencilled in at Rs 1 lakh crore, this year itself. The other major announcements are that the RBI will issue a digital rupee using blockchain technology this year, and that gains from sale of digital assets will be taxed at 30 per cent, the latter in at least one sense pre-empting the legislation on cryptocurrency which was expected this session but finally did not make it to the agenda. The first reactions to the budget came from the bourses, which seemed to have retained the buoyancy they had acquired as the speech was being read out, and clearly seemed enthused by the large investment in infrastructure.

But there are two sections of Indians, one of whom has a tangential interest in the bourses and the other very little, who would have expected to feel the impact of the Finance Minister's speech but did not. The first, the middle-class, that might have expected some changes in personal taxation rates, was in for a disappointment. Indeed, this section might well wonder whether its lot is to fund the government's infrastructure plans and later see state-owned assets be divested.

The poor, whose existence has been rendered precarious by the pandemic, but who contribute to the growing GST kitty ~ Mrs Sitharaman announced a record collection in January ~ are entitled to ask if sufficient steps have been taken in the budget to widen the social security net. Indeed, with income disparities having grown exponentially, there was a case for innovative tax reforms, but clearly adventurism was not on the Finance Minister's agenda. Indeed, Mrs Sitharaman eschewed any desire she might have had to be even remotely populist, notwithstanding the fact that five crucial states are headed for the polls, and for that she must be generously commended.

Socialist Victory

Portugal's ruling Socialist Party has won an unexpected outright majority in Sunday's snap general election. The election was called when Prime Minister António Costa failed to pass a budget after losing the support of two smaller parties. While economic recovery is still an unknown quantity, in his hour of triumph Mr Costa has emphasized the need for stability. The far-right party, Chega, also increased its support and will be the third largest in parliament.

The result comes as a surprise after polls suggested that the Socialist Party had lost most of its advantage in the run-up to the vote. In his victory speech, the Prime Minister promised he would govern for everyone. The core of his praxis has been enunciated with his statement ~ "An absolute majority doesn't mean absolute power. It doesn't mean governing alone. It's an increased responsibility." The Socialist Party won 117 seats in the 230-seat parliament, up from 108 in the outgoing legislature.

The main opposition bloc, the centre-right Social Democrats won 71 seats. On closer reflection, the Socialists' victory means that Portugal is likely to have a stable government to lead the country out of the pandemic, and to administer a Euro 16.6bn ($18.7 billion) package of EU recovery funds.

The far-right Chega has won 12 seats; its leader, former TV sports commentator André Ventura, had grabbed headlines by railing against corruption and the Roma community, and calling for chemical castration for sex offenders. Mr Ventura greeted Sunday's result as marking the end of "soft" opposition to the Socialists. On his part, Mr Costa said that if as expected Portugal's President now asks him to form a government, he would be amenable to dialogue with all political forces except Chega.

More than a tenth of Portugal's 10 million people were estimated to be in isolation due to Covid-19 during the election, but the government allowed them to vote in person. Electoral officials wore protection suits to receive them. Mr Costa has immediately offered an olive branch to his political adversaries. He is expected to encourage alliances with other parties in parliament to address the country's economic difficulties, embedded in the pandemic.

"The mission is to turn the page on the pandemic and bring the affected sectors back to life," he said in a victory speech. The stakes are high for the next administration not the least because Portugal is the poorest country in western Europe. The economy is said to have struggled to gain traction ever since the turn of the century. Mr Costa may need to display more of his political shrewdness to forge, despite his outright majority, yet another cross-party alliance, one that gives the government an inclusive face.

Millennial Socialism?

The centre-left or all other avatars of the left are bitterly divided. The discredited evangelists in the party have done far greater damage than all those who left or fell for the blandishments of the dominant governing parties. The Leftist orthodoxies are another problem. Many on the traditional left remain reluctant to admit they now have more in common with the right

The 21st century is witnessing a gradual demise of traditional conservatism. With the disintegration of the USSR, free-market capitalism and internationalist interventionism have lost their appeal. The current conservatism, says Philipps O'Brien of University of St Andrews, is essentially nationalistic, populist, evangelical and anti-science. Leader veneration is also an important trait of conservative parties in the US, Britain, India and elsewhere.

The radical right doesn't seem to care a tuppence for democracy's basic norms and practices, besides rejecting cultural pluralism and minority rights. Donald Trump has made the fringe central to Republican Party politics. The demarcation between the right and the far right has become fuzzier not only in the US and Europe but also in India. Globally, the traditional left or the institutionalized left too is constantly on decline showing signs of senescence. The death of socialism has been pronounced many times over. Socialism as a currency of political discourse too faded long ago. On the surface, Kristian Niemietz's book Socialism: The Failed Idea that Never Fails sums up the zig-zag journey of socialism.

However, with the rise of the right's lunatic fringe, the broad left and socialist ideas are getting attractive again even though the centre-left remains bitterly divided. Some commentators believe socialism has become a young people's movement, hip and trendy.

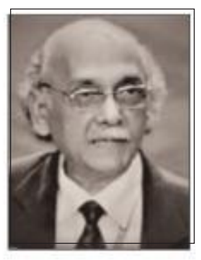
According to a 2019 YouGov poll, 70 per cent of millennials now say they would vote for a socialist. John Roemer of Yale University argues in his book, A Future for Socialism that "socialism is not dead but merely in need of modernising." Egalitarianism, to Roemer, is socialism's calling card.

Socialism is a term of abuse for Trumpist Republicans. For them, Obama and Biden are socialists. Small mercies that they have not been branded Commies. Nevertheless, calling oneself socialist is no more a political death sentence in the US.

As Nathan J Robinson writes in his book, Why You Should be a Socialist, that when Senator Bernie Sanders began his presidential campaign in 2016, "only a fringe dared to use the label..... (now) many are wearing 'socialism' as a badge of pride."

Socialism is a fuzzy term as it has been used to label an extraordinarily wide array of political and economic beliefs. Socialism and communism have been used interchangeably by many which has done a lot of harm to the socialist movement the world over including in India.

After the SPD-led coalition in Germany and the centre-left in Norway have taken power, the millennial left seems to be stirring again in Europe and elsewhere. Centre-left governments are also in power in Greece, Slovakia, Malta, Portugal and Spain. In Latin America, the new left has made impressive gains.



ASH NARAIN ROY
The writer is director, Institute of Social Sciences, Delhi

French economist Thomas Picketty says that it is for history to decide whether the word "socialism" is definitively dead or not. For him, it "remains the most appropriate term to describe the idea of an alternative economic system to capitalism." Picketty believes that the world needs "a socialism that is decentralized, federal and democratic, ecological, multiracial and feminist."

Bhaskar Sunkara, founding editor of Jacobin magazine, says that socialism should be understood both as a redistributive and an emancipatory ideology and a "radical extension of democracy." However, he concedes that Marxism has become a "super academic hobby that has lost its political urgency."

The centre-left or all other avatars of the left are bitterly divided. The discredited evangelists in the party have done far greater damage than all those who left or fell for the blandishments of the dominant governing parties.

The Leftist orthodoxies are another problem. Many on the traditional left remain reluctant to admit they now have more in common with the right.

Most socialist leaders in India have been co-opted by BJP and other centrist parties. Some of course chose political irrelevance and remained loyal to their all-encompassing ideological home. Today, socialists have practically no representation in parliament and state legislatures. Even in the US, two socialists have been elected to the House of Representatives and in New York, there is one socialist in the state legislature. The socialists are not part of any political discourse in India. The protagonists are no more found in university faculty or curricula; they are sometimes found in university libraries.

According to a Gallup poll, 60 per cent of Americans hold a favourable view of capitalism while 38 per cent are well-disposed towards socialism. Franklin Roosevelt was frequently called a socialist thanks to his New Deal programme.

The traditional left in Europe has lost much of its moorings as the blue colour support for it has evaporated. The old working class doesn't exist and hence the leftist parties have lost their traditional base.

As Leonid Bershydsky argues, "the old proletariat has been replaced at the bottom of the class hierarchy by a new precariat, people working in the service economy with few chances and little desire to organise."

In Europe what has emerged is the broad left that includes the Greens, pro-Europe and anti-Europe, pro-nuclear and anti-nuclear left. For instance, as John Lichfield explains, the French left faces three options, staying at home, voting for candidates they abhor and voting for someone they merely hate. The Jilets Jaunes movement in France apparently refuses to accept anyone as its leader. Its supporters simply refuse to work together.

Given the slow decay, the socialist party in France is now a shadow of its former self. According to Le Monde, the party has barely 22,000 members. The Socialist party presidential candidate, Anne Hidalgo, is continuing her election campaign despite indications she has no chance of getting through to the second round of the contest in April.

As Le Monde says, candidates of the socialist party are swimming "in their own lane and none of them wants to budge an inch." The French left has lost its "compass."

It is perhaps premature to see socialism's fluorescence. Old-style socialism with a heavy dose of extensive government control is buried forever.

However, the rise of techno-capitalism, inequality and a growing trend towards oligarchy and authoritarianism have opened up avenues for the centre-left. Its future depends on how persuasive and feasible an alternative to capitalism the left provides.

Even conservative commentator Robert Heilbroner has conceded in his column in the Commentary magazine that some form of socialism will be the predominant economic system in most parts of the world "during our lifetimes."

In Europe and America too, socialism "will constitute the image of a society against which capitalism will be measured by its critics." The alternative offered thus far by the millennial socialists remains utopian. They must convince the world that it is they who know how to get there.

A MEMBER OF THE ANN ASIA NEWS NETWORK

ASIAN VOICES

Irony of spy king warning against surveillance during Games

Not surprisingly, with just about two weeks to go for the Beijing 2022 Winter Olympic Games, expectations are growing that the sports gala will spread the spirit of friendship, solidarity and fair play amid a less than promising beginning to the New Year mainly because of the continuing Covid-19 pandemic.

There is a hitch, though. To begin with, athletes from the United States, the United Kingdom, Australia, the Netherlands, and Canada, have been advised by the Olympic committees of their respective countries to leave their phones and laptops at home and use "burner phones" instead to avoid "cyber surveillance" and "digital espionage" by China.

Then DW, a notorious anti-China media outlet, reported that the My 2022 smartphone app ~ developed by a Chinese company and approved by the International Olympic Committee to monitor the health of attendees, coaches and officials ~ has technological loopholes and thus is vulnerable to hacking. In recent years, both the Summer and Winter Olympics have attracted not only athletes and sports fans, but also hackers. More than 450 million cyberattacks were attempted

CHINADAILY

during the Tokyo 2020 Summer Olympics, which was held in August last year, according to Japan's Nippon Telegraph and Telephone Corporation. Yet athletes were not warned against taking their electronic devices to Tokyo, or other Olympic-host city in recent times.

The fact is, this is another ideological attack veiled as concern for cybersecurity. The US has always been the global leader in mass surveillance both at home and abroad. That the US has spied on global leaders such as former German chancellor Angela Merkel and global bodies like the World Trade Organization and World Health Organization is old news. Most recently, the US Drug Enforcement Administration reportedly ordered WhatsApp to track seven Chinese users. For 11 years the CIA's cyberattack wing has been infiltrating and attacking key Chinese aerospace enterprises, scientific research and development organizations, internet companies, and government agencies. In fact, Sergey Naryshkin, director of Russia's Foreign Intelligence Service, said on Tuesday that Russia is in possession of information on the US and some of its allies, with the US State Department's help, launching a campaign against the 2022 Winter Olympics. Obviously, the so-called advice to athletes on cybersecurity is part of the US' strategy to tarnish the Beijing Winter Games and China's international image, said Wang Yiwei, a professor of international studies at Renmin University of China. It seems the US will not let go any chance to smear China even if it is an international occasion which can enhance mutual understanding, build friendships and consolidate relationships. True, the US cares more about its own narrow interests instead of the common good and has been running a smear-China campaign for some time now, but it would be naive of it to assume that its ploy of presuming guilt and stigmatizing China would work each time.

LETTERS TO THE EDITOR editor@thestatesman.com

Pained by the shift

SIR, I, as one of the active Indian soldiers in the Indo-Pakistan 1971 war (who was awarded Poorvi Star and Sangram medal for taking active part in the war in the eastern zone, in Chittagong) who saw his batch mates and colleagues sacrifice their lives for the country, find it extremely painful that the "Amar Jawan Jyoti" flame has been shifted from the existing place where it received homage for the past fifty years, and has been merged with the National War Memorial.

This is a touchy affair and the decision-making authorities ought to have realised it. The argument that the martyrs' names were not inscribed at the old memorial, hardly matters.

The newly built War Memorial is really a deserving one. But, it is difficult to understand what would have been the problem if the martyrs' flame had been burning at the place where people had been paying homage for the last fifty years.

Through your daily may I submit before the Hon'ble President of India, the Supreme Commander of the Indian Armed Forces, that continuation of the 50-year-old 'Amar Jawan Jyoti' of 1971 at the old place may also be allowed in parallel.

The death of a soldier while serving in the Indian Armed forces is painful. However, the death of a soldier in a declared war deserves a special mention.

Finally, it is reported in your columns that "Sources noted that the names of all Indian martyrs from all wars, including 1971 and wars before and after it" were inscribed at the National War Memorial. Importantly, this prompts me to ask if there was at all a war after 1971, as mentioned. The Kargil conflict was not a "war". With paying respect to the martyrs and heroes of the Kargil conflict (1999), may I request the Ministry of Defence to place a note of clarification to enable citizens to know the official meaning of a war, a conflict and a skirmish.

Yours, etc., Rupam Guha,
Kolkata, 23 January.

CRUCIAL BUFFER

SIR, This refers to today's article "Why Russia is so eager to control Ukraine". The last several weeks have witnessed a severe exacerbation of tensions on the Russia-Ukraine border. Russia has amassed about 100,000 troops and military hardware including tanks, stoking fears of an imminent invasion. Russia demanded that the West deny NATO membership to Ukraine as well as to other former Soviet republics, and also urged the US and Europe to roll back military deployments in Central and Eastern Europe. Some of these demands have been termed as "unacceptable" by the US.

However, the real crux of the matter is that for the US and EU, Ukraine is a crucial buffer between Russia and the West. As tensions with Russia rise, the West is increasingly determined to keep Ukraine away from Russian control.

But President Putin believes that Ukraine should be in the Russian camp, deferential and submissive to it. This, he feels, is essential for "Russian and regional security". Mr Putin is also seeking to redraw the post-Cold War boundaries of Europe, establishing a broad, Russian-dominated security zone and drawing Ukraine back into Moscow's orbit by force, if necessary.

But, Ukraine has "tilted toward" the West, including the removal of a pro-Russia leader in 2014. Going forward, the timing of Russia's troop mobilization is perhaps no coincidence. Mr. Putin is seeking to energize nationalist support at home amid a raging pandemic and a stumbling economy. Last year, opposition groups held some of the largest anti-Putin protests in years.

Yours, etc., N Sadhasiva Reddy,
Bengaluru, 31 January.

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Isolation and gamesmanship

AMRITPAL KAUR

The Winter Olympics and Paralympics this year, being held in China from next week, were supposed to showcase President Xi Jinping's acumen and dexterity and consolidate his place as the leader of the world and China alike.

However according to the reports coming from China, the success of the Winter Olympics has been put under a cloud of doubt and the plan to launch China as the leading world power is not working as well as President Xi and Communist Party of China might have liked after having burnt the midnight oil to prevent the country's isolation in the international community.

The chorus for the political and diplomatic boycott of the Winter Olympics by world powers is getting louder, to send out a strong message against well-documented human rights violations targeting Uighur Muslim and other minorities in China as well as the rampant sexual exploitation of women within Chinese Society. Though many countries may still send their sporting contingents, their officials will skip the event to protest the abuse and genocide unleashed on the Uighurs.

Going back to their origins in 1896, the Olympic Games have been touted as the bridge to mitigate differences among countries and forging a bond of friendship. But the Winter Olympics 2022 being held in Beijing have walked into a grave shadow of all-round acrimony due to China's arbitrary actions. Several Southeast Asian neighbors have boycotted the games. Looming threat of the Omicron variant of Covid-19 and massive internet crackdown by the powerful regulator in China have also caused alarm among sporting nations.

Since the last decade, the Chinese growth story has translated into its assertiveness. Its resurgence has made China more vocal, even treading on the verge of covert violence. One dimension of such an upturn have been China's territorial disputes with neighbors like Russia and Myanmar but with varying outcomes that range between amicable solution and outright arm-twisting. However, amicable solutions have been scarce and far in between. In fact, the last amicable resolution of a border dispute that China achieved was in 2011 with Tajikistan.

The past decade shows a marked change in the Chinese modus operandi in dealing with such disputes. For example, since 2009 Beijing has been claiming unilaterally the South China Sea as its territorial waters by pushing forward the Nine-dash Line to demarcate the whole of the water body as its territory.

The South China Sea has been the focal point of territorial disputes between China and its Southeast Asian neighbors for a long time. The dispute escalated in the beginning of 2013 when China started developing the Spratly Island and Paracel Island regions. The Chinese state has been claiming unilateral ownership of most uninhabited islands in the South China Sea Zone as 'historically Chinese' territories. These islands include Cuarton Reef, Fiery Cross Reef, Gaven Reef, Hughes Reef, Johnson South Reef, Mischief Reef and Subi Reef.

Though countries like Vietnam have been reclaiming some islands along their coasts for quite some time, what set the alarm bells ringing was the urgency with which the Chinese started to develop these shoals. During 2014-16, China reclaimed more islands and territories than all other nations combined in the region's history. A graver aspect of this Chinese belligerence is the militarisation of these islands. The South China Sea is a narrow body which is also a strategic sea lane of communication, and it acts as a marine route that accounts for substantial world trade - at over $3 trillion annually.

The Chinese attempt to capture scattered islands in the South China Sea and fortify them as its military zones has unnerved several of its friends and foes alike. Discreet reclamation of territories led to coining of the term 'Salami Slicing', that denotes the Chinese attempt to expand its territory, one shoal at a time.

Chinese expansionism has been on full display in its tussle with India. Though settlement of the Himalayan border issue has been elusive, over a period of time India and China had developed a mechanism to keep bilateral relations cordial while taking a piecemeal approach to the disputed territories. Passage of the Border Peace and Tranquility Agreement (1993) during the Narasimha Rao era is a case in point. Subsequently, technical agreements to manage border issues were adopted after tough negotiations in 1996, 2005, 2012 and 2013.

However, recent skirmishes in the high Himalayas including the Galwan crisis, the Pangong Tso tussle and the Depsang Plain offensive in 2020 are worrying, and where the unilateral offensive posturing of the Chinese PLA is forcing the Indian Army to stay put.

According to experts, China is engaged in salami slicing of the Himalayan border by taking one post at a time. It has also been speculated that China is keeping the Himalayan fault lines simmering to hem India and gain simultaneous advantage in the Indian Ocean as an emerging blue water navy. This expansionist posture, mastering the seas and major sea lanes of communication are crucial moves in the strategic chess that China is playing.

Chinese arm-twisting and expansionism are visible in the recently enacted Land Border Act (2021) as well. On the face of it, the act charts the course that China is to adopt in the border determination process. It states that for China territorial sovereignty is inviolable and it would 'resolutely defend territorial sovereignty and land border security.' But the trouble with such an assertion is that only India and Bhutan do not have a settled land border with China, which begs the question: Is the Land Border Act aimed at India?

This contention gains further traction upon consideration of the fact that China's "official map" unilaterally claims all of Arunachal Pradesh, the Barahoti plains of Uttarakhand and territory till the 1959 claim line in the Ladakh region as its own land mass. Furthermore, the act declares China's complete ownership of rivers running through its territory obliviously setting aside the claims of lower riparian states including India and Bangladesh as well as Southeast Asian countries.

The disputes on Brahmaputra and Mekong rivers with China will be gravely impacted by the Land Border Act which will only lead to more disputes with neighbors in South and Southeast Asia.

As far as India is concerned, the Land Border Act has no validity. China seems to be waging a psychological offensive against its neighbors through posturing, unilateral declaration of unacceptable claims on disputed territories as well as constantly shifting goal posts.

Since the Sixth Plenary Session of Communist Party of China in November 2021, it has been obvious that President Xi would continue into his third term as Chinese President. He has already put himself in the list of great leaders of China next only to Mao Zedong and Deng Xiaoping with his thoughts enshrined in the Chinese Constitution.

The Winter Olympics for him could have been a cherry on top of his and China's cake. Given his intransigence on a host of issues, countries like the USA, Canada, Australia, New Zealand and a host of European nations have decided to sit out of the games citing human rights violations in Xinjiang and Tibet as well as sexual exploitation of sportspersons by the high and mighty in the Communist Party top brass.

Coupled with this, the expansionist posturing of China is not likely to allow the long spell of winter in Beijing to end any time soon.

The writer is a doctoral scholar at Jawaharlal Nehru University, New Delhi.

Resistance a part of life in Pakistan

OWEN BENNETT-JONES

Pakistan is a country of resistance. On the face of it, that's somewhat surprising. After all, Pakistani politicians are famous for their inability to take a principled stand. Most of them show no loyalty to any leader or party and are strangers to deeply held convictions. As Pakistanis know all too well, most of their elected representatives can sell their votes and change their allegiances at a moment's notice.

And yet, even dictators in Pakistan have found it difficult to suppress dissent. For one reason or another, Pakistan's military rulers never seem to last more than a decade or so. The country's first military ruler, Ayub Khan, faced waves of protest as Zulfikar Ali Bhutto toured the country whipping up anti-government feeling. Gen Zia may have been Pakistan's harshest dictator, fitting microphones to amplify the screams of those being lashed. But even Zia could not get a grip of his country's truculent journalists — not for nothing did he call the Karachi Press Club "enemy territory".

And then there was Gen Musharraf. When he tried to sack the chief justice, thousands of lawyers marched through tear gas to get him reinstated. Despite having an army at his disposal and despite the authorities' record of torturing and even disappearing people, when Musharraf opened up the media, journalists used their new freedoms to satirise him.

Civilian governments too, have felt the brunt of protesters' ire. True, there may have been some official sponsorship of the protests that helped bring down successive elected governments but there has never been a shortage of people willing to take to the streets demanding change.

For a time, it was just the PPP that understood the value of protest and martyrdom. Leaders such as Benazir Bhutto and Salmaan Taseer walked to their deaths, heads held high, defending democratic ideals. Both fully understood their likely fate, and both could have lived in comfort abroad. But they refused to bow down before the threats they faced. And it's not just been the senior leaders willing to make the ultimate sacrifice. After the execution of Zulfikar Ali Bhutto, some PPP activists self-immolated to make clear the depth of their despair at what the government had done.

More recently, the archetypical establishment party, the PML-N, has also come to understand the value of resistance. Its leaders now make barnstorming speeches up and down Punjab, denouncing the powers that be in the strongest terms. And nowadays they are also willing to suffer behind bars so as to make their point. And the fact that so many Pakistanis admire such defiance only makes the task of the authorities more difficult. Whoever is in power — military or civilian — faces a dilemma: the more they clamp down on resistance, the more resistance they face.

And then there are the Baloch. Even if many Pakistanis view their successive independence campaigns as misguided, there is no denying the determination of the Baloch to fight for their goals. Ever since 1947 there have been waves of violent insurgency in the province and there is no sign of it stopping any time soon.

In her latest book, Countering Violent Extremism in Pakistan: Local Actions, Local Voices, Oregon scholar Anita Weiss has shown how, at the lowest levels of society, there have been in recent years many displays of resistance to the Taliban's attempt to impose its views on others. Pashto poets and Sindhi singers expressed their disdain for the puritan mullahs in their midst. Her book celebrates those Pakistanis who, with no official protection, reasserted their traditional culture in the face of violent fanatics willing to murder in the name of their religious dogma.

There are various explanations as to why Pakistanis are so consistently rebellious. Poor governance means that they have plenty to protest about. Poverty means some have little to lose. State weakness means that people can hope to avoid detection. A lack of commitment to the rule of law can mean protesters enjoy impunity. But such explanations only go so far. The fact remains that many Pakistanis have died fighting for their ideas.

In Pakistan's great ally China, there are countless millions who day after day comply with the diktats of the state. But not in Pakistan. It's a country of resistance.

Dawn/ANN.

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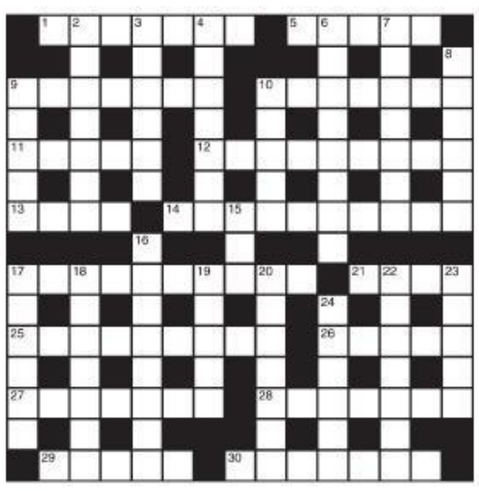

YESTERDAY'S SOLUTION

ACROSS

1 Oddly suppressed goodbyes and affirmative word about to finish a long story (7)
5 17D 9D in the language of Dubliners? (5)
9 In final parts of tour, castrati lip-sync to such old lines (7)
10 A side of arsenic fed to awfully sly cop who detained hero (7)
11 Lady Godiva`s habit was so unacceptable (3,2)
12 Group invested in ice cap so ready to flip over business with astronauts (9)
13 At first, young author regretted novelising rambling tale (4)
14 Youngster seeking old man Methuselah sadly getting cold, not hot (10)
17 Roadside staff giving directions using index cards, maybe? (10)
21 Air kiss when knight travels east (4)
25 He has people under him work with iron and gold (9)
26 Profound gap year stops sailor getting to ship (5)
27 Some deadbeat southerner patronises restaurateur (4,3)
28 A side of arsenic fed to awfully sly cop – one who detained hero (7)
29 See 9 Down
30 Church article on rapture is reminiscent of Famous 5 writer (7)

DOWN

2 Figure with underworld connections has police force breaking up stag? (7)
3 Some deadly things that could captivate crew, essentially (6)
4 Swordsman removes sheath to seize throne for the Vatican? (7)
6 Musical sort from Gibraltar with heavenly body (4,4)
7 Endure a term of French to climb up through school (7)
8 Like more than a few games, they may be fixed (6)
9/29 Jean Rhys novel inspires your setter to become an author (5,5)
10 Charming lady left out of social group (5)
15 Stars lie low every now and then (3)
16 Mother of 14 to run away with writer (8)
17 Bloom`s upset about modernist writer losing heart (6)
18 Dangerous liquid offered by new Australian pub that doesn`t close (7)
19 Suggest what Teletubbies might say when charging round the playground (5)
20 Two companies with conflicting directions get superior fellow on blower (7)
22 Democrat quits at end of four years somewhere in Washington (7)
23 Delight in a bit of wind with love (5)
24 Another word for 5 sounds like French in some accents (6)

NOTE: Figures in parentheses denote the number of letters in the words required. (By arrangement with **The Independent, London**)

100 YEARS AGO

OCCASIONAL NOTE

Mr. Lloyd George is not a politician who can easily be beaten, more particularly where the manipulation of the constituencies is in question. There is, however, an ominous sound in today's assertion that "the only matter upon which the political prophets agree is the certainty of the Coalition's defeat," the Liberal Press even talking of a political earthquake parallel to that of 1906. The political prophets are by no means always right. The divisions in the ranks of the various Opposition parties seem to point to anything but a combination for victory. It may be urged, too, that the glaring lack of Opposition leadership is an obstacle to the destruction of the Lloyd George legend. On the other hand, never was an Opposition faced by a more favourable target. A candidate basing himself on the existing Government's record of extravagance, of diplomatic muddle, and of mishandling of every Imperial problem with which it has been confronted, might fail to win a constituency, but he would be justified in the assurance that either he himself was a dismal political failure or that the constituency was so attached personally to the "Welsh wizard" that any expenditure on its political conversion might safely be deferred during the lifetime of the present Prime Minister.

NEWS ITEMS

WAGES OF UNITED PROVINCES POLICE

LUCKNOW, FEB 1

His Excellency Sir Harcourt Butler received a deputation of representatives of the United Provinces Police Association this morning. In an address the association claimed increased wages for the various cadres of the force and suggested that increment should be by the time scale. The Governor, in assuring the police of the high value in which he held their services and eulogising their work, spoke of the desire of his Government and himself to remove all legitimate causes of grievance as soon as funds permitted. His Excellency stated that calculation showed that if all the requests made were granted the expenditure on the police force would be increased by Rs 2 crores per annum; in other words, the cost of the force would be more than doubled.

UNIVERSITY TRAINING CORPS IN INDIA

DELHI, FEB 1

As some misapprehension appears to exist as to the nature and role of the University Training Corps of the Indian Territorial Force, it has been decided that while persons enrolled in units of the University Training Corps are legally liable to the obligations imposed by the Indian Territorial Force Act, it is not the intention of His Excellency the Commander-in-Chief to utilise University units for field service. Those units are intended to be training institutions with a view to the production of educated officers and other ranks for subsequent employment in combatant branches of the Indian Territorial Force. They will not be regarded as a second line to the Indian Army for utilisation in time of war as units.

MARWARIS BUYING MANCHESTER CLOTH

It was reported a few days ago that at the instance of Sir P.C. Roy and some other Congress workers, the members of the Marwari Chamber of Commerce signed a pledge binding themselves not to purchase "foreign" cloth. Enquiry in this direction has elicited the information that some Marwaris have within the last few days purchased no fewer than 2,000 bales of Manchester cloth from the importing houses, out of which about 800 bales have already been disposed of to retail vendors. The trade in Manchester cloth in Bara Bazar, Calcutta, is very brisk, owing principally to the fact that the prices of dhuties and saries have come down very considerably. Traders from the mofussil are coming to the city in numbers and are taking out the imported cloth for the market in the interior.

SERIOUS CYCLE ACCIDENT

MADRAS, FEB 1

A Bellary correspondent states that Mrs Watson, wife of Captain A.C. Watson, met with a serious accident on the night of January 28. Mr. Attwood, agent of the Imperial Bank of India, it is stated, was returning to his bungalow from Bellary Club, with Mrs. Attwood in the side car of his motor-cycle, and Mrs. Watson seated on the carrier behind. When they arrived at their bungalow they found that Mrs. Watson was missing. They were about to go in search of her, when she walked into the house in a very shaken condition, bleeding from a wound in the back. One of her wrists was also fractured, and she had many other severe cuts and bruises all over her body.

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The Hindustan Times
ESTABLISHED IN 1924

{ OUR TAKE }

Union Budget delivers what India needs now

Built on public investment, its success will depend on timely disbursal and efficient utilisation of funds

It's difficult to look beyond the big number in the Union Budget. This is the 35.4% increase to ₹7.5 lakh crore in capital expenditure in 2022-23. The number is important because, in the absence of private investment, it is public investment that needs to drive the economy, and there were fears that the government, after increasing capital expenditure by 29% to ₹5.54 lakh crore in 2021-22, would, with an eye on balancing its books, perhaps not follow up with another significant increase. Those fears have proved unfounded, and it is clear that the finance minister (FM) recognises the importance of public investment in the coming financial year (it will "crowd in private investment," FM Nirmala Sitharaman said). Public investment has played a significant role in the economy's recovery from the (still) ongoing pandemic, and it's reassuring that the government realises that it needs to do much of the heavy lifting in 2022-23.

Yet, there is more to Union Budget 2022-23. One, there is a repeated emphasis on domestic manufacturing across sectors (including defence and electronics) which, if successful, could mean jobs apart from self-reliance. Two, there is acknowledgement (backed by allocation) that the education sector has been hit hard and that significant intervention is needed to ensure that the two years that many students have lost do not end up disadvantaging them for life. Three, there is a clear focus on reducing the economy's carbon intensity (and footprint) — from pushing the cause of solar (through a boost to local manufacturing of modules) to sovereign green bonds to implementing recycling policies across 10 sectors to a push for public transport in urban areas to a battery swap plan for electric vehicles. Four, there is a continued push on the digitisation front, evident in the 50% increase (to ₹79,887 crore) in the IT and telecom expenditure budgeted for 2022-23. Five, there is a nod to the future — not just in the decision to adopt a central bank digital currency, but also in plans for areas such as artificial intelligence, genomics and space. And six, there is the demonstration of the ability to leave well enough alone. There are no new worrisome or meddlesome taxes (the one on crypto and digital assets was required). Also absent were widely anticipated populist measures with an eye on elections in five states.

All of this has been achieved with a fiscal deficit that is estimated to be 6.4% of the GDP in 2022-23. No one is likely to complain about that number — and Mrs Sitharaman's unapologetic acceptance of it shows that the government is focusing on growth, not deficit. The math of the Budget appears to be conservative. It assumes a nominal GDP growth of 11.1%, which is low. In 2021-22, it assumed a nominal growth of 14.4%, but ended up seeing nominal growth in excess of 17% — which also found a reflection in its buoyant tax revenue. This seems to suggest that the tax revenue for 2022-23 could also beat the Budget estimates. And, that the actual fiscal deficit could be substantially lower. To be sure, it is also possible that this conservatism is born out of fears about downside risks, including ongoing supply constraints and the rising price of oil.

Those are the hits. As for the misses, the Budget seems to be betting on growth getting consumption demand up, rather than any feel-good interventions (read tax cuts, sops) to do so — just as it seems to be betting that with the economy reviving, some of its relief measures may no longer be needed. It hasn't announced a Plan B for the agriculture sector after the government repealed late last year, the three reformist farm laws that were Plan A. And it is silent on the inclusion of Indian bonds in global bond indices, something that was expected to attract more foreign investments. The silence on bonds, combined with the government's record borrowing plan — the Budget fine print shows that it will borrow ₹14.95 lakh crore, much higher than the ₹12-13 lakh crore expected by the market, raising concerns that there may not be enough credit to fuel corporate growth — roiled the debt market soon after the Budget. The fears about debt supply also come in at a time when global central banks are tightening interest rates and the Reserve Bank of India is also expected to do so. And like all other plans built around public investment, Budget 2022-23's success (or failure), finally comes down to the timely disbursal, and the efficient utilisation of this money.

It may set the stage for the next 25 years of India's journey as Mrs Sitharaman mentioned in her speech, or it may not, but there can be no doubt that Budget 2022-23 is as close as can be to being the kind of Budget India needed at this point in time.

Budget lays out a vision for India@100

It successfully balances the requirements for growth while taking ample care of equity

Rajiv Kumar

The most important feature of this Union Budget is that it has a unifying theme. It is neither a collection of outlays on populist welfare schemes nor a statement of assorted changes in the direct and indirect tax regime. The unifying theme is to lay the solid foundation for achieving our vision of a digitally empowered India with world-class infrastructure and globally comparable education and health sectors in 2047, when we celebrate the centenary of our Independence. It is a Budget that focuses on the long-term while at the same time addressing the immediate challenges thrown up by the worst shock in a century, caused by Covid-19. It has risen above being a partisan Budget. Instead, it has kept its gaze fixed, laser-like, on the country's principal goals and objectives.

The four priorities, which have driven the Budget's agenda, are essential components of this unifying theme. The Gati Shakti master plan, its priority, seeks to provide a seamlessly integrated world-class physical infrastructure to meet the logistics need of a rapidly growing economy. The rapid expansion and modernisation of the seven constituent sectors of this master plan — roads, railways, airports, ports, mass urban transport, waterways and other logistics dimensions — will have a productivity-enhancing and employment-generating impact. In addition, it will make Indian business globally competitive and help boost exports and remove bottlenecks in supply chains, thereby helping to bring down inflationary pressures in the economy. It is important to remember that the recent rise in the inflation rate is not a result of excess demand, but reflects supply-side constraints. This is true not only of India, but globally as well.

Therefore, the Budget has announced a whopping increase of 35.4% in government capital expenditure for 2022-23 (FY23) over the previous Budget estimate. Even when compared to the higher revised estimate of ₹6.02 lakh crore (risen due to the write-off of Air India's debt), it still represents a substantial increase of 25%. This comes on top of a sharp increase in public capital expenditure in 2021-22. This amply demonstrates this government's commitment to not pander to short-term populism, but to build the strongest foundations for long-term, sustained, rapid and equitable growth of the economy.

Infrastructure development generates employment. It crowds in private investment which, in turn, again creates jobs. Additionally, a world-class infrastructure and logistics network lowers costs for corporates and helps them become globally competitive. This allows them to ramp up exports, which again are employment-intensive. The finance minister stated that a key component of the government's threefold vision for India@100 is: "Relying on virtuous cycle starting from private investment with public capital investment helping to crowd-in private investment." The Budget seeks to accelerate this virtuous cycle, thereby, generating massive multiplier effects, which will boost both growth and employment.

In a similar vein of giving India@100 a globally comparable education system and enabling us to reap the demographic dividend, the Budget has increased the outlay for the education sector to more than ₹1 lakh crore, representing a 12% rise over the Budget estimate of FY22. Combined with the digital ecosystem for skilling and livelihood; setting up 750 science and math virtual labs; 75 skilling e-labs in FY23 and facilitating "Drone Shakti", the Budget gives a strong fillip to the implementation of the national education policy that aims to renovate and rejuvenate the country's education system. The health sector outlay, having been raised by more than 7% in FY22, is being further ramped up by 16% over last year's Budget estimate to ensure better living conditions for the "*aam aadmi*" (common man).

Another aspect of developing a vibrant modern economy is to bolster the growth of the domestic manufacturing sector. To this end, the government had already announced its ambitious Production Linked Incentive (PLI) Scheme in 14 sectors with an outlay of about ₹2 lakh crore.

This Budget further enhances this focus in several ways. It provides an additional outlay of ₹19,500 crore for the production of solar power equipment to minimise imports; it earmarks 68% of the total defence capital budget for procurement only from domestic manufacturers; it reduces import duty on several imported components for export-oriented sectors such as diamonds, gems and jewellery and textiles; it also raises duties on imported goods such as umbrellas, which compete with our small enterprises; the Budget does away with anti-dumping surcharges on intermediate products whose global prices have risen to lower production costs domestically; over 25,000 compliances have been reduced and 1,486 laws repealed to further improve the ease of doing business; finally it rationalises the exemption and import duty structure on capital goods, thus making domestic production more competitive. All these measures will permit a globally competitive manufacturing sector to expand in India. That will also generate jobs, with approximately six million additional jobs coming from the 14 PLI schemes already announced.

There are also some direct measures for improving the lives of the common person. The Jal Jeevan Mission, which will enable tap water to reach an additional 38 million households, has been allocated an additional ₹60,000 core in FY23 over the ₹50,000 crore in FY22. Under the Ayushman Bharat Digital Mission, an open platform for the national digital health ecosystem will be rolled out in FY23. ₹7,800 crore has been allocated to the PM Jan Aarogya Yojana that provides subsidised health insurance to the less well-off.

This Budget successfully balances the requirements for accelerating growth while taking care of equity. At the same time, it addresses immediate post-pandemic challenges while laying the foundations for a New India that will meet the aspirations of its young population.

Rajiv Kumar is vice-chairman, NITI Aayog
The views expressed are personal

The Budget has risen above being a partisan one. Instead, it has kept its gaze fixed on the nation's principal goals and objectives SANJEEV VERMA/HT PHOTO

Budget for India @75: A template for Amrit Kaal

Gopal Krishna Agarwal

A focussed, business-like approach to the Budget at a time when there was pressure to come up with a populist one shows the maturity and sagacity of the Narendra Modi government. It leaves no doubt that the government is clear on long-term objectives and not too perturbed by short-term disruptions, and that it is committed to putting India on the trajectory of a high single-digit growth rate on a sustainable basis.

The Budget is high on policy stability, predictability and trust-based governance. This is evident from the fact that it has left all important provisions related to direct and indirect taxation unchanged. Government after government has tweaked the tax regime in successive budgets, but the finance minister (FM) has changed the narrative this time. The government has reaffirmed its commitment to keeping tax rates low and, at the same time, easing tax compliances by giving an opportunity to taxpayers to rectify their tax return, subject to a few conditions.

The government has also decided to follow a sound litigation management policy and declared that if a question of law is pending before a jurisdictional high court or the Supreme Court, the tax department will not file any appeal in a matter involving the same question of law till the time it is settled. Stable and predictable policies play an important role in engendering private economic decisions and fostering economic growth.

While there are many takeaways from the Budget, the continued emphasis on public capital expenditure (capex) is one of the highlights. The FM reiterated that private capital expenditure is still weak, and the government will have to do the heavy lifting. Public capex has been increased by a whopping 35% to ₹7.5 lakh crore for 2022-23. Together with central government grants and aids to state governments for capital expenditure, this figure goes up to ₹10.68 lakh crore. As a result of this, private capex may take off sooner than expected. This will catalyse growth in many business ecosystems. The Economic Survey 2021-22 has already showed that there has been an uptick in bank credit growth.

Micro, small and medium enterprises (MSMEs), which are the backbone of the manufacturing sector, have been more severely impacted by Covid-19. Keeping this in mind, the government has extended the Emergency Credit Guarantee Line by one additional year to March 31, 2023, with additional ₹50,000 crore for hospitality and related sectors that were hit the hardest by the pandemic. Credit guarantee for micro and small enterprises (CGTMSE) has also been revamped. Thus, the ameliorative measures in the Budget are extremely targeted, bringing efficiency in the use of taxpayers' money.

The government has also struck a fine balance between capital expenditure and fiscal consolidation. Fiscal deficit for FY 22-23 has been projected at 6.4% of the Gross Domestic Product (GDP) and the government remains committed to bring it below 4.5% of the GDP by 2025-26. The glide path is going to be smooth and gradual. The Goods and Services Tax (GST) collection of ₹1.41 lakh crore in January 2022, the highest since the inception of this transformative tax regime, assures us of the strength of economic recovery post-pandemic. Hence, there should not be any negative surprises on the revenue front in the coming financial year. We must bear in mind that the current average tax rate under GST is around 11.6%, which is much below the revenue-neutral rate of 15-15.5% calculated by an expert body at the time of its implementation. Therefore, there is enough room to further increase GST collection, should the government choose to.

Nowhere is the Budget as future oriented as when it talks about urbanisation. We all know that our top six cities are bursting at the seams and all additional expenditure being incurred by their governments is to mostly make them liveable for the existing population.

The FM rightly said that our tier-2 and tier-3 cities will have to step up to shoulder the responsibility of ongoing urbanisation. Cities and towns can be our future engines of growth only when they are properly planned, inclusive and operate on sustainable principles, not when they present a picture of squalor and apathy.

The emphasis on new building by-laws, revamped town planning and creating centres of excellence in these areas in leading academic institutions through the grant of ₹250 crore to five such institutions show the commitment of the Modi government in this area.

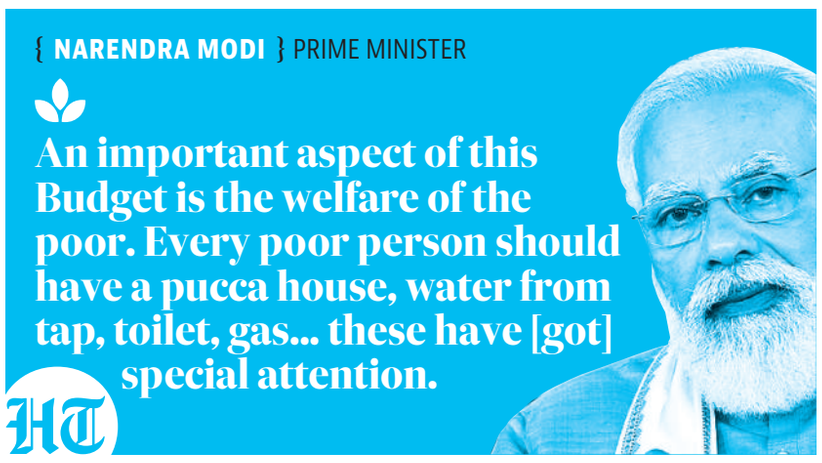
It is evident from the Budget speech that the PM Gati Shakti is going to be the linchpin around which the government will build a world-class, seamless, multi-modal transport and logistics infrastructure, based on clean energy. One of the reasons why our manufacturers are not globally competitive has to do with high logistics costs and broken domestic supply chains. The share of logistics costs right now is around 14% of GDP and the government is committed to bringing it down to 8-9%. Gati Shakti, with its focus on seven engines (sectors), will bring down logistics costs, reduce tedious documentation and enable lean inventory management.

In her speech, the FM said that this Budget will set the template for the next 25 years, from India@ 75 to India@100, the 25 years of Amrit Kaal. If India commits itself to follow this template of high public capital expenditure, control on populist measures, stable and predictable tax regime and government policies, and a single-minded focus on reforms, this Budget will be remembered as the trailblazer.

THE FM RIGHTLY SAID THAT TIER-2 AND TIER-3 CITIES WILL HAVE TO STEP UP TO SHOULDER THE RESPONSIBILITY OF URBANISATION. CITIES AND TOWNS CAN BE THE FUTURE ENGINES OF GROWTH ONLY WHEN THEY ARE PLANNED, INCLUSIVE AND OPERATE ON SUSTAINABLE PRINCIPLES

Gopal Krishna Agarwal is the Bharatiya Janata Party's national spokesperson on economic affairs
The views expressed are personal

{ NARENDRA MODI } PRIME MINISTER



The Budget has laid the foundation for inclusive and sustained growth

Kumar Mangalam Birla

India's recovery from the coronavirus pandemic has been nothing less than spectacular. More than 1.7 billion doses of the vaccine have been delivered in less than two years, and a food crisis has been averted by executing the world's largest free food grain distribution programme. Thanks to the fiscal stimulus, and impressive corporate performance, the Indian economy is the fastest growing among all large economies, according to the International Monetary Fund. Foreign money has poured in, and a record number of unicorns were born last year. The dynamism of startups and entrepreneurs is palpable.

Yet, challenges such as large-scale job creation, support to struggling micro, small and medium enterprises (MSMEs) hit by the pandemic, and making up for the two-year education backlog of school children remain. The objective of the Union Budget is, then, to balance the imperatives of meeting these immediate challenges while also laying the foundation for long-term sustainable, inclusive growth. This has been done eminently well.

Welfare spending is up substantially, and so is spending on capital items such as roads, railways, ports and airports. The predominant theme of this Budget is indeed that of "capex". I believe that India will see a resurgence of capital and investment spending in the coming decade, both from the public and private sectors. The total public capex spending next year will reach nearly 3% of the Gross Domestic Product (GDP), perhaps even higher in the coming years. This thrust on capex has not compromised the fiscal situation, which is an admirable feat. The finance minister said that the government is well on its way to meeting the fiscal deficit target of 4.5% of the GDP by 2026.

If anything, the revenue estimates are conservative, and will spring a positive surprise in the coming year. Just this past fiscal, the total gross revenue was ₹3 lakh crore more than what was budgeted. And nominal GDP, or national income, grew by three percentage points more than projected last year.

Another notable theme in this year's Budget has been the proposals that are forward-looking, future-oriented, and address the aspirations of future generations. The introduction of blockchain-based digital currency is one example. India will be one of the few countries to start using digital currency. This also gives a boost to the immense talent that is working in this cutting-edge field. Electronically linking all one-and-a-half lakh branches of the post office bank is another example of an aspirational initiative. That is sure to connect rural savers with mainstream financial services.

The floating of a sovereign green bond is a third example. It shows an innovative form of financing, and an enlightened policy, which will nudge the economy to transit toward a greener and cleaner growth path.

The agenda of climate action is front and centre for the government. India's ambition for a share of renewable energy in the national energy mix is one of the boldest in the world. Drones as a service initiative, a national e-portal for skilling and training, and national policy on battery swapping are further examples of futuristic thinking.

While there is an emphasis on investment for future growth and aspirational initiatives, the welfare aspects have not been ignored. Indeed, the recognition of the need for a national tele-mental health counselling programme is admirable and progressive. Likewise, the strengthening of the *anganwadi* system is also welcome.

India's recent strong performance in exports, robust collections in Goods and Services Tax , high growth in major economies in the world, all these are good tidings. The Budget has laid the foundation for sustained and inclusive growth, with a focus on public spending on infrastructure, which will surely induce private investments in the coming years.

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The views expressed are personal

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A growth-oriented Budget with inflation risks

Finance Minister Nirmala Sitharaman presented her fourth consecutive Union Budget on Tuesday.In her 92-minute Budgetspeech which is her shortest one so far, the Finance Minister said the Union Budget 2022-23 would lay a solid foundation for India's growth story for next 25 years when our country would celebrate 100 years of Independence. It's too early to say this Budget will create such a foundation, but the Finance Minister has set herself several ambitious targets.

As per the numbers dished out by her, the central government will incur an expenditure of Rs 39.45 lakh crore in the next financial year while the total receipts are estimated at Rs 22.84 lakh crore. There is a huge gap between expenditure and income. Furthermore, as it happened in the current financial year, Centre's expenditure will overshoot the budget estimates while revenues will be lower than projections. Furthermore, she left taxesmostly untouched.So, the government will have to go for higher borrowings which come at a huge cost. The other ambitious target is to achieve a fiscal deficit of 6.4 per cent of gross domestic product (GDP) in FY23. In the current financial year, the Centre aimed at achieving a fiscal deficit of 6.8 per cent. But as of now, it is expected to go up to 6.9 per cent. This percentage may stretch further when real numbers come in. So, the target of reaching a fiscal deficit below 4.5 per cent by 2025-26 is unlikely to be realized if the Centre doesn't maintain a strict fiscal discipline.

But the most important takeaway from the Budget 2022-23 is the outlay for capital expenditure which has been increased by a whopping 35.4 per cent to Rs 7.5 lakh crore from Rs 5.54 lakh crore in the current financial year. That is equal to 2.9 per cent of GDP. Private investment is yet to pick up in the country owing to fall in the consumption levels triggered by the ongoing Covid-19 pandemic. In this backdrop, an increased government spending is the need of the hour to fuel economic recovery.That way, the Finance Minister has done the right thing by enhancing the capital expenditure.

In the same breath, Sitharaman extended the Emergency Credit Line Guarantee Scheme (ECLGS), which offers additional credit to over 1.3 crore MSMEs, till March 2023. She also expanded the guarantee cover under the scheme by Rs 50,000 crore to Rs 5 lakh crore. The increased cover will go to the crisis-hit hospitality sector, a right move.

Other takeaways include incentives for startups, digital push, significant outlays for infrastructure and focus on urban development. A 30 per cent tax on digital assets is a clear indication that the Indian government will not ban cryptocurrencies. A digital rupee is also on the way. But the Finance Minister was silent on the disinvestment target. This came as a surprise for many.

Overall, it's a growth-oriented Union Budget though inflationary pressures may flare up, hitting the poor hard. Will the government walk the talk on the Budget numbers? That's a trillion-dollar question!

BASIC ISSUES NOT SOLVED

THE WAY AHEAD

Dr Bharat Jhunjhunwala

The Finance Minister has given a push to make in India. The domestic procurement of defence sector has been increased from 58 per cent to 68 per cent and concessions have been given for items that are necessary for jumpstarting production in India. For example, imports of lenses for mobile phones have been made easier. Import duty has been increased on capital goods such as machinery, for which we have adequate capacity to manufacture in India. The same holds for chemicals. Import duty has been increased on certain chemicals that we can produce ourselves. Incentives have also been given to the manufacturer of solar panels. These policies are entirely in the right direction and the Finance Minister needs to be congratulated for taking these steps for promoting Make in India.

The basic problem of the Budget is that the same supply side policy that has led to slowdown of the economy in the last eight years of present government continues. The Finance Minister has provided for increased outlays on "Production Linked Incentive Scheme" and provided incentives to promote private investment. However, this will not be of any avail.

The fundamental calculation of a businessman is whether he or she can sell the goods in the market. If there is no demand in the market, then a businessman will not invest irrespective of whether she is entitled to income tax exemptions or Production Linked Incentives. Of what use are income tax incentives when there is no income? The budget is like providing incentives to potato growers to reach their potatoes to the market at a lower cost when there are no buyers for potatoes in the market. If the consumers do not have money in their pocket, it hardly matters to them whether the potatoes are available at Rs 20 a kilo or Rs 15 a kilo.

The Finance Minister has failed to deal with basic problem of lack of demand in the market. Demonetisation and GST have led to the collapse of small and medium industries and employment has collapsed. The Finance Minister has not made any discussion about how she proposes to provide employment to the large number of youths who are entering the market. No employment means no demand and there will be no demand in the market. The supply side incentives of income tax exemptions and Production Linked Incentives will be of no avail. The economy will continue in the slow lane as it has been continuing in the last seven years.

The Finance Minister has rightly claimed that the Government has implemented schemes for providing free gas cylinders and accessible electricity and such. However, such relief does not translate into market demand. The challenge was to reduce government consumption and shift it to people's consumption.

The Government is paying high salaries to its employees. These employees already have the money to buy their requirements of cloth, paper, and bulbs. They use their additional salaries to invest in share markets or to send it abroad. Whereas, if the same money were to be given to the poor people as cash transfers, then they would buy more of cloth and paper from the market and jumpstart the economy. The Finance Minister has totally ignored the fact that there is no demand in the market and hence the economy is likely to continue in the slow lane.

The Finance Minister has said the capital expenditures will be increased from 5.5 lakh crore to 7.5 lakh crore indicating an increase of 2 lakh crore. The total expenditures will increase from 34 to 39 lakh crore in the next year indicating an increase of 5 lakh crore. The increase in capital expenditure is substantial. However, it is still like a drop in the ocean.

The fact is that our economy it is being swamped by imports both of services and goods. People still use apps like Zoom and Camscanner that had been prohibited because we are not able to produce equivalent domestic apps. The need was to increase the capital expenditure from 5.5 to say 10.5 lakh crore and actually reduce the government consumption. That would have helped reduce the cost of production in the country. For example, free Wi-Fi could have been provided for all the small towns so that the youth can access the internet easily and export their services like online tuition, music or whatever. Such massive increase in investment in pro-poor infrastructure alone would help the people to compete in the global market of services. There has been nothing like this in the budget.

The Finance Minister has patted her back at the buoyant GST collections at 1.4 Lakh crore in a month which is indeed good. However, the question is that if collections have increased from 1.0 lakh crore to 1.4 lakh crore within a period of about one year, showing an increase of 40 per cent. then why the GDP has increased only at 9 per cent?

The reason is that most increase in GST collection is coming from the transfer of manufacturing from the informal to formal sector. The poor man who was selling peanuts on the road corner has lost his business and the same has been transferred to the big manufacturers who are selling packed peanuts The small street vendor was not paying GST. The big manufacturer is paying GST. Therefore, a transfer of production from the small to the big it involves increasing GST without an increase in production. This and this it is the reason that GST is buoyant. The Finance Minister has not taken any steps to protect the jobs and employment of the poor.

The last point is that the States will be lose the compensation of shortfall of GST beginning with July 2022. At this point, many States will see a decline in their revenue by 20 to 40 per cent. In order to help them overcome this situation, the Finance Minister has provided that they can take large amount of loans. But loans will not solve the problem at all. The States need to generate their incomes. Just as the deficit of GST the States was pushed from 2017 to 2022 by providing for compensation for shortfall; now the same deficit is being pushed by another few years by allowing States to borrow more money. This is like the Finance Minister providing loans to a person who is lost his job. How long will he survive on loans unless he can get a job?

The Finance Minister should have enabled the States to increase their income by allowing them to increase the rates of GST within their state borders. Without such a step, the States will not be able to earn the revenue today or five years later and the situation will only get worse.

(The author is former Professor of Economics at IIM, Bengaluru)

(The opinions expressed in this column are those of the writer. The facts and opinions expressed here do not reflect the views of The Hans India)

Bringing the 'invisible majority' into the mainstream

VISHNU MAKHIJANI

PERSONS with disabilities (PwDs) constitute an "invisible majority" because "every one of us is liable to join their ranks", says an in-depth book on 2.1 per cent of the Indian population (20-million-plus) that suggests a six-point charter to bring them into the mainstream and enable them benefit the laws enacted for their uplift.

"PwD's are rendered invisible because the fear of public humiliation keeps them indoors, or because an inaccessible environment forces even those who wish to venture out to remain locked in. They are also invisible when their disability is not physical. Society does not see the millions affected by 'invisible disabilities'. impairments and illnesses of the mind," C.K. Meena and V.K. Ferose write in "Invisible Majority - India's Abled Disabled" (Hachette).

"But PwD's are the majority because every one of us is liable to join their ranks. And also because we must include those whose lives are radically impacted and altered by being caregivers," the authors contend, adding that PwD's come from every class, gender, race, religion and community "and yet we often fail to grasp the magnitude of the invisible majority," the authors contend.

They lament that India is over half-a-century behind the West in its attempts to include PwD's into our society and maintain that the country's "recent progressive laws on disability will have to be translated into action on the ground" for them to have a tangible effect.

Also, though the country "does not yet have a cohesive group of PwDs - a sizeable 'us' who can forge a mass movement", there are many individuals who are asserting their identities and "have heaved aside mountainous obstacles" to carve out a track for themselves and for others like them.

"The disability rights act is perfect on paper. What is missing is the implementation. If everything it says gets translated into reality, India would be a utopia for PwDs," Meena and Ferose told IANS in a joint interview.

Also, the "disparate organisations working in their silos should work towards a common cause. A cross-disability advocacy organisation like the NCPEDP (National Centre for Promotion of Employment for Disabled People) can provide a common platform. The demand for inclusion should be loud and united", they said, adding: "India will become an inclusive nation only if mindsets are transformed.

"Toward this end, the authors suggest a six-point charter for a nationwide movement, "nothing less than an uprising, a powerful, overreaching, countrywide disability rights movement that brings together persons with every kind of disability and fights for total inclusion.

The charter

Be visible, be vocal Whatever may be the prevailing trend, PwDs in India should take ownership of the well-organised motto of the global disability rights movement, "Nothing about us without us" Thus far, reforms in the disability sector are all court-driven rather than society-driven but PwDs cannot wait for society to change its mindset. They should be self-advocates; lead from the front; demand their rights.

Rights, not charity: The NCPEDP keeps a sharp eye on potential violations of rights. When the government attempted to delete the provision in the Rights of Persons with Disability Act meting out punishment for those who humiliate or abuse PwDs, there was such a strong pushback from the NCPEDP and other disability organisations that the government hastily backed off. This, and certain other measures like the MANI (Mobile-Aided Note Identifier) app post-demonitisation constitute a slow awakening in fits and starts and must gather a steady momentum as disparate efforts must coalesce.

Need for cohesion: Disability organisations need to come together on a common platform. Now, each works and fights for the narrow, specific disability they are championing. It's a scarcity mindset that prevails, with each guarding what they believe is their own share of the pie.

Secure political space: Obviously, if PwDs have to move to leadership roles, more disability organisations need to be headed by them.

Change in the periphery: This is best explained by NCPEDP Executive Director Arman Ali, who heads the organisation since the demise in 2018 of Javed Abdi: When the remotest village becomes disability friendly, when a disabled child is able to go to a neighbourhood school in the village, then change will happen.

A Disability university: This will infuse technology into the sector while an institution for disability studies can focus on collating knowledge on the sector and recommending measures for implementation.

They also faulted stereotyping as "the main flaw in most media representations of PwDs". "The media should first of all understand what PwDs are capable of, not focus on their inabilities. They should not be looked upon with pity. But it is equally important to not put them up on a false pedestal. As our book says, ï¿½they are just like everyone else. No more, no less'," the authors added.

The book is a collaborative effort spanning continents. "Ferose has been in the disability space for over 10 years, reading widely about the subject and connecting with individuals and organisations in India and abroad. He wanted to distil all his learnings and experiences into one book, especially when he realised that there was no book in India which gives a comprehensive overview of disability in the country. At the same time he realised that since he lives in California he needed someone in India who would do the heavy lifting. Through a parent of an SAP Labs Bangalore employee he connected with me," Meena said.

"I've been in journalism for four decades and have three published novels under my belt. Ferose and I exchanged emails and after sussing each other out, realised we were on the same page. When we finally met in November 2018 we bonded instantly," Meena, a founding member of the Asian College of Journalism, added.

LETTERS

How will the Budget impact us?

AMIDST the pandemic chaos across the country, the moment Union government schedules the budget session on the first day of February of every year after 18 long months of the financial ministry's team work, economists, financial analysts, civil service aspirants and all those who have a keen interest will glue themselves to their seats to watch the live telecast.

As the finance minister of the country Nirmala Sitharaman progressed with the budget speech, many commendable measures are proposed in the Rajya Sabha like, firstly, the battery swapping making the way for more Electric Vehicles in the country taking into account the limitations of establishing charging stations presently.

Secondly, commencing a common portal for registration of various deeds and documents throughout the country under One Nation and One Registration module. Thirdly, Private telecom operators are enabled to provide 5G network to their users in the current FY. Fourthly, SEZ laws are amended where the state governments can becomes partners. Fifth aspect covers the capital investment support enhancement to the states followed by the extension of tax incentives for startups till 2023. This is along with the proposing for filing an updated return by the assesses when they have committed any omission of tax for the last two years from the end of the relevant AY which helps the Income Tax department to recover the taxes so omitted or suppressed.

Another innovative aspect of blending of fuel that was proposed will see the light and additional duty will be attracted to the unblended fuel from October 2022. Later the Finance minister laid some ways to avoid repetitive litigations arising out of identical issues. Lastly, the transactions involving virtual digital assets have no set off and they being taxed at 30% leaves no way of escape of income from the tax cuffs. As there was a tab on the number of budget hours, the first half of the budget comes up with updates that assists the country to perform well and reduce fiscal deficit during the current FY.

Madhulika N, Hyderabad

II

IF you study the latest Union Budget closely, the BJP government's allegiance to corporates is clearly manifested. Surcharge on corporate tax slashed from 12% to 7%. The IT slabs remain the same and the rise in income limit for IT relief, which would have benefitted middle class hugely, was not considered. The demands to scrap GST on insurance premiums and for an exclusive IT relief on insurance premiums paid, were also ignored. The backward regions in the residual AP received no financial report in the budget. Creation of 60 lakh new jobs in next 5 years sounds hollow to anyone, given the last 7 years track record of NDA government. No steps to curb the prices of essentials and fuels were declared.

A Raghunatha Reddy, Kadapa

III

IN the Union Budget since 2015 Central Government have failed in meeting the demands of Telangana state. it's clear even in the 2022 Budget central government is concentrating only on upcoming elections states like Goa, UP, Punjab, Uttarakhand, and Manipur. Telangana has not got a national status for single irrigation project, Not a single medical college announced by GOI. Railway university only for Gujarat and so many projects only for BJP-ruled states.

Dinesh Chakrawarty, Aam Aadmi Party, Telangana

IV

THE budget presented by the Finance Minister in the Parliament utterly fails to address the basic issue of the Indian economy. Economy essentially suffers due to lack of demand and decaying market. Any amount of pumping resources in the hands of those in the production sector cannot help in improving the situation as seen in the last seven years. The announcements of benefits and reforms in fields like Start ups, cooperative, defence production, power sector, e-education, one lakh crore interest free loan and communication will all go in the hands of the Private Corporate managements and the affluent and there is least scope for generation of employment or improving the economy.

The health sector that needs big push under public sector in the back ground of exposure by the prevailing pandemic on the utter uselessness of private sector in the field of healthcare, is not at all touched upon.In all the poor and the middle class, who were expecting themselves to be bailed out from their existence issues, stand highly disappointed.

A G Rajmohan, Anantapur

V

THE central government views Budget as foot-steps facilitating not only pooling resources, eradication of poverty and lessening inequality but would focus on entire development. It is quite natural that Opposition will criticize each Budget by seeing through political lens. However

during present times when pandemic has devastated massive number of human lives and livelihoods unprecedentedly and thereby shattering economy together with mounting unemployment problem and gigantic task burdens the Centre to rehabilitate economy. Accordingly Finance Minister has expertly handled this great task as evident from fact that no new taxes are levied while Income Tax remains unchanged.

B Veerakumaran Thampi, Thiruvananthapuram

thehansreader@gmail.com

FROM THE WEB

K'taka's Hoysala temples nominated for UNESCO World Heritage sites

BENGALURU: The elegant Hoysala temples of Belur, Halebid and Somnathapura in Karnataka have been finalised for nomination for the Unesco World Heritage sites for the year 2022-2023, Union Minister for Culture, Tourism and Development of North Eastern Region G. Kishan Reddy said. He broke the news on Monday night by puting out tweets in Kannada and Hindi, which doubled the celebration of Kannadigas.

He said: "The 'Sacred Ensembles of Hoysala' have been on UNESCO's tentative list since April 15, 2014. Let us sincerely pray that these temples get inscribed as World Heritage in 2023.

"These temples represent one of the highest points of human creative genius and stand testimony to the rich historical and cultural heritage of our country. My hearty congrats to all those involved in this exercise."

Hijab issue: Student knocks on HC door

UDUPI: The hijab issue has now reached the Karnataka High Court. One of the agitating girl students in her petition, has said: "That wearing hijab is the right given to me by the constitution of my country and I will wear it."

Following step taken by one of the girls other three students arrived at the college wearing their headscarves on Tuesday, the day after the development committee at Women's Government PU College, Udupi, held a meeting and instructed the girls to attend classes without headscarves. The students were denied entry into the classrooms due to a dress code policy being in effect.

Read more at https://epaper.thehansindia.com (Bengaluru edition)

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OUR VIEW

PTI

A budget that aims for post-revival expansion

It's consistent with the Centre's supply-side reform thrust and relies on a mix of public and private spurs to lift our economy's post-pandemic growth path. Yet, it's only partly reformist

To the current government's credit, its embrace of free-market tools for India's economy has been nuanced, just as its "barbell" response to the covid crisis has been more pragmatic than pre-coloured. Last summer, Prime Minister Narendra Modi sought to contrast a past model of "reforms by stealth and compulsion" with his administration's "reforms by conviction and incentives." While the clarity of purpose reflected in that contention has had a supply-side focus, reforms have not always been market-oriented, as seen in our import-tariff policy and post-covid emphasis on self-reliance. Nor has it meant a reduction in the state's overall role, though the pandemic closed this option for at least two years. While national output is expected to recover its covid loss in 2021-22, this recovery clearly needs support for another year. So, a fiscal deficit of 6.4%, as proposed by the budget for 2022-23 unveiled by finance minister Nirmala Sithararaman on Tuesday, is easily justified. Yet, if the deal was for animated private spirits to lead India's value generation once a spring-back is secured, then this must show in the budget proposals. Does it?

The budget's centrepiece is its ₹7.5 trillion proposal for capital expenditure, which will take up nearly every fifth rupee it spends next fiscal year. Given the "flexible" approach employed by the Centre, this outlay could be used tactically as an economic prop before private funds get ploughed in. But then, that will call for speedy spending. As for reformist moves, a worthy effort aims to ease exit paths for insolvent businesses, a follow-up of earlier bankruptcy reforms. Sovereign green bonds for climate action, an e-rupee run by the Reserve Bank of India, a crypto tax that also happens to relieve holders of anxiety over a possible ban, and India Post's transition from postal to bank services, not to forget a technology tilt in new initiatives, could also be counted among 'reforms' outlined in this budget. Even if they lack the 'big bang' aura of structural change, they could plausibly alter things in favour of our economy. The clearance of compliance cobwebs, meanwhile, has been a work-in-progress that Sitharaman indicated would carry on. Asset sales remain on the agenda, too, though with a realistic goal for a change. Even if taxation policy is left riddled with complexity, it's a fair record. What can't escape notice, however, are tariff tweaks. These may well be aimed at a 'self-reliant India' and portrayed as part of a resilience plan, but they suggest another move inward all the same.

The Centre's 'barbell' covid-relief strategy was said to have combined safety nets for the hard-hit with a flexible policy response. Also, rather than direct boosters of demand, it opted for supply reforms. While some business rules were eased and markets opened, incentives linked to production and a new trade shyness traceable to a loss of export optimism have spelt an awkward dirigiste turn. It could yet yield results, but while exports have actually picked up, this policy could easily slip into old-style inefficiency protection. A supply focus has drawbacks too. Given our K-shaped recovery, scarred household finances may keep domestic demand subdued for longer than estimated, even if we suffer no shocks of the sort a jerky easy-money reversal might create globally. The benefits of growth need to fan out farther than this budget seems able to assure. While it aims squarely for post-pandemic normalcy, as it should, we mustn't let statist impulses get the better of market forces as we move ahead.

MY VIEW | ON THE OTHER HAND

India's budget is high on vision but what do the numbers tell us?

We must aim for higher non-tax revenues so we can spend more on things beyond interest payments

VIVEK KAUL
is the author of 'Bad Money'.

Finance minister Nirmala Sitharaman's budget speech read like a pitch made to a venture capitalist by a startup looking to become a unicorn. It was high on vision, but low on numbers. And it's numbers that ultimately make up any budget.

So, what do the budget numbers tell us? Let's start with a simple question. What does the Centre spend the maximum amount of money on? Salaries? Pensions? Education? Roads?

It spends the most amount of money on paying interest on its total borrowings to fund the fiscal deficits it has run over the years. The fiscal deficit is the difference between what it earns and what it spends. In 2022-23, the government expects to pay ₹9.41 trillion as interest payments. This amounts to 3.6% of the gross domestic product (GDP) forecast for the year.

Interest payments expressed as a proportion of GDP do not reveal the real picture. A better way to assess the situation is to look at interest payments as a proportion of the net tax revenue earned by the central government.

In 2022-23, as against interest payments on debt of ₹9.41 trillion, net tax revenue is expected to be ₹19.35 trillion. Hence, interest payments amount to 48.6% of the net tax revenue.

In 2021-22, they were at 46.1%. While these numbers sound quite extreme, the country has seen worse. In 2001-02, more than 80% of the net tax revenue went towards making interest payments. After that, the proportion fell and stood at 41.1% in 2010-11. It was at 42.6% in 2017-18 and 50.6% in 2020-21.

Hence, despite a significant jump in tax collections this year, over the next few years the government is likely to end up spending around half of its tax revenues on paying interest on its borrowings. Given this, it needs to look at increasing what it earns from other sources, everything from disinvestment of its stake in public sector enterprises to the dividends it receives from them. This will help the government meet its expenditure without a massive increase in borrowing. In 2022-23, the government expects to borrow ₹11.6 trillion to fund its fiscal deficit. The other option is raising tax rates, which is a bad idea given that the country is still recovering from the ill effects of the covid pandemic. Thankfully, the government didn't raise tax rates in the budget.

So, it's a good thing that the government plans to disinvest its stake in the Life Insurance Corporation (LIC) of India before the end of this financial year. In the revised estimates for 2021-22 presented, the government has assumed that it expects to earn ₹78,000 crore through disinvestment. Given that it had earned only ₹9,364 crore through this route up until December and that no other big stake sale is on the cards, it suggests that the LIC disinvestment should happen before March. Finance minister Sitharaman did say in her speech that LIC's public issue is "expected shortly".

Without the disinvestment of LIC, the government would have had to resort to more borrowing this year. This would have led to more tax revenue being spent simply on meeting interest payments in the years to come. And more money being spent on interest means less money being spent on other important things.

When it comes to disinvesting its stake in LIC, the temptation to price the sale expensively will be high, given that unlike many other companies that raised money from the stock market recently, LIC is a fully-functional profitable business. As of 30 September 2021, it had invested policyholder funds worth ₹37.72 trillion.

Disinvestment of the Centre's stakes in public sector companies should continue to be an important way of earning revenue in the years to come. In an environment where the negative economic impact of the pandemic is likely to stay for the next few years, the government will have to keep spending more to put more money in the hands of people, directly and indirectly.

Hence, if the government prices its stake sale in LIC expensively, it could have trouble selling its stakes in other public sector companies in times to come. It's important that it leaves something on the table for prospective investors as well.

Given this, it should avoid what economist Thomas Sowell calls the "one day at a time" approach of doing things and take the bigger picture into account. The government can learn from what the British government did in the 1980s, when it went about privatizing government-owned companies, including British Telecom (BT). The shares of BT were not expensively priced, which helped the government create the momentum necessary for the future sale of companies like British Gas and British Steel. Further, India's government needs to be slightly more aggressive on the disinvestment front. The target for next year has been set at ₹65,000 crore, which is lower than this year's ₹78,000 crore.

Other than stake sales, the government also needs to look at other ways like land sales in order to drive up its total intake. The other important thing that could be done to bid up the value of the shares of public sector enterprises is to let them be run professionally instead of being controlled by the bureaucracy.

10 YEARS AGO

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We are now looking at NREGA 2.0

Govt faces judgement day in apex court

Business correspondent model to be changed to aid inclusion

MINT METRIC

by Bibek Debroy

Nurses on the take,
Vaccination - counterfeit and fake.
Better not be headstrong
And get the country wrong,
This was New York cheesecake.

MY VIEW | MUSING MACRO

This budget places an aggressive fiscal bet on growth

AJIT RANADE

is a senior fellow, Takshashila Institution

Is it possible to have a lower fiscal deficit, provide for a large fiscal stimulus, be generous with subsidies and anti-poverty programmes, and yet please our financial markets, i.e. for both bonds and stocks? This sounds like an impossible task, sort of like squaring the circle. Yet, the answer to the question above is not an unqualified 'no'.

If indeed the growth impulses in the Indian economy are robust, and there are upside surprises, then the high tide of economic growth should lift all boats. That may indeed be happening globally, as two of the largest economies, the US and China, will record growth rates of over 5% in 2022. This means that exporting nations will benefit from that high tide. India's exports have already clocked very impressive growth this year. And India's economy will also be the fastest-growing among its peers, as per the International Monetary Fund. In the current fiscal year, India's nominal gross domestic product (GDP) has grown 3% more than what was anticipated in last February's budget. Even gross tax revenues have been higher by ₹3 trillion, thanks to better-than-expected corporate profits, buoyant goods and services tax (GST) collections and better compliance. All this is part of the good news. But despite the tax revenue bonanza, the fiscal deficit achieved did not improve much, due to higher-then-planned spending, mostly necessitated by the pandemic. For instance, the allocation for India's rural employment guarantee programme had to be raised. And secondly, free foodgrain distribution had to be extended more than once, and has eventually cost the central exchequer ₹2.6 trillion. Of course, this helped prevent a food crisis, and cannot be quibbled with. But it is telling that when the economy is among the fastest-growing in the world, it is still necessary to provide free foodgrain to around 800 million citizens. This points to the widening chasm between the rich and the poor, apart from the depressed job prospects that people face.

As the economy is picking up growth momentum, and tax collections promise to stay buoyant, there was some expectation that fiscal consolidation would be sharper than what has been presented. Finance minister Nirmala Sitharaman has aimed for a fiscal deficit of 6.4% of GDP, about 0.4% more than what markets were expecting. Given that nominal GDP could be around ₹260 trillion, this implies a very high quantum of borrowing from savers in the economy, as high as ₹15 trillion of gross borrowing from the market. This might soak up most of the domestic economy's financial savings, and we may have to turn to foreign inflows. Those flows were robust this year, and hopefully will continue to be so next year. India's rupee sovereign bonds were expected to be included in global bond indices, which would have attracted even higher inflows from abroad. But that needed a crucial tax amendment, which does not seem to have been proposed in the latest budget. A new idea, that of green sovereign bonds, has been mooted, and that too might attract more flows from abroad. However, given the Centre's higher-than-expected borrowing requirement, long-term interest rates will go up. This will be exacerbated by the liquidity tightening that is imminent in the US, due to raging inflation amid a surge in demand there. What makes matters even more complicated is a spike in the global oil price, partly caused by the geopolitical flashpoints of Ukraine and Taiwan.

It has done well with its growth orientation in 2022-23 and efforts to lay a foundation for the future

Hence, the main theme is that the budget represents an aggressive fiscal bet on high growth. Thankfully, the extra fiscal spending is almost wholly focused on capital spending: i.e. on roadways, railway, ports, airports and so on, which will spur growth in the future. Total public spending on infrastructure could reach 3% of GDP, which would go a long way in sustaining long-term growth. This also has the potential to crowd-in rather than crowd-out private capital spending. An important consideration is that the government needs to beef up capacity to execute large capital expenditure projects (i.e. their tendering, contracting aspects) worth nearly ₹20 trillion annually, as envisaged for the National Infrastructure Pipeline. Apart from capital expenditure, exports too could prove to be an important driver of economic growth, as outdated Special Economic Zone policies are to be revamped. The fact that some input duties have been brought down to enable the global competitiveness of some domestic industries bodes well for the government's 'Make in India' initiative and participation in global value chains.

This budget offers a nod to the increasing importance of crypto assets, which have been brought under the tax net. The introduction of a blockchain-based digital central bank currency in 2022-23 will make India one of the very few countries in the world to do so. It will give a huge boost to talent in the fast-emerging fields of cryptography and fintech. Initiatives like drones as a service, a national policy for EV-battery swapping and ambitious targets for renewable energy all speak of an aspirational, future-focused development policy.

The budget speech made several references to India at 100, thus giving a long-term flavour to policy thinking. Many policy initiatives and reforms—such as labour, tax, financial sector and bankruptcy reforms—take several years and often many electoral cycles to become effective. So, a longer term outlook and stable tax policies are what were needed. And on this point, the budget has done admirably.

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THEIR VIEW

The Union budget for next year adopts a sound fiscal approach

We will have to grow our way into fiscal sustainability and that is why policies aimed at nurturing growth matter so keenly

INDIRA RAJARAMAN
is an economist

MINT

The Union budget is first and foremost an annual financial statement. The primary concern is what it signals about the sustainability of the public finances of the country. The budget estimate (BE) of outstanding debt of the Centre and states together at end-March 2022, after consolidation adjustments and using the January advance estimate of gross domestic product, stood at 88.25 % of GDP. The special borrowing by the Centre of 1.1 trillion on-lent to states in lieu of GST compensation during 2020-21 is included in that.

The revised fiscal deficit (FD) of the Centre for the current year (2021-22) exceeds the budgeted figure of ₹15 trillion by ₹0.8 trillion. That is 0.4 % of GDP more than the budgeted level, not the seeming increase of 0.1 % from the reported percentages, because those use different denominators for the budget and revised estimates. That ramps up the concluding debt of the current year to 88.65 % of GDP. With the last budget's commendable on-boarding of previously off-budget borrowings, only the valuation of external debt, beyond that anticipated by the Reserve Bank of India (RBI), could nudge the year-end public debt further up. The revised fiscal deficits at the state level are not known at this point, but they are usually lower than budget estimates. My expectation is that 89% of GDP would be the outer limit for public debt at the end of 2021-22.

The budget conservatively projects GDP for 2022-23 at ₹258 trillion, a nominal growth rate of a mere 11.1 %. Received debt scales down to 80.1 % of GDP. That yields a margin of 8.9 % for the consolidated fiscal deficit of the Centre and states if debt is to be held at the received level, of which the Centre has occupied a little over 6.4 %. States have been allowed to borrow 3.5 % of state domestic product, plus an additional 0.5 % conditional on power sector reforms. The power-sector conditionalities are onerous, so states are most likely to remain at 3.5 %. That means the consolidated debt at the conclusion of 2022-23, will hover at around 90 % of GDP, disregarding what might happen to the valuation of external debt. A commendable achievement at a difficult time.

The Centre's market borrowings in 2021-22 of ₹8.8 trillion by the revised estimate actually fell below the budgeted ₹9.7 trillion. The increase in the fiscal deficit was covered by small savings and other inflows. Next year market borrowings are budgeted quite a bit higher, at ₹11.6 trillion. In addition, central securities due for redemption in 2022-23 amount to a whopping ₹3.8 trillion. However, a pre-term replacement announced by RBI on 31 January shifted redemption down the road to 2028-29, reducing the 2022-23 burden by ₹0.63 trillion (basically shifting that to the current year).

As things stand, redemption remains heavy beyond next year, rising steadily to ₹5.5 trillion in 2025-26, further testing the appetite of the market for government securities. You can see why the fiscal consolidation time-table calls for bringing down the FD down to 4.5% of GDP that year.

In the end, we need to grow our way into fiscal sustainability, and that is why policies to nurture growth matter so keenly. The budget recognizes the centrality of that, and has provided for direct capital expenditure of ₹7.5 trillion for 2022-23, as against a budgeted provision for the current year of ₹5.5 trillion. The revised estimate for the current year, after subtracting the amount paid to Air India in lieu of liabilities, actually falls a little below the budgeted level. There are many process obstacles that stand in the way of a financial allocation actually finding expression in the real economy.

Grants in aid for creation of capital assets, budgeted for 2022-23 at ₹3.2 trillion, are added on to direct expenditure to yield a total "effective" capital expenditure of ₹10.7 trillion. However, these grants include the rural employment scheme, so the only real incrementality in that is the ₹1 trillion allotted as interest-free 50-year loans to states with bullet repayment. This scheme begun experimentally last year has found favour with states, and has been a good federal innovation which has gone largely unnoticed.

The sensational revenue performance has been widely commented on as the monthly data from the Controller General of Accounts came into view. By the revised estimates, the buoyancy of gross tax collections at the Centre was 1.4 in 2021-22, among the highest ever recorded. Surprisingly, the gross tax revenue budgeted for next year assumes a much lower buoyancy of 0.9, perhaps in advance acknowledgement of the fact that Central excise on fuel will have to be lowered if global oil prices rise much further.

GST collections are buoyant, and exhibit a stable relationship with data on e-way bills (another example of an initiative with whole-hearted support from states). That being the case, could we bring back the reverse charge mechanism (RCM), so that enterprises below the GST threshold can feel free to open shop again? Without that, how can we hope to relieve the pain of millions who have failed to make it into the upper arm of the K-shaped growth recovery?

MINT CURATOR

The BBC as we know it will be dead soon... Long live the BBC

The broadcaster will have to change and leave us the poorer for it

CLIVE CROOK
is a Bloomberg Opinion columnist

Public-service broadcasting has come to be seen as an anachronism ISTOCKPHOTO

For years the BBC and its financing model have belonged to that small category of things that make no sense in theory but work well in practice. Now that model is imperilled, and the BBC will be forced to abandon its traditional role and find its place in the modern media landscape. The UK and the world will be the poorer for it.

This is why: the UK government recently announced that the annual television licence fee, the BBC's main source of funds, will be frozen at £159 ($217) for the next two years, then rise to keep pace with inflation for four years after that. More important, the minister in charge added (before colleagues told her to walk it back) that this would be the last such settlement. In the short term, the Beeb faces a tighter financial squeeze than the rest of Britain's public sector. Beyond that, if the licence fee ends, the very idea of BBC-style public-service broadcasting would be in doubt.

This licence fee has always been a conspicuous and seemingly indefensible anomaly. Why is a public-sector supplier of news and entertainment needed in the first place? And, if you were going to have one, why on earth pay for it with an annual tax on TVs that demanded the same payment from people regardless of income?

Yet, look at the results. Against the odds, given the upheaval in its industry, the Beeb has managed not only to survive, but also to prosper. Yes, there's a good deal of dreck, but the BBC produces much more than its fair share of high-quality television and radio shows of all kinds—at comparatively modest cost. Its output is popular at home and has burnished Britain's standing in the world. Its coverage of news and current affairs is impartial and authoritative.

All these features were, and are, of a piece. The licence fee separates the BBC from the government in a way that a subvention of ordinary tax revenue wouldn't. It requires openness and accountability, encouraging tight control of costs, for instance putting downward pressure on what stars can be paid. It cements the obligation to serve all the public, underlining the commitment to political impartiality and reminding the enterprise to make broadly popular programmes as well as more sophisticated, educational or otherwise aspirational material. In these ways, it creates a cultural space in which Brits, whether they know it or not, can relate to one another and find common space.

The contrast with public-service broadcasting in the US is stark. It's not just that American providers are starved of public resources. Relying heavily on private donations pushes NPR and PBS towards programming that pleases their comparatively narrow, liberal-minded segment of financial supporters. American public-service broadcasting in does not even try to serve the entire public. It serves its niche.

In fact, a true American equivalent of the BBC is virtually unimaginable. The concept of public service at a distance from partisan politics still has purchase in Britain—think of the career civil service, the judiciary, management of elections, appointments to the central bank, agencies such as the Office for Budget Responsibility and countless other arms-length public agencies and non-government organizations.

In the US, the non-partisan tradition is all but dead. Perhaps the armed services are still mostly above politics. Otherwise, almost every institution that intersects with public policy—not just designing it, but executing, influencing, analyzing and explaining it—is partisan.

Nowhere is this more true than in the media. Britain has long had brazenly partisan newspapers—which made the BBC all the more valuable. In the US, esteemed newspapers such as *The New York Times* and *Washington Post* once presumed to play a similar role. I recall that many years ago, I was on a panel with a *Times* reporter who seemed genuinely offended by my describing his paper as liberal. Today, those once-authoritative and trusted-to-be-impartial papers have clearly chosen sides. The perfection of the media market, accelerated by social media, favours partisan commitment.

British Prime Minister Boris Johnson has doubtless turned against the BBC to distract attention from his latest embarrassments. But the Beeb has longer-term problems. As competition and unbundling intensify, it will continue to lose viewers and public loyalty. Sooner or later, the licence-fee model will become politically unsustainable, and the formula that delivered this great and improbable public good will unravel.

One can imagine the BBC, in due course, as just another TV and audio production company, bidding for its modest share of public subsidy. Britain, and anywhere else the Beeb can be seen or heard, will never be the same again.

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MY VIEW | CAFE ECONOMICS

The budget has got its building blocks more or less right

NIRANJAN RAJADHYAKSHA

is CEO and senior fellow at Artha India Research Advisors, and a member of the academic advisory board of the Meghnad Desai Academy of Economics.

Nirmala Sitharaman has to be complimented for two of the main building blocks of her fourth budget as finance minister.

First, she has budgeted for a modest reduction in the fiscal deficit when the recovery in domestic demand is still uneven. A sharp reduction in the fiscal deficit, even as the Reserve Bank of India (RBI) is expected to tighten monetary policy to quell rising inflationary pressures, could have put the economic recovery at risk. The aim to reduce the fiscal gap from 6.9% of gross domestic product (GDP) in 2021-22 to 6.4% of GDP in 2022-23 also means that the fiscal correction in the subsequent three years will be more severe, if India is to meet its medium-term fiscal deficit target of below 4.5% of GDP in 2025-26. Remember, there is a general election scheduled in the middle of all this. Whether the Narendra Modi government can avoid the usual demands of the Indian political business cycle will be an acid test. Bond yields surged soon after the size of the borrowing programme was announced.

Two, the budget has been built on reasonable assumptions. The finance minister has generally stuck to this strategy during her tenure, and also made budgeting more transparent than before. At 17.6%, nominal GDP growth was off the charts in 2021-22, thanks to the economic recovery as well as rise in consumer and wholesale prices. There is an overwhelming consensus that nominal GDP growth will be much lower next year. The budget has been built on the assumption that the Indian economy will grow at 11.1% in nominal terms, which seems out of line with the estimates of real growth that economists in the finance ministry announced on Monday, as well as most inflation forecasts. The conservative assumption on nominal GDP growth next year is an inbuilt buffer in the new budget.

Tax collections this year have been stellar, partly because the economic recovery has favoured large enterprises as well as people with higher incomes. The fact that net tax revenue is likely to be ₹2.20 trillion more than what the budget had announced last year ensured that the government will be able to almost stick to its fiscal deficit target, despite the ₹2.99 trillion supplementary demand tabled in parliament in December to pay for an increase in food and fertilizer subsidies. Growth in tax revenues in 2022-23 is expected to be slower than growth in the underlying economy, which is a safe assumption.

The Indian fiscal response to the covid shock had two elements. The intervention to protect the supply side of the economy was skewed towards 'below-the-line' measures such as credit guarantees rather than direct income support. The extra spending to support aggregate demand focused on capital rather than revenue spending, because of the higher fiscal multipliers for the former. This strategy continues in the new budget as well, even though the supply shock has now morphed into stress on the demand side. For example, the Emergency Credit Line Guarantee Scheme has been extended for another year. The budget for the national rural employment scheme has been cut significantly—implicitly assuming a jobs revival—while the subsidy bill for food and fertilizers has also been reduced sharply, even as funding for drinking-water, sanitation and roads programmes has been increased. The inability of government departments to spend on new projects—as a recent report from the Controller General of Accounts showed—raises questions about state capacity to deliver on such a strategy.

Its modest fiscal deficit cut and reasonable assumptions are inbuilt buffers but high public debt is a worry

There is a shadow looming over the new budget. As a result of the borrowing needed to support the economy in the worst months of the pandemic, public debt is now nearly 90% of GDP, the highest in many decades and nearly 20 percentage points higher than its pre-pandemic level. The interest burden of this higher debt is evident in the finances of the government. For example, the total spending of the Union government has increased by ₹12.47 trillion in two years of the pandemic while interest payments have gone up by ₹3.16 trillion. Also, interest payments will suck up 48.6% of the net tax collections of the Union government in 2022-23, compared to 37.9% in 2019-20, which was the last fiscal year before the covid pandemic struck.

The dynamics of public debt are complex, but India has usually brought down its public debt as a percentage of GDP when nominal economic growth is far higher than the borrowing costs of the government. In 2021-22, the gap between nominal growth and the interest rate was the highest in a decade. It will narrow next year as nominal growth comes down while RBI increases interest rates. The narrower the gap, the sharper the fiscal correction will have to be, to meaningfully reduce the burden of public debt over the next decade. The International Monetary Fund has estimated that the primary deficit needed to stabilize India's debt/GDP ratio is 2.9% of GDP, which is close to what has been budgeted.

The pandemic has left behind deep scars on the Indian economy. The overarching strategic theme of Budget 2022 seems to be continuity rather than any sudden changes in tax laws or severe expenditure compression. There has been the usual tinkering with tax rates, and creeping protectionism is a worry. Much now depends on whether the economic recovery can sustain itself given the international economic situation, higher domestic interest rates and a gradual withdrawal of fiscal support.

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THOUGHT FOR THE DAY: Don't tell me what you value, show me your budget, and I'll tell you what you value."

— JOE BIDEN

FREE PRESS
FOR FREE FLOW OF TRUTH

For dream Budget, tune in next year

If the toiling masses were eager to look beyond the financial jargon for any substantive gains for themselves, they must have been deeply disappointed. The speculation about a higher dose of populism owing to impending assembly elections, particularly in the most important state of Uttar Pradesh, has proved false. Prime Minister Narendra Modi surprisingly chose to hold his horses and asked Finance Minister Nirmala Sitharaman to focus on capital expenditure instead of showering largesse on the poor and the middle class. There was no tax relief and the subsidies were slashed. While the rise in budgetary allocations in critical sectors like health and education is negligible, sanction for the rural employment generation scheme MGNREGA is reduced. The government also chose to ignore the wildly growing economic disparity, with the majority of the population suffering loss in incomes while the super-rich are reaping unbelievable profits. Agricultural distress as well as the promise to double farmers' income appeared to have been forgotten. There is no roadmap for creating jobs on a war footing. The inexplicable approach of the government betrays a self-defeatist instinct.

The finance minister herself said the Budget would lay the foundation for growth over the next 25 years, indicating that the doctor wasn't attempting to provide instant relief to the patient. The desire to put the economy back on a high growth trajectory is apparent but it hasn't been backed by an effective plan. The Prime Minister loves to quote astronomical sums for expenditure on infrastructure projects. His previous announcements of spending huge sums haven't fructified. The hype around enhanced capital expenditure – as the numbers indeed look impressive – is understandable. Rs 8 lakh crore is doubtless a dazzling figure. But not even half of the amount mentioned in the last Budget – six lakh crore rupees – has been spent so far. Experts have been pleading with the Modi Government to spend more to trigger demand all through the last two years, to rev up economic activities hit by Covid. But the government has refused to loosen the purse strings and relied on credit to nurse the wounds. The government took the right direction in this Budget but not enough was done to instil confidence in reluctant investors and draw people out to spend freely. 'Gati Shakti is a fascinating phrase, particularly if the bullet-train narrative has ceased to be titillating enough, but the economy cannot be lifted on the solitary pillar of government expenditure. Creative ideas and bold initiatives were required to bolster the unorganised sector, help small industries and create employment opportunities. The Prime Minister expressed confidence about this Budget pushing growth and creating jobs but there is no denying the fact that he has missed the bus. Though he will get another opportunity in 2023 to present a dream Budget before the next parliamentary election, he has failed to appreciate that his tenure is entering the most critical phase now. The economy needed a major push in the post-Covid recovery process. The Prime Minister's audacity to analyse this budget in terms of farmers' welfare, employment generation, cleaning of Ganga and opportunities for the poor is truly surprising.

Economists or industrialists may read the fine print to see sound financial policies for the future. Corporate leaders also hailed the Budget primarily because of the absence of any disruptive interventions. They also expressed relief at the government's direction on cryptocurrency, as they may have feared a ban. Politically, the BJP would have expected more takeaways from the Budget at this juncture. The absence of a big-bang scheme to generate employment opportunities, cut in subsidies, status quo on taxes and insignificant rise in allocations on health and education will definitely deepen the party's unease in the election campaign. It is difficult to guess whether this shows the Prime Minister's over-confidence or exposes lack of ideas but the economic challenges the nation is grappling with required a more effective response from the government. If the Prime Minister is waiting for the right occasion to unveil his best, the price that the nation and his government may have to pay at this stage could unsettle his future plans. A stitch in time, it is said, saves nine. Modi obviously doesn't believe in this traditional wisdom. What he believes in is not clear in this Budget. Playing safe at critical junctures can be a good strategy but hesitancy in taking the bull by the horns can be injurious too. This Budget is indisputably bad for politics. For the economy, it isn't a panacea either. The nation certainly deserved better.

FPJ Archives JANUARY 10, 1964

FREE PRESS JOURNAL

Kamaraj stresses need for curbing monopolies

Naik plan for 'mild' drinks postponed

Pakistan told to stop minority persecution

Big ovation for new chief

Goa vows loyalty to Union Govt.

Plan to ease PM's strain

Naik plan for 'mild' drinks postponed

GOPABANDHUNAGAR, Jan. 9 (PTI)–State Chief Minister Naik told PTI today that the proposal for manufacture and distribution of beverages with alcoholic content not exceeding 3.5 per cent from April next would be "postponed".

All other changes, including the liberalisation of permits he had announced on new year's eve would be implemented "even earlier" than April 1, Shri Naik added.

Shri Naik said that the decision to defer the implementation of the proposal in respect of manufacture and distribution of alcoholic beverages upto 3.5 percent had been taken at the suggestion of Congress President Kamaraj, following the discussion in the Congress Working Committee earlier this week.

... The Maharashtra Chief Minister said that it was not true that the whole scheme was being postponed. It was felt that a decision on the question of manufacture or distribution of low alcoholic content beverages should be taken on an all-India level.

...The proposals which would be implemented from April next or "even earlier", according to Shri Naik, would include the issue of permits for liquor to persons above 40 on production of a certificate from "any" doctor that it was required for maintenance and preservation of his health.

An agile, resilient, 'atmanirbhar' Bharat

Opinion
Shailesh Haribhakti

While the markets gyrated as they started appreciating the implications of the Budget, the general feeling about this Budget is that it is completely relevant to the new India. An agile, confident, resilient, 'atmanirbhar' Bharat!

Key takeaways

- India will have a CBDC next year.
- India recognises that NFTs and digital coins are assets and will tax them on sale appropriately. (The largest number of digital asset holders are in India. Their number exceeds the ROW number)
- Digitisation will scale from rural to urban areas. A seamless, portalised, platform driven interaction will rapidly emerge.
- Portalisation will be G-C, B-B and B-C.
- Platforms will deliver digital services in the critical areas of health, education and all government services to Indian citizens.
- New tax return, reduced litigation, an opportunity to correct errors and a rationalisation of surcharge and disallowance of cess from taxable income all point to simplicity, clarity and ease of voluntary compliance.
- Tax buoyancy will sustain as rates have remained unchanged.
- Customs duties will continue to be an important and rationalised source of protection to Indian industry.
- GST will be streamlined and enforcement through the digital backbone will lead to more formalisation of the economy and therefore higher revenues. (The FM gave the all-time high collection number for January 22 interrupting her Budget speech!)
- A brand new, highly efficient and digital India can emerge if the external factors identified in the economic survey do not cripple the execution to this Budget. We can look forward to growth and inclusive welfare, tech-enabled development, energy transition, climate action and a virtuous cycle of private investment being crowded in by public capex.

The elephants in the room are:

INFLATION: Oil prices are way above our tolerance limits at $92 a barrel, shipping costs are making imports expensive, the constrained supply of semiconductors is causing rising consternation in the automobile sector, and the broken relationship with China is causing risks in the supply chain that are hard to mitigate. The Budget seeks to keep us on a path of fiscal rectitude: 6.4 per cent in '22-'23 and < 4.5 per cent in '25-'26. The glide path is visible! Our macros are also supportive of a balance between consumption and supply, as PLI schemes have been enhanced in scope. Extension of commencement dates for availing tax reductions are also a welcome supply side initiative.

INFRASTRUCTURE: Here the Budget has exceeded all expectations. If all goes per plan, the Centre and states will outlay over Rs 10 lakh crore in capex and crowd in private investment, using PPPs. The domestic green bonds, digital payments, clarity in land titles, the five-river linking plans and many other targeted interventions will change the entire thinking about infrastructure. 25,000km of highways, 400 new-generation Vande Bharat trains, multimodal transport connectivity, and ropeways will all modernise infrastructure.

AGRICULTURE: Drones, organic farming, post-harvest value addition, branding, fruit trees propagation, procurement support, hydro and solar power and land reforms will ignite the growth stuck at below 4 per cent today. A really interesting word picture emerged as a corridor of trees along the Ganga was placed before us! Wasteland development, FPO support, and an outlay of over Rs 3 lakh crore in rural India augur well for purchasing power being enhanced. Consumption will follow. The outlay on rural infrastructure for education, healthcare and availability of tap water for almost every family are likely to transform life in our rural areas.

EDUCATION AND HEALTH: Bringing back the lost two years of pandemic driven education loss is a most heart-warming initiative. That this is being done with a content-led, digital mode is truly inspired. Skill development is being given a digital, doorstep delivery focus. This is crucial as technology overwhelms all old occupations. The freedom to establish global university affiliates in GIFT city and the revamping of age-old syllabi are amazing initiatives. Telehealth, mental health, and Missions Shakti, Vatsala and Saksham Anganwadi are all massively creative initiatives. Post-pandemic, these interventions are the most citizen-centred actions. Universal basic services are likely to become available for the first time in India!

FINANCING THE BUDGET: Contained in the 35 per cent borrowing and other liabilities is a large trove of asset monetisation. These long-term instruments, when commingled with the proposed green bonds, will reduce the need for bank support to GSec issues. In fact, the lendable resources of banks to private businesses will rise. This stock will also be fuelled by lower credit costs and a deep international interest in India. As borrowings get calibrated, as is happening right now, the sequestered resource pool will become visible. With an eminently achievable disinvestment target of Rs 65,000 crore, the crowding in effect will be heightened.

Also, there is a likelihood of savings rising as some 'bad apples' get divested and larger pools of dividends accrue. In fact, this has created room for the MSME sector receiving larger debt support. The linking of all MSME portals will make significant resources available to this sector. Our take is that the panic in the fixed-income market is a bit premature! From a geopolitical standpoint, we are keeping our markets open, our policies clear and easy to adopt, our ports and goods movements resilient and our responses agile. Tackling the largest vaccination programme in the world, tackling the most citizen aspirational issues and providing for them through targeted IT and capex innovation are all a sign of a government on the move. Kudos to the FM for making India future-ready.

The writer is a corporate leader based in Mumbai and is chairman, Shailesh Haribhakti Associates, and writes regularly on the Indian economy and public policy

Budget with zero empathy for jobless poor

Analysis
Shivaji Sarkar

The Budget introduces digital cryptocurrency, gives incentives to the kisan and industry but leaves wage workers high and dry, as direct income tax remains untouched.

Finance Minister Nirmala Sitharaman expects to create 60 lakh jobs under the productivity-linked-incentive (PLI) scheme in 14 sectors. The government hopes that it has the potential to create additional production of Rs 30 lakh crore, a bit of a great expectation amid a subdued economic survey that does not show much enthusiasm for 'spend and enjoy'.

The MSMEs get about Rs 2 lakh crore of largely credit support. They are in a critical state, it is to be seen whether they will be able to secure this benefit and thrive.

The e-Vidya and the National Digital University is a welcome step for the students and scholars. If data cost remains low even after 5G, it would provide countrywide standard education at low cost.

Expenses rise marginally to Rs 39.44 lakh crore from Rs 37.70 lakh crore in 2021-22. Borrowings increase to Rs 16.61 lakh crore from Rs 15.91 lakh crore. Fiscal deficit at 6.9 per cent, reduced from the budgeted 9.2 per cent in 2021-22, has come down to 6.4 per cent.

Growth, projected at 9 per cent, though it coincides with IMF projections, has a catch of minus seven per cent growth from two years ago. Still, the actual has to come back to the 2019 level.

The roadmap is to be created through capital expenditure, introduction of 5G communication technology, the Central bank digital (crypto) currency, the massive purchase of paddy and wheat from farmers and the master plan for roads and highways.

The FM has said she is setting the pace for India's 'Amrit Kal' - 75th year - and with an eye on economic growth for India over the next 25 years.

Of course, a number of tax benefits have been extended to the lowering or rationalising of many rates for different industry players. The FM has said there were discrepancies in rates and she has just brought it to realistic levels. Customs duty cuts on chemicals and other raw materials are welcome for 'Atmanirbhar Bharat' programmes for increasing domestic production and re-export at competitive rates. This will boost exports.

Finance Minister Nirmala Sitharaman expects to create 60 lakh jobs under the productivity-linked-incentive (PLI) scheme in 14 sectors. The government hopes that it has the potential to create additional production of Rs 30 lakh crore

The government has massively increased the capital expenditure target to Rs 7.5 lakh crore, up from Rs 5.5 lakh crore in the last Budget, for FY23. It is expected to give an overall boost to the economy and create jobs. The basic thrust of job creation will be through investment in infrastructure creation. It works as per the psyche that the more the infrastructure prospecting finances from banks, the more would be the need to employ people. This year, expenses were at Rs 2.48 lakh crore or about 49 per cent. If the government is able to spend the entire amount of Rs 7.5 lakh crore, it can create wonders.

Along with this, the FM announced that the RBI would roll out the Central Bank Digital Currency (rupee) using blockchain and other technologies. "This will give a big boost to the economy", she said. It makes international transfer of money, capital easy. Much business can be done without touching the formal transaction routes. Capital inflow and outflow becomes simpler. In a way, it integrates the country with the international cryptocurrency, whose pros and cons are being studied. Since it is a currency regulated by the RBI, it is not likely to have the problems that the unregulated crypto system has.

It is also tax-integrated, one per cent for each transaction to maintain its trail and 30 per cent on the earnings as in the income-tax provisions. Many governments are yet to accept crypto but in the parallel market, it is becoming an accepted currency.

Keeping an eye on the upcoming elections and the recent farmer stir that led to withdrawal of three farm laws, she has announced higher allocation for the procurement of wheat and paddy under MSP operations. With a spend of Rs 2.37 lakh crore, the FM hopes for a better impact on farmers' lives. Stressing on the 'International Year of Millets', she hopes to diversify food habits and give famers more options to grow different crops.

The expected rise in the PM Kisan pension has not happened. Rightly so, perhaps, because despite a 67 per cent rise in revenue, it still is not at a comfortable level.

The finance minister's hope to have 60 lakh jobs in a year, reminiscent of the days of Atal Behari Vajpayee, in an economy that has yet to come out of the Covid-19 syndrome, is optimistic. It, however, requires that much consumption and manufacturing recovery. Industry has a weightage of 28 per cent in GDP calculations. Yet, income recovery is at a low and so, a sudden boost to consumption is a highly placed expectation.

Investments will be trooping in but may not be at the desired pace. Of course, the stock market is buoyant, so far. But capital investors may want to wait to emerge from the uncertainties of the Covid-19 syndrome.

The FM has proposed some minor direct tax reforms. These remain largely restricted to allow state government employees to also have standard deduction at par with Central employees. Her assessment of having a mere 3.8 crore income-tax payers is also not correct. In this country, everyone pays a high indirect tax of approximately 40 per cent, even the 82 per cent who are not in the income-tax net. She knows that the tax paid by the individual is at a high of 30 per cent plus cess, as against the corporate tax of 22 per cent. The mismatch is illogical.

The earning, salaried classes are about 3.75 crore and they all are in the tax net. Compliance is full, especially in a situation where there has been income contraction in the private sector and the corporate sector is paying low taxes compared to individuals. Tax evasion, as she says, is more a myth. Interestingly, they also pay GST, which brought in Rs 1.40 lakh crore in January 2022.

Overall, the Budget has dreams, euphoria, indirect aspirations at growth like the stress on drinking water projects, Rs 28,000 crore to housing projects, a national digital health system, integrated rail-air-road projects and the like. Vast sections of the population are excluded. There is no strong prescription for the sections stricken by extreme poverty - migrant labourers. The Budget was expected to be a dream one, a real job-generating one, with lots of gifts for citizens.

To sum up, with the Budget being as it is, it will be moderate on consumption, average on growth and the pace will be, possibly, as good as it was this year.

The writer is a veteran journalist, an observer of the socio-politico-economy and a media academician

INCREDIBLE INDIA

Ladakh Attraction

THE village of Stok in Ladakh, near the capital Leh, is home to descendants of the royal family of Ladakh, who were given the village by the British in compensation for their kingdom. The last king died in 1974. The 200-year-old four-storeyed Stok Palace has a gompa (monastery) and a museum that houses the royal heirlooms, including the royal crown, antique thangkas (paintings) and head-dresses decorated with gems and gold, that the royal family still wears on important occasions.

Though Stok hardly receives any rain because high mountain ranges keep out the monsoon clouds, the villagers do not face any water problem. They have built a network of canals that carry the water from melting snow high up in the mountains to their barley fields. People in Stok follow Buddhism and speak a language derived from Tibetan.

MYTHOLOGY

Apsaras: Beautiful nymphs who were born when the ocean of milk was churned. Well trained in dance, they would perform in the court of Indra in *devlok* (heaven).

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GUIDING LIGHT

Combat Covid-19 anxiety with meditation & yoga — Grand Master Akshar

The Covid pandemic has affected millions of lives across the globe. With disruption in our habituated routines, there is panic, anxiety, depression, stress and worry that is rampant among people right now. During these unpredictable times, yoga and meditation or spiritual practices like these can help you maintain stability to tide over this crisis. Spiritual practices like yoga can ground you, making you more stable and restrained in your responses and reactions to external circumstances.

Try to practise any form of meditation for 20 to 30 minutes every day. You can also include basic yoga postures or add the sun salutation or Surya Namaskar to your morning routine to start each day in a positive and energised manner.

Super Power Meditation is also a highly recommended practice as this influences the rate at which your body can heal itself. Meditation techniques can improve your mood, calm your mind and help relax you.

· To practice this, seat yourself on the peak of a mountain in Sukhasana or any other comfortable pose that gives you the shape of a pyramid.

· The intention is to sit in the shape of a triangle atop a mountain.

· In this position, you need to visualise a reverse triangular shield in your chest and then meditate.

· During the meditative process, with every inhale, this shield allows you to welcome all the positive energies of the world into you. And, as you exhale you release unwanted toxins, miseries, and negativity from within you.

By taking care of your mental health and physical health, you will automatically start to feel better and more in control of your life. These practices train you towards cultivating mindfulness. Being mindful happens when you start focusing on your breath and staying connected to the present moment. This allows you to remain calm, collected and make smart decisions based on rationale, rather than on impulse or emotions. Yoga provides us with many tools, tips, tricks, and techniques for self-development and self-growth during challenging times.

(The author is a spiritual yogic master. Founder, chairman and course director of Akshar Yoga, and president of the World Yoga Organisation)

(Spiritual organisations keen to be featured in this space contact : features@fpj.co.in)

One flew over the nest #MiddleClass

No change in income tax slabs, tax rates in Budget 2022 by BJP govt. Why not tax exemption limit & tax deduction slabs be linked with inflation? If MPs salaries can be linked to inflation then why not income tax slabs? Middle class also want some relief, not only speeches.
Anshul Saxena@AskAnshul

Poor Adani Ji only earned 1000cr/day last year Hope the govt gave him some tax breaks.
FlyingLifafa@Ritik44123610

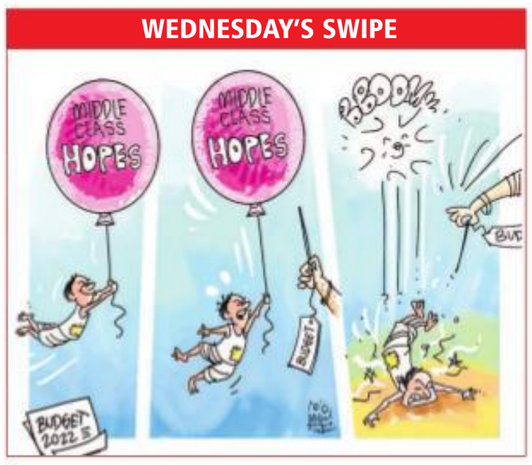
In 7 years of BJP tax slab changed twice. U don't expect tax slab change every year. It happens only once in a term. Being 2024 election year 2023 there r high probability for relaxation.
SinghDaTweet@quarantinehoon

Govt. employees have inflation linked DA. Pay commission takes care of it. So they are happy. only the private sector employees takes all the burden.
Mayur Shinde@MayurShinde4

May be middle class should hire Rakesh Tikait for a few months. It's a win-win situation.
Karthik B@Chottabheeem

Middle class doesn't block roads . That's why
FlyingLifafa@Ritik44123610

WEDNESDAY'S SWIPE



TAROT MESSAGE FOR THE DAY
FOUR OF WANDS

Time to celebrate. You will either have guests over or will attend a get-together.

Matters related to home will be of focus. Some of you will buy, renovate, lease or sell the property. Some of you will buy home decor.

Acknowledge your hard work and be grateful.

Tip for the day: Look at the picture and say "Divine bless me with a celebration today. This or better, Thank you."

Lots of divine miracles your way, Sheetal Sapan Mhatre.

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INDIA'S LARGEST ENGLISH NEWSPAPER

UNION BUDGET 2022

HOW NOT TO BID BELLA CIAO TO YOUR MONEY

Is the taxman doing a 'money heist' on your pay cheque - and can you save yourself from it, all very legally? While not everyone can be as smart as the Professor, read the **TOI-EY Tax Guide** for some handy hints and tips. Did you know that you could double home loan benefits by splitting it or why switching to the new tax regime makes more sense for people who don't have deductions? For more, turn to **P 6-7**

CREATING ASSETS | Capital spending is increased by 35% to ₹7.5 lakh crore, nearly doubling from two years ago. Focus on highways, railways, telecom and infrastructure in states

BANKING GOES POSTAL | All 1.5 lakh post offices to be brought within the ambit of core banking in the coming year, with ATMs, online transfer of funds to and from banks becoming possible

CRYPTO GAINS CURRENCY? | 30% tax on gains from 'virtual digital assets' like crypto currencies. RBI to issue digital rupee

NEW ENERGY | Sovereign bonds to fund green infrastructure projects, battery-swapping policy to give a push to e-vehicles

CAPITAL RELIEF | Surcharge on long-term capital gains from sale of any capital asset capped at 15% from the previous 37%

PROGATI GETS SPENDING BOOSTER

With The Economy Largely Vaccinated And Out Of The Isolation Ward, India's Now Ready For The Road From 75 To 100

GAINS & PAINS

FOR TAXPAYERS

Gain | Payment received from employer or any other for Covid-19 treatment to be non-taxable. Payment received by kin for Covid death also non-taxable (subject to aggregate limit of Rs 10L for that received from people other than employer)

- Taxpayers to get 3 yrs from end of relevant fiscal to update tax return and pay addl tax. Extension also available if they miss deadline for filing belated or revised returns
- State government employees eligible for deduction of employer contribution to NPS up to 14% of salary; brings parity with central government employees

Pain | No loss to be set off against undisclosed income from searches, surveys

- Updated returns to be accompanied with payment of addl tax of up to 50% of liability

FOR INVESTORS

Gain | RBI to introduce central bank digital currency in FY2022-23

- Surcharge on long-term capital gains from sale of any capital asset (other than listed securities) capped at 15% from earlier up to 37%. This brings tax on sale of unlisted shares on a par with sale of listed shares

Pain | Any income from transfer (including gift) of virtual digital asset to be taxed at 30%. No deduction/set-off of loss allowed except cost of acquisition of the asset

- 1% TDS on purchase of virtual digital asset subject to prescribed thresholds

FOR BUSINESSMEN

Gain | Benefit of deduction of 100% profits extended to startups incorporated by March 31, 2023

- Beneficial rate of 15% available for newly incorporated domestic mfg cos extended to those commencing production up to March 31, 2024
- Basic custom duty rates to rise over next 4 years to support phased local mfg of wrist wearables, smart watches, hearables, smart electric meters and their parts

Pain | Benefits or perquisites over Rs 20k received in course of a business or profession to attract 10% TDS

- Over 350 customs duty exemptions withdrawn, 40+ to be phased out

FOR CONSUMERS

Gain | Customs duty on import of cut and polished diamonds and gemstones reduced from 7.5% to 5%

Pain | Customs duty on imitation jewellery increased to higher of 20% or Rs 400/kg

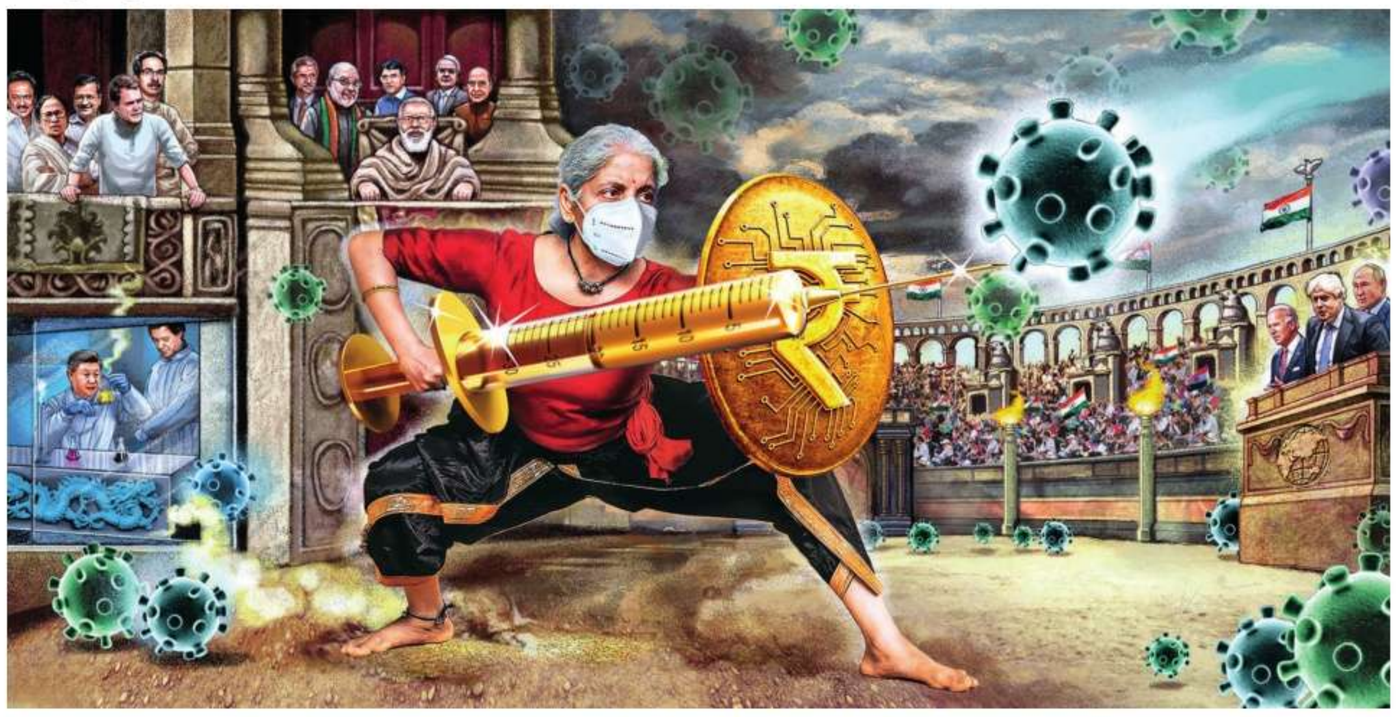
BY INVITATION

Tata Group chairman **N Chandrasekaran**, former RBI governors **C Rangarajan and D Subbarao**, billionaire entrepreneur **Kiran Mazumdar-Shaw** and agricultural economist **Ashok Gulati** assess the Budget and its impact | **P 3-11**

THE ROAD TO 75

As India celebrates **75 years** of Independence, **TOI** analyses through its data-rich graphic panels how life has changed since **1947** and also looks back at some of the Budgets that have shaped the nation's journey | **P 2-11**

Imaging by **Chanchal Mazumder** with support by **Arya Praharaj & Ram**



FM Lifts Cap Off Capex, Signals Digit-All Drive, Skips Populism Amid Polls

TEAM TOI

Finance minister Nirmala Sitharaman on Tuesday unveiled a Budget that sought to keep the momentum of economic recovery going with a 35% increase in government spending on asset creation. The Budget, which left income tax rates and slabs unchanged and was shorn of populist promises despite coming ahead of assembly polls, appears to be banking on growth.

Sitharaman told reporters the PM's message was clear: "No additional taxes" during the pandemic. If the content of the Budget was an intended booster shot, its focus was unmistakably digital with the use of tech to ensure prompt and targeted delivery running as a constant theme through much of her speech. It also marked a bold move into 'sunrise' spheres: green technology, AI, semi-conductors and drones.

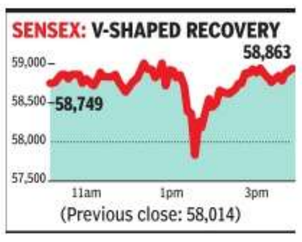
Presenting her fourth Budget, the FM took a 'whole of government approach' on a gamut of infrastructure projects by extending GatiShakti beyond the Centre to the states. GatiShakti, which brings schemes and projects related to seven key sectors on a common platform, has been positioned as a flagship initiative to ensure better delivery of infrastructure, with large dollops of allocation for telecom, highways and railways.

Welfarist measures were not given a go-by, with priority on improvement of infrastructure and quality of life in rural areas. But, relatively speaking, they seemed to have yielded to a focus on infra capex.

The FM said she was laying the foundation for "Amrit Kaal", the 25-year period in the run-up to India at 100, and that the Budget was futuristic and inclusive.

BUDGET SPECIAL: P 2-11, 15, 21, 26 & FLAP OPP

▶Contemporary challenges, P 21



Second biggest sensex seesaw ever on a B-day

The sensex seesawed 1,295 points, its second biggest swing ever on a Budget day. It closed up nearly 850 points, adding Rs 3.2 lakh crore to investors' wealth — the **second largest market cap rise on a B-day**. Tata Steel saw the highest rise at 7.6%, followed by Sun Pharma (6.9%). **P 3**

Cryptic on crypto? FM proposes 30% tax on gains, says call on legal status pending

TEAM TOI

The Budget proposed a 30% tax on gains made from transfer of "virtual digital assets", which appeared to signal an implicit legalisation of crypto currency. But later in the evening, the FM said the Centre is yet to decide their legal status, for which consultations have begun.

Underlining that only the central bank can issue a currency, the FM said: "RBI will come up with a digital currency. Outside of it, buying and selling is happening, and profits are being made, nothing stops me from taxing it. Taxing them does not actually bring legitimacy."

For the moment she has proposed:

- While computing income from virtual digital currency, other than acquisition cost, no deduction available
- Loss from transfer of the asset can't be set off against any other income
- Even gift of virtual digital asset is to be taxed in the hands of the recipient
- The tax regime will be applicable from the next financial year
- Above a threshold, 1% tax will be deducted at source for payment made for transferring them
- TDS provision is applicable for consideration of Rs 50,000 or more in case of individuals or HUFs who do not have any business income; or for those whose annual sales do not exceed Rs 1 crore in the case of businesses and Rs 50 lakh for professionals
- For others, the annual income limit is proposed to be fixed at Rs 10,000
- Starting next fiscal, RBI will also issue digital rupee, using blockchain and other technologies

With the digital rupee, RBI will join a select group of central banks with a digital currency. The move will, however, require certain amendments to the law. **P 4**

You can file an updated return, but at a cost

Based on a trust-based governance mechanism, the Finance Bill enables taxpayers to file an 'updated return' – but this comes at a price – additional tax. This updated return can be filed within two years from the end of the relevant assessment year.

"The option comes with additional tax, equal to 25-50% of differential tax and interest, depending upon delay in filing the return," said Gautam Nayak, tax partner at CNK & Associates. **P 2**

Eye on future, govt pushes e-volution, goes clean & green

TEAM TOI

Syncing the Budget proposals with PM Modi's promise at the UN climate conference (COP26) in Glasgow last November, the government on Tuesday aggressively pushed "energy transition and climate action" as one of its four priorities that would lead India's development agenda for the next 25 years, and unveiled a raft of measures to signal a swift shift to green energy and mobility.

In her Budget speech, where she used the word "digital" 35 times while "tech" was mentioned 26 times, FM Nirmala Sitharaman also outlined a broad initiative to deepen digital penetration and improve delivery of services in sectors ranging from agriculture to education to health and digital payments and banking. The fresh digital push and the reliance on green energy and mobility are seen as building blocks of the government's strategy to prepare the economy for future challenges and meet global commitments.

Sitharaman also announced a Rs 19,500-crore production-linked incentive for manufacture of high-efficiency modules to boost domestic manufacturing and meet the goal of installing 280GW of solar capacity by 2030. An open platform for the National Digital Health Ecosystem will be rolled out under the Ayushman Bharat Digital Mission, which will have digital registries of health providers and facilities, unique health identity, consent framework and universal access to health facilities. To bridge the digital divide, particularly in rural areas and for children from weaker sections, the government will expand the PM eVidya TV channel to 200 TV stations to provide supplementary education in regional languages for Classes 1 to 12.

Numbers look conservative but they are realistic, says Sitharaman

Finance minister Nirmala Sitharaman said she has presented a "conservative but realistic assessment" and hopes to stay within the estimates that are part of her fourth Budget.

"The Budgets are being made with realistic numbers. In last year's Budget, it was well-established we gave the numbers, followed it and achieved it... We have also brought on board certain expenditures that were kept out of the Budget. It is a speaking Budget... Estimates are not unrealistic," she told reporters during a post-budget interaction.

> The Budget this year has come with a new confidence of development amidst the once-in-a-century calamity... It aims to ensure pucca house, toilet, tap water and gas connection for every poor household. At the same time focus is on modern Internet connectivity also...
>
> —PM Modi

The FM said the government has not raised taxes for anyone and several steps have been announced for the middle class. "We have given concessions to those who run start-ups... e-passport will be used by the middle class," she said. **P 10**

THE BUDGET AND YOU: HERE'S THE BOTTOMLINE

The FM may not have announced any changes in income tax rates or slabs, but there are other measures in the Budget that leave you better or worse off. If, for instance, you're among those who have been investing in one of the many crypto currencies around, you'll have to hand over 30% of whatever you gain when you sell it (after deducting the price at which you bought) to the government as tax.

■ Last year, the surcharge on long-term capital gains on sale of listed equity shares and equity-oriented mutual funds was capped at 15%. The Finance Bill, 2022 seeks to extend the benefit of this capped surcharge to long-term capital gains arising on sale of any asset (say unlisted shares or immovable property).

This will take away the sting of the steep surcharge that is otherwise payable by high net worth individuals. Under the current provisions, LTCG on sale of assets (other than listed securities) attracted a tax rate of 20% and then the surcharge and cess kicked in. This inflated the tax on the capital gains as well.

TIMESOFINDIA.COM POLL

IS THE BUDGET GOOD?

FOR ME	FOR INDIA
YES 27.6%	YES 50.3%
NO 72.4%	NO 49.7%

Based on over 10,000 responses received on our website as of 10.30pm

To illustrate, an individual with total taxable income of over Rs 5 crore will have LTCG on sale of immovable property of Rs 50 lakh. Under the current law, he would have paid tax of Rs 14.25 lakh (tax rate of 20% plus surcharge of 37% plus cess of 4%).

However, with the surcharge rate now capped at 15%, the tax liability stands at Rs 11.96 lakh, leading to a tax saving of about Rs 2.3 lakh.

■ Against these gains for niche sections, the changes in customs duties could eat into your pocket across an array of imported goods. These include umbrellas, imitation jewellery, loudspeakers, headphones and earphones as well as smart meters, all of which will now face higher customs duties as part of the government's attempt to boost manufacturing in India. Unblended fuel for your vehicle too would become costlier by Rs 2 a litre starting October. However, adorning yourself with jewellery is set to get relatively cheaper with customs duty on cut and polished diamonds and gemstones reduced from 7.5% to 5%.

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Sample Illustration: Age - 50, Annuity payable - Yearly, Mode - Offline

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Option A	1,79,750	3,60,250	7,21,500	36,07,500
Option F	1,46,250	2,93,250	5,87,500	29,37,500
Option J	1,45,500	2,91,750	5,84,500	29,22,500

*Plus applicable tax as per rules Figures in Rupees

Option A: Annuity for Life

Option F: Annuity for Life with Return of Purchase Price

Option J: Joint Life Annuity with a provision for 100% of the annuity payable as long as one of the Annuitant survives and Return of Purchase Price on death of last survivor

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LIC/PRA/2021-22/44/Eng

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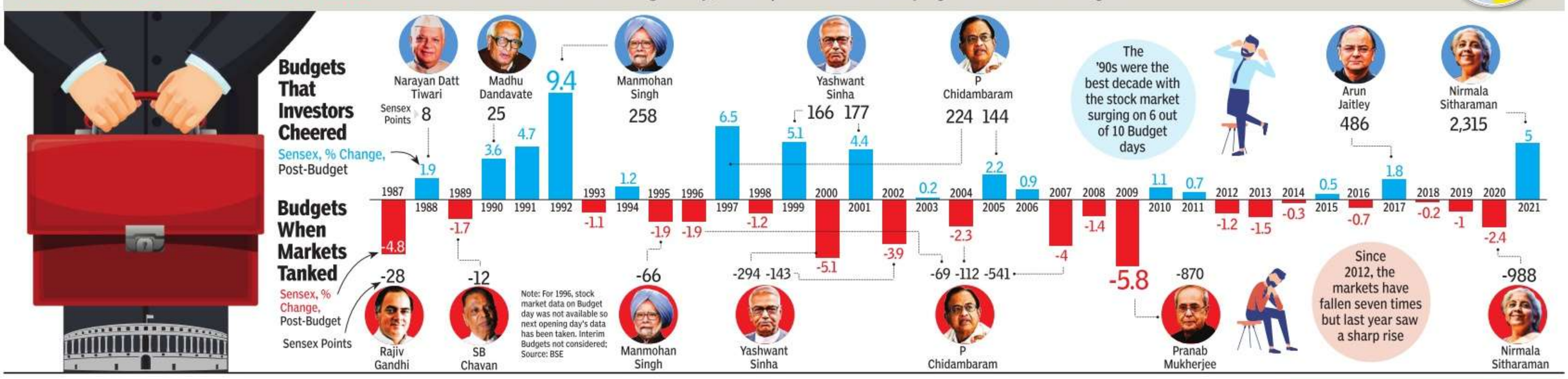
HARD TO MAKE MARKETS SMILE

Over the past 35 years, investors have frowned more often than they have smiled at the Budget. Markets closed higher immediately after the Budget in only 16 of these 35 years. Manmohan Singh's second Budget – following 1991's liberalisation – saw the highest jump while Pranab Mukherjee's 2009 Budget triggered the biggest slump. But whatever the market sentiment on Budget day, stock prices have always grown over the long run



8 THINGS INDIA INC SHOULD KNOW

1 The last date for domestic manufacturing companies to commence production to avail the 15% concessional tax rate has been extended by a year to March 31, 2024. This extension factors in Covid-hit business plans

2 One more year to start for startups! The tax holiday of 100% of profits (for a block of 3 years in first 10 years of incorporation) available to startups has been extended by one more year

3 Foreign dividends become dearer, as those received on or after April 1, 2022 from foreign companies (in which an Indian company holds 26% or more shareholding) are proposed to be taxed at normal corporate tax rates instead of a concessional tax rate of 15%

4 Any expenditure incurred for earning exempt income to be disallowed whether or not corresponding exempt income is earned during the year. The proposed amendment to apply retrospectively from tax year 2021-2022

5 Overruling favourable court rulings, it is proposed to 'clarify' with retrospective effect from tax year 2004-05, that education cess is not deductible in computing business income. Taxpayers who received refunds, following favourable judicial orders will need to repay this sum with interest

6 Cooperatives get surcharge booster! The rate of surcharge for cooperative societies having income over Rs 1 crore but not above Rs 10 crore reduced to 7% from 12%

7 No deduction available for expenditure in connection with violation of any law, rule, regulation or guideline, be it Indian or foreign or for compounding any offence. This amendment is retrospectively applicable from tax year 2021-22

8 TDS of 10% introduced on benefits or perquisites to persons other than employees in course of carrying on of a business or profession if value exceeds Rs 20,000 **(Powered by EY)**

V-shaped recovery on D-Street as it weighs capex & borrowing

Sensex Swings 1.3K Pts, Ends 848 Pts Up | 2nd Biggest B-Day MCap Gain

TEAM TOI

It was the second-most volatile market session ever in the wake of a Budget as the sensex swung by 1,295 points. Dalal Street investors gave a thumbs-up to finance minister Nirmala Sitharaman as she unveiled a plan to fire up the economy with government-led investment, but after her speech concluded, there was a sharp selloff, rumoured to be by a foreign fund. Anxiety over the government's borrowing programme added to the effect. This led to a sharp slide but the sensex eventually regained lost ground and closed nearly 850 points up to close at 58,863, while the Nifty gained 237 points to close at 17,577.

The day's rally also added Rs 3.2 lakh crore to investors' wealth with BSE's market cap at Rs 270.6 lakh crore. This was the second-highest addition to investor's wealth on a Budget day, behind last year's Rs 6.4 lakh crore, official data showed.

Top fund managers, who look for a clear growth path, sounded positive on the FM's statement that the Budget was aimed at India@100, that is a journey to be charted over the next 25 years.

"It is a Budget for laying the centenary path for India," said Nilesh Shah, group president & MD, Kotak Mutual Fund. The government will invest for inclusive, future-ready, digital and competitive India. (The plan is for) entrepreneurs, startups, taxpayers to create growth on that path, Shah said. "An extremely conservative revenue estimate on tax as well as non-tax will be fiscally positive."

HOW SENSEX SWAYED ON BUDGET DAYS

Feb 1, 2021	2,331 pts
Feb 1, 2022	**1,295**
Feb 1, 2020	1,275
Feb 29, 2016	849
July 10, 2014	803
Feb 1, 2018	755
Feb 28, 2015	678
July 5, 2019	591
Feb 1, 2017	569
Feb 1, 2019	557

The FM said she was raising the government's capital expenditure plans by a massive 35.4% to Rs 7.5 lakh crore. Top fund managers feel that this would spur private investments and create large employment opportunities.

According to A Balasubramanian, MD and CEO, Aditya Birla MF, it's an investment-led, growth-oriented Budget with higher capex allocation by the government. The government is looking at the private-public-partnership model to implement its capex plans with sectors like railway, digital and urban infrastructure getting a priority, he said.

As a result, cement, steel and other metal stocks witnessed strong buying interest. Among the leading stocks from these sectors, Tata Steel rallied over 7.5%, UltraTech cement closed 4.1% higher, while ACC closed 2.3% up.

Budget proposals are also expected to have multiplier effect to fire up several other sectors. According to Nimesh Shah, MD & CEO, ICICI Prudential MF, through its continual push for domestic manufacturing and infrastructure, this year's Budget prioritises support for growth, which is likely to have a multiplier effect across core sectors.

Insurance guarantees next round of infra build-up

TEAM TOI

Contractors bidding for infrastructure projects will find it easier to get on board with the government accepting surety bonds as a substitute for bank guarantees. The acceptance of surety bonds will also benefit gold importers.

Typically, in projects, successful bidders are asked to provide a bank guarantee that can be invoked if the contractor fails to deliver. Banks treat these guarantees as a form of credit and charge the borrower for the same. "Insurers will be able to provide surety bonds to reduce indirect cost for suppliers and work-contractors thereby diversifying their options and acting as a substitute for bank guarantee," said Tapan Singhel, MD & CEO, Bajaj Allianz General Insurance.

COVER FOR CONTRACTORS

Last month, the Insurance Regulatory and Development Authority of India (IRDAI) came out with norms that allowed non-life companies to issue various types of surety contracts. "With these surety bonds, I believe, the initial project cost will slightly reduce and the overall project viability will improve," said Singhel.

However, former IRDAI member K K Srinivasan says that caution is the keyword for insurers. "Surety bonds of this type is tremendously riskier than other classes. Expertise will take years to build. The present solvency norms may not be adequate. Risk-based capital norms will be required. Alternatively, additional capital for this class business based on the planned volume of business for the company may be required."

The bonds that insurers have been allowed to issue include advance payment bond, bid bond, contract bond, customs and court bond, performance bond and retention money.

Bond mkt finds no view to a kill in borrowing plan

TEAM TOI

The government bond market witnessed a selloff after the finance minister said that total gross borrowing for the coming fiscal will be almost Rs 15 lakh crore, much higher than the market's expectation of about Rs 12-12.5 lakh crore. Given the fact that global central banks are gearing up for a rate hike cycle, which could likely push up interest rates in India too, bond market players said the whole borrowing programme needs deft handling.

On Tuesday, in the government bond market, the benchmark 10-year gilt yield (maturing in 2032) closed at 6.83%, a more than two-year high and up 15 basis points (100bps = 1 percentage point) from Monday's close at 6.68%. During the day, the high was at 6.87%.

SHAKEN & STIRRED

The new 10-year government bonds were introduced on January 14 this year, at a yield of 6.54%. In less than a month, the yield has now risen nearly 30 basis points, indicating pressure on bond prices because of a combination of domestic and international factors, market players pointed out.

However, the silver lining is that the government has some options to tweak a few things here and there to cushion the negative impact of a rising yield, at least partially. "While the government's fiscal arithmetic seems to have retained some elbow room, both for several revenue and expenditure items, the higher-than-expected deficit and borrowing figures have led to a negative reaction from the bond market," said Siddhartha Sanyal, chief economist, Bandhan Bank.

It'll take more dough to don a smartwatch

TEAM TOI

New Delhi: Prices of headphones, earbuds, and smartwatches being imported may go up by between Rs 100 for entry-level devices to over Rs 1,000 and more for Apple, Fitbit, Bose and other premium makers. The Budget has increased the customs duty to 20% as part of efforts to encourage local manufacturing.

Also, the Budget has done away with import duty on certain key components used in their manufacturing while stipulating a phase-wise duty structure in subsequent years to encourage development of a parts ecosystem within India. The FM said the changes to customs duty is encourage their local manufacturing.

GIFT for Guj: Sops for P-Notes trading

TEAM TOI

To boost trading by global investors at the International Financial Services Centre in Gujarat's GIFT City, the government is giving several tax exemptions, including one that players feel may allow investments by NRIs through participatory notes (P-Notes).

EYES ON NRIs

At present, P-Notes are under Sebi's strict regulatory purview following suspicion that several Indian entities were routing their money through international tax havens to invest in Indian stocks using these instruments.

The FM on Tuesday allowed tax exemptions to offshore derivative instruments (technical name for P-Notes) that are traded by non-resident Indians. These investments in P-Notes would have to be routed through the IFSC to be outside the regulatory purview of Sebi, market players said.

In addition, the FM also announced tax sops for several other activities that are planned to be carried out through the IFSC. According to Tapan Ray, MD & Group CEO, GIFT City, the Budget announcements reiterated the commitment of the government "towards energising the regulatory ecosystem at GIFT IFSC which will have a huge multiplier effect for the country's economic growth".

Ray also said that income tax exemptions for several activities in IFSC "would promote various business activities such as ship leasing & financing, offshore fund management and offshore banking activities".

GAME CHANGERS

1957 The Budget presented by T T Krishnamachari sought to make a distinction between earned and unearned incomes and introduced wealth tax and expenditure tax. The wealth tax kicked in at values above ₹2 lakh for individuals, and above ₹3 lakh for HUFs; the expenditure tax was on spending above ₹24,000 a year for assessee and wife, and ₹5,000 each for dependent children.

The Times of India
NEW TAXES TO NET RS. 93 CRORES
COFFEE, TEA, SUGAR AND FUEL WILL COST MORE
Levy On Railway Fares: Postal Rates Raised
DEPOSIT ON EXPENDITURE AND WEALTH PROPOSED
Budget Presented In Parliament By Sri. T. T. Krishnamachari
TODAY'S NEWS

From RK Laxman

Jan 31, 1986: But they all seem a bit shy about disclosing their identity, Sir

Postcard to the edge: E-bank for all pin codes

TEAM TOI

A large chunk of the Indian population will bridge the digital divide in the current financial year with post offices putting in place a core banking system and banks setting up digital banking units (DBUs) in 75 districts.

The Post Office Savings Bank has 19 crore savings accounts including those under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). While the post office has the reach, its customers do not have access to anytime-anywhere banking, which is available to the urban clientele.

DIGITAL FACELIFT

With all the 1.5 lakh post offices in the country coming under the core banking system, customers can access their accounts through net banking, mobile banking, and ATMs. They will also be able to transfer funds from their post office accounts to accounts in commercial banks.

"The Budget proposal to set up 75 DBUs in 75 districts is in sync with our ongoing digital banking initiatives," said SBI chairman Dinesh Khara.

"For India to become a digital economy, all villages should have the same access to digital resources as urban areas. To augment this, the setting up of DBUs is a commitment to taking high-end tech to the bottom of the pyramid," said Anand Kumar Bajaj, Founder, MD & CEO, PayNearby.

According to bankers, the setting up of DBUs will provide a concerted effort at building up a payment ecosystem that will benefit all the banks in the district. "The Jan Dhan Yojana has ensured that most households have bank accounts. The need now is to build an ecosystem so that they can use their accounts for all transactions without having to draw cash," said a senior banker. He added that the details of the scheme were still awaited.

According to Bajaj, DBUs will ensure that the benefits of digital banking reach every nook and corner of the country in a consumer-friendly manner. "The objective of citizen empowerment with digital growth and supporting fintech will directionally encourage delivering of digitisation to India in its 100th year well ahead of time," said Bajaj.

'B-Day Wordle: CAPEX'

"This is futuristic, mature Budget that focuses on long-term growth. Allocation of Rs 48,000 crore for housing reflects immense demand and need for affordable housing. There is downward trajectory of fiscal deficit, while prioritising need for growth, job and continued assistance to Covid-hit sectors

—Deepak Parekh | CHAIRMAN, HDFC

"It's a masterful balance of near-term imperatives and long-term priorities and lays the foundation for sustained 8% growth. The sharp increase in capital expenditure will flag off new investments and herald the 'Capex Mahotsav'. The Budget had bold ideas. My pick for the Budget day Wordle would be 'CAPEX'

—K M Birla | CHAIRMAN, ADITYA BIRLA GROUP

"The booster shot provided by way of significantly large capex outlay will lead to greater demand across industries, push up capacity utilisation & private capex, create jobs, lead to higher private consumption, bring down cost of doing business and lead to a virtuous spiral

—Sanjiv Mehta | PRESIDENT, FICCI & CHAIRMAN, HUL

"It reaffirms government's commitment towards inclusive growth with a multi-pronged plan for world-class physical and digital infra development. Delighted to see that digitisation ran as one of the principal themes across many planned public spending initiatives

—Sunil Mittal | CHAIRMAN, BHARTI ENTERPRISES

"Budget has positive thrust towards increased capex. That's a major boost for infra. The defence opportunity for private sector is welcome. The customs duty on capital goods is also timely because capital goods is the mother industry and India needs to be self-reliant in this segment

—Venu Srinivasan | CHAIRMAN, TVS GROUP

"Focus on mental-health initiatives is welcome. The strategic move towards the development of the edtech sector, clean & renewable energy, building diverse digital finance infra coupled with Ease of Business 2.0 lays a strong foundation for the govt's vision for Independent India@100

—Adar Poonawalla | CEO, SERUM INSTITUTE OF INDIA

"Substantive enhancement in public expenditure promises to shape a competitive and resilient economy. The futuristic measures to power new age startups, usher in NextGen Agriculture, generate livelihoods and strengthen climate action will build the foundations of a modern and Atmanirbhar Bharat, as envisioned by the PM

—Sanjiv Puri | CHAIRMAN, ITC

"Budget continues to reinforce larger vision to enhance usage of digital payments, especially with the introduction of the digital rupee. The allocation of Rs 1,500 crore to promote digital transactions and boost digital payments in rural and remote areas will be beneficial to the already booming online retail business

—Falguni Nayar | FOUNDER & CEO, NYKAA

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A thought for today

We are sure to achieve the numbers. If anything, we will probably better them

NIRMALA SITHARAMAN

Short, Sharp & Smart

FM's big bet on growth is what India needed

Brevity and bravery defined FM Nirmala Sitharaman's fourth Budget. In a short speech, she articulated three excellent strategies. First, GoI is taking a big bet on growth by massively pushing capital expenditure, and is ready to risk high inflation. Growth is the priority now, and most inflation will be via higher energy and commodity prices, over which GoI has little control. Will RBI scupper the growth party? Remember, it has frequently called for fiscal heavy lifting. As inflation rises – retail fuel prices will start rising again after the election hiatus – RBI's MPC may want to increase rates. But that should be done gently. Sharp rate hikes will affect growth without bringing down cost-push inflation. Second, FM was also clear that public capex is needed to spur private investment, which is still low. To further encourage private investment, the Budget offers stability in the direct tax regime. No bad taxes are actually an incentive. Third, she acknowledged that economic recovery is uneven by extending credit guarantee for MSMEs and focussing, within that, on the badly hurt contact-intensive services.

Commendably, the Budget math is realistic. Nominal GDP is expected to grow 11.1% in 2022-23 to Rs 258 lakh crore. Consequently, gross tax revenue is expected to increase 9.6% over the ongoing year's revised estimate to Rs 27.5 lakh crore. Total expenditure is budgeted to increase by a modest 4.6% to Rs 39.4 lakh crore. The interesting question is how FM has found the money for the huge hike in capex. First, via increase in tax revenue. Second, there's a big switch from welfare spending to investment. Allocation towards food subsidy and MGNREGA together have been lowered by about Rs 1.05 lakh crore. In addition, spending on vaccines and Air India will fall in 2022-23, thereby freeing up resources that will be spent on roads and railways. There are two assumptions here. First, there will be no more shocks. Second, growth will reduce the need for high-level targeted support. Those critiquing cuts in welfare spend should remember that GoI can always spend out-of-Budget if the need arises.

What to make of the 30% tax on gains from crypto assets? Post-budget, FM said taxing gains on digital assets doesn't mean legalising them. That's correct in the sense that any gain in income can be taxed. But it is reasonable to think that having brought crypto assets under the taxation regime, GoI will subsequently declare the underlying asset to be legal. Therefore, unless there's a nasty surprise, the Budget has made the first move towards accepting the reality of crypto assets. That's a smart call, as is making the new tax applicable from March 2023. This will give time to crypto asset holders to adjust their portfolios. The crypto move aside, if RBI launches its digital currency in the next financial year, India will have moved up the blockchain technology ladder.

Disappointments? GoI seems to have lost enthusiasm for privatisation, perhaps fearing it can become an electoral liability. But then again, with markets choppy, it's not the best time to sell assets anyway. There's plenty that's good in this Budget – if GoI can spend all the capex it has budgeted for.

Nothing For Middle Class? Not Quite True

Capex will spur opportunities. Sops in next Budget

R Jagannathan

Given elections in five states, including those in UP, the Budget seems to have been prepared on another planet. There are no pre-election lollies, not much pandering to the voter's endless appetite for subsidies, and almost nothing at all for BJP's core middle class constituency.

Even that punt you may have planned on crypto currencies now comes with a heavy tax bill (30% plus surcharges and cess) with no loopholes. Regardless of whether you gain or lose from crypto trades, net-net you lose, either from adverse market movements or a capital gains tax. The government has taken a heads-I-win, tails-you-lose attitude on cryptos.

But if you are then wondering what you have to cheer about in a Budget without tax sops or price relief in the things you may be interested in (gadgets, home loans), here's a thought: What you do not gain directly from swings, you may gain from the expected roundabout.

2018 and 2019 Budgets had many goodies for the middle class, including senior citizens and double home-owners. Nothing for you in 2022 could mean something for you next year, closer to the general election

Here's how it works. The central feature of this Budget is a massive increase in infrastructure spending through higher capital outlays. This spending on highways, urban projects etc, will do two things for the middle class: Those who are already employed in the organised sector will see demand for their services rising, and hence salaries could bump up. The neo middle classes, who were worst hit by the pandemic, can hope to re-enter the job market as the economy opens up after navigating the Omicron wave successfully.

The government's efforts to extend loan guarantees for MSMEs and reforms in government procurement will speed up payment of bills, allowing suppliers to lower working capital costs. This increases the possibility of a revival in the MSME sector, which is the biggest creator of jobs.

There are also two indirect benefits for the middle class. One will come from bringing post offices on a par with banks in terms of back-end technology. Many middle class savers use postal banking services and invest in post office schemes and financial products in order to obtain higher returns than what bank FDs offer.

With the 1.5 lakh post offices being connected through a core banking solution, they will become nearly as good as banks, with money being transacted and transferable seamlessly via digital channels. This is a huge gain for the new middle classes in non-urban areas and also for senior citizens who like post office financial products.

The second indirect benefit is the increased trust the taxman is placing in you. It is allowing those who missed paying the right amount of tax to file updated returns within two years of the last date for filing returns in any fiscal year. This means you no longer have to live in fear. You can make amends without fear of a backlash.

The bad news is that your petrol costs will rise as a new levy of Rs 2 per litre is being imposed on non-blended fuels from October. This levy is only on non-ethanol blended fuels, but then most of the fuel you use is of this kind.

Also, once UP elections are out of the way, there is a good chance that oil marketing companies will raise pump prices. They have been holding back despite big increases in international crude prices. No one will admit it, but they are clearly not raising prices when elections are round the corner. Prices will rise once elections are out of the way.

But here's something to hope for. The fact that there are no free lunches for the tax-paying aam aadmi this year indicates that the government may have something up its sleeve for the 2023-24 Budget, which will be the big one before 2024 general elections. Remember, the 2018 and 2019 Budgets had many goodies for the middle class, including senior citizens and double home-owners. Nothing for you in 2022 could mean something for you next year, closer to the big election.

With the tax-exempt income bracket (Rs 2.5 lakh per annum for general taxpayers and Rs 3 lakh for senior citizens) and 80C deductions frozen solid for several years now, it is not unreasonable to expect a better harvest next year.

So, cheer up. There's always next year.

The writer is Editorial Director, Swarajya magazine

Right Moves For The Big Dream

Easy to imagine India as an economic superpower by the end of this decade

N Chandrasekaran

Chairman, Tata Sons

The Union Budget is the right choice at the right time. Given Covid's effects and a recovery this year, finance minister Nirmala Sitharaman has appropriately prioritised growth, while keeping the fiscal deficit in check.

This growth-oriented Budget will create numerous jobs, spark enterprise and position India as the fastest-growing of the major economies. The Budget is consistent with our honourable Prime Minister Narendra Modi's vision of making India Atmanirbhar – a digital superpower, a sustainability leader and a healthy nation. This statement of intent is clearly supported by a plan for the future, and backed by allocations – specifically in the areas of infrastructure, digital transition, planet resilience, education and health – to support Indian ambitions.

The Budget presented by FM Sitharaman builds on the excellent Budget last year, continuing the trend towards more productive expenditure. The government's capital expenditure of Rs 7.5 lakh crore, a 35% rise over the previous year, is substantial. This is approximately 2.9% of GDP, the highest in nearly two decades. This emphasis on infrastructure and other capital spending will reap dividends as the benefits multiply. Gati Shakti, the national master plan for multi-modal connectivity, will be central to India's growth in the years to come. The recovery right now is driven by consumption, but it is the government's continued emphasis on boosting infrastructure that will help revive the private investment cycle, spur domestic manufacturing, boost demand, and create further jobs. All of this increases productivity in the economy.

India's dramatically increased IT and telecom allocations are an investment in its future. The rollout of 5G promises to create a foundation for next-generation technologies. Along with an emphasis on semiconductor manufacturing; the introduction of a digital currency using blockchain technology in 2022-23; issuance of e-passports; IT-based land records based on a unique identification number; an open platform for the National Digital Health Ecosystem; hi-tech services for farmers; and data centres being treated as infrastructure, the Budget puts faith in India's technological capabilities. This will enable India to transition to a more digital economy.

Budget prioritises shared prosperity. Informal sector, which has borne the brunt of pandemic measures, will be supported with targeted welfare. The notable increase in allocation for education is much needed

This Budget prioritises shared prosperity. The informal sector, which has borne the brunt of pandemic measures, will be supported with targeted welfare. The notable increase in the allocation for education is much needed. The pandemic rendered our children to learn as best as they could from home, with some lucky to engage in some sort of distance learning, but many students without devices or access to digital infrastructure have lost out on critical years of schooling. The Budget's focus on health, wellbeing and drinking water is also critical. 87 million households receive tap water under the 'Har Ghar, Nal Se Jal' scheme currently, and the Budget aims to add another 38 million in FY23.

The pandemic has brought to attention how interconnected India's systems are, and how vital it is for India to strengthen every part of its economy. To that end, the additional loan guarantee towards MSMEs is a welcome move. For India's recovery to be sustained, its 130 lakh smaller enterprises need support of the kind the Budget offers. Additionally, the Budget supports the idea that skills training has to be seen through the prism of advanced manufacturing, and powering the digital age.

In keeping with the times, sustainability remains one of the top agendas in FM Sitharaman's Budget. The increased budget for solar power, and policies to support a circular economy show the government's commitment to a carbon-neutral economy. Plans to create an EV-charging infrastructure, including a national policy for battery swapping (when combined with the already announced Automotive PLI scheme), further the agenda for green mobility. The Budget also introduces the idea of sovereign green bonds to finance green infrastructure.

This Budget builds on progress India has made over the past few years. Since the pandemic's start, the pace of structural reforms has picked up further. India has undertaken difficult labour reforms, announced a $2 trillion infrastructure pipeline, created a national asset monetisation plan, introduced a PLI scheme to boost domestic manufacturing, initiated higher investment limits for small businesses, instituted power sector reforms, set aggressive disinvestment targets and higher FDI limits in defence. In this vein, recent robust tax collection reflects an economy formalising quickly.

Covid has perhaps delayed India's growth story, but the long-term trends remain firmly intact: youth, consumption, formalisation and digital leapfrogging. India's share in the global middle class will increase to 20% from 10% at present. I strongly believe in the ability of India to outperform in the next decade, given both what's happening domestically as well as geopolitically, including the rebalancing of supply chains. This Budget strengthens the strategic foundations for India's long-term growth. Continuing down this path, it isn't hard to imagine India becoming a digitally forward, sustainable global superpower by the end of this decade.

BUDGET 2022-23

Great On Growth, Not On Jobs

Credit for avoiding populist giveaways, but job-creating MSMEs needed more

Duvvuri Subbarao

Former Governor, RBI

Dear Amma,

It's been many years since you'd gone away. Had you been around, I can imagine you asking, "What's this 'girl' Nirmala done in the Budget?" To answer that question, let me put the Budget in a broader context.

The deadly pandemic – I hope it goes away soon – has taken a devastating toll on the economy. The task for the Budget was to put the economy on a firm recovery track, and importantly ensure that that rapid growth translates to jobs and incomes for the poor. The easy and politically attractive way would have been to support consumption by giving money directly to the poor. It is to FM's enormous credit that she did not succumb to this temptation.

She decided to spend more, but to spend it by way of public investment. Government capital expenditure is slated to go up by a massive 35%. Plus, FM also raised the allocation for interest-free loans to states for capex spending. All told, effective capex spending by the Centre will be an impressive 4.1% of GDP.

Why is this better than just plain consumption spending? Simply because this is a robust path to sustainable growth. Public investment will not only generate growth in the short term but it will also build a base for strong growth in the future.

Thankfully, we are at last seeing some light at the end of the tunnel on the twin balance sheet problem. Banks are now ready to lend and the private sector will be ready to invest once the existing slack in capacity is used up. When that happens, we will potentially get onto a virtuous growth cycle. The key of course is to ramp up execution, which has been our main weakness.

I was happy to see FM focussed not just on hard infrastructure, but also soft infrastructure. She announced several measures to improve the ease of doing business, mostly by leveraging on digital technologies. Individually these measures may not sound dramatic but their combined impact on building trust and reducing transaction costs can indeed be dramatic. Many foreign investors, including those who have come under the PLI scheme, complain that costs of doing business are still high. If we succeed in making investment in India a happy experience, we have a serious shot at becoming a part of the world's China+1 strategy.

Knowing you as well as I do, I can anticipate your next question. What about jobs? Our jobs problem, serious even before the pandemic, has been compounded by it. There are some estimates that nearly 10 million jobs have been lost on account of the growth slowdown and the shift in activity from the labour-intensive informal sector to the capital-intensive formal sector.

Kickstarting private investment will create jobs, but certainly not in the numbers we want. It is the MSME sector that is job-intensive and there is not much in the Budget to support them beyond continuing the existing guarantee schemes. Linking some PLI incentives to job creation would have been something worth trying. Export production too is labour-intensive. But export production behind protectionist walls is seldom competitive. It's disappointing that FM did not roll back import tariffs, at least partially.

The big elephant in the room of course is the fiscal deficit. This is programmed to decline from 6.9% of GDP this year to 6.4% next year. FM reiterated her commitment to bringing it down to 4.5% of GDP by 2025/26 but I wish she had given a glide path to getting there as that would have enhanced credibility and softened the government's borrowing costs.

There has been a lot of speculation over the last few months on GoI's stance on cryptocurrencies. The suspense has finally ended with the Budget imposing tax at a uniform rate of 30% on income from trading in 'virtual digital assets'. For many who feared that the government will totally ban cryptocurrencies, this will come as a relief. Others might think 30% taxation is too harsh but GoI may have deferred to the RBI governor's concern that unfettered speculation in cryptocurrencies could threaten financial stability.

Export production is labour-intensive. But export production behind protectionist walls is seldom competitive. It's disappointing that FM did not roll back import tariffs, at least partially

Simultaneously, FM announced that RBI will come out with an e-rupee, a digital version of the paper currency next year. Since virtually everyone who wants to has already switched to UPI-based fast payment systems, I am not sure the e-rupee will be a gamechanger. But of course, we have to wait and see. In any case, I am certain the crisp currency notes that you were so fond of will continue to be around.

Yes, I can hear you. You want my overall assessment. As someone who handled household budgets, you know that budgets are all about making choices among competing demands. I think FM has made some wise choices under difficult circumstances. It's a level-headed Budget.

Lots of love.

dilbert

Sacred*space*

Let Money Flow

It's possible to have money flow in a way that serves our highest ideals and commitments rather than accumulate it so that we can gain power, authority and special privileges over others. Money can bear the mark of she who passed it on and in many ways can be voice, expression and commitment.

Lynne Twist

Arjun's Wise Choice That Led Us To The Gita

Aruna Narlikar

When all negotiation efforts had failed and war became certain, both the Kaurav and Pandav cousins decided to approach Krishn for assistance. Duryodhan, representing the Kaurav side, arrived first; Krishn was asleep and so Duryodhan took a seat near the Lord's head. Arjun followed, and placed himself at Krishn's feet. When Krishn woke up, his eyes settled first on Arjun. Duryodhan, however, insisted on the first come, first served basis, and therefore, believed his claim on Krishn's help to supersede Arjun's.

The wise Krishn recognised both claims. Duryodhan had arrived first, but Arjun had been seen first. Both would receive his help. And stating this, he offered them a choice: One side could have Krishn's vast army – all hardy, skilled and armed Yadav warriors. The other side could have Krishn. But Krishn would not fight, and he would be alone and unarmed.

Between Narayan and the Narayani Sena, which would the cousins choose? Krishn offered Arjun the first choice as the ancient code was clear: The youngest should be given the opportunity to opt first.

Without hesitation, Arjun chose Krishn. Duryodhan was filled with glee, certain that the already strong Kaurav army would now be invincible with its expanded numbers and weaponry. But Arjun was just as certain that he had made the right choice. And as it would turn out in the great war, having Krishn on their side was crucial to the Pandav victory.

THE SPEAKING TREE

The story offers several important lessons.

Firstly, the son of Pandu placing himself at the Lord's feet was indicative of his humility, while Duryodhan's assumption of a position by the Lord's head suggested hubris.

Secondly, Duryodhan was seduced by the promise of victory, of which he felt assured now that he had Krishn's army and weapons working on his side. In contrast, Arjun chose the path of Dharma and glory, knowing that Krishn embodied these values. The Kaurav king had opted for a path that he believed would fulfil his interests. But the more rewarding choice was the one made by Arjun, not only because it reflected his values, but also because a strong basis in values helped the Pandav side achieve material victory too.

Thirdly, there was also a high level of intelligence reflected in Arjun's choice. While he did not underestimate the importance of having powerful military forces, he probably knew that strategic thinking and cunning would be indispensable for defeating the formidable Kaurav side. And on war strategy, he knew Krishn was unrivalled.

Lastly, having a trusted friend and guide by one's side in times of mental distress can be more effective than owning all the riches and forces of the world. When Arjun was consumed with self-doubt on the battlefield, Krishn – and Krishn alone – could have, and indeed did, persuade him back to do his duty. That act of persuasion took the shape of the Bhagwad Gita. And we are all richer today, thanks to Arjun's choice.

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Don't make things too complicated. Try to relax, enjoy every moment, get used to everything.
-ANGELIQUE KERBER

TheHitavada

They are slaves who dare not be In the right with two or three
Lowell

Nakshatra Dhanishtha 17H 53M
Moon Kumbh (Rajandekar Panchang)
Magh Shukla Paksha Tithi Pratipada 8H 31M
Dwitiya 30H 15M
Muslim Jamadilakhar 29th Hijree 1443

FINE EXPANSION

UNION Budget 2022 is a fine expansion of what the Government has been doing on a wide-spectrum economic and developmental activity. Finance Minister Mrs. Nirmala Sitharaman has infused bigger doses of funds into the system so that the Government's emphasis on sectors such as infrastructure -- with an obvious idea of keeping key economic engines revving particularly against the strain on the system due to the nerve-wrecking pandemic for the past two years. In other words, the Union Budget 2022 offers a good example of the promotion of a well-modulated economic philosophy of inclusiveness and forward-dynamics. The Government will earn many encomiums on this count in the next some time.

What is most clearly visible through the document is the sense of confidence the Government feels in its own strategy of growth -- well beyond the concentric spheres of economy. There is no tentativeness in the Budget at a glance. What is visible, on the contrary, is a clear-headedness about greater spending on most counts. By proposing higher allocation of funds for most heads, the Finance Minister has demonstrated a general sense of well being that the country has been experiencing for the past few years. No matter the politically-driven comments of some sections of the national opinion (generally about the size and purpose of higher or lower allocations) Mrs. Sitharaman appears to have the economic growth engines the extra power they deserve.

Even as the world tottered on the brink of collapse due to the coronavirus pandemic, and even as every country made efforts to effect a recovery, India's overall economic performance has been fairly heartwarming. Not only have various rating agencies given India higher certification, but also have predicted a growth trajectory healthier than that of many other countries. This has reflected pretty accurately in the Union Budget 2022.

Some sections may describe some of the moves proposed in the Union Budget 2022 as overzealous. But such biases have no place in the larger economic narrative the Government has built over the past 5-6 years. Events -- including the pandemic and the escalations of tensions on the Ladakh border -- certainly appeared not to favour the country, no matter who ruled where. When challenges abound and the resources are scarce, the first natural response of any crisis managers is to shrink the activity so as to minimise the damage. The Government, however, did not follow this line of thinking; it chose to take the bull by the horns -- eventually succeeding in arresting the decline and add value to the process of recovery.

In his address to the joint session of Parliament, President Mr. Ram Nath Kovind highlighted the Government's achievements in a proud tone. If he talked of achievement, Prime Minister Mr. Narendra Modi insisted upon the importance of a healthier national discourse even on economic issues. And to boost that overall sense of well being, Mrs. Sitharaman talked of India's legendary resilience on all counts. The Union Budget 2022 demonstrates a clear visual of this confidence.

The Union Budget 2022 pays enough attention to industry all right, but appears more tilted in favour of start-ups (in which it sees a greater potential and possibility). The Finance Minister has indicated that some more dynamic legislation to tackle the issue of Special Economic Zone may be forthcoming. That was, of course, expected -- in the sense the Government had given enough indication of its intent of rejuvenating industry by some special measures. Similar steps are also expected to spruce up Information Technology and Artificial Intelligence Sectors. Digital currency, too, is to be given an appropriate importance and may be brought under a different tax regime.

The Finance Minister has chosen not to make alterations in the overall tax structure, indicating, thus, that it would be able to mop up enough resources for its growth projections. The approach, thus, is reassuring that things are proceeding in the right direction. When the strategy for growth has such a positive approach, then the Budget naturally reflects that confidence-based vision for the challenges ahead.

Inspiration

TO CHECK our external appearance or cleanliness, we look into the mirror on the wall each day. But on a mental, emotional and spiritual level, what is the mirror that helps you to see if there is anything wrong with your inner face or spiritual self or to realize what is happening to you and what you have to do to maintain your inner beauty?

There are three types of mirrors, which one can use to see or check the internal self:

The first mirror is the mirror of spiritual knowledge – Spiritual knowledge is the knowledge related to spiritual self-development i.e. of the soul and also of the Supreme Soul. Each day, in the morning, you can look into this mirror for 15 minutes at least.

Looking into this mirror means listening or reading a piece of spiritual knowledge for at least 15 minutes that connects you to your inner essence, increases your emotional and spiritual power as well as reminds you of the true purpose of your life.

You will see yourself very clearly in this mirror as this mirror will show you: 1. the knowledge of the original and ideal virtues of the soul like peace, joy, love, bliss, purity, power and wisdom; 2. how these virtues can be imbibed in the self to benefit the self and others; 3. the knowledge of the different types of weaknesses that can arise in the soul like anger, greed, ego, hatred, fear, attachment, jealousy, sorrow, etc., the roots of which lie in the incorrect identification with the physical self and forgetting the spiritual self and how these weaknesses can harm the self and others; 4. the knowledge of overcoming these weaknesses.

FOCAL POINT

INDIA'S CENTRAL ASIAN OUTREACH

■ By ASAD MIRZA

INDIA's ties with Central Asia can be traced back to the ancient Silk Road, along which goods, people, and ideas flowed. Geographically Central Asia has been at the intersection of crucial political and economic transformations for centuries. While the dissolution of the Silk Road limited exchanges, there is a renewed effort to reconnect India with the region by the leadership.

The importance which India attaches to the 5 Central Asian Republics (CARs) was shown by its commitment to hold a virtual summit with the Presidents of 5 CARs, when they were unable to travel to India to participate at the Republic Day parade as Chief Guests duet to COVID travel restrictions.

India's outreach

As expected the issue of Afghanistan constituted one of the focus areas of the agenda for the summit. Prime Minister Narendra Modi and the five Presidents decided to set up a joint working group on Afghanistan, with a broad consensus emerging on issues such as combating terrorism and drug trafficking.

Modi outlined the three focus areas for India in its relationship with CARs; Central Asia is central to India's vision of an integrated and stable extended neighbourhood and cooperation between India and Central Asia is essential for regional security and prosperity, secondly to establish a framework of regular interactions at different levels and among various stakeholders, and lastly to create an ambitious roadmap for future cooperation.

Modi also referred to India's close ties with all the Central Asian States at a bilateral level, and also underlined the importance of each of these countries. He described Kazakhstan as an important partner for India's energy security.

He highlighted the fact that India's State Governments are active partners in growing cooperation with Uzbekistan, while there is an active partnership with Kyrgyzstan in education and high-altitude research. Modi described Turkmenistan as an important part of India's vision for regional connectivity, and said this was evident from 'our participation in the Ashgabat Agreement'.

With Tajikistan, he said: "We have a long-standing cooperation in the field of security. And we are continuously strengthening it."

Importance of CARs

In the last decade, Central Asian nations have also been looking for viable partners particularly in economic and security sectors. Both share common concerns in tackling radicalisation and terrorism.

However, bilateral progress can be described as slow. This is due to the associated concerns with security and capacity constraints, the security situation in Afghanistan and political differences within Central Asia.

India earnestly started its outreach with its 'Connect Central Asia Policy' initiated by UPA II, later Modi became the first Indian head of State to visit all five nations in 2016. Since then there has been significant progress in cooperation, particularly in the fields of defence, energy and connectivity. The renewed Indian focus on the region can be attributed to the geopolitics of the region, particularly China's aggressive outreach with all 5 CARs.

India has also initiated multilateral engagement with the region at two levels. The first is through regional connectivity, with a renewed push for long delayed projects. This received a boost after Iran and India signed an agreement to develop Chabahar Port, when Modi visited Iran in 2016, the port has now become commercially operational. Further, to facilitate transport of goods between India and Central Asia via Iran, India joined the Ashgabat Agreement in 2018, including Iran, Oman, Turkmenistan and Uzbekistan.

More importantly, 12 years after becoming an observer, India joined the Shanghai Cooperation Organisation (SCO) as a full member in 2017. SCO is not only beneficial for India to remain connected with Central Asia, but also has the potential for India to work collectively with other leading powers in the region to address economic and security issues that may have potentially detrimental concerns for the world. While these steps have given a new lease of life to India's vision for Eurasian connectivity, New Delhi must combine skilful diplomacy with action on the ground to ensure the continued viability of these projects in the face of US-Iran tensions.

China and CARs

Though India has adopted a more proactive approach and explored new avenues for economic cooperation with CARs. China has aggressively wooed the CARs through its Belt and Road Initiative (BRI), besides leveraging its geography, finances and population to ensure that its projects can contribute to making its dream of a new and improved Silk Road a reality,

Operating at several levels the Chinese economic strategy in Central Asia also focuses on development of western China, through opening up of Xinjiang and ensuring its economic development in order to cool tensions there. In addition China needs CARs as a market for its goods besides getting its energy requirements through CARs.

Chinese anxiety to consolidate its links with CARs and disallow India from taking any initiative in the region is shown by its haste to hold a summit with the leaders of Central Asian countries on January 25, at a very short notice, after India had announced its summit. Chinese President Xi Jinping had offered $500 million in assistance to the region and has vowed to strengthen trade with the countries.

On the other hand trade between India and Central Asia lies at a insignificant $2 billion compared to Chinese trade with the CARs, which roughly amounts to $100 billion. India could increase this bilateral trade by trying to meet its high import dependency for energy, through CARs, which are rich in resources such as oil, natural gas, uranium, etc. On the other hand it could explore areas where the Indian industry could export to CARs at a considerably lower cost. As stability in Central Asia remains critical to the interests of big players like Russia and China, the CARs will remain in focus at multilateral forums concerning Afghanistan; this also underlines the importance of improving relations with CARs for India to expand regional cooperation.

(Asad Mirza is a political commentator based in New Delhi)

(IANS)

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TIME & TIDE

NAILING 'JIHADISTS'

BY DELAYING approval to appointment of Mr. Masood Khan as Pakistan Ambassador to the United States, the Biden administration has sent a taut message to Islamabad to mend its terror-oriented ways or fall by the wayside in the larger geopolitical equations. Mr. Khan, Pakistan's Ambassador-designate, carries a very poor opinion of being a bonafide terrorist sympathiser and is detested by the US Congress. The disgust has reflected in Congressman Mr. Scott Perry's letter to US President Mr. Joe Biden in which he has urged the POTUS to reject any diplomatic credentials to Mr. Masood Khan as he is a known 'Jihadist' and a backer of terrorism. The US Congress sees Pakistan's attempt to install Mr. Khan as the Ambassador as a demonstration of Islamabad's unmitigated contempt for the United States at worst. Mr. Khan's rejection as a diplomat is a result of his past history as the President of Pakistan Occupied Kashmir (POK) and his open praise for terrorists like Burhan Wani and groups like Hizbul Mujahideen. The US knows the dangers associated with 'Jihad' and its followers and has openly decided to act against such people. It is also a message for Opposition in India to see the truth.

TATAS' MARCH

HOT on the heels of takeover of national carrier Air India from the Government, the Tata Group has acquired another Public Sector Unit, the loss-making Odisha-based Neelachal Ispat Nigam Limited (NINL), thus hitting a positive note for the Centre's plans of privatisation of PSUs. The NINL, now defunct, was acquired by Tata Steel Long Products (TSLP) for a bid of Rs 12,100 crore which was more than double the reserve price of Rs 5,616.97 crore set by the Government. Within a week, the Tata Group has now two entities in its control with a promise of reviving fortunes of both the loss-making enterprises. Given the way the Tata Group carries its businesses, it is a welcome news for the industry as the acquisition of NINL is set to help the local economy. Tatas would be bringing in modern technology with infusion of fresh capital and best managerial practices to augment the production which will provide many jobs to the locals. These are the benefits of privatisation that the Modi Government has planned to take to the common man. The Tata-NINL deal is also a booster to 'Make in India' programme as per the Group's commitment to the nation.

Every Man in his Humour | Letters to the Editor

Fulfilling Budget 2022

Sir,

This year's Budget was in for a surprise what with lion's share of Budget allocation being cornered by infrastructural development sector in terms of new kms of highway roads developments and also some allocation on Electric Vehicles charging points on highways.

However, we need to realise also there isn't much of elbow room in the Budget to accommodate concessions in personal Income Tax or for corporate et al.

Personal Income Tax did not see any structural change and is retained status quo. Diamond polishing firms saw a cut in tax rate.

Cooperatives have seen some rate cuts and corporate rates also attuned to fall in line with cooperatives' concessional rates. Digital assets income has been slapped with 30 per cent tax rate.

Overall, it might appear that the Budget is insipid or tasteless Budget and yet it goes to fill our stomach 'full'.

Ashok Jayaram FCA, Bangalore

Blacklist Pak for funding terror

Sir,

Fortunately the Texas hostage crisis at a synagogue ended with no human casualties. The US President Joe Biden termed it an 'act of terror'. All the four hostages have been released and the hostage-taker is shot dead. The incident has brought back the focus on Al-Qaeda and its Pakistan connection. The hostage taker, Malik Akram had demanded the release of a terrorist in the US prison called 'Lady Al-Qaeda', who is a Pakistan-born, Aafia Siddiqui. She is serving 86 years for the attempted murder of American troops and FBI agents. Notably the demand for her release is picking up in Pakistan and the Government, notwithstanding the evidence against Aafia, insistently negotiating to her release. This shows that Pakistan still protects its terrorists.

US authorities found that Aafia was collecting donations for Al-Qaeda and its allies for a long time. After her arrest, there have been hostage-taking incidents across the world where hostage-takers insisted US release the Pakistani prisoner. This brought to fore the same duplicitous approach of Pakistan who received billions of dollars to fight against the terrorists, but it provided safe shelter to the world's most dreaded terror group, Al-Qaeda. Aafia's acquittance was a significant conviction in the fight against international extremism. FATF has given Pakistan ample time to make progress but it failed to take concrete measures on the action plan handed over to them. Therefore the chances of Pakistan's exit from the FATF's grey list anytime soon are grim. In fact there are sufficient proof to blacklist Pakistan on terror funding.

Sumati Gayki - Thakare, Nagpur

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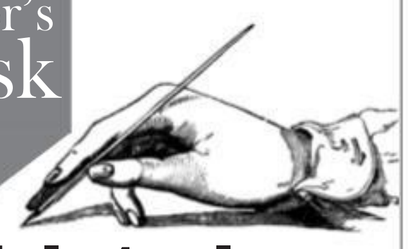
Editorial

From Editor's Desk



Nadal steals a march over his two rivals,

Medvedev's underdog story searches for a happy ending

All that Medvedev wanted was love while accumulating his own Grand Slam trophies. It's the one thing he'll have to do without, apparently, while the search for the GOAT bleats on.

The tyranny of reverence towards tennis' holy trinity was always going to be tricky for those biding their time in the wings. Daniil Medvedev, perhaps, has picked up the gauntlet of dislodging their pedestal, and is feeling the heat of howling crowds who aren't sensitive to how their vocal love for the Big Three can end up sounding like jeers for their younger challengers. The three-way debate on who is GOAT will continue unabated, and Rafael Nadal stole a march over Federer and Djokovic by reaching his 21st at Melbourne.

But what the 6-hour-long battle, where the Spaniard came from two sets down to jostle past Medvedev, did to the Russian, showed that in tennis' fervent dogma for the three presiding divinities, sport's enduring underdog story has crumbled. So insistent are the fans in their devotion to the trio, that anyone not playing second fiddle to them will have to play the antagonist, and no more.

A disruptor of the near-two-decade-long hegemony, owing to his hard-court consistency, Medvedev is acutely feeling the un-love of the crowds. The 25-year-old who might've started out as a fan of the trinity, finds himself in the unenviable position of being good enough to take them apart in Grand Slam finals. But he's simultaneously hit by the whiplash realisation that his childhood dream where the crowds would root for an underdog as he slayed the giants, is not coming true. Medvedev is uniquely in the hot seat when New York whimsically starts showering love on Djokovic and Melbourne shushes audibly so Nadal can peacefully serve out. All that Medvedev wanted was love while accumulating his own Grand Slam trophies. It's the one thing he'll have to do without, apparently, while the search for the GOAT bleats on.

A firefighter was completely covered in ice after battling a Saturday night blaze in Falls River, Massachusetts as Winter Storm Kenan ravaged on. Video from the scene shows flames shooting out of the roof as a thick coat of ice and icicles were created by the water spewing from the fire hoses. The deadly Nor'easter left large portions of the Northeast and Mid-Atlantic pummeled with snow. It also brought a cold front impacting the entire Atlantic coast and as far south as the Caribbean islands. Another wicked winter storm is expected to strike as early as Tuesday, bringing snow, ice and freezing rain to an approximate 2,000 mile stretch of the United States. Heaviest snowfall is expected in the central and southern Rockies, where forecasters predicted approximately 36 inches will fall. Experts anticipate travel to be impacted, as well as the transportation of consumer goods across the country.

CSIR Bone Health drug to be developed in US

Lucknow, Feb 1 (IANS) CSIR-Central Drug Research Institute's osteoporosis drug will be the first drug of the institute to be used by patients in the United States.

CDRI has given the license of its patented drug Caviunin Scaffold to Aveta Biomics which is a leader in developing the next generation of botanical drugs for its development and commercialisation.

Caviunin Scaffold, launched in 2015, has broad applications for bone health that includes its efficacy in treating osteoporosis, fracture healing, osteoarthritis and other endocrinological conditions. formation and also bone resorption (break down the tissues in bones).

"Scaffold has a targeted action that prevents bone breakdown, stimulates new bone formation and reduces bone clinical markers. The license to Aveta Biomics is a testament to the calibre of our innovative science and demonstrates the value of the strong research," said principal scientist Ritu Trivedi, who led the osteoporosis drug research.

CSIR-CDRI director Prof Tapas Kundu said: "We joined hands with Aveta Biomics given their track record of obtaining four clinical investigational new drugs (INDs) applications of their botanical drugs and for several cancer indications from the US Food and Drug Administration. We expect, therefore, translation of CDRI's research into real drugs for people living with bone-related conditions not only in India, but abroad also."

"Osteoporosis is a chronic condition requiring lifelong treatment. Approved treatment duration of currently available drugs ranges from one to five years (depending on the drug) due to waning efficacy and increased risk of adverse events. Caviunin-based therapeutic has a huge potential to change the standard of care for osteoporosis," said CEO of Aveta Biomics Parag G. Mehta.

Delhi HC seeks DMRC's stand on due payment to DAMEPL

New Delhi, Feb 1 (IANS) The Delhi High Court has sought the Delhi Metro Rail Corporation (DMRC)'s stand on the due payment to Reliance Infrastructure's subsidiary DAMEPL, asking how will it make the due payment.

A bench of Justice Suresh Kumar Kait was hearing the application of the Delhi Airport Metro Express Pvt Ltd (DAMEPL) for an early hearing in the matter seeking enforcement of the arbitration award dated May 11, 2017, during which the court asked the DMRC's counsel to take clear instructions on how it will pay the due amount.

Senior Advocate Parag Tripathi appeared on behalf of DMRC during the course of the hearing on Monday. "On the next date of hearing, I don't want to hear anything here or there. You have to take clear instructions on how to pay the amount. This liability, that liability will not work otherwise you will face an unpleasant order," the court told DMRC's counsel Tripathi.

Recently, the Delhi Airport Metro Express Pvt Ltd (DAMEPL) has filed a fresh application requesting the High Court to direct DMRC to deposit Rs 6,208 crore available in its accounts into the project escrow account without any delay. DAMEPL in its fresh application has rejected any out-of-court negotiations or assignment of debt. DAMEPL says that it wants the execution of arbitral award at the earliest and is not agreeable to any alternate proposal from DMRC. It had also maintained the same position in the Supreme Court, in the last hearing on January 24, 2022.

The Supreme Court in its January 24 order had stated: "The parties are directed to appear before the High Court on 31.01.2022 and seek for advancing the date of hearing. We request the High Court to take up the matter at the earliest and dispose of the application without any further delay, as consequences of the pendency of the said application are detrimental to the interest of the petitioner as well as respondent."

Pursuant to this SC order, DAMEPL's fresh application requests the Delhi High Court to fix an early date in the first week of February for the final hearing and disposal of the execution petition.

DAMEPL, in its plea, has stated that the non-payment of Termination Fee since 2013 by DMRC has caused immense damage to DAMEPL and its promoter company, Reliance Infrastructure Ltd.

Reliance Infrastructure had infused Rs 2,513 crore to DAMEPL by taking loans from the public sector banks, and the banks have initiated proceedings for liquidation against the company. Any further delay in satisfying the Arbitral Award will result in irreversible consequences for DAMEPL and Reliance Infrastructure Ltd. The delay in satisfying the arbitral award is adding an incremental daily interest of Rs 1.76 crore per day on DMRC and this amount cumulatively comes to Rs 260 crore, for the period from September 10, 2021 to January 31, 2021.

DAMEPL had filed an execution petition in the Delhi HC on September 12, 2021, seeking court's directions to DMRC for honouring the SC order and paying Rs 7,200 crore to the company.

DMRC, out of Rs 7,200 crore, has so far paid only Rs 1,000 crore.

The Supreme Court on September 7, 2021, had upheld the arbitration award of Rs 7,200 crore in favour of DAMEPL.

DMK, Congress seat-sharing talks hits road block, Cong MP walks out

Chennai, Feb 1 (IANS) Congress MP Jothimani walked out from the meet, presided over by DMK leader and Tamil Nadu Power Minister, V.Senthilbalaji, to discuss seat-sharing during the upcoming urban local body polls in Tamil Nadu's Karur, protesting its "autocratic attitude".

The Congress has been demanding a good number of seats in the local body polls as the party is of the view that it had the grassroot support in several Assembly constituencies and that the seat allocation must be in proportion to this. After Jothimani and her supporters walked out of the seat-sharing meeting at Karur on Monday, the local level relation between the DMK and Congress has turned sour.

The Congress leaders are of the opinion that the DMK was indulging in seat-sharing in an autocratic manner which cannot be accepted.

Sources in the Congress told IANS that there was a verbal duel between Jothimani and Senthilbalaji and DMK leaders asked the Congress to leave the discussions.

Jothimani is a Congress firebrand woman leader with grassroot support in Karur and it is to be seen as to how she and her supporters would take up this issue.

She was enraged as Senthilbalaji finalised all 48 seats in the Karur municipality without consulting her and this led to a verbal duel between the two.

Jothimani walked out of the meeting hall and the Congress leadership is upset that the Minister did not stop her.

However, state Congress chief K.S. Alagiri told IANS that "it is a local level issue and there are no problems between the DMK and Congress regarding our alliance".

"We will iron out the differences if any and work for the victory of the Secular Progressive Alliance candidates in the ensuing urban local body polls. Just like in the general elections, Assembly elections and rural local body elections for the nine districts, it will be a cakewalk victory for the DMK, the Congress and our allies in the urban local body polls as people are with us. Please don't aggravate mi issues," he said.

While the Congress leadership is trying to downplay the issue, the local party leaders are miffed at the stand taken by Senthilbalaji and want Chief Minister M.K. Stalin's intervention into the matter.

2 suspects arrested after police officers shot dead in Germany

Berlin, Feb 1 (IANS) Two male suspects were arrested on suspicion of shooting two police officers dead in Germany during a routine traffic check, according to local authorities. The shooting occurred at around 4.20 a.m. on Monday in Kusel in the state of Rhineland-Palatinate, after the two police officers had pulled over the car during the routine check, reports Xinhua news agency. The two police officers "were fatally injured by gunshots", according to the joint press release by the local public prosecutor's office and the local police headquarters.

NZ introduces further measures to crack down on firearms violence

Wellington, Feb 1 (IANS) New Zealand's amended gun laws took effect on Tuesday to further reduce firearms violence, said Police Minister Poto Williams.

The Arms Amendment Regulations 2021 taking effect is one of the many changes as the result of the investigation by the Royal Commission of Inquiry into the March 2019 terrorist attack on two Christchurch mosques that killed 51 people and injured 40 others, Xinhua news agency reported.

"Gangs and other violent criminals cannot continue to threaten, intimidate, and exploit our communities and these additional regulations provide the police further tools to keep firearms out of the hands of criminals, and to keep our communities safe," Williams said in a statement.

"Owning a firearm in New Zealand is a privilege, not a right and these changes are another step towards combatting firearms violence and making our communities safer," Williams said.

The changes include implementing harsher penalties for gun crime, introducing the Firearms Prohibition Orders intended to ensure that guns do not fall into the wrong hands.

The changes to the regulations tailor the requirements to each type of firearms dealer activity. They also work to provide the information that is required for the import of ammunition and pistol-carbine conversion kits, the minister said, adding they specify the nature and type of records that need to be kept by businesses selling ammunition. The regulations will also mean that additional information will be required by applicants for firearms licenses, including a list of countries travelled to or visited in the previous five years involving stays of 14 days or more, and the length of stay in each country address. The firearms vetting process will help ensure anyone with red flags in other jurisdictions will be identified.

Russia has no plans to invade Ukraine: Ambassador

United Nations, Feb 1 (IANS) Russia's UN ambassador Vassily Nebenzia said Monday that his country has no plans to invade Ukraine.

"This deployment of Russian troops in our own territory is getting our Western and US colleagues to say that there's going to be a planned military action and even an act of aggression ... A military action of Russia against Ukraine that they're all assuring us is going to take place in just a few weeks, if not a few days," he told the Security Council.

"There, however, is no proof confirming such a serious accusation whatsoever being put forward. However, it is not preventing people from whipping up hysteria to such an extent that an actual economic impact is already being felt by our Ukrainian neighbours," Nebenzia was quoted as saying by Xinhua news agency reported.

"Our Western colleagues are talking about the need for de-escalation. However, first and foremost, they themselves are whipping up tensions and rhetoric and provoking escalation," he said.

"This is despite the fact that we are constantly rejecting these allegations, and this is despite the fact that no threat of a planned invasion into Ukraine from the lips of any Russian politician or public figure over all of this period — no such threat has been made. Rather, at all levels, we've been categorically rejecting such plans."

Monday's open meeting on Ukraine was requested by the US. Russia failed to block the meeting as 10 members of the council agreed to proceed in a procedural vote.

The Russian ambassador accused the US of hypocrisy in requesting the meeting.

Italy's GDP up 6.5 pct in 2021: ISTAT

Rome, Feb 1 (IANS) Italy's gross domestic product (GDP) grew by 6.5 per cent in 2021 compared to the previous year, the country's National Institute of Statistics (ISTAT) has said in a preliminary estimate.

The national output was up 0.6 per cent in the fourth quarter of last year against the third quarter, and up 6.4 per cent against the same period in 2020, Xinhua news agency reported, citing the seasonal and calendar-adjusted data.

"The Italian economy expanded for the fourth consecutive quarter, albeit at a slower pace than in the previous periods," the agency stated.

"The quarter-on-quarter change is the result of a decrease of value-added in agriculture, forestry and fishing and an increase in both industry and services."

The agency further explained that the quarterly growth in the last quarter of 2021 was strongly sustained by domestic demand and felt the negative effects of the net export component.

Overall, the estimated 6.5 per cent annual growth in 2021 would be a partial rebound from the 8.9 per cent drop registered in 2020, when the country was hit hard by the Covid-19 pandemic.

Yet, it is the highest annual growth the country has registered since 1976, the chief of ISTAT's Directorate for National Accounts, Giovanni Savio, told a press conference on Monday.

US FDA grants full approval to Moderna's Covid-19 vaccine

Washington, Feb 1 (IANS) Moderna's Covid-19 vaccine has received full approval from the US Food and Drug Administration (FDA).

The vaccine, named Spikevax, is approved for use in people ages 18 and older, Xinhua news agency reported.

Spikevax meets the FDA's rigorous standards for safety, effectiveness and manufacturing quality required for approval, said the agency in a statement.

"While millions of people have already safely received Covid-19 vaccines, we recognize that for some, the FDA approval of a vaccine may now instill additional confidence to get vaccinated," said Acting FDA Commissioner Janet Woodcock.

Moderna's Covid-19 vaccine is the second one in the US to receive full approval from the FDA. Pfizer's Covid-19 vaccine, Comirnaty, was fully approved for use in people ages 16 and older in August 2021.

Finland to lift all Covid curbs in Feb: PM

Helsinki, Feb 1 (IANS) Finnish Prime Minister Sanna Marin announced that the country is working to lift all Covid-19-related restrictions in February.

Marin's announcement came at a meeting with the Finnish Association of Editors, just two days after Finland entered its third pandemic year, reports Xinhua news agency. "The restrictions should be lifted during February, as the tolerance of the citizens has been tested for a long time," she told Finnish daily Ilta-Samomat. Marin said that her government will negotiate its strategy for easing pandemic measures on Wednesday. However, Finnish health experts expressed concern.

"Some kind of restraint must be maintained here," said Mika Valtonen, executive physician at Turku University Clinic (TYKS).

Valtonen said that there are still 46 coronary patients in intensive care as of Monday, which is almost 20 per cent of the entire ICU capacity in Finland. One of the factors underlying moves to ease restrictions is that many residents have not been adhering to them, he said, due in part to their lack of consistency. Starting Tuesday, restrictions in restaurants in Finland will be eased, and gyms and swimming pools re-opened.

Qatar welcomes tourism drive ahead of FIFA World Cup

By N. Lothungbeni Humtsoe

New Delhi, Feb 1 (IANSlife) Ahead of the FIFA World Cup Qatar 2022, Qatar welcomes a series of elite international sporting events. Continuing a tourism drive from an ATP tennis competition to European Tour golf and the MotoGP, the country has in store for adventure-hungry visitors looking for professional sporting activities.

Chief Operating Officer of Qatar Tourism, Berthold Trenkel, said: "Sport brings people together and hosting international sporting events allows us to be part of, and to facilitate, cross-cultural moments of human achievement and utility. The country's ability to host these events demonstrates the trust in Qatar's ability and health and safety measures to keep players safe when competing at world-class venues. We look forward to welcoming outstanding players, management teams, and of course all the fans to Qatar throughout the year."

Sports & Adventure

Day 1

* Morning
* SUP tour of The Pearl-Qatar
* Afternoon
* Immersive horseback riding with the Al Shaqab Racing Academy
* Evening
* Sunset kayaking at the mangroves

Day 2 * Morning
* Round of golf/quad biking
* Afternoon
* Desert safari to Inland Sea
* Evening
* Overnight desert camping

Day 3

* Morning
* Scuba diving at GMC Reef
* Afternoon
* Sandboarding near Sealine camp
* Evening
* Relaxing spa experience
* FIFA World Cup Qatar 2022 (November 21-December 18, 2022)

Fans can expect to see a FIFA World Cup like no other, with the incredible atmosphere of centrally located stadiums, beautiful hotels and authentic culture. All stadiums are located within a 55 kilometre (35 mile) radius of Doha, making it extremely accessible for supporters to travel from one match to the next.

Upcoming sporting events in Qatar* Katara International Horse Festival (February 2-12, 2022)

Discover Qatar's rich equestrian heritage and learn how the country is a pioneer in breeding purebred Arabians at this 10-day event in Katara Cultural Village. The festival offers various activities for guests to experience, including a horse exhibition and parade, light show, art and painting exhibits, as well as numerous food and beverage stalls.

* Qatar Masters (TBC 2022)

This European Tour golf tournament has been held in Doha since 1998 and rotates between Qatar's two championship-level courses, Education City Golf Club and Doha Golf Club. Previously won by the likes of Ernie Els, Adam Scott, Paul Lawrie and Henrik Stenson.

* The Qatar Open (February 14-19, 2022)

As part of the ATP 250 tour, this annual men's professional tennis tournament is played outside on hard courts. Famous victors have included Boris Becker, Roger Federer, Andy Murray, Rafael Nadal and Novak Djokovic.

* Qatar Ladies Open (February 20-26, 2022)

This professional women's tennis tournament is a WTA 500 event on the WTA Tour. Previously won by famous players such as Martina Hingis, Maria Sharapova and the defending champion Petra KvitovÃ¡.

* Al Adaid Desert Challenge (TBC 2022)

The Al Adaid Desert Challenge is an extreme sports race that features on the International Cycling Union calendar. The gruelling event involves 60 kilometres for cyclists and 28 kilometres for runners, starting from the Sealine area and stretching to one of Qatar's most impressive natural wonders: the 'Inland Sea', or Khor Al Adaid.

* Grand Prix of Qatar (March 4-6, 2022)

One of the most exciting events on the MotoGP calendar, the motorcycle race will take place at the impressive Losail circuit, which recently hosted the 2021 Formula 1 Qatar Grand Prix. Having hosted the first-ever floodlit MotoGP back in 2008, this location never fails to impress.

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EDITOR'S CHOICE

FOR A TRUE GLOBAL RECOVERY, WE NEED TO LOOK BEYOND VACCINATIONS

COVID PANDEMIC AMIDST ORBITS OF GLOBALIZATION, LAW AND DEVELOPMENT

DIVESH KAUL

The United States and several industrialized countries are in the grips of a supply chain hiccup, and explaining it appears to get mired in heated ideological debates that tend to miss the impact the pandemic had on much of the world's poor, people and households who actually power these supply chains.

Whereas global poverty was on a downward trend in pre-pandemic times, multiple crises as a result of the COVID-19 pandemic and a global recession have led the World Bank to note that, almost 100 million more people were added to poverty in 2020, a majority of them living in South Asia and sub-Saharan Africa. Although vaccination drives are a positive step, the pandemic is far from over and will not be over just by inoculating the world.

Since COVID-19 was declared a pandemic in March 2020, lives have been lost, healthcare systems came under unprecedented pressure, and the global economy took a nosedive, upending countless livelihoods around the world. However, developing countries have faced significantly sharper challenges than rich nations, largely because the pandemic is not just a health emergency there, but more so a social and economic catastrophe. For instance, the pandemic has exacerbated food insecurity, with rising food prices leaving a greater impact in low- and middle-income countries. In 2020, the pandemic wiped close to 255 million jobs, with losses exceptionally higher in the global South.

Disruptions caused in food supply by the pandemic, among other factors, may soon double hunger levels in the Global South. This is due to supply chain problems, export restrictions by on food grains, hoarding of commodities, a disruption in the supply chain of food commodities due to fear of COVID exposure among workers, limitations on the movement of migrant labour, reduction or loss of family income and inflation in food prices. A commentator notes that disruptions in the supply chain including short-term undersupply, hoarding, and overcharging have resulted in a global price rise in the food basket of 20 to 50 per cent. Even in countries with a high GDP, economic inequalities meant lower access to health which led to disproportionately high numbers of COVID cases amongst marginalized social groups. For instance, in Spain and in the United States, neighbourhoods of working class and racial minority groups, respectively, have suffered relatively more. The pandemic also has implications for individual rights such as the right to life, freedom of expression, the right to privacy, and protection against discrimination. Governments around the world are navigating a complex tension between patient rights and citizen privacy on one hand, and public safety and health on the other. These coercive public-curtailing freedoms in the interest of containing the virus - run the hazard of turning into absolutist measures if they are used disproportionally, extended beyond their scope or prolonged indefinitely.

The right to health is also under threat. Although it is guaranteed as a right under international covenants, it often comes down to the ability of states to provide resources to meet that ideal. For instance, the 1997 judgment by the South African Constitutional court in the case of Thiagraj Soobramoney vs. Minister of Health (Kwazulu-Natal) highlighted that a right is not absolute and that a State can only guarantee those rights for which it has commensurate resources available. It held that non-emergency medical treatment is qualified by the availability of resources for the progressive realization of such a right.

In the midst of the COVID-19 crisis, there were countless media reports showing severe shortages of oxygen, beds and other medical necessities. These crises force those families to spend their entire life savings or incur debt. Many have resorted to crowdfunding portals for financial support. This health crisis will likely further complicate the economic picture in those countries. As the 2014 Nobel Peace Prize laureate and child rights activist Kailash Satyarthi noted, there is a variance between a right and a service-delivery model of development.

The situation as regards healthcare calls for a paradigm shift whereby, in lieu of regarding it as an expenditure, healthcare is sought as a high-return investment which can materially reduce out-of-pocket spending and at the same time raise output. In economist and 1998 Nobel Prize in Economic Sciences laureate Amartya Sen's words, a basic minimum of protections is essential to justice and to further one's freedoms and capabilities, health and access to healthcare being one such indicator.COVID-19 is not gender-blind; the response should not be either. Governments ought to target health and social protection responses for single mothers with children, widows, or female farmers in the form of cash transfers or other adequate safety nets that are equitable and just. India, the "pharmacy of the developing world," plays an important role in providing low-cost life-saving medicines to developing countries, where the key to a critical IP protection regime is maintaining a balance between economic incentives for innovation and not deprive marginalized groups of medicines. A UN panel advised that a higher threshold of international agreements in the form of TRIPS [World Trade Organization Agreement on Trade-Related Aspects of IP Rights]-plus commitments would compromise access to health technologies with serious implications.

Budget provisions will strengthen the banking sector

SATISH SINGH

The Union Budget for the financial year 2022-23, presented on February 1, will bring many direct and indirect benefits to the banking sector. The extension of the Emergency Credit Line Guarantee Scheme (ECLGS) till March 2023 will extend benefits to banks &Micro, Small and Medium Enterprises (MSMEs) both, as this would not increase the non-performing assets (NPA) of banks. Along with this, MSMEs will also keep their business continue by the help of this scheme. The ECLGS will be extended to cover the next fiscal with expanded guarantee cover of Rs 5 lakh crore. An additional guarantee amount of Rs 50,000 crore has been announced for the hospitality sector.It is noteworthy that this scheme was started in the year 2020 due to Covid 19, which has benefited the MSMEs in a big way.

The budget has announced the introduction of the Central Bank Digital Currency (CBDC) Rupiyain the year 2022. CBDCs will operate somewhat on the lines of cryptocurrencies such as bitcoin or ether, as these transactions take place without an intermediary or bank. In view of the growing trend of virtual currency globally, the government wants India to have a digital currency of its own. Currently, RBI prints notes as per the requirement, which reaches the market through banks, which takes a lot of time, while the digital currency Rupiya will be sent directly to the user through mobile, laptop or desktop. And again, the user will be able to transfer the same to any other person on real time basis. The sent digital currency Rupiya will neither be deposited in any wallet nor in any bank account.

Finance Minister Smt. Nirmala Sitharaman had proposed the formation of "Bad Bank" in the budget for the financial year 2021-22 to get rid of the banks from NPAs. Now in the budget of the financial year 2022-23, the finance minister has announced that the "Bad Bank" will start functioning by March 31, 2022. Initially, a total of 15 NPA accounts totalling Rs.50,335 crore will be transferred to the "Bad Bank". Banks are the backbone of the Indian economy. Therefore, it is important for the banks to remain healthy, but for a long time, banks especially the public sector banks are facing the problem of NPAs. The Corona pandemic has added to the problems of banks even more. Due to this, many people have lost their jobs and businesses have also collapsed. This has increased the chances of banks increasing their NPAs in the coming months.

The cash which will come back to the bank by selling the NPA, can be given again in the form of loan to the needy, as the banks have already made provision for NPA. Therefore, whatever NPA banks sell to the "Bad Bank", that amount will be directly added to the profits of the banks. "Bad Banks" have been successful in selling bad loans in many countries of the world. After the 2008 financial crisis, the US launched a distressed asset relief program, which improved the health of the US economy. According to an estimate, "Bad Banks" can be effective in resolving bad loans of more than 5 lakh crore.

It has other benefits as well, for example, after selling NPAs to "Bad Banks", banks will be able to focus on strengthening their business activities, because banks suffer financial loss in recovery of bad loans. Keeping the balance sheet clean will increase the confidence of domestic and foreign investors and depositors in the banks, which will increase the rating of the bank and will also make the path of investment easier.

In the budget, in the year 2022, the work of connecting 1.5 lakh post offices of the country with the core banking system will be completed, which will make it possible to operate savings and current accounts through internet banking, mobile banking, ATMs. They will also be able to transfer their money to the any corner of the country. Today the country has the largest network of post offices. Therefore, this will also promote financial inclusion. At present, the post office is also providing the facilities of deposit and payment to the customers through India Post Payments Bank. To promote digital payments, the finance minister has also announced setting up of 75 digital banks in 75 districts by scheduled commercial banks in the budget, so that digitization can be given a further boost in the country.

In the budget, the government has announced to increase the amount of capital investment from Rs 5.54 lakh crore to Rs 7.55 lakh crore. MSMEs will benefit the most from this. To increase their business, they will also take loans from banks, which will accelerate the credit flow of banks. This will also accelerate the demand and supply and will also give impetus to employment generation. The budget also talked about reducing the corporate surcharge from 12 percent to 7 percent. This will give additional capital to the corporates, which they can use to increase the business. To strengthen the business, they can also take loans from banks, because at present, capital is available with the banks at a cheap rate.

In the budget, the finance minister has announced to give 6 thousand crore rupees to MSMEs in 5 years, which will help MSMEs to deal with capital problems. It has also been said in the budget to link Udayam, E-Shram, NCS and Aseem Portal. This will make it easier for the entrepreneurs to take loan from the bank and boost the possibilities of entrepreneurship. More than 60,000 new start-ups have been started in the country since the year 2016. To further strengthen this concept, the tax benefit period for start-ups has been extended by 1 year to March 31, 2023, in the Budget.

There is a proposal to build 80 lakh houses for the poor in the budget, for which a provision of Rs 48000 crore has been made.

An announcement was made in the budget to promote organic farming on the land falling within 5 km radius of the banks of the Ganges. To make these announcements material, it would be necessary to take loans from banks. At present, the credit growth rate of banks was 9.2 percent on a year-on-year basis in December 2021, while it increased by 6.6 percent on a year-on-year basis in the month of December last year.

The budget is likely to increase the credit growth rate of banks and reduce the level of NPAs, as well as this will also lead to a significant increase in the profits of banks in the coming months.

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HEALTH **CAPSULE**

HOW PLACENTA BLOCKS COVID TRANSMISSION TO BABIES DURING PREGNANCY

NEW YORK: While Covid-19 disease significantly impacts many pregnant women, the rates of transmission from mother to baby in pregnancy are very low. A new study from Boston University School of Medicine (BUSM) has demonstrated that ACE-2, the receptor that allows SARS-CoV-2 to enter cells, is found in lower levels in the placentas of women with Covid-19 in pregnancy compared to women with normal (Covid negative) pregnancies. The findings appear online in the American Journal of Pathology. "We think that when a woman has Covid-19 in pregnancy, the placenta is shedding off ACE-2 as a way to block SARS-CoV-2 from being passed to the fetus," said Elizabeth S. Taglauer, Assistant Professor of Paediatrics at BUSM. In the study, the team involved collecting placentas from two groups of women who delivered at BMC from July 2020-April 2021. The first group was women who had normal pregnancies and no report of SARS-CoV-2 infection. The second group of women were SARS-CoV-2 positive and had active Covid-19 disease during pregnancy. The researchers, then, observed the ACE-2 expression in their placentas under the microscope and compared placental ACE-2 expression using genetic and protein analysis techniques. According to the researchers, the placenta has many similarities with the lung, so this study also highlights the importance of studying it to help understand a variety of lung diseases and highlights the important role of controlling ACE-2 as a way to prevent SARS-CoV-2 infections. "The placenta is one of the few 'success stories' of the pandemic. If we understand how the placenta is naturally protecting babies from Covid-19, this may provide important information for therapies and strategies to help prevent other SARS-CoV-2 infections from continuing to spread," added Taglauer.

CAPEX FOCUS IS BOUND TO HAVE POSITIVE IMPACT ON ECONOMY, EMPLOYMENT

PM'S GATISHAKTI PROGRAMME HAS GOT TRANSFORMATIVE POTENTIAL FOR GROWTH

NANTOO BANERJEE

The massive outlay for capital expenditure in the union budget is the boldest and most timely step taken by the government to ensure a speedy economic recovery. It will address the issue of unemployment and loss of individual income which plagued the economy through the two pandemic-hit years. The government must ensure that the proposed projects and the on-going programmes maintain their time and cost schedules. Never before did the country experience such large investment programmes in highly job-oriented projects around a whole lot of fields. The outlay has been jacked up by 35.4 per cent from Rs. 5.54 lakh crore in this fiscal to Rs.7.50 lakh crore in 2022-23. Union Finance and Corporate Affairs Minister Nirmala Sitharaman and the entire government machinery deserve kudos for putting the efforts together to make it happen.

The new projects should go hand in hand with the old ones which are still under the process of implementation. The finance minister said the capital expenditure has been increased to over 2.2 times the expenditure of 2019-20 and it would be 2.9 percent of GDP in 2022-23. The virtuous cycle of investment requires public investment to crowd-

in private investment. For the private investments to rise to their potential and to the needs of the economy, public investment must continue to take the lead and pump-prime the private investment and demand in 2022-23. The increase in public investment will necessarily push up private investments. The actual expenditure of the central government taken together with the provision made for creation of capital assets through Grants-in-Aid to States, is estimated to be Rs.10.68 lakh crore in 2022-23, which will be about 4.1 percent of GDP.

The capital expenditure involves large investments in basic infrastructure, including roads, railway network, ports, warehouses, airports, waterways, logistics parks, power transmission, etc. The National Highways Network is to be expanded by 25,000 km in 2022. Rs.20,000 care will be mobilised for the purpose. Despite the pandemic and economic slowdown, the National Highways Network achieved encouraging expansion. In fact, Union Road Transport and Highways Minister Nitin Gadkari has been leading the project from the front. India's National Highways network is set to increase by over 25 percent in the next three years. The government aims to hit two-lakh kms of national highways by 2025. The country already has a National Highways network of more than 1.40 lakh kilometres. Contracts are to be awarded through PPP mode in 2022-23 for implementation of Multimodal Logistics Parks at four locations.

The railway network is being expanded and strengthened through a number of schemes, including 'one station cone product' concept to help local businesses & supply chains. About 2,000 km of railway network is proposed to be brought under 'Kavach' in 2022-23 using the indigenous world class technology. In the next three years, 400 new generation 'Vande Bharat Trains' are to be manufactured locally and 100 cargo terminals for multimodal logistics are to be developed. The railways will develop new products and efficient logistics services for small farmers and Small and Medium Enterprises, besides taking the lead in integration of Postal and Railways networks to provide seamless solutions for movement of parcels. Innovative ways of financing and faster implementation will be encouraged for building metro systems of appropriate type at scale. Multimodal connectivity between mass urban transport and railway stations will be facilitated on priority. The finance minister said design of metro systems, including civil structures, will be re-oriented and standardised for Indian conditions and needs. In fact, the Prime Minister's 'GatiShakti' (Power of Speed) programme makes a transformative approach for economic growth and sustainable development. The approach is driven by seven engines, namely, Roads, Railways, Airports, Ports, Mass Transport, Waterways.

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Uttar Pradesh polls and the way forward for minority politics

By Qudsiya Contractor

As the election dates close in, there is a scramble among parties to get the social formula right in the selection of candidates. The last few days have seen major political players like the Bahujan Samaj Party, Samajwadi Party and the All India Majlis-e-Ittehadul Muslimeen announcing a significant number of Muslim candidates. The NDA, too, has announced one Muslim candidate. The Muslim-majority districts of Uttar Pradesh are expected to play an important part in the first phase of elections, the results of which may hold the key to power.

This suggests a growing claim for greater political representation from the community and the deepening of secular democracy in a society that is diverse and divided along caste and religious lines. It also seems to suggest that the BJP under CM Yogi Adityanath is under pressure as it tries to consolidate the votes of all caste fragments under the Hindutva banner. But is it possible that competition between Muslim candidates will end up being an advantage for the BJP again? The use of Muslim cultural symbolism by leaders such as AIMIM president Asaduddin Owaisi has been criticised for attempting to rouse communal sentiments. What is the use of community identification by Muslim candidates meant to achieve - separatism or representation? Electoral competition may not necessarily be bad for Muslims because, as scholars have pointed out, they, like others, tend to vote based on issues rather than the identity of the candidate. Even in a communally-polarised constituency, what matters is local issues of access to public services and amenities. Electoral competition has, in the past, led to a change in patronage politics of the Congress that would field very few Muslim candidates, despite the rising threat of BJP. Politically underrepresented social groups within Muslims have joined other political parties and forged alliances with other traditionally marginalised groups such as OBCs and Dalits to counter the communal agendas of dominant caste Hindus. This has also helped counter the prioritising of personal gain by elite Muslims over addressing local issues concerning equitable development, justice and dignity. Muslims, like Hindus, are not a homogenous community. Factions based on class, sect and jaat/biradari are part of the Muslim social world. Electoral competition may only create more opportunities for politically underrepresented groups within the community. It might force Muslim candidates to walk the talk in order to keep one's electoral constituency. Using Muslim symbols in this context may not necessarily mean stirring communal sentiments. Since these refer to forging a collective identity not violently opposed to Hindus, such symbols could be seen as a way to mobilise Muslim votes with the acknowledgement that being part of a secular democracy also means inclusive development for all citizens. It is an attempt, often found effective in Indian political culture, to forge an identity by stringing together a common experience of marginalisation and political alienation. Invocations of the Indian Constitution and one's rights as citizens alongside Muslim symbols suggest a deepening of the cultural aspects of a secular democracy. The BJP and the Sangh Parivar have been actively engaged in appropriating Hindu secular symbols in an attempt to empty democracy of its cultural signifiers. The use of Muslim symbols in this context across parties may be a way to break the cycle of a long-standing political alienation of Muslims, for a more inclusive secular democracy. The new generation of Muslim voters is starting to connect to such an identification in the context of a dominant Hindu right-wing discourse, as opposed to an earlier tendency to downplay their identities when aligning with secular liberal parties. Even though representation might seem to be at the heart of modern democracies, it will always be a challenge for Muslim politics in a Hindu majoritarian democracy to be acceptable and endorsed. If the thwarting of the anti-CAA protests was a display of how the state uses violence to discipline its subjects, "Muslim" politics requires new ways of making demands for representation. The upcoming elections in UP might just be showing us the way it could be done.

Lord Ganesha on Budget day: The untold, unwritten custom of Finance Ministry

By Nimish Kumar

The Budget day is the most important day for any Finance Minister as it evaluates his/her performance, in Parliament by the opposition and by public at large. Every Finance Minister starts his/her Budget day with Ganesh puja at the corridors of the Finance Ministry of the North Block, offering flowers to the lord, before heading to the Parliament for budget presentation.

"It's a custom, untold and unwritten in our Finance Ministry, but every Finance Minister has adhered to it without any exception over the years, no matter what his religious belief is. Every year on Budget day, we all, including the Finance Minister and the budget team do that, like Halva ceremony before printing of the document starts," revealed a retired senior official of the ministry of finance who worked there for decades.

"I don't remember I ever missed to bring flowers for the Ganesh puja for 'sahabs' (the Finance Minister and budget team) in these years, as no Finance Minister ever left the ministry for the Parliament without offering flowers to our Ganesh ji. It's our custom that when we embark on a journey of something good, we start with Ganesh puja, like a marriage card, you must have seen," told an employee of the ministry.

Dr Bhagwat Karad, Minister of State for Finance also started his Budget day with Ganesh puja at home on Tuesday before heading to the North Block, so did Finance Minister Nirmala Sitharaman, revealed his personal staff once when asked. So what Pranab Mukherjee used to do on Budget day when he was the Finance Minister? "I don't remember baba performing any special puja on Budget day at home, but baba was quite religious and he never left home for work without his morning walk and puja, but not any special one on Budget day", said Sharmistha Mukherjee, the daughter of late Pranab Mukherjee, who was the Finance Minister in the UPA government.

Why UNSC joint statement on nuclear weapons is important

By Upendra Baxi

The nuke-wary people of Earth have not risen in unison to welcome the statement made on January 3 by the five permanent members of the United Nations Security Council (P5). Yet, the assurance about "avoiding an arms race and not targeting each other or any other state", and preventing the proliferation of nuclear weapons, is important.

The P5 statement reaffirms that a "nuclear war cannot be won and must never be fought" because of its "far-reaching consequences". The statement further reaffirms that nuclear threats must be addressed and emphasises the importance of "preserving and complying with our bilateral and multilateral non-proliferation, disarmament, and arms control agreements and commitments". The statement also expresses a commitment to the group's Treaty on the Non-Proliferation of Nuclear Weapons (NPT) obligations and "to prevent the unauthorised or unintended use of nuclear weapons".

Declaring that an arms race would benefit none and endanger all, the P5 have undertaken to: (1) "work with all states to create a security environment more conducive to progress on disarmament with the ultimate goal of a world without nuclear weapons with undiminished security for all"; (2) "continue seeking bilateral and multilateral diplomatic approaches to avoid military confrontations, strengthen stability and predictability, increase mutual understanding and confidence"; and (3) pursue "constructive dialogue with mutual respect and acknowledgement of each other's security interests and concerns".

This is a major statement. It is not a binding resolution and reiterates some of the core obligations of the NPT, while a review of the NPT remains postponed till August due to the Covid-19 pandemic. But none of these factors diminish the urgency and the political significance of the statement, especially given the unimaginable danger posed by the 13,000 nuclear weapons currently believed to be held by a handful of countries, and the growing spectre of loose nukes, which may be deployed by armed terrorist groups for nefarious purposes.

The P5 statement was followed by a warning from UN Secretary-General António Guterres that nuclear annihilation is "just one misunderstanding or miscalculation away".

Bold action on six fronts was necessary, he said. First, that member states should chart a path forward on nuclear disarmament; second, they should agree to new measures of "transparency and dialogue"; third, they should address the "simmering" nuclear crises in the Middle East and Asia; fourth, they should strengthen the existing global bodies that support non-proliferation, including the International Atomic Energy Agency (IAEA); fifth, they should promote the peaceful use of nuclear technology, and finally, they should remind "the world's people - and especially its young people - that eliminating nuclear weapons is the only way to guarantee that they will never be used".

Gandhi taught us that the right to peace is an essential framework for all human rights and that waging peace is everyone's work, regardless of vocation, profession, or discipline. Peace is necessary for rights, freedom, equality, and justice and for that reason, we need what Justice Oliver Wendell Holmes Jr. called "education in the obvious" - namely, peace education. This is required at multiple levels, ranging across the planetary, global, supranational, regional, national, and local levels of social cognition and action. These spheres are intensely related, critical and transformative. As Betty Reardon writes: "… the general purpose of peace education… is to promote the development of an authentic planetary consciousness that will enable us to function as global citizens and to transform the present human condition by changing the social structures and the patterns of thought that have created it." If this "transformational imperative" is placed at the centre of peace education, there will be a "profound global cultural change" that will influence ways of thinking, world views, values, behaviours, relationships, and the structures of public order - "a change in the human consciousness and in human society of a dimension far greater than any other that has taken place since the emergence of the nation-state".

Critical peace education should perform a number of tasks. Among these are: Bearing witness to negativity (that is, telling the truth about the realities and inequalities of this society); throwing light on spaces for possible actions that can challenge these realities; and acting (to borrow the words of the introduction to Rita Verma's 2017 book Critical Peace Education and Global Citizenship) as the "critical secretary of the people, programmes and practices that are actually interrupting the dominant relations and building workable alternatives to them in educational institutions, communities and other sites". Instead of creating cadres of techno-public intellectuals, peace education requires the creation of a mass of "critical secretaries" to people's movements.

Gandhi would have certainly welcomed the slender but significant UN Resolution 39/11 (November 12, 1984), which "solemnly proclaims that the peoples of our planet have a sacred right to peace" and equally solemnly declares that the "preservation of the right of peoples to peace and the promotion of its implementation constitute a fundamental obligation of each State". The subsequent UN Resolution 53/243 B, declaring a programme of action for a culture of peace (1999) also owes a great deal to Gandhi's legacy and mission. May the managers of our education system no longer privilege ignorance and the promotion of social indifference, resilient even now.

Give Indian military the faith that what they stand for is worth all their sweat and toil

By Johnson Odakkal

In the Azadi ka Amrit Mahotsav year, and with India@75, the renovated Rajpath in the national capital witnessed military and cultural pageantry of a high order. The parade included a highly motivated and vivacious Naval marching contingent led by the best military band in the country. At the end, Lt Cdr Aanchal Sharma, the Contingent Commander, shared with pride that their "hard work and tough schedule" of two months had paid off.

Getting selected for the Republic Day Parade contingent is itself an honour. Captain N Shyam Sundar (retired) recalls the time he led the Naval contingent in 2003 after practising "for 45 days in the biting cold months of Delhi". "The hand holding the sword gets numb within 15 minutes. But we march 11 km every day for that final moment of marching past the dais."

The contingents are required to be at the practice area before 4 am. Drill instructors then shake into shape those freezing limbs and reluctant muscles, bearing heavy rifles and unwieldy musical instruments, into harmony, matched to a marching pace of precisely 115 steps per minute. The key to that mathematically precise and artistically perfect movement is the martial marching beat and melody of the accompanying band.

The Mumbai-based Naval Central Band plays a repertoire of music forms, from marching tunes to Carnatic and Jazz, to popular folk and movie numbers. Often, they are the soothing interlude for the men and women from one intense practice march to the next.

Sadly, an out-of-context 21-second video clip of a transition schedule during practice, recorded by an enthusiastic and perhaps ignorant onlooker, became the news this time. To some, the crime was that the contingent was jiving to a Bollywood number, even if old and evergreen. To others, it was more fodder for politics over what songs to be played at the Republic Day event. The content and pace of the transmission confused even some veterans, till a longer 145-second clip was released. In the "breaking news" media environment, the damage was done, with no attempt to get the context.

Remorse or regret will not come from those who spread this. Instead, the drill coordinators will now add some more checklists, and tell troops that there can be no private or relaxed moments when out on the ground. Certainly, such moments are not what the highly motivated sailors, soldiers and air warriors of armed forces deserve, as per the critics. I wonder if these self-proclaimed guardians of Indian military ethos examine their own adherence to motivation, order and discipline. In the past, not so innocuous questions have been asked about the relevance of music and march in a modern military. In the current cyber and space age security complex, some wonder at the archaic traditions and military pageantry. Those are questions irrelevant to any military person.

The ordinary citizen's idea of India

By Priyadarshini Singh

Do most Indians see India as a Hindu and Hindi nation?

Statements by some political leaders and recent survey research seem to suggest so. At the inauguration of the Kashi Vishwanath corridor project, Prime Minister Narendra Modi declared that India is defined by Hindu tradition and history. Alongside, Rahul Gandhi stated that a distinction must be made between the "good", truth-seeking Hindus and the power-seeking "Hindutva-vadis". Pew Research survey findings on religion and nationhood in India in July 2021 highlighted a similar conclusion. On the one hand, valuing religious diversity (84 per cent) is among the key attributes of being an Indian along with respecting elders (88 per cent) and having an Indian ancestry (70 per cent). On the other hand, a majority also believes that being a Hindu (56 per cent) and speaking Hindi (57 per cent) are important. Among Hindus, the support is higher - for 64 per cent, being a Hindu and for 59 per cent speaking Hindi is important for Indian-ness.

Understanding the meaning of this Hindu-Hindi idea of India at the grassroots is critical, particularly because it has electoral implications. As we have seen over recent decades, voting choices and electoral victories of parties are used as insights into the everyday meanings of nation and nationhood.

My research highlights that for ordinary Indians, the idea of India has many layers. It includes cultural and civic elements; some parts of it determine political choices while others don't. Being an Indian is not just about being a part of a homogenous national community. India is a community of communities. When people talk about India, they often speak from the standpoint of multiple community locations. For example, one respondent talked about corruption in national politics but in terms of how it impacted him as a Gujjar, living in a poor village. The importance of one's own religion (Hinduism) and language (Hindi) for being an Indian highlighted in the Pew Research data is likely emerging from this idea. This does not necessarily mean that other groups don't have similar views.

In one research village in Rajasthan, upper castes accepted an important demand made by a Dalit farm labourer and tea-stall owner. He said that the village should nominate a Dalit to contest the village sarpanch election (a general seat) because Dalits are also a part of India. That is, they are citizens not just in their individual capacity but also as Dalits, just as others are as Hindus, Brahmins, Muslims, Shias, etc. Similarly, during discussions on national pride with people working on farms, small dairies, shops, etc, it emerged that their idea of Indian-ness included many different types of identities. They are proud of India not only on "national" issues like "defeating" the British or the Taj Mahal but also of their community identities. As one respondent in a village in Sawai Madhopur district said, "if we are talking about India, we are from Rajasthan, we should be proud of being Rajasthani". While stating this, he strongly brushed aside his friend who was telling him that he should highlight Hindu-Muslim peacefulness in their village. Another respondent, in a village in Karnataka, said that she is proud of India because "it has everything - there is Kashmir, it has gold, iron, silver, good weather and food". In fact, some of the Pew Research data also highlights this. Fifty-three per cent of Indians believe that religious diversity benefits India and only 24 per cent believe it harms us. Almost all Indians are expressly proud of their states (95 per cent) and their religion (94 per cent).

The critical thing the research highlights is that contexts impact the way people talk about the nation. And the context could include the people with whom one is discussing the idea of the nation or the political dynamics of the localities or even professional backgrounds. In my field sites, areas where there was a history of tension between religious groups, many respondents expressly said that they were proud to be Indian because of the good relationship between communities; in other sites, this was rarely mentioned.

The nation can mean much more than may be discerned from voting choices and public statements of political leaders. One respondent, a Gujjar diary owner in Sawai Madhopur, educated till Class XI, said that national culture cannot be homogenised and a person born in India is an Indian because "where will the others go". His illiterate wife aggressively said that everyone has a different language. Differentiating between the political and non-political aspects of national pride, he said that "fights between groups are about politics, now even brothers fight". His political support, however, tended towards a Hindu-centred idea of nationhood. Yet, he was proud of India because "it has everything, dharma nirpekshata (secularism), sanskriti (culture), vikas (development)… yeh toh sone ki chidiya hai (a golden bird)".

Above all, I discovered that the idea of India is meaningful because it has immense moral significance. It is the ideal horizon - a hope, a promise of a future defined by dignity, equality, justice and socio-economic development. It's this emancipatory promise of nationhood that resonates across groups. Prejudices and differences and how they project onto politics co-exist alongside valuing diversity. But the nation is not just its politics, and an Indian is not just who they vote for. Alternative ideas, inclusionary narratives exist even if the corresponding politics does not.

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DECCAN Chronicle

2 FEBRUARY 2022

A work in progress that doesn't hurt the citizen

Union finance minister Nirmala Sitharaman has performed a fine balancing act by focusing on measures to boost economic growth rather than present an election-focused please-all welfare budget. She has front-loaded public expenditure through asset-creating capital expenditure to prevent the economy from getting affected by a muted private investment.

The budget allocation at the Central government level has been enhanced by ₹3.5 lakh crores and another ₹1 lakh crore has been offered to states as a 50-year interest-free loan for capital expenditure. Further, the state governments have been allowed to have a higher deficit of four per cent of the Gross State Domestic Product (GSDP), which will further boost public expenditure. The government's focus on capital expenditure, though its results depend on faster implementation, is better than revenue expenditure. The government should also be commended for resisting temptation to hand out reckless freebies in the wake of the upcoming elections in key states.

Giving impetus to infrastructure development under the PM Gati Shakti will have a ripple effect on the economy by kick-starting the virtuous cycle. The PM Gati Shakti will focus on boosting growth in seven sectors, namely roads, railways, airports, ports, mass transport, waterways and logistics infrastructure.

Though individuals have little cheer, the finance minister does not take away anything from them — and no negative should be considered a positive amid the exceptional circumstances the country is facing

The plan to integrate postal and railway networks for offering efficient logistics services for small farmers and small and medium enterprises and integrating post offices with banks through core banking services could help the postal department reinvent itself. A revival in India Post would help the government reduce its budgetary support to the public service, which is fast being replaced by private players.

The proposal to introduce a Digital Rupee by the Reserve Bank of India using the blockchain technology in 2022-23 hints at the government adopting new technology. The proposal to tax virtual assets like crypto currency among others at a flat 30 per cent could signal that the government may not ban crypto assets though it is highly uncomfortable with the presence of an unregulated investment channel.

While the corporate world may not be fully satisfied with the Budget, a reduction in surcharge would help it save some of its money. Production-linked incentives will make the government support incumbent companies increasing their production instead of giving them freebies through a further cut in corporate taxes. Legislation to replace the old Special Economic Zones Act could offer export-oriented units more ease of doing business.

The proposals on remote classrooms through PM eVidya and the National Mental Health Care could help in addressing two issues created by the Covid pandemic. A promise to fund five river linking plans may nudge states to begin work on creating a national water grid.

Though individuals have little cheer in this Budget, the finance minister does not take away anything more from them — and no negative should be considered a positive in the wake of exceptional circumstances that the country is facing. In a nutshell, the Union Budget 2022-23 is more a work-in-progress budget without any expressly negative components.

Selling dreams for the future

The finance minister, in pitching her 2022-23 Budget as a blueprint to steer India@75 towards India@100, may have been more Nirmala, meaning pure and virtuous, than Nostradamus, the impossibly prescient man who saw tomorrow. She must, however, be lauded for daring to look into the future in which even the need for an annual Budget might disappear as a technology-driven government could take decisions in real time than express them in annual, high-profile presentations that started in 1860. If anyone believed this was close to a no-Budget, he/she might be peeping into a future where there will indeed be less visible government in a digital world.

The recognition of cryptocurrency as an asset class is futuristic even if only the passage of time will tell if it's the world's craftiest Ponzi scheme or a form of anti-government symbolism that will power an alternative economy. Public faith can be expected to drive investments in a 'desi' — IndiaCoin or such — to be floated by the RBI as sovereign guarantee behind coins of the realm may still power their legitimacy 25 years hence. The accent on drone shakti is a recognition of hi-tech fast transforming a world, especially through artificial intelligence applied in education, healthcare, autonomous and electric cars and agriculture. To give more refined digital and audio-visual channels to schoolchildren who have been deprived of classroom education for two years cannot be praised enough.

We must, however, be practical in accepting that the present is somewhat disappointing when all the great things seem to lie in India's rosy future, like bullet trains which have been running on Shinkansen rails in Japan for 50 years, 5G technology that is being rolled out around the world, widespread electric mobility that may ultimately force petrol bunks out of business while keeping the air over cities clean, solar energy that homes may store by day and expend by night and, one day, perhaps even nuclear fusion providing power so cheap as to do away with the need for electricity meters. The licence to dream has been there forever and, maybe, it was time it entered the Budget, too.

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Subhani

A transformational Budget for high, sustained growth

Chandrajit Banerjee

The Budget has adopted just the right approach for catalysing growth with social inclusion. It has provisions which cover almost all segments of society.

India crosses the important milestone of completing 75 years of Independence this year — a watershed moment for the country which makes us reflect on our momentous economic journey so far. It is also an occasion to take steps to fast forward our dream of a developed India which is prosperous, inclusive, equitable, technologically advanced and can take on the world on equal terms. Hence, it was keenly anticipated that the policies and prescriptions announced in the Union Budget would be aligned to our future vision of high, sustained growth in the medium term as much as address the immediate challenges that are confronting the economy.

The Budget has successfully delivered on the nation's expectations and scripted a blueprint for a progressive economy which would serve as a template for the future. Resting on seven key pillars — namely, physical infrastructure, financial capital, inclusive development, reinvigorating human capital, innovation and R&D and digital economy, sustainability and climate action and ease of doing business, the budgetary announcements offer a detailed roadmap to revive demand and nurture growth in the economy in the medium term even while meeting the aspirations of the different segments of society.

The Budget has adopted just the right approach for catalysing growth with social inclusion. It has provisions which cover almost all segments of society. Finance minister Nirmala Sitharaman has taken pathbreaking measures towards developing human capital by providing a fillip to health, education and skills. She has also made bold announcements on infrastructure and affordable housing, provided an impetus to domestic industry, addressed the concerns of SMEs, attended to the travails of the contact-intensive sectors such as hospitality and tourism, promoted start-ups, and supported futuristic technologies, among others. These are all versatile moves. In doing so, the finance minister has deftly managed the daunting task of reviving growth and investment cycle while addressing expectations caused by social and demographic changes.

The government has continued with the move to significantly upscale capital expenditure in infrastructure development. A futuristic Budget, as far as capital spending on areas such as infrastructure is concerned, the government's determination to move ahead with the execution of its vision to create infrastructure assets is exemplary and would spur the virtuous growth cycle and create jobs.

CII, along with Indian industry in general, strongly welcomes the tremendous increase in public capital expenditure by 35 per cent to ₹7.5 lakh crores and the effective capital expenditure by the government, including support to the state governments at ₹10.68 lakh crores, is a major boost for the economy. The accent on affordable housing, the "*nal se jal*" scheme and expanding the scope of the Gatishakti scheme are the other key measures which bear testimony to the government's commitment to bridge gaps in infrastructure.

The Budget has listed a clutch of initiatives to incentivise investment in manufacturing. The announcement on the Ease of Doing Business 2.0 is a pathbreaking initiative to attract investments. Besides, the repealing of 1,486 Union laws will promote trust-based governance. Alongside, the digitisation of manual processes, reduction in regulatory compliances as well as the integration of Central and state-level compliances will go a long way in enhancing the ease of doing business and reducing the cost of doing business.

The setting up of an international arbitration centre at GIFT city to speed up dispute resolution is an encouraging development as well. The proposed necessary amendments in the Insolvency and Bankruptcy Code (IBC) structure to promote cross-border insolvency resolution is a good move too, as it will help to resolve the many cross-border IBC cases that are stuck due to various legal hurdles. The production linked incentive (PLI) schemes being extended to design in manufacturing and solar power equipment manufacturing will help expanding our capacities as well as create jobs.

The Budget has also provided an impetus to "Atma Nirbhar Bharat" by schemes supporting domestic industry. These include a 68 per cent of capital buy in defence under Make in India, the phased manufacturing plan for solar cells and solar panels, extending the concessional tax regime of 15 per cent tax for newly incorporated domestic manufacturing companies under Section 115BAB by one year, and others.

The move to incorporate 75 digital bank units of scheduled banks in 75 different districts will encourage the usage of digital payments in various parts of the country and be beneficial for fintech companies.

The Budget also incentivised start-ups which are instrumental in wealth creation and building entrepreneurship by promoting start-ups to facilitate "Drone Shakti" through varied applications and for Drone-As-A-Service (DrAAS), defence R&D, and extending the tax incentive for eligible start-ups by another year, among others.

Another landmark announcement in the Budget is the introduction of the Central Bank Digital Currency, the "digital rupee", using blockchain and other technologies, to be issued by the Reserve Bank of India from 2022-23. This will reduce dependence on cash and reduce settlement risk and be distinct from decentralised crypto currencies which lack the status of legal tender.

The social sector has been the priority in the Budget to ensure protection of lives and livelihoods. In this direction, MSMEs have been the worst affected due to the Covid-19 pandemic. The Budget has extended the Emergency Credit Guarantee Linked Scheme (ECLGS) till March 2023 with an allocation of ₹5 lakh crores. This was CII's suggestion in its pre-Budget memorandum. An additional ₹2 lakh crores have been allocated for micro and small enterprises, which will go a long way to support the revival of this sector that is pivotal for local level jobs as well as livelihoods.

Over the last two years, the pandemic has challenged the healthcare ecosystem of even the most advanced economies. Hence, the rise in allocations for health and education is extremely welcome.

At the same time, a well calibrated and judicious fiscal management policy has been announced, geared towards maintaining the growth impetus while at the same time safeguarding macro-economic stability and containing inflation. The minister has broadly adhered to the fiscal deficit target for the current year and rightly charted a fiscal glide path of reverting to the path of fiscal prudence by announcing the fiscal deficit target of 6.4 per cent for FY23 to consolidate the recovery now underway.

The Budget has many positive features, the hallmark being the accent on clarity and transparency to take the Indian economy to higher echelons of growth with social welfare.

The writer is director-general of the Confederation of Indian Industry

LETTERS

WIND UP PROBE

It is futile to expect the Arumugasamy probe Commission to bring out the truth about the circumstances of late CM Jayalalitha's death in Apollo Hospital. Despite innumerable sittings and mind boggling enquiries and incalculable spending in terms of money, time and energy, not even one shred or strand of the truth about the mysterious death of the late CM has come to light until this day. All kinds of surmises and speculative stories have already done one full round in in magazines and social media. But the main question about who was her killer still remains till this day. There is no use in wasting any more time and the probe can be closed once for all leaving it as an unsolvable mystery.

Marudamalaiyan
Coimbatore

BEST BUDGET

The Budget proposals for this financial year rest on health and well-being, infrastructure, inclusive development, energy transition and climate action, financing of investments and 'Minimum Government, Maximum Governance'. India's economic growth is estimated at 9.2% to be the highest among all large economies. Sixty lakh new jobs are to be created under productivity linked incentive scheme in 14 sectors. Significant announcements include digital currency, e-passports and a slew of infrastructure projects. Edible oil, wearable electronics, imitation jewellery and polished diamonds are to be cheaper. Tax relief has been announced to persons with disabilities but there is no change in personal income tax rates. It is a satisfactory budget to all strata of society and considered as a people's budget from all angles.

C.K.Subramaniam,
Chennai

Parsa Venkateshwar Rao Jr

Modi a political Pied Piper, sets 2024 agenda & a 2047 wish list

It is unfortunate that in a 20-page, 118-paragraph Part A Budget speech, Union finance minister Nirmala Sitharaman could bring herself to say only briefly and fleetingly at the beginning: "At the outset, I want to take a moment to express my empathy for those who had to bear adverse health and economic effects of the pandemic." This seems to have come more from the finance minister as a personal expression and not that of the government. In the last two years, she has been the only one in the Narendra Modi government who displayed some "empathy" for those beaten down by Covid-19 and its deadly effects. But the words chosen are so neutral, and in this context callous, as this government is little bothered about people. This callousness is again seen in the paragraph that follows: "The overall sharp rebound and recovery is reflective of our country's strong resilience." The personal and economic trauma of tens of thousands of people, especially during the devastating second wave of the Delta variant last summer, is not even a blip in the mind of this government.

It became apparent in the next few minutes of her address that this was really Prime Minister Narendra Modi's speech delivered by the finance minister, and what was really the finance minister's speech became the

Economic Survey that was placed in Parliament Monday. The Economic Survey presented a modest and realistic picture of the state of the economy. What we heard on Tuesday was a vacuous rollout of many technological changes that the government would like to promote in the country in the next five years, fancifully termed "Amrit Kaal" to mark the time between the 75th anniversary of Independence to the 100th in 2047, the quarter century between now and then. It was completely out of place in an annual Budget speech. The plan, it doesn't matter whether it is realistic or not, seemed more like a BJP election manifesto for 2024, and the Prime Minister seems to have felt there can be no better occasion than this to unveil his barren vision of a technology-driven India, where people will lead a soporific life aided by a digitised administration and economy.

Mr Modi has a right to his own dreams and visions for the country, however much we may disagree with its dystopian dimension. And as a twice-elected Prime Minister, he can spell out the contents of his dreams through the Budget speech of his finance minister. The Prime Minister has been hard at work to depoliticise the democratic processes in this country, and he has found an effective way of doing it through the opium of technology. Part A of the Budget speech is a good example of the PM's look-away-from-the-present and look-into-the-far-future approach towards governance.

Solipsism is intellectual escapism, and one cannot question the right of the Modi government to practise it. But the traumas and hurdles facing the people and the country in 2022 are not going to disappear because the government refuses to face up to them or talk about them. The economy will of course rebound, and it will not be because of the 25-year perspective plan unspooled by the finance minister. It will be because over a billion people are eking out their livelihoods and the government lives off their efforts through increased collections of Goods and Services Tax (GST). Of course, Ms Sitharaman thanked the people for making GST a success. There is no evidence in Ms Sitharaman's speech that the government will spend its tax earnings on the needs of the people, or on the health infrastructure in the country. It's as though the government, like the obnoxious taxman, has collected the money and gone his way, and the people are supposed to be thankful they have been left alone.

The government hopes to pass over the political and economic potholes with its eyes glued firmly towards 2047. The gambit of the Prime Minister seems to be paying off. In 2014, he pointed to 2019, the 150th birth anniversary of Mahatma Gandhi, and to 2022, the 75th year of India's Independence. In 2022, he is pointing towards 2047, the centenary of Independence. He is saying in so many words that do not mind the unpleasant present, just keep your eyes fixed on 2047. It has been the case that the economy has trundled along since 2014 and the people fended for themselves through the bad times that stretched from the 2016 demonetisation to the 2019-21 Covid-19 scourge.

Ms Sitharaman's 2022 Budget speech should stand out for its political impudence in passing over the economic challenges facing the people and pointing out to isolated phenomenon like the start-up successes of unicorns. The unicorns have raised money from the market, but they have not really produced any ripple effects if not multiplier effects.

Exigencies and uncertainties are looming on the horizon. Though the Covid-19 pandemic has partly receded, global health experts are warning about the need to prepare for another health crisis which may well be of Covid proportions. The Economic Survey has pointed out though that the Indian economy is poised to grow if there are no further Covid-type disruptions and if oil prices hold. The boast that India is the fastest growing major economy is of little solace if political and economic crisis in other parts of the world were to rock the Indian economy. Mr Modi is indeed the political Pied Piper who keeps people's minds away from the nagging reality. He is telling people: just look to 2047.

The writer is a Delhi-based commentator and analyst

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EDITORIAL

In the world of the wave, the world of relative truth, the wave feels happy as she swells, and sad as she falls ... But in the world of the water there are no signs, and when she touches her true nature—which is water—all of her complexes will cease

Thich Nhat Hanh

INDIAN EXPRESS IS NOT AN INDUSTRY. IT IS A MISSION.

— Ramnath Goenka

ENGINES OF GROWTH HARNESSED, BUT DIRECT RELIEF TO THE *AAM AADMI* GIVEN THE GO-BY

The 'engine' as a metaphor for a 'driver of growth' has become common parlance with the government and the trend finds its way in the Union Budget too. At the centre of Finance Minister Nirmala Sitharaman's Budget philosophy is government-backed spending via the PM Gati Shakti programme of seven growth engines—that of roads, railways, airports, ports, mass transport, waterways and logistics infrastructure. An increase in government spending was expected, but what came has surprised even the most skeptical. Capital expenditure outlay was stepped up sharply by 35% to a humungous ₹7.5 lakh crore for 2022–23, up from ₹5.54 crore. Taken together with grants-in-aid to states, the effective capex for the coming financial year will be ₹10.7 lakh crore—about 4.1% of GDP. In addition, the Centre will be lending an additional ₹1 lakh crore to the states over and above normal borrowings to finance regional projects.

There are no clear priority lists of how the government spending will be deployed in its infrastructure push, though there are some indicators—the expansion of highways by 25,000 km; the Ken-Betwa river link project at a cost of ₹44,605 crore that will provide irrigation to nearly 10 lakh hectares of farm land and drinking water supply for 62 lakh people, and so on. With India having shrunk 7.3% in GDP for FY 2020–21, and millions pushed into poverty and joblessness, the focus on growth is commendable. However, employment generation, and rural jobs in particular, do not find the importance they deserve. There is an oblique reference that the Atmanirbhar Bharat programme will generate 60 lakh new jobs over the next five years, but the lack of detailing shows employment generation has been treated more as a spin-off effect rather than an area that needs conscious planning and deployment.

On taxation, the government has rightly indicated that since things are on the mend, why bend them. In other words, it has preferred to do nothing. The FM indicated that for January this year, the government's GST collections touched a record ₹1.41 lakh crore. Income tax revenue is up 48%. In this scenario it makes sense to keep income tax rates for all categories unchanged. However, in a first, it has allowed taxpayers to file updated I-T returns within two years of when it is due and pay tax for income that has been overlooked. This will help bring down conflict and litigation.

The government's total expenditure will increase 4.8% to ₹39.5 lakh crore at the expense of a fairly high fiscal deficit of 6.9%. For the next year, it will fall marginally to 6.4%. The high deficit has been frowned upon by many analysts, who see it as bad governance and a sure prescription to push up inflation. The growth-versus-controlling-fiscal-deficit is an old debate, and it is good that the government has chosen to ignore it. Fiscal deficit at a tolerable level is okay and will look after itself as long as we tackle the twin monsters of poverty and joblessness by pushing spending.

The government has won accolades for a 'growth-oriented' Budget, but as many have pointed out, implementation is going to be key. If the government waits for the last quarter of the next fiscal to begin spending, there will be no gain. Beyond implementation, the major disappointment is the government's focus on boosting supply side over demand without balancing the needs of industry and the individual. The consumer and the man on the street have made huge sacrifices over the last two years, and they deserved some relief in better health support, cheaper food and oil prices and a lower tax burden. The government has been applauding itself for the big GST collections, but doesn't that translate to a higher burden for the common man? As international crude prices rise without let up, India's oil imports this year may touch $120 billion—double what we paid last fiscal. This may wipe out all the tax revenue gains and increase prices across the board. Growth and spending for sure have a trickle-down effect over time, but a Union Budget is all about giving relief here and now.

Beyond 2022–23, if India grows at say 7%, does that mean labour productivity will grow at 7%? Of course not. There will be jobs, much more than the six million in five years mentioned

INDIA'S GROWTH TRAJECTORY: THE *SHAKTI* IN THE *GATI*

BIBEK DEBROY
Chairman, Economic Advisory Council to the PM

SOUMYADIP SINHA

"Gati" is a Sanskrit word, meaning motion or path. "Shakti" is also a Sanskrit word, meaning energy or force. Gati Shakti can therefore be taken as a force that propels movement along a trajectory. There is a growth and development trajectory set for India, suddenly subjected to disruption because of the exogenous shock of the pandemic. As the Economic Survey for 2021–22 and FM's Budget Speech for 2022–23 both pointed out, India has weathered the storm fairly well and growth recovery has been robust across sectors, absolute GDP surpassing the pre-pandemic level. Real growth in GDP in 2021–22 was 9.2% and in 2022-23, the Survey estimates real growth between 8% and 8.5%. That 8–8.5% doesn't mean a medium-term growth trajectory in that range, since 2022–23 will benefit from revival of contact-intensive sectors and some services. The low base of 2021–22 will aid the growth number. What is the growth path beyond 2022–23 and what role does the Union Budget have in this? For 2022–23, the Budget estimates nominal GDP growth of 11.1%. This is a nominal growth number, real growth plus inflation, inflation measured by what economists call a GDP deflator. What's the GDP deflator for India now? Probably around 4.5%, perhaps a little more. If it is a little more, this makes the argument stronger. With a deflator of 4.5%, real growth in 2022–23 will be 6.6%, significantly below the Survey forecast.

The simple point is that, while framing a Budget, there is always a temptation to overestimate growth and revenue. This has happened in the past. But for this Budget, numbers are very realistic, indeed conservative. This is in line with the honesty and transparency Nirmala Sitharaman has brought as FM to the budget-making process. For instance, in 2020–21, off-Budget items were added to deficit numbers. That improved fiscal marksmanship is also reflected in little deviation between BE (budget estimates) and RE (revised estimates) for 2021–22. In BE, fiscal deficit/GDP ratio was estimated at 6.8%. In RE, it is 6.9%, marginally higher, though the revenue deficit ratio is higher, understandable because of the pandemic shock. Is the uncertainty over and is growth recovery robust? The answer to both questions is in the negative, which is why the Budget doesn't have medium-term fiscal projections. The four drivers of growth are consumption, investments (private), government expenditure and net exports. On all four, numbers can be cited to establish recovery. But is this guaranteed? Since it is not, without giving up fiscal consolidation as a longer-term goal, how prudent is it to slash government expenditure drastically now? Government borrowing has costs. In passing, in this Budget, government borrowing is not excessive and disinvestment receipts (₹65,000 crore) are also realistic.

To return to the point, given those costs, it would have been tempting to slash the fiscal deficit/GDP ratio to 6% in 2022–23. Instead, it is being reduced by 0.5% on that base of 2021–22 to 6.4%, reasonable, doable and not excessive. The target of 4.5% by 2025–26 hasn't been abandoned. More important is the question of the form government expenditure takes. Leading up to the Budget, many commentators said it would be a "populist" Budget, whatever that expression means, an argument substantiated by mentioning state-level elections. Others treated it with a "sindoor" mindset, an allusion to Narayan Dutt Tiwari's 1988-89 Budget. Historically, Budgets have been viewed with the perspective 'what does it have for me?' Has it reduced taxes I pay? Indirect taxes are of course the purview of the GST Council, though the Budget highlights several procedural improvements in GST processes. On direct taxes, there is virtue in stability and certainty in tax rates. Substantial reform of direct taxes will involve exemption removal, certainly leading to increases in effective tax rates for some categories. With recovery not certain, that would have been premature. There is also the point that public expenditure multipliers are higher than tax multipliers (On direct taxes too, procedural improvements have been flagged). Hence, the answer is not to tinker with direct tax rates, hand out an exemption here, or another there. The answer is to increase capital expenditure, primarily on infrastructure. This is precisely what the Budget does. Thus, Gati Shakti has a different nomenclature too, emphasising roads, railways, airports, ports, mass transport, waterways and logistics. Notice that a scheme like MGNREGA is demand-driven. If there is additional demand, BE allocations can always be supplemented. What's important to ensure is that there isn't demand for MGNREGA.

> While framing a Budget, there is a temptation to overestimate growth and revenue. But for this Budget, numbers are very realistic. This is in line with the honesty and transparency the FM has brought in. This is also reflected in little deviation between budget and revised estimates for 2021–22

The Budget is but one day in the government's functioning. The government doesn't cease to function on other days of the year. The Budget should be viewed more in terms of what FM said, growth and inclusive welfare, the goals of Amrit Kaal and India's template for 2047. The 2021–22 Budget speech set out such a vision and the 2022–23 Budget adds to that, India at 75 moving to India at 100. Despite Covid causing a disruption, was there anything wrong with the vision of enabling growth, spliced with empowering citizens? There wasn't, so why tinker with the template? For 14 sectors with the production linked investment scheme, the Budget mentions six million new jobs in five years. Beyond 2022–23, if India grows at say 7%, does that mean labour productivity will grow at 7%? Of course not. Ipso facto, there will be jobs and employment, good for everyone, much more than six million in five years. If one looks at the Budget with that perspective, and not solely in terms of one's individual interest, myopia and preference for tax concessions, it has been an extremely good Budget.

(Views are personal)
(Tweets @bibekdebroy)

A NON-INCLUSIVE STAGFLATION BUDGET

T M THOMAS ISAAC
Former finance minister of Kerala

The three challenges that the economy is facing today are stagnation, inflation and inequality. How well has the Budget addressed them? Disappointingly, to say the least. The Union finance minister has chosen an extra conservative neoliberal choice of policies. Her faith seems to be more in appeasing the international finance capital and promotion of favourite domestic industrial houses to pull the economy out of stagnation through private investment and to contain inflation by easing the supply side. The poor and ordinary citizens are left at the mercy of trickle-down economics. This seems to be the plot.

In 2020–21, the year of the pandemic, private consumption and investment shrank. In 2021–22, there was a strange phenomenon in public expenditure in India when the overall government expenditure increased only marginally, 7.4% in nominal terms. Now, in the Budget estimate in 2022–23, the increase in overall expenditure is even lower at 4.8%. Some stimuli indeed!

This was primarily due to the obsession of the finance ministry to keep the deficits in check. This obsession has been contagious: Even the state governments preferred to keep as much as ₹3 lakh crore of borrowed money as cash surplus in their treasuries rather than spend it on the poor and needy, lest they offend the neoliberal rule that borrowed funds should not be spent on revenue expenditure, i.e. revenue deficit must be zero. In the current Budget, a course for fiscal consolidation has been chosen. Both the fiscal and revenue deficits are lower than the previous year.

The inflation does not figure much in the Budget perspective. The government seems to be comforted by the fact that the consumer price movement has been much lower than the wholesale price movement. This widening gap would sooner or later pull up consumer prices as well. The solution lies in rolling back the entire additional excise tax and cess that were imposed since the NDA came to power. The tax on diesel had been increased by more than nine times and those on petrol by over three times. The reduction in November was only around half of the burden. The loss of revenue on this count could have been more than compensated by removing the tax concession given to corporates. Obviously, the Union finance minister thinks otherwise.

> The greatest surprise is that the allocation to the health sector has stagnated at around `86,000 crore despite Covid. In the background of the farmers' agitations, if anybody had the illusion of the government adopting a more sympathetic stance towards cultivators, they are going to be disappointed

As for the challenge of widening inequality and impoverishment of the poor during Covid times, startlingly revealed by the Oxfam Inequality Report, the less said the better. Despite tall talk about inclusive growth, we find that all the major expenditure heads addressing the poor and ordinary have remained at the same level of expenditure in revised estimate for 2021–22 or reduced. Take for example MGNREGA, whose allocation has been reduced by nearly 25%, from the revised estimate of ₹98,000 crore in 2021–22 to ₹73,000 crore in the estimate for 2022–23. Even if we compare it to the Budget estimate of 2021–22, there is no increase. Similarly, if you take the six core schemes catering to the poor, allocation has been slashed from ₹1.21 lakh crore in the revised estimate to ₹0.99 lakh crore in the current estimate. The anganwadis are to be smart. But their allocation has stagnated at around ₹20,000 crore.

The greatest surprise is that of the health sector, whose allocation, despite Covid, has stagnated at around ₹86,000 crore. In the background of the farmers' agitations, if anybody had the illusion of the government adopting a more sympathetic stance towards cultivators, they are going to be disappointed. The allocation for agriculture and allied sectors has only marginally improved from ₹1.48 lakh crore to ₹1.51 lakh crore, by a precious 2.5%. Two related items in the expenditure, fertiliser and food subsidies, have been reduced by 25% and 28% respectively in the present Budget compared to the revised estimates for the previous year.

An important feature of the Budget has been a steady increase in the capital expenditure from ₹6.57 lakh crore in 2019–20 to ₹8.4 lakh crore in 2021–22 and ₹10.68 lakh crore in the present estimate. The great expectations are that this public capital investment will crowd in private investment, starting a virtuous cycle of growth. This increase in the capital expenditure has been made possible by an absolute squeeze on revenue expenditure for social and welfare schemes. It is going to be a forced march of billions of Indians to the 100th Anniversary of Independence.

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MAILBAG

WRITE TO: letters@newindianexpress.com

Nation's cryptocurrency

Union Finance Minister Nirmala Sitharaman presented a very balanced Budget. The emphasis on healthcare, finances, digitisation and infrastructure is the need of the hour. The introduction of the digital rupee using blockchain technology is a testimony to the fact that the government is betting big on technology. This will also give a much-needed respite to those worrying about an imminent ban on cryptocurrency. The proposed launch of the digital DESH-Stack e-portal for skilling and upskilling the youth is a laudable step.

Vijay Shekhar, Chennai

Disappointing Budget

The FM's Budget speech sounded like a policy statement rather than a detailed account of the state of the economy. Some out-of-the-box solutions were expected to revive the economy after the battering it received due to Covid, but that did not happen. With Omicron raging, one expected more for the healthcare sector. The unorganised sector also expected some measures to help them recover. The middle class, cowering under rising inflation, expected some tax relief. All are disappointed.

S V Venkatakrishnan, Bengaluru

Price of domestic gas?

Amidst the mumbo-jumbo of the Budget, the housewife only wants to know one thing: Will the price of domestic gas come down to affordable levels? Or will it hit the ceiling, forcing many women across the country to go back to using traditional firewood or 'gobar' to keep the fire of the house burning? So far, there seems to have been no difference.

Elizabeth Koshy, Pathanamthitta

Success of Digital India

Aiming for the success of digital India, Sitharaman's announcements towards the same in the Budget are welcome steps. Proposals to set up 75 digital banking units in 75 scheduled commercial banks, open a platform for health ecosystems with a unique ID to each patient, establish 1,200 TV channels to impart education to students of classes 1–12, etc., will make Digital India a resounding success in a few years if implemented properly.

P Victor Selvaraj, Palayamkottai

There is focus on growth

The Budget presented was lacklustre and bereft of any new ideas. It seemed very routine, so much so that the finance minister did not even go through the regular cosmetic exercise. The expectations of some pathbreaking changes in the direct tax provision and rationalisation in the GST rates have been belied. The only silver lining is that there seems to be some continuity in the chosen path and the Budget appears to focus on growth.

R Sriramprasad, Bengaluru

Just a cosmetic exercise

The annual Budget seems to be just a cosmetic exercise devoid of any sanctity and accountability. For one, the GST on goods, especially fuel prices, are revised time and again, keeping the common man perpetually on tenterhooks. Even after the Budget, various financial packages and programmes that are politically motivated are rolled out around the year. The government is never held accountable for not meeting the targets spelt out in the preceding fiscal year. Painting a rosy picture year after year does not cut much ice when the ground reality is at great variance. More and more people are being pushed into poverty.

Deepak Singhal, Noida

Constructive criticism

The Budget this year would have been a tough one to conceptualise, given the battering the economy has received due to Covid in the last two years. Yet, though the opposition is continuing to criticise the government's economic policies stated in the Budget, The announcements will strengthen the economy. It lays emphasis on digitisation of the nation, boosting transportation and agricultural productivity, etc. Instead of blatant opposition, what is needed is constructive criticism and for all political parties to work together to help the nation's economy grow to new heights.

Jayashree Thampi, T'puram

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PULL OUT THE CHEQUE BOOKS Capital expenditure will set the tone for economic growth in the near future. The domino effect on various industries and jobs will counter the sweeping adverse effects of the pandemic across the board

INDIA, A SPEND FORCE

K M BIRLA
CHAIRMAN, ADITYA BIRLA GROUP

Amrit Kaal Kicks Off With This Capex Mahotsav

Central court action at its best with this budget that will surely also spur private capital expenditure

Just a few days ago, we saw an epic performance on the tennis court in the form of Rafael Nadal summoning reserves of energy we didn't even know existed, to notch a thumping record-breaking victory. Beating impossible odds is how we can also describe India's recovery from the depth of the pandemic crisis.

India has delivered 1.7 billion Covid vaccines in less than two years. It has also administered the world's largest free food programme, delivering food grain to 800 million people for 24 months, and prevented an income and food crisis. And, in a miraculous bounce-back, this year, India will be the fastest-growing large economy. This is an impressive growth record by any standard.

I have earlier said that India is going to witness a decade-long Capex Mahotsav, an upswing of capital expenditure. My conviction was based on factors such as improving balance sheets of banks and corporates, increasing capacity utilisation, demand upsurge globally, flow of investor money and startup dynamism, and India's own demographic factors. These make every sector appear to be a sunrise sector in India, be it the conventional ones like chemicals and construction, or the new economy ones like solar and digital. And, not to forget, the rollout of the National Infrastructure Pipeline (NIP), a spending plan of ₹110 lakh crore over five years.

As if to underscore all of this, the abiding theme of the Union budget has been capex and capex. Capital spending lays the foundation for future growth and employment. Public capital spending is set to rise to nearly 3% of GDP and will continue to rise in the coming years. It will strengthen roads and railways, ports, and airports. This will get handsomely complemented by private capex too.

Capital spending lays the foundation for future growth and employment. Public capital spending is set to rise to nearly 3% of GDP and will continue to rise in the coming years. It will strengthen roads and railways, ports, and airports. This will get handsomely complemented by private capex too

In many ways, with its emphasis on longer-term targets — whether for renewable energy or climate action expenditure, or a vision for electric vehicles — the budget is also much more future-oriented and lays out a roadmap for India at 100. It addresses an aspirational India with the introduction of blockchain-based digital currency, drone services for agriculture and e-portal that integrates and coordinates nationwide skilling and training. The unified networking of 150,000 post-office bank branches will provide a big boost in bringing rural savers into the mainstream of financial services.

Capital spending is the most appropriate form of fiscal stimulus in the current context, and it is good to see that the incremental fiscal deficit is entirely focused on capex. But the budget is not oblivious to the immediate social and welfare needs of the economy. There are specific measures for education, especially in rural areas that have suffered in the past two years, to anganwadis and to MSMEs. The launch of a national tele-mental health counselling programme is a progressive move.

The budget also puts the climate agenda at the front and centre of policymaking. The move to issue sovereign green bonds is a strong signal that paves the way for the transition to clean energy-led growth.

It often seems that the job of an FM is to achieve an impossible balance between growth stimulus and fiscal discipline, of addressing short-term imperatives and providing long-term incentives, of taking care of the needs of the Centre and states in the spirit of cooperative federalism. On all these counts, Nirmala Sitharaman has achieved that golden middle, and has been conservative on her revenue estimates. Just like the Nadal story, don't be surprised to see an epic India growth story unfold in the coming years.

T V SOMANATHAN
FINANCE SECRETARY, GOI

A Balanced Budget for The Times

Boosting growth and employment with a big public investment push, plus social spend, welfare support

Budgets in a parliamentary democracy serve several purposes. Partly, they are an annual financial statement, a function that is routine but crucial. But they are also statements of policy intent.

Unlike the private sector, governments cannot choose their customers — they must serve all. They don't have the luxury of concentrating on 'core competencies' — they have to do everything that Parliament expects them to do. They provide many things free. So, demand is much higher than any feasible supply or affordability. They extract taxes, which are as unpopular as they are inevitable. For all these reasons, budget-making is a hugely complex balancing act.

Budget 2022-23 is one for these peculiar times. Its biggest theme is boosting growth and employment through a large increase in public investment for the second year running, while continuing support for agriculture, health, education and welfare programmes. The budget for capital expenditure has been increased by over 35%.

The PM GatiShakti programme aims at not merely quantitative expansion in infrastructure but also a qualitative leap through meticulous planning. Too often, we have had poor coordination between road and rail, rail and metro, port and road, etc. Integrated planning and execution can considerably increase domestic productivity and export competitiveness.

Another priority is generation of gainful employment. The capital expenditure boost in itself will generate millions of jobs directly and indirectly (through its multiplier effect on other sectors). A special feature is the unprecedented helping hand to states for their capital expenditure through a provision of ₹1 lakh crore of interest-free 50-year loans, additional to their normal borrowing ceiling.

The credit guarantee scheme for MSMEs is being revamped to provide a massive ₹2 lakh crore of new lending. Additional credit to hospitality, tourism and related (pandemic-affected) sectors is being provided through the highly successful Emergency Credit Line Guarantee Scheme (ECLGS). The outlay for the Pradhan Mantri Gram Sadak Yojana has been increased by 27%. Moreover, supplemental funding will be provided to states to meet their share in respect of certain priority sections.

Adequate provisions have been made to support agriculture, including fertiliser subsidies and grain procurement. Apart from the ongoing National Health Mission and AYUSH (Ayurveda, Yoga, Naturopathy, Unani, Siddha, Sowa-Rigpa and Homoeopathy) programmes, the new PM Aatmanirbhar Bharat Health Infrastructure Mission will permanently upgrade India's health capacity.

A new, flexible, need-based Prime Minister's Development Initiative for Northeast (PM-DevINE) has been started for projects that may not fit into the parameters of standard schemes. In line with Finance Commission recommendations, 130 centrally sponsored schemes have been revamped and restructured into 65, enabling greater flexibility and impact.

While handling the financial predicaments of today, the budget lays a foundation for solving the policy problems of tomorrow. It contains a wide, carefully conceived range of fund allocations and policy initiatives for the India of 2047, including world-class indigenous railway technology, 'kisan drones' for agriculture, 'drones as a service', digital health information, telemedicine, electronic passports, digital currency, clean public transport, battery-swapping, green hydrogen, coal gasification and universal optic fibre access. Clarity in taxation of crypto-instruments, plugging of loopholes and modernisation of customs administration of special economic zones (SEZs) are important features of the budget.

The budget lays a foundation for solving the policy problems of tomorrow. Clarity in taxation of crypto-instruments, plugging of loopholes and modernisation of customs administration of special economic zones (SEZs) are important features of the budget

In his poem, Bharata Desam, the 19th-20th-century visionary C Subramania Bharathi dreamt of using the excess water flowing to Bengal to grow crops in central India. He passed away in 1921. A hundred years later, the first river-linking project is beginning, through the Ken-Betwa project.

All of this is combined with a careful fiscal policy to preserve macroeconomic stability. Despite pandemic-related spending and disinvestment shortfalls, high revenue growth and tight expenditure control have enabled the fiscal deficit for 2021-22 to remain at 6.9% of GDP, close to its budgeted level. This is the biggest-ever single-year reduction in fiscal deficit. Next year, the deficit is expected to be 6.4% of GDP.

It is noteworthy that the fiscal deficit is effectively only 6%, excluding the special transfers to states for capital expenditure. The revenue deficit is estimated to decline even more sharply from 4.7% to 3.8%. Without levying new taxes, the budget adheres to the consolidation trajectory announced in the last budget of reaching 4.5% of GDP by 2025-26, starting from the 2020-21 figure of 9.2%.

In economics, a balanced budget is one where expenditure is equal to revenue. The 2022-23 budget is a balanced budget in a different sense — balancing action in the present with vision for the future, ambition in attitude with prudence in practice.

SUNIL B MITTAL
FOUNDER-CHAIRMAN, BHARTI ENTERPRISES

Continuity with Atmanirbharta And Digital India

A reaffirmation of this government's commitment to inclusive growth and planning for longer time horizons

India has done a commendable job of steering its economy through the massive disruption caused by the Covid pandemic. The economy has rebounded at a faster clip compared to other major economies, and that buoyancy is reflected in our exports and goods and services tax (GST) collections. At the same time, the global economy is entering a phase of rising inflation and continued supply chain pressures.

With this backdrop, this year's budget reaffirms the government's commitment towards inclusive growth with a multi-pronged plan for world-class physical and digital infrastructure development, and turbo-charges India's march towards becoming a $10 trillion economy.

The finance minister has done a tremendous job by maintaining the tax rates despite the adversity of the Covid pandemic, thereby keeping the promise of providing a stable tax regime. The extension of tax benefits for startups by another year is a welcome move for further strengthening the startup ecosystem in the country

The PM GatiShakti masterplan will play a major role in creating internal and external supply chain linkages and integrating our domestic market to ease the physical movement of goods and people. These plans will be well supported by a record capital expenditure outlay of ₹7.5 lakh crore, which will lead to consumption growth and creation of more jobs.

In a welcome move, Nirmala Sitharaman announced the extension of Emergency Credit Line Guarantee Scheme (ECLGS), which will help revive sectors that have traditionally shouldered the burden of job creation in the country such as micro, small and medium enterprises (MSMEs), hospitality, housing and the rural economy.

It is good to note that digitisation ran as one of the principal themes across many planned public spending initiatives. Whether it is education, skilling, reskilling, e-passports, rolling out a National Digital Health Ecosystem or the creation of a digital university, these are all welcome steps and will enable us to bridge the digital divide.

The plan for 1,50,000 post offices to become part of the core banking system, and the setting up of 75 digital banks in 75 districts will further drive financial inclusion for farmers and rural communities.

Domestic manufacturing will be given a thrust with the announcement of schemes for designled manufacturing of 5G equipment under the production-linked incentive (PLI) scheme that can supplement existing PLIs and create economies of scale for the larger telecom component manufacturing industry. Giving the data centre industry infrastructure status will further fuel this high-growth area for India, and will help it achieve its long-term goal of data sovereignty for is citizens.

The finance minister has done a tremendous job by maintaining the tax rates despite the adversity of the Covid pandemic, thereby keeping the promise of providing a stable tax regime. The extension of tax benefits for startups by another year is a welcome move for further strengthening the startup ecosystem in the country.

The government has continued its focus on 'ease of living' for citizens. A substantial allocation has been made for the PM Awas Yojana to provide 80 lakh affordable houses.

This budget shows that the government is planning for longer time horizons and is providing continuity of policy towards its vision of Atmanirbhar Bharat and Digital India, which will act as a horizontal to support all sectors and overall job growth.

Good on the Capex Front, But the Big Question is How Well the Projects are Executed

C RANGARAJAN
FORMER GOVERNOR, RBI

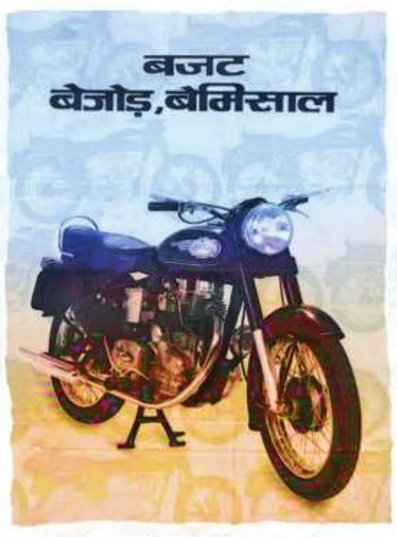
Groundwork laid for faster growth. However, the quantum of growth may have been overestimated, while fiscal consolidation could have been stronger

The expectations from the budget were many. As the economy is emerging out of the impact of two years of Covid, one hoped that it would help to achieve a reasonable rate of growth in 2022-23 and lay the base for much faster growth in the years thereafter. In a broad sense, the budget may help to achieve these objectives. The emphasis has been on increasing capital expenditures, and that is welcome. But how far will it go to stimulate private investment will depend on a number of other factors. The investment climate needs to be nurtured, and that depends on non-economic factors as well. The action on fiscal consolidation by way of reducing the fiscal deficit is in the right direction. It could, however, have been a bit stronger.

On budget-making, one critical parameter is the assumption of the expected growth rate. The Economic Survey indicated a growth rate of 8-8.5% in 2022-23. Given the performance of the economy in 2021-22, and particularly in the second half when there was no base advantage, expectations of 8%-plus growth appear optimistic. It will probably be 7-7.5%.

It is also true that with respect to the budget projection of revenue, the correct magnitude to look at is the nominal growth rate. The budget papers indicate that GoI has assumed a nominal growth rate of 11.1%. This is somewhat puzzling. If the real growth rate is taken to be 8-8.5%, inflation is assumed to be very low. As inflation should hover at 5-6%, the nominal growth rate assumed is conservative. A consequence of the assumption of a low nominal rate of growth is that market borrowing performance will be high in 2022-23, which may need the liquidity support of RBI. That has implications for inflation.

Gross tax revenue is expected to increase in 2022-23 by 9.6% over the revised estimates (RE) of 2021-22, and by 24.4% over budget estimates (BE). This is against a background of a nominal growth rate of 11.1%. The calculation of buoyancy becomes somewhat tricky with the projection of a low nominal growth rate. The buoyancy is as low as 0.87.



The journey is not the destination

On direct taxes, the structure by and large remains the same. The extension of the date of commencement of manufacturing or production by one year under the concessional tax regime is an appropriate one. The indirect tax structure also remains largely unchanged.

The resort to increase in customs duties to 'protect' domestic industries is a step in the wrong direction. It gives a bad vibe to the 'Make in India' slogan. Thus, in substance, the tax structure remains the same. Both dividends and disinvestment receipts are budgeted below revised estimates.

The stress in the budget is on expenditure. Capital expenditures in 2022-23 are expected to increase by 35.39% over BE of 2021-22 and by 24.5% over RE. But the increase in total expenditures is quite modest. They are 13.25% more over BE of the previous year and 4.6% over RE. GoI could well have budgeted a higher level of total expenditure, if the RE had been pitched at a higher level. With respect to expenditures, the big question is always how well the projects are executed.

The steps taken to introduce a digital currency by RBI and a levy of 30% on capital gains on virtual assets are in the right direction. Details need to be worked out.

Finally, a word on fiscal consolidation. The fiscal deficit in 2022-23 remains high. The market borrowing programme (government sectors and treasury bills) shows an increase from ₹8.7 lakh crore to ₹11.6 lakh crore. Interest payments are estimated at 42.7% of the revenue receipts of the Centre. The impact on interest rate of a higher level of borrowings also needs to be taken into account.

The debt-to-GDP ratio has touched the level of 60.2%, a far cry from the desired level of 40%. Thus, the programme of fiscal consolidation needs to be revisited. The increase in capital expenditures is a good signal. On the other hand, the signal for fiscal consolidation, although in the right direction, is weak.

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The Telegraph

WEDNESDAY 2 FEBRUARY 2022 VOL. XL NO. 205

LOOK AHEAD, NOT FORWARD

The Union budget for 2022-23 was noticeably lacklustre on at least two counts. There was very little boasting with numbers during the presentation as is the custom with finance ministers in India. The next was the indication of a hesitation as to whether the need for fiscal stimulus remains urgent, whether it is time to go back to business as usual, or whether public investment would continue to be the engine of recovery from the damage done by the pandemic. There was a lack of energy in Parliament reflected in the half-hearted thumping of tables from the treasury benches and the absence of loud interruptions by members of the Opposition.

Total expenditures went up from the revised estimates for 2021-22, but by around 4.6 per cent, which is less than the rate of inflation prevailing in the economy. Hence the real quantum of spending will be less than that achieved last year. On the allocation for capital expenditure though, the increase is to the tune of 24.5 per cent compared to the revised estimates of 2021-22. This spending is supposed to "crowd-in" private investments, according to the finance minister. Most of the major projects will be rolled out now. But the outcomes would not be discernible until 2025, while in some other cases, they will be visible when India turns 100, 25 years from now. Despite no major tax rate changes in either direct or indirect taxes, the budget estimates tax revenues to expand impressively through growth and improved collections. This allows the fiscal deficit to be brought down to a slightly healthier 6.4 per cent compared to the revised figure of 6.9 per cent for 2021-22.

The bottom half of India's economic pyramid has been lashed by the pandemic through the loss of lives and livelihoods. Additionally, inflation has been eating into the real income of the poor. The micro, small and medium enterprises sector has been hit the hardest. Youth unemployment is at an alarmingly high level. The budget did not focus on the hard hit and the deprived to present a package of continued stimulus towards recovery. In all fairness to Nirmala Sitharaman, there were schemes and items scattered in her announcements that would provide a smattering of relief. For instance, the extension of the credit guarantee scheme by another year is a wise decision. The guarantee will come into play as more small-ticket loans become non-performing assets. For the sake of optics, credit should be given to the minister for presenting the PM GatiShakti scheme with four pillars and seven engines: it covers almost all of India's requirements, from infrastructure, green finance, sustainable development, private investments, safety nets and, of course, glittering new technologies — 5G spectrum to fibre optics networks in every village — to the proposed new digital currency to be introduced by the Reserve Bank of India. The citizen has been asked to look forward to India at 100 than gaze at the coming few months of deep uncertainty.

> Yet another lacklustre budget has come and gone

SCRIPSI

'The strenuous purposeful money-makers may carry all of us along with them into the lap of economic abundance. But it will be those peoples, who can keep alive, and cultivate into a fuller perfection, the art of life itself and do not sell themselves for the means of life, who will be able to enjoy the abundance when it comes.'

JOHN MAYNARD KEYNES

The Union budget is an embodiment of unequal fiscal policy

Blissful ignorance

JAYATI GHOSH

The finance minister and her ministry have betrayed, once again, their lack of understanding of the Indian economy or the conditions under which most Indians are living today. Despite attempts to 'talk up' the supposed recovery, the economy is weak and most people are hurting.

India has seen one of the biggest increases in the number of poor and hungry people in the world in recent years. The data on employment are horrific, especially for a country that was supposed to gain from a demographic dividend. Private investment is sluggish despite the massive and repeated incentives being thrown the way of some big corporates. Public spending during the pandemic has been miserly and very inadequate, making India an outlier even among other middle-income countries. This has deprived most Indians of their basic socio-economic rights and essential public services during a period of health crisis and economic devastation.

A major underlying problem is the lack of domestic demand, which was already weak before the pandemic hit as mass consumption had been falling. This reflects the most fundamental conditions of employment and livelihood: micro, small and medium enterprises that employ the bulk of the Indian workforce are collapsing; agriculturalists continue to suffer; hardly any new jobs are being created for the tens of millions of young people who have gone through tertiary education in the hope of bettering their prospects. Meanwhile, both public health and education services have been battered, pointing to a worrying trajectory for the future.

If the finance ministry were seriously concerned about all of this, we would have had a very different budget — one that would focus on reviving the MSMEs, addressing the concerns of farmers, significantly expanding the rural employment guarantee programme and beginning a national urban public employment programme, dramatically increasing outlays in health and education to enable wider social recovery from the pandemic and make up for the years of severe neglect. We have got none of this. The areas that remain crucial for people's well-being and livelihood and, by extension, for the regeneration of mass demand remain massively underfunded with some critical sectors even receiving lower allocations than before.

The most egregious and appalling indication of this is the reduced allocation to the Mahatma Gandhi National Rural Employment Guarantee Act. This is by law meant to be a demand-driven scheme under which the Central government is duty-bound to provide whatever funds are required by the demand for work. Yet, the Centre has starved it of funds even as the pandemic persisted and people had no other means of generating income. Each year, the programme finds itself in a deficit as the allocated budget is insufficient to cover even the money already spent by states and is less than the amount that would have been required. In 2020-21, some increase in the allocation was inevitable because of the severity of the lockdown-induced crisis, but even this was inadequate for the requirement.

More shockingly, in the current financial year, the government has reduced the allocation to the MGNREGA to Rs 73,000 crore despite clear indications that at least Rs 1,20,000 crore would be required to meet the labour budgets of the states. A supplementary allocation announced in December brought the total to Rs 98,000 crore, which is still not enough to cover the money already spent, with two months of the programme still to come in this financial year. Yet, the allocation for the coming year is back to only Rs 73,000 crore. Since at least Rs 20,000 crore will have to go into meeting the previous year's unpaid dues, this is a tiny allocation that would provide less than 20 days of work per household at current rates. The implications go beyond the programme itself: this can be an important source of reviving mass demand, creating ripple effects for the local micro enterprises.

Similarly, health and family welfare, the importance of which should be obvious by now even to the most cynical of governments, received no increase in allocation beyond the current levels of spending. Most countries across the world have increased their education spending significantly to make up for the loss of learning during the pandemic; this is even more important in India where the sudden and prolonged closure of schools and colleges has had a devastating impact. Yet, the Central government has actually reduced its education spending during the pandemic. The paltry increase suggested in this year's budget is nowhere near enough to meet the enormous need. Instead, the budget speech promotes TV channels as substitutes for actual increases in public provision of functioning schools with sufficient well-trained teachers. Instead of these crucial areas that matter for most people, the focus in this budget was supposedly on increased capital investment, which, admittedly, is also very necessary. But these large infrastructure projects, too, would immediately benefit only the companies that are able to garner public contracts — and they are likely to be those already favoured disproportionately by public policies in recent years.

Remember that even in this period of national catastrophe, a tiny minority has gained quite a lot, to the point that India is estimated by both the *World Inequality Report 2022* and Oxfam's *Inequality Report 2022* to have one of the greatest increases in inequality of incomes and assets in recent years. In an economy with an overall decline in employment and mass consumption, even the privileged few will face difficulties unless new sources of demand can be found. And this is where the increased capital investment can play a role, generating a new avenue for an immediate source of profits for the buyers of electoral bonds.

It is hard to imagine such a fiscal strategy persisting in any but the most distorted of democracies. It remains to be seen how viable such a blatantly unequal fiscal policy will be over the medium term.

Jayati Ghosh taught economics at Jawaharlal Nehru University and is now Professor at the University of Massachusetts Amherst in the US

A shot in the arm for growth

PARTHA RAY

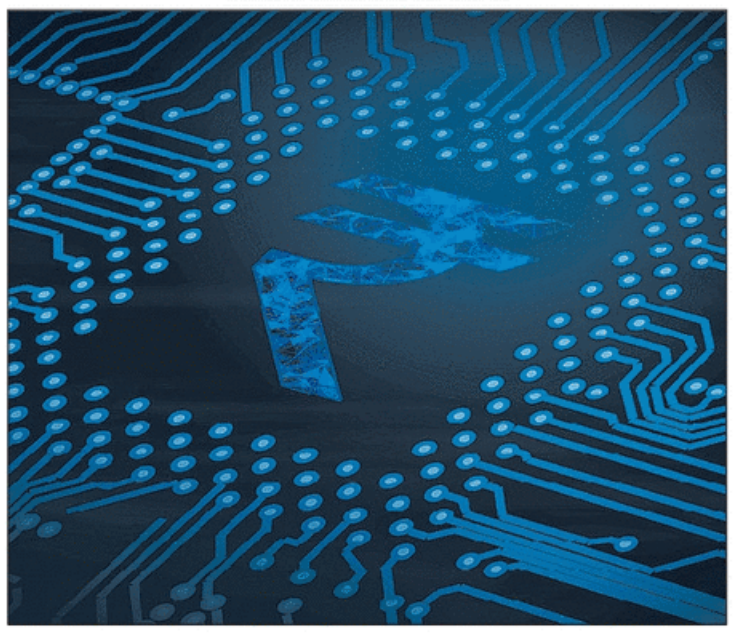
In the midst of the hype and hoopla, commenting on the annual Union budget suffers from the classical syndrome of seven blind men and the elephant. In commentaries, such dilemmas, presumably, are resolved through the artificial construct of a mythical common person. Be that as it may, the plurality of perspective in understanding the Union budget makes it a *Rashomon*-type narrative. Effectively, the budget often emerges as a post-truth event where the denouement is written before the prologue.

Fraught with such plurality of perspectives and the associated tensions, what did the *Economic Survey 2021-22* and other existing indicators flag for the finance minister?

First, despite the cruel impact of the pandemic (with little over 4 crore cases and nearly 5 lakh deaths as of end-January, 2022) the third wave has witnessed better mortality-morbidity outcomes in India, with distinct declines in death rates as well as in hospitalization. This success can, to a large extent, be attributed to the rapid vaccination drive whereby 93 per cent of the adult population has received at least one dose of vaccine, of which around 66 crore people (70 per cent of the adult population) are fully vaccinated.

Second, the Indian economy is expected to witness real GDP expansion of 9.2 per cent in 2021-22 after contracting by 7.3 per cent in 2020-21, taking the overall economic activity back to the pre-pandemic levels. A major driver of such a turnaround came from government consumption; investment is also expected to achieve full recovery to the pre-pandemic level. On the assumption of no further pandemic-related disruptions, normal monsoon, the orderly withdrawal of monetary stimulus by major central banks, and oil price between US $70-75, India's real GDP growth is projected to be in the range of 8.0-8.5 per cent in 2022-23. Of course, despite such signs of green shoots, employment and the informal sector remain areas of concern.

Third, with the reappearance of global inflation, Indian inflation, despite some recent moderation, could emerge as a source of anxiety. Moreover, the wedge between the wholesale price inflation and consumer price inflation could also pose some unease on the inflationary front, particularly with a potential threat of imported inflation.



Greater thrust

Fourth, insofar as the strategy for recovery is concerned, the *Economic Survey* coined the notion of the "barbell strategy", wherein the best way to strike a balance between reward and risk is to invest in the two extremes of high-risk and no-risk assets. Also, there is perhaps an underlying hint that policymaking has now become more agile and seems to have come out of the earlier mode of less nimble, longer-term planning.

In this backdrop, the finance minister has largely presented a growth-oriented budget with a number of diverse proposals addressed to various sectors of the economy and sections of the population. While the devil of such proposals may lie in the details, at the level of broad generalization, the following can be highlighted.

First, a huge emphasis on capital expenditure (capex), which, at Rs 7.5 lakh crore, is estimated to go up by around 35 per cent. The associated increase in public infrastructure spending is going to give a big boost to private investment. This could be the key to growth during 2022-23. Taken together with the provision for the creation of capital assets through Grants-in-Aid to states, the 'Effective Capital Expenditure' of the Central government is estimated at about 4.1 per cent of the GDP. This emphasis on capex, driven *via* seven engines — roads, railways, airports, ports, mass transport, waterways and logistics infrastructure — is really the need of the economy and, expectedly, will have a multiplier effect on growth. In this context, enhanced allocation for the 'Scheme for Financial Assistance to States for Capital Investment' for 2022-23 to Rs 1 lakh crore *via* 50-year interest-free loans are over and above the normal borrowings allowed to the states.

Second, notwithstanding such increases in capex, the fiscal deficit has remained largely manageable (6.4 per cent of GDP for 2022-23 as against 6.9 per cent of GDP in 2021-22). This is also consistent with the broad path of fiscal consolidation for reaching a fiscal deficit level below 4.5 per cent by 2025-26. However, even this fiscal deficit with a government borrowing (placed at Rs 14.95 lakh crore) could lead to some volatility in the government bond market.

Third, the digital economy has received special attention in the budget proposals. Proposals like the establishment of a Digital University, setting up of 75 Digital Banking Units in 75 districts of the country by Scheduled Commercial Banks, linkage with National Generic Document Registration System with the 'One-Nation One-Registration Software' for land records and introduction of the Digital Rupee are going to give a boost to digitization.

Fourth, during the pandemic, a key sector that bore the brunt of the adverse conditions has been the micro, small and medium enterprises. Proposals like the extension of Emergency Credit Line Guarantee Scheme benefitting more than 130 lakh MSMEs (up to March 2023) and the expansion of its guarantee cover by Rs 50,000 crore and the revamping of Credit Guarantee Fund Trust for Micro and Small Enterprises are going to address some of their concerns.

Finally, proposals like the issuing of sovereign Green Bonds, facilitating services for global capital for sustainable and climate finance facilitated in the GIFT City or electric vehicles are going to give a fillip to sustainable development.

As in any such government policy announcement, the real budget is going to emerge in the days to come in the detailed analysis of numbers and schemes and in fine print. While it has been a market-friendly budget, what is there for the middle class? Given the post-pandemic poverty and unemployment situation, will the trickle-down multiplier mechanism work? All such questions could blow in the wind in the days to come. But the big snapshot of the budget seems to be clear in terms of an expected investment-led upswing in the Indian growth trajectory.

Partha Ray is Director, National Institute of Bank Management, Pune. Views are personal.

Delve deeper

■ Sir — The age of social media has upended the way we perceive success and happiness. It is thus not surprising that Anna Delvey — the subject of a new true-crime drama, *Inventing Anna* — pretended to be a German heiress to fit in with a privileged crowd in New York City. Delvey funded her lavish lifestyle through a series of fraudulent loans and wire-transfers. But we must understand that Delvey, like many others, was fuelled by a desperation to escape her drab circumstances. Unless people check their displays of wealth on social media, such incidents are likely to recur.

Sreetha Bhattacharjee,
Calcutta

Tipping point

■ Sir — The violent protests that took place in Uttar Pradesh and Bihar against the recruitment process of the Indian railways reveal the growing anxiety in the country over unemployment ("Job-seekers bring Bihar to standstill", Jan 29). The protesters claim that there are discrepancies in the Railway Recruitment Board's hiring process, arguing that it was not transparent about the exam schedule in the job notice. The government must assuage the fears of the protesters quickly.

S.S. Paul,
Nadia

■ Sir — It is unfortunate that those protesting the discrepancies in the railways recruitment process in Bihar set a passenger train on fire. While the anger of the protesters is understandable, the agitation must not turn violent. The railways ministry must resolve the crisis as soon as possible.

Jayanta Datta,
Hooghly

■ Sir — The rising unemployment in India is a matter of grave concern. In 2020, a survey conducted by the Jaipur police found two postgraduates and three graduates among 1,162 people forced to beg on the streets. The situation is perhaps not much different in other parts of India. It is imperative that the Central government tackles the job crisis on a war footing.

Jang Bahadur Singh,
Jamshedpur

Safety measure

■ Sir — In the last few years, many wild animals in North Bengal have been run over by trains while trying to cross the railway tracks. These accidents can be avoided if the drivers know that there are animals on the track and slow down or stop the train in time. Heartening-ly, the Northeast Frontier Railway has decided to introduce a new alert system in the Dooars — the route which connects Alipurduar Junction with Siliguri Junction passes through a number of forests, including the Buxa Tiger Reserve — to track the movement of animals along that stretch and avoid collisions ("Rail alert system to avert crash with elephants", Jan 31). Hopefully, this initiative will minimize accidents and loss of lives.

Safe travels

Sourish Misra,
Calcutta

Right track

■ Sir — India finally seems to have inoculated a significant number of people. According to the Union health minister, Mansukh Mandaviya, more than 75 per cent of the eligible adult population has been fully-vaccinated against the coronavirus. But we must not become complacent and should continue to adhere to Covid-safety protocols.

Ishita Patidar,
Ujjain

■ Sir — There is no doubt that vaccinating the entire population of India is a tough task. It is laudable that the country has successfully inoculated 75 per cent of the adult population. One hopes that we will be able to fully vaccinate as many adults and children as possible before this year is over.

Rasika Yadav,
Bhopal

Parting shot

■ Sir — The military junta in Myanmar seized power from the elected government of Aung San Suu Kyi a year ago. Since then, the situation has worsened. The global community must do more to help the people of that country.

Agni Sengupta,
Calcutta

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The risks of minimalism

Nirmala Sitharaman has chosen to not rock the boat while presenting a minimalist Union Budget for 2022-23. She has imparted no shocks, and not embarked on any potentially stormy taxation initiatives. Opting instead for stability, the finance minister has left taxes unchanged, for all practical purposes, and stuck to capital investment as the focus of expenditure. She has reduced the deficit by the minimum level expected, and continued with her transparent approach to budgeting. There are further steps to make life easier for taxpayers and to reduce the scope for disputes. For good measure, the Budget speech was shorter than usual and, other than a reference to the *Mahabharat*, devoid of the usual poetic flourishes.

All this is soothing to an economy that is still not entirely on even keel, since no one knows from where the next shock will come—Covid, monetary contraction by central banks elsewhere, even war, or something completely unanticipated. The general response, therefore, is one of relief. That being so, the minister may have read the mood right at a time when the system is still recovering from a once-in-a-century pandemic.

Yet caution brings its own risks, especially when stress is evident. The fiscal deficit continues to be high by any conventional yardstick, in part because the assumption for tax revenue growth next year is modest at 9.6 per cent. Such revenue caution may be well advised, given the high base set by this year's handsome 23.8 per cent growth in tax revenue—substantially in excess of what was budgeted. It doesn't help that non-tax revenue will actually decline next year, though that would be after a surge of 51 per cent this year.

Growth in "revenue receipts" (that is, not counting borrowings and disinvestment proceeds), is therefore set to be barely 6 per cent—much lower than the anticipated 11.1 per cent growth assumed for the nominal gross domestic product (that is, real GDP growth plus inflation). That last number raises its own questions. Given the rate at which inflation is running, it would seem that the minister has not gone by the growth projection (real, not nominal) of 8 to 8.5 per cent mentioned in the Economic Survey, and may have assumed slightly slower real growth. More caution on display, perhaps.

If the minister's gambit is to under-promise and over-deliver, one can understand why she has given up on the ambitious disinvestment targets of recent years—targets that have been missed by embarrassingly wide margins. Assuming that a relatively modest sale of Life Insurance Corporation shares goes through before the end of March, the total money raised through disinvestment this year will reach the revised figure of ₹78,000 crore, well short of the original target of ₹1.75 trillion. All that is slated for next year is ₹65,000 crore.

One should not rule out Ms Sitharaman doing better than what she has projected for next year's total revenue numbers. But the effect of making modest revenue assumptions, while also trimming the deficit from its pandemic-prompted levels (in relation to GDP), is that there is little room for expenditure growth. Revenue expenditure is to grow by less than 1 per cent, something that has no recent precedent. This is especially noteworthy because the large borrowings of recent years, to finance high deficits, have delivered a surging interest bill. This is slated to grow by as much as 38.4 per cent over the two years to 2022-23, and eat up a staggering 60 per cent of the total increase in expenditure over the two years.

The consequence is that the expenditure on all manner of other budget items has been constricted for next year. The subsidy bill has been pared sharply, as has the money to be spent on the rural employment guarantee programme. Defence gets barely enough to neutralise inflation, rural development gets no increase at all, and agriculture gets a hike of just 2.5 per cent. What is set to grow sharply is capital expenditure, especially on the Gati Shakti initiative that the minister dwelt on at length in her speech in Parliament. Transport, therefore, gets more than agriculture, education and health combined!

One has to wonder whether a more balanced set of outlays may not have been the wiser course. But then, the Jal Jeevan Mission to provide tap water to another 38 million households gets a handsome increase in outlay, as does urban development. The government's preference for building the country's physical infrastructure and providing welfare goods, rather than spending on traditional developmental heads, continues. It would seem that the talk of a K-shaped recovery, the lack of jobs and, therefore, of the need for more consumption support at the base of the pyramid, has had little or no impact on the government's thinking with regard to economic (and for that matter, political) management.

Despite the squeeze being applied on total expenditure, net market borrowings are to increase by a massive 32.3 per cent to ₹11.59 trillion, prompting an immediate response from the bond market, where the yield on the benchmark 10-year government bonds has climbed by about 20 basis points. Given the rate of inflation, especially in wholesale prices, an argument exists in favour of a regime of higher interest rates that would be in line with the current global trend. But that carries the cost of raising the government's interest bill even further. The makers of fiscal and monetary policy must be preparing for an interesting conversation in the coming days.

Among the policy initiatives mentioned in the Budget speech, the most interesting one is the new tax on crypto-currencies. It is designed rather obviously to kill everything that might compete with the promised digital rupee to be introduced by the Reserve Bank of India. The precise role to be assigned to the digital rupee must wait for announcements. Logically, it should be a route to financial disintermediation—possibly only for wholesale transactions, and therefore not affecting commercial banks' retail operations.

A huge bet on growth

Investors sense potential for sustained corporate profits

MARKET & ECONOMY

AKASH PRAKASH

ILLUSTRATION BY BINAY SINHA

Current market valuations in India imply that anyone buying or holding today has to believe that India is entering a period of sustained high economic and corporate profit growth. Any budget will be looked at through this lens by market participants. Do you feel more confident of long-term growth after the event?

One route to accelerate long-term growth would be through serious structural reform. That has not really been attempted in this Budget. There are no serious far reaching reforms, unlike the last Budget, such as privatisation of public sector banks, a serious attempt to monetise government assets and reduce the role of government in the economy, labour reforms or anything even remotely controversial. There are some steps to ease tax administration, speed up liquidation of companies, build a national register for land records, provide further incentives for startups and manufacturing companies and allow foreign universities into GIFT city. Steps taken at the margin, but nothing that will cause investors to get up and take notice.

The focus of this Budget is almost entirely on jump-starting government expenditure on the capital account, raising it to ₹7.5 trillion, a jump of 25 per cent from the ₹6 trillion spent in the revised estimates for FY22. It is actually a 36 per cent jump from ₹5.5 trillion to ₹7.5 trillion on a like to like basis, taking out Air India guarantees. This is a huge increase, especially considering this figure was ₹4.26 trillion in FY21, a surge in capital spend of 76 per cent in two years. The tilt towards capital spending is clear from the fact that in the Budget estimates for FY23, revenue expenditure of the central government (excluding interest payments and grants for creation of capital assets) is actually budgeted to be down by 8.5 per cent. Of the incremental spending of the government in FY23, 85 per cent is going towards capital spend. There can be no clearer articulation of priority and intent. This capital spend focus has been made possible by a decline in subsidies by ₹1.15 trillion and the flat spending on rural development at approximately ₹2.6 trillion. In a year where many expected a Budget full of sops and subsidies, given the upcoming elections, investors will note the discipline exhibited by the government. They have tried to take the long view to maximise the growth potential of the country.

It is also a clear change in approach by the government. Even in FY22, rather than use the tax revenue bonanza to reduce the fiscal deficit further from the targeted 6.8 per cent, they spent all the increased revenue and kept the fiscal deficit at 6.9 per cent. In FY23, the fiscal deficit has been targeted at 6.4 per cent, a very gradual decline. The government has made a conscious choice that in an environment where it is still not convinced that private sector capital spending is poised to recover, it needs to carry the weight. The hope is that the government has the capacity to spend this quantum of money productively and that it will crowd in private investment eventually. I, for one, am more optimistic on the private sector investment cycle than many and thus the government stimulus may accelerate growth by more than many today recognise. If the enhanced outlays on government capital spend are able to accelerate infrastructure build, this will improve the long-term growth potential of the country.

This is also a bet that the growth acceleration enabled by this stepped up investment will eventually lead to revenue buoyancy and enable fiscal consolidation over time. One can see why the stock market is excited. It senses growth acceleration and the potential for a sustained corporate profits upcycle, driven by the domestic economy. The fact that there were no changes in taxation has further helped the mood. No change in capital gains tax (in fact, a capping of the surcharge is a positive) and no attempts to bring in new taxes have definitely helped sentiment. Investors like stability and predictability. The question is only if the government has the capacity to spend this quantum of money productively. Instead of worrying too much about the fiscal deficit, the government is making a clear bet on growth. Growth, if delivered, will bail out the fisc as well.

The downside of all this spending is, of course, a slower reduction in the fiscal deficit than what bond markets would like. The government has clearly made a bet on growth. The market borrowing target for FY23 is a very large ₹11.59 trillion on a net basis. This is a big jump from ₹8.75 trillion in FY22 and will put pressure on the bond market and yields. This can be a problem with global financial conditions tightening and the Fed way behind the curve. As the Fed withdraws liquidity, financing large deficits may become more challenging. With equities flying, bond yields surged to 6.82 per cent, clearly reflecting debt investors' worry on how the fiscal will be financed. Rising bond yields may hurt equities eventually, but for the moment the greater confidence on growth and corporate profits will trump any rise in yields in the minds of investors. The Reserve Bank Of India may also be needed to cap any rise in yields. It cannot be disorderly. One also needs to have an eye on the rupee. The government has chosen to bet on growth despite a more difficult global financial backdrop for capital flows to finance the deficit. One potential big disappointment for the bond markets was no clarification on the taxation of bond investors using Euroclear to buy and sell Indian sovereign bonds. This is a must to allow India to enter the global sovereign bond indices and trigger substantial debt inflows from foreign investors. It is baffling why this was not done, especially given the quantum of the borrowing programme and the tightening global liquidity. We will need the $30-45 billion of projected inflows any bond index inclusion will enable. It may be in the footnotes or will hopefully be announced after the Budget.

The Budget arithmetic seems quite conservative on the revenue front. Tax/GDP is forecast to decline from 10.8 per cent to 10.7 per cent, with gross tax revenues only forecast to rise by 9.6 per cent. Corporate tax and income tax revenues are forecast to rise by 13.4 per cent and 13.8 per cent, respectively. Given the bullishness of markets on corporate profits, these numbers are conservative. There is a decline of 15 per cent in excise revenues also built into the Budget arithmetic. The disinvestment numbers are also much more reasonable. FY22 has disinvestment receipts of ₹78,000 crore and FY23 targets only ₹65,000 crore.

This Budget is making a huge bet that enhanced government capital spend will crowd in private sector investments and put the economy on a path to sustained long-term growth. Economic growth will eventually generate the revenues to consolidate the fiscal and also create the employment needed to sustain consumption. If the government can spend wisely and also finish implementing some of the reforms already announced in previous budgets, this may be a bet worth taking.

Equity markets like a government that is more worried about growth than the short-term fiscal position.

The writer is with Amansa Capital

Largely transparent, but political

RAISINA HILL

A K BHATTACHARYA

From the point of view of India's public finances, the Union Budget for 2022-23 has stuck to the Modi government's tried-and-tested formula of following the pre-determined glide path of fiscal consolidation, at least as far as the Centre is concerned. From 9.2 per cent of gross domestic product (GDP) in 2020-21, the fiscal deficit in 2021-22 was to have declined to 6.8 per cent. The revised estimate of the deficit for the current year is now placed at 6.9 per cent. And for 2022-23, the deficit would be brought down to 6.4 per cent. This is still about two percentage points away from the target of 4.5 per cent of GDP to be achieved by 2025-26, but a reduction of this order over three years should not be a difficult task at all.

You might argue that the benefit of setting a relatively easy fiscal deficit target that the Centre accorded to itself was denied to the states. In the name of cooperative federalism, Finance Minister Nirmala Sitharaman announced ₹1 trillion worth 50-year interest-free loans for the states to meet their capital investment needs. At the same time, however, she reminded the states that, as suggested by the Fifteenth Finance Commission, they would have to reduce their fiscal deficit to 4 per cent in 2022-23. According to current estimates, the states' fiscal deficit in 2021-22 is expected to be around 4.1-4.7 per cent of GDP. Worse, the states are required to reduce their deficit to 3 per cent of GDP by 2023-24.

Thus, the Centre would continue to enjoy the flexibility of meeting its deficit target over a period of three years, while the states are saddled with almost impossible targets to achieve them over the next two years. The finance ministry and also the Fifteenth Finance Commission must take the blame for such a brazen display of double standards.

Yet, Ms Sitharaman must get the credit for making the calculation of the Centre's fiscal deficit more transparent. In 2021-22, she was to have reduced the government's extra-budgetary borrowing to ₹30,000 crore, compared to ₹1.21 trillion in 2020-21 and ₹1.48 trillion in 2019-20. In the Budget that she announced on Tuesday, Ms Sitharaman has brought down that figure of extra-budgetary borrowing in 2021-22 to just about ₹750 crore and there is none for 2022-23. This is a praise-worthy initiative to clean up the deficit accounting system in just about three years.

There are three other significant initiatives in Ms Sitharaman's fourth Budget. One, the increase in the capital expenditure next year is 25 per cent (it is 35 per cent if you exclude the one-off capital infusion of over ₹52,000 crore to Air India before its sale). Two successive years of handsome increases in capital expenditure augur well for the investment climate in the economy, particularly at a time the private sector is not yet geared to increase its investments because of relatively low capacity utilisation level. Borrowing more to finance capital expenditure is a risk that she has taken.

Two, the finance ministry's obsession with using disinvestment proceeds to shore up the government's revenues to present a more favourable deficit number seems to have ended. In spite of the impending public issue of the Life Insurance Corporation of India, the government has budgeted for a disinvestment receipt of only ₹78,000 crore, against a budget estimate of ₹1.75 trillion. For 2022-23, the disinvestment receipts are projected at a modest ₹65,000 crore.

Hopefully, the new, less ambitious numbers on disinvestment receipts are based on a more realistic assessment of what kind of asset sales can be achieved during a year when the stock markets may not remain as buoyant as in the current year. Or is it a reflection of the government's desire to slow down on privatisation for political reasons? There was no mention of privatising banks or insurance companies in the finance minister's Budget speech. Indeed, unlike in the 2021-22 Budget speech, there was no mention of the word privatisation this time. Privatisation has now been substituted by strategic transfer of ownership or selection of strategic partners.

Three, the gross tax revenue numbers projected for 2022-23 also seem to reflect similar realism. With a nominal growth rate of about 18 per cent in 2021-22, the Centre's gross tax revenues rose by 24 per cent. Not surprisingly, with a much lower nominal growth projection of about 11 per cent in 2022-23, the Centre's gross tax revenues are budgeted to grow by 9.6 per cent. Of course, corporation tax and personal income-tax revenues are expected to grow by over 13 per cent each, but the Budget recognises the possible need for a cut in excise duty on petroleum products and has, therefore, projected a 15 per cent decline in its excise collections in 2022-23. This is a sign of realistic revenue projections, quite apart from the fact that the finance ministry's assessment of real economic growth in 2022-23 may not tally with that mentioned in the Economic Survey.

What are the problematic assumptions in the Budget for 2022-23? There are at least three issues that should cause concern. The 32 per cent increase in market borrowings to finance the government's increased expenditure will test the skills of the Reserve Bank of India in managing bonds and their northward yields. This will also restrict the scope for government expenditure in the coming years, with the share of debt in GDP going up, instead of coming down from the current level of 60 per cent. In 2020-21, interest payments accounted for about 19 per cent of total government expenditure. In the current year, that share is already up at 22 per cent and would go up to 24 per cent in 2022-23. Committing almost a fourth of one's expenditure just to finance past debts can be counterproductive.

There may be some celebrations over the way the government had allowed only a 0.86 per cent increase in its revenue expenditure in 2022-23 and boosted its capital expenditure. But how has the revenue expenditure been squeezed? Largely by slashing the major subsidies expenditure by 27 per cent. The food subsidies bill will certainly come down if the PM food ration scheme is discontinued from April 2022, but can the fertiliser and petroleum subsidies bill come down if petroleum product prices go up? Similar questions will be raised over the 25 per cent cut in the Mahatma Gandhi National Rural Employment Guarantee Scheme and only a marginal rise in the PM Kisan Samman scheme for farmers. Even the outlay on defence has seen only a 5 per cent increase in 2022-23.

Finally, the Budget for 2022-23 has returned to its agenda for protectionism in the name of creating a self-reliant India. Over 350 exemptions under Customs rules and the concessional tariffs on capital goods and project imports will be phased out, paving the way for a 7.5 per cent Customs duty on them.

It is a Budget that is strong on transparency as well as in adhering to the government's political beliefs, even as it takes the risk of increased borrowing to finance higher capital expenditure.

A different election Budget

NATIONAL INTEREST

SHEKHAR GUPTA

A finance minister presenting the Budget on the eve of a major election braces herself for that familiar charge: This is an election Budget. How does Nirmala Sitharaman's latest Budget answer that question? Let's steal the answer from Sir Humphrey's playbook: It is an election Budget and it isn't. It depends on your perspective.

This is not an election Budget in the sense that I might target the voter in the coming elections. No large *yojanas* or giveaways for farmers (Western Uttar Pradesh, Punjab), no increase in direct benefit transfers or other relief payouts, and definitely nothing by way of tax breaks or exemptions that the middle class loves.

But, if you look beyond this round of state elections that begin in less than a fortnight now, and tilt the periscope to graze at the more distant horizon, see how the Narendra Modi government wishes things looking by the summer of 2024, still two and a half years away?

They'd want growth maintaining at least a 7 per cent-plus clip, generating jobs, lifting current economic malaise. That's why the massive rise in borrowings, emphasis on capital expenditure to build both hard, physical infrastructure, notably highways and rural roads and soft ones like optical fibre connectivity in rural areas.

Economists read wisdom from data. We search for political messaging. Early on with the rise of the Modi phenomenon we had said that it rests on three pillars. One, hard, Hinduised nationalism. Second, efficient and leak-proof delivery of direct benefits to the most poor and third, the building of hard, visible infrastructure. The fact is, well into its eighth year now, the most visible infra showpieces the Modi government has built are the highways and now expressways.

How important these are to Mr Modi politically and electorally, you can figure from his prolific landings in Indian Air Force aircraft on these in poll-bound states. Expressways are now the centerpiece of his Uttar Pradesh campaign. That's why a lot more money is going in that direction. The third pillar of Mr Modi's electoral proposition is being concretised further. The first two, he manages with direct political messaging and delivery.

Rahul Gandhi and other critics are absolutely right to say that the Budget has nothing for the salaried and middle classes. The message is again a familiar one, if only the critics would accept that harsh reality once. The Hindu middle class, from traders to the self-employed and definitely the salaried are the largest committed vote bank for Narendra Modi. He needs to do nothing to "buy" their votes. He's their default choice.

That's why when we said that the middle class was the Modi-Shah Bharatiya Janata Party's (BJP's) Muslims, we didn't mean any offence to the Hindu middle class or the Muslims. It was political plain speak. Just as Muslims vote for any "secular" force they think might be able to keep the BJP restrained, the middle class now votes for the BJP-Modi Hindutva to keep the secular ("pro-Muslim") forces out. The middle classes, especially the salaried groups have voluntarily excluded themselves from any Budget goodies. Their concerns are no longer just material.

We must also acknowledge a certain middle class approach this government takes to managing the economy. Of course, no finance minister can follow all our mothers' cardinal principle for running the household: Either spend less than you earn, or earn more than you spend. The most powerful economies run on deficits.

To begin with, Ms Sitharaman's tax collections under all categories have exceeded estimates by some impressive distance. This includes corporate taxes where rates were reduced, drawing expected criticism of handouts for rich corporates. Evidence again, though it would never convince non-believers, that moderate rates bring better compliance.

There's been much well-meaning but bad advice floating in the pandemic air. Tax the rich more heavily, tax inheritance of their children, tax their tax-paid wealth yet again, and tax them maybe for the size of windows in their homes and of course, the number and pedigree of pets they keep. Must invent super taxes for the super-rich. These ideas are economically ruinous but politically tempting. It's a safe presumption that anything that seems to crush the toes of the rich pleases the poor. The finance minister deserves appreciation for tossing these out.

It is often said that strongmen, populist leaders read from the same playbook. Mr Modi's actions might conform to some of those, but to one they don't is fiscal profligacy and monetary arrogance. For example, of an Erdogan. Fiscal deficit, inflation have been moderate, exchange and interest rates (monetary policy) are not influenced beyond a threshold and the irresistible tax-and-spend temptation is firmly resisted. We know how tax-and-spend almost always ends up as tax-and-spray. Any year is an election year in India.

The message for our political economy is, this is still a fiscally responsible government playing the long game. Not tax-and-spray, but borrow-and-invest. It expects growth translating into votes in 2024 to be the return on that investment. To that extent, it is reasonable politics. It is an election Budget if your perspective is 2024, not 2022.

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Not a 25-year blueprint

This is not a Budget that supports economic recovery, whether through supporting aggregate demand, or through expansionary stimulus

THE FISCAL FRAMEWORK

RATHIN ROY

I was hopeful, if somewhat perplexed, by the assertion in the Economic Survey that there was enough fiscal space to ramp up capital spending. If true, this would mean that the government had found a way out of the ongoing fiscal crisis that I have been highlighting since 2019. My analysis of the macro fiscal scenario in the 2022-23 Budget, unfortunately, shows that the fiscal crisis continues to cripple the Centre's public finances. Net tax revenues in FY22 (₹2. 2 trillion) are higher than the budgeted target of 7.6 per cent of gross domestic product (GDP), but this is expected to fall to 7.5 per cent in FY23. This continues to be lower than the 8 per cent of GDP target that the government has been setting (and failing to achieve) since FY18.

Since the beginning of the growth slowdown, disinvestment receipts have been low despite the government repeatedly seeking to ramp up such receipts to mobilise resources for public expenditure. In FY22, the government is ₹1 trillion short of its target, and has in addition incurred capital expenditures to absorb some of Air India's liability.

So this government is consistently unable to either tax or disinvest in line with its own ambition ever since the growth slowdown commenced in FY17. The fiscal crisis is now in its fourth year. At best, one can say that the finance ministry has acknowledged its own incompetence at resource mobilisation and lowered its tax, non-tax and disinvestment targets accordingly. But admission of incompetence by moderating FY23 revenue and disinvestment projections, and boasting about fiscal space in the Economic Survey do not serve to solve the nation's continuingly precarious fiscal situation.

I have been pointing out that total expenditure has been constrained in the pre-pandemic years. In FY21, the government responded to the pandemic by increasing expenditure by 4.6 per cent of GDP, which was exactly equal to the increase in the fiscal deficit/GDP ratio. In FY22, total expenditure has shrunk by a whopping 1.5 per cent of GDP. The fiscal deficit has shrunk by 2.3 per cent of GDP in the same period. Thus, the modest incremental revenues have been used to reduce the fiscal deficit, not to increase public expenditure to "stimulate" the economy as so many pundits seem to be saying on television. To see this, imagine if disinvestment receipts had been on target and had fully financed the increase in capital expenditure.

If this is not an expansionary Budget then what is one to make of all the noise about increased capital expenditure? It is certainly true that capital expenditure allocations have increased from 1.65 per cent of GDP in FY20 to 2.16 per cent in FY21 to 2.6 per cent in FY22 and projected to rise to 2.9 per cent in FY23. This rise is consistent and means that less than 60 per cent of the fiscal deficit will be used to finance revenue expenditure in FY23 compared with 71.4 per cent in FY20. This is a structural change in fiscal stance. But, contrary to the bragadocio in the Economic Survey, this has come about through revenue expenditure compression, and not through an increase in resource mobilisation, which is why the capital expenditure/GDP ratio has increased even though the total expenditure/GDP ratio has shrunk.

The quality of revenue expenditure is poor. Interest payments continue to rise inexorably. Committed expenditure (the sum of establishment expenditure, goods and services tax cess, Interest on debts and finance commission grants) has risen from 6.9 per cent of GDP in FY20 to 7.9 per cent in FY22. The government continues to increase its subsidy allocation with food and fertiliser subsidies amounting to 1.2 per cent of GDP in FY23 compared with 0.93 per cent of GDP in FY19. The Mahatma Gandhi National Rural Employment Guarantee Act outlays have shrunk dramatically from ₹1.1 trillion in FY20 to ₹73,000 crore in FY23 despite 7.1 million households being unable to access the programme on demand in FY22. This is disgraceful for a government that has only this to show to alleviate the scarring caused by the Covid-induced economic collapse. Equally disgraceful, National Health Mission allocations in FY22 were lower than in FY20.

The increase in public capital expenditure has, therefore, happened despite shrinking total expenditures by compressing revenue expenditure on public goods. The government has seen fit to subsidise more but allocate less for much needed public employment. By any economic theory or doctrine, this is no Budget that supports economic recovery, whether through supporting aggregate demand, or through expansionary stimulus. In effect, all that it has done is substitute for the lowered private capital spending, despite the extraordinarily rise in profits that the few listed companies have enjoyed even as they have produced and sold less output over the course of the pandemic.

For the rest, the finance minister's speech continued with the unpleasant new tradition of keeping the discussion on the macro and fiscal framework as short as possible, listing a series of trivial announcements on custom duties, and other general irrelevances, and a strangely vague announcement on sovereign Green Bonds that was devoid of any discernible operational content. I hope this is not yet another backdoor attempt by those in the government who seem to hanker after the privilege of being indebted to foreigners, to introduce foreign sovereign borrowing. It is welcome that there are measures to ease the tyranny on personal tax payers, and some belated attempts to correct anomalies in corporate taxation.

But these things are handled by executive announcement, which, for some reason, take up huge space in India's one annual fiscal policy presentation. It is unfortunate that since FY21, the government has had no forward looking medium-term macroeconomic framework or fiscal road map published with the Budget documents, which makes its claim that this Budget presented a 25-year blueprint all the more fatuous. Empty rhetoric and noise may serve many posturing arms of government well, but the finance ministry has to deploy analysis and reasoned argument to restore its fiscal policymaking credibility that has been steadily eroding for some time now.

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Rightly reflects pandemic-era priorities

Infrastructure focus will create jobs but more could have been done on the health front

MACRO PICTURE

SUBHASHIS GANGOPADHYAY

ILLUSTRATION: BINAY SINHA

Budget speeches are seldom criticised for what has been said while reading them out in Parliament, unless they are about tax increases, but have almost always been criticised for what has not been included in them. This is especially so in Part A of the Budget speech where the finance minister lists the various positive steps her government will take in the coming fiscal year to address specific concerns of the various interests in the country.

Since resources are scarce, the finance minister has the unenviable task of balancing the interests of the different groups. Hence, an objective way to evaluate the Budget would be to see what priorities the government has set for itself and then how the minister has gone about meeting them.

The finance minister started the substantive portion of the Budget by focusing on infrastructure. The central government is necessarily the best agency for developing national level infrastructure and so the minister's commitment to boost multi-modal infrastructure and logistics is to be lauded. India needs more infrastructure and investment in infrastructure crowds in private investment, reduces the cost of doing business and leads to the creation of new and efficient economic activities.

Infrastructure investment, therefore, not only creates new jobs directly, but also indirectly. For me, the top priority for India now is the creation of jobs. Many have lost their jobs during the pandemic; many of those who did not entirely lose their jobs and livelihoods still saw a depletion over the last two years in their earnings. As we, hopefully, enter the post-Covid phase of our lives, not only do we have to get back the jobs we lost but also boost the creation of new jobs at a rate commensurate with getting us back on to the path we were on prior to the pandemic.

India has a large young population and being productively employed is, often, their most important aspiration. Along with infrastructure, health and tourism, or hospitality, are the two other sectors that have huge employment generating potential. As for tourism, she mentioned it twice; once when she discussed building ropeways and the second time was when she announced an additional ₹50,000 crore for the Emergency Credit Line Guarantee Scheme that is meant exclusively for hospitality and related activities. This is highly welcome.

People have lost jobs and earnings. This has negatively affected the demand for goods and services, causing many enterprises to lose their markets. Providing cheap credit and other production incentives to micro and small enterprises will not galvanise them into restarting operations unless they are confident that their products will be bought

When it comes to health, unfortunately, she mentioned health initiatives for the next year in the context of how the health system was being digitised. There are three positive aspects to this digitisation initiative. First, it improves the efficiency of the health services by creating medical history for both the individual and the community. This helps both the efficacy of current treatment protocols, as well as furthers medical research to develop newer and more effective protocols. Second, it helps in health administration as our experience with CoWIN and the vaccination drive has shown. Third, it greatly addresses our shortfalls in the supply of human resources. For example, telemedicine, which finally obtained legal support during the pandemic, makes it possible for people in remote areas to get timely medical help. However, if job creation is a priority, our shortfall in human resources could be better served by actually developing human resources for health.

And here I do not mean only doctors and nurses, who in any case have a tendency to leave the country after their training. We also need paramedics of every kind, some of whom need little time to be trained and can help in the provision of health services in precisely the ways digitalisation of the health sector does. The health sector is a remarkable sector in that it grows with the economy, uses skills at all levels of sophistication and is always in stable demand among all segments of the population.

Prior to paragraph 51, the finance minister mentioned how in the last two years the health sector has been improved. Indeed, it has and we are probably better equipped to handle a new wave of the virus, should it come. But these improvements were for a specific emergency. What we need is a deliberate, strategy-driven boost to the health sector.

Why am I emphasising on the need to focus on employment-intensive sectors? As I mentioned earlier, people have lost jobs and earnings. This has negatively affected the demand for goods and services causing many enterprises to lose their markets. Providing cheap credit and other production incentives to micro and small enterprises will not galvanise them into restarting operations unless they are confident that their products will be bought. That requires money in the hands of people who would demand these goods. Demand will pick up only when buyers earn money through productive employment.

Is there anything in the Budget speech that I do not like? In my first reading of the speech, there is nothing I can definitely put my finger on and claim that this should not have been done. Are there things in the speech that I am wary of?

I am a little bit worried about the underlying approach in some of the announcements made by the finance minister. Post-1991, we have been moving towards a market driven economy where the government acts as a facilitator in the market place rather than as a player in that space. Unfortunately, there seems to be some turnaround in that regard. Let us take the Green Bonds, for example. As part of its market borrowings in 2022-23, the central government will float sovereign Green Bonds. The money thus raised will be used to reduce the carbon intensity in public sector projects. Why should this money not be used to incentivise reduction in carbon intensity throughout the economy, in both private and public sector projects? I have the same problem with some of the digitalisation exercises being carried out. Are all of them public digital infrastructure or are some of them squeezing out private innovation possibilities? Infrastructure investments by government, digital or otherwise, should be instruments of commerce and not commerce itself. Commerce is best left to private resourcefulness. But then these are issues beyond an annual Budget discussion.

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Digital currency and crypto tax unveiled

THE TAX AGENDA

MUKESH BUTANI

Is India anti-crypto? Is crypto a taboo? Will the government allow tax officials and investigating agencies to determine the framework for regulating and taxing cryptocurrencies? Such questions were being posed in recent media coverage with the government being accused of inaction, besides businesses asking for a direction. The finance minister seems to have taken them in her stride to unveil constructively the framework for taxing the crypto economy. The fineprint and tax incidence aside, this move is laudable because it gives a formal shape and a reflection of a conscious evolution of India's tax policy, unlike the knee-jerk reactions and over-ruling of judicial determination, which has often been the trait of tax policy evolution in the past.

In a policy perspective, the move is to be appreciated. The manner in which the expression "virtual digital asset" has been defined in tax laws is clearly a reflection that the framework unveiled is not a limited one and is, instead, set in terms so as to encapsulate even future advancements and evolution of technology in the regulatory crypto space. For a start, all crypto assets (technically defined as information/code/token providing a digital representation of value exchanged or functioning as storage of value or unit of account, etc) are covered. In addition, non-fungible tokens and similar ones have been specifically covered. To provide legroom to the government to deal with evolving situations, particularly given the cross-border nature of this class of asset, the government has been empowered to notify other forms of digital assets within this framework including the exclusion of those assets not considered suitable for coverage leaving room for regulatory evolution.

Crypto assets have been carved out under the framework of capital gains, a default rule for taxing all assets and a new scheme preventing taxpayers to characterise them as business income or take set-off of losses from crypto against other classes of assets. Under the new scheme, income tax will be payable on profits from transferring a crypto asset (with the cost of acquisition being the only allowance) at the highest tax rate of 30 per cent plus applicable surcharges. In short, the exchequer will share at least one-third of the value addition made by a person in the transfer of crypto assets. No carry-forward of losses is allowed, nor are other deductions available qua other assets, which more or less brings the crypto economy at par with speculative businesses. In addition, a special provision will govern tax deduction, perhaps intended towards monitoring the flow of funds and ensuring taxpayer compliance.

The move, though limited to income tax, has sent the ball rolling for a regulatory framework of crypto assets. It should be read in the light of two other announcements —one relating to the unveiling of the digital rupee, which shows that the crypto is to be dehyphenated from crypto assets; the second, to increase its usage in areas often outside the digital coverage, such as the digitisation of land records and health records of citizens. No doubt, the fine-tuning of crypto regulation will have to be made in the light of imminent privacy laws and data localisation regulations, including balancing on the touchstone of fundamental rights of citizens. However, the fact that it is the tax policy that has taken the first leap clearly shows that it will be the tax law in India which will shape the regulation of crypto assets, even though taxability of income is agnostic to legality of income. Another relevant aspect is that the Budget does not address the GST treatment of crypto assets, though this could well fall in the framework of the GST Council. Given that the finance minister is chairperson of the Council, it is not a far cry to expect a similar unveiling of an indirect tax scheme for taxing crypto assets. The Budget 2022 has picturised the landscape expected by the crypto economy stakeholders. Further clarification is expected to follow from the tax boards and the Reserve Bank of India to fill in the ground level details vis-a-vis the tax and regulatory aspects of this economy. The year 2022 will clearly be the year in which the crypto economy is formalised.

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Fiscal capacity facilitates larger investments

INDIRECT TAXES

V S KRISHNAN

The Budget speech of the finance minister was delivered in the background of an economy that has just reached the absolute levels of GDP recorded at the end of March 2019. Therefore, the objective is to really strengthen the growth impulses and steer the economy on a path of at least an 8 per cent plus real GDP growth rate in the medium term. The minister in her strategy has put her faith in ramping up capital investment by ₹2 trillion and topping it up with an additional ₹1 trillion of support to the states. The fiscal flexibility to spend more on capital investment has been facilitated on account of buoyant revenue collection, especially goods and services tax (GST), whose collection in January —she announced in the House as a just received message — was nearly ₹1.41 trillion, the highest in a month under the GST regime since July 2017.

As GST policy is outside the purview of the Union Budget, the government has focused on gathering revenues from the Customs side by concentrating on phasing away duty exemptions relating to capital goods import and in respect of certain concessional imports brought under the project import category. The minimum basic Customs duty rate for such concessional imports has been pegged at 7.5 per cent. These exemptions, which had been phased out for capital goods, have been justified on grounds of supporting the domestic capital goods industry. Unfortunately, a great opportunity to bring down the general tariff rate has been lost. The rate has climbed up from 13 per cent in 2014 to 18 per cent. Lowering the high import tariff on a large number of items would have stimulated the manufacturing sector, where the import intensity is 0.35 per cent. This would have had a dual positive effect on both boosting integrated GST collection on imports and GST collection on domestic manufacturing (more than 70 per cent of GST collection comes from the goods segment of the tax).

Further, the buoyancy of GST revenues in the past year has been driven by imports rather than any substantial gain on the domestic manufacturing side. The reduction in tariffs would also have boosted exports where the import intensity is even higher. As former Reserve Bank of India governor D Subbarao remarked, "you cannot boost exports behind protectionist walls". This opportunity in the Budget should have been used to reduce tariffs on a large number of raw materials and intermediates like fibre, yarn, and fabrics used in the textile industry, especially in the apparel segment, which is the most labour-intensive manufacturing sector in the country. A recent study by Shoumitro Chatterjee and Arvind Subramanian demonstrated the importance of greater imports and openness in stimulating the textile sector. Comparing China and Vietnam during their boom years, they show that exports were highly dependent on imports (40-45 per cent of the value addition in the textile sector). In contrast, India's import share was only 16 per cent and most of the Indian exports in the textile and clothing were confined to the lower end of the textile industry.

The other important announcements have been revamping the special economic zone (SEZ) scheme. It is accepted that the present SEZ scheme has failed to deliver strong export growth. The government wants to incentivise exporters to set up units within the zone on unutilised land. The Budget promises the administrative regulation by the Customs would be light. To promote ease of doing business in SEZ units, the minister announced undertaking reforms in the Customs administration of SEZs through a fully IT-driven portal that would focus on higher facilitation and only risk-based checks.

Another export-oriented measure in the Budget was to reduce Customs duty on a wide gamut of products across segments, especially where there is a strong MSME (micro, small, and medium enterprises) presence including cut and polished diamond, gemstones, critical chemicals like methanol and acetic acid and inputs required for shrimp aquaculture. To incentivise exports, exemptions have been announced on items such as embellishment, trimming, fasteners, buttons, zipper, lining material, specified leather, furniture fittings, and packaging boxes that may be needed by bona fide exporters of handicrafts, textiles and leather garments, leather footwear, and other goods.

Unfortunately, a great opportunity to bring down the general tariff rate has been lost. The rate has climbed up from 13 per cent in 2014 to 18 per cent. Lowering the high import tariff on a large number of items would have stimulated the manufacturing sector

The other major announcement was where the finance minister extended customs duty exemption on steel scrap by another year to provide some relief to secondary steel producers among MSMEs. Recognising the problem of high metal prices, the minister announced revoking certain anti-dumping and countervailing duties on stainless steel, coated steel flat products, alloy steel, and high-speed steel. This will also help the common middle-class consumers of these items.

Finally, to encourage government efforts on blending fuel, an important announcement was made to impose an additional differential excise duty of ₹2 a litre on unblended petroleum products from October 1, 2022. This is to incentivise blended petroleum manufacturing to use ethanol and other farm products, which would both lower the fuel import bill and help sugarcane producers.

To sum up, the approach towards indirect taxes is really not to rock the boat and continue to boost GST by focusing more on better compliance measures rather than rate changes immediately. On the Customs side, most of the changes relate to phasing out duty exemptions on certain capital goods to support the domestic capital goods industry. In the process, the government would also garner some additional customs revenue.

The writer is a retired member, Central Board of Indirect Taxes and Customs. Views expressed are personal

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WEDNESDAY, FEBRUARY 2, 2022

Growth push

The Budget is notable for its big capex push, conservative projections and absence of populism

The Union Budget 2022-23 has a back-to-normal tone written all over it, with a hope, bordering on conviction, that India has overcome the ravages of the pandemic. The accent is on fiscal consolidation, with no hint of populism even as a slew of elections are around the corner. Actually, this does not come as a surprise given the imperatives at hand: a fiscal deficit of 6.9 per cent of GDP (FY22 revised estimates at ₹15.91 lakh crore) at a time of rising interest rates cannot be sustained, especially when the public debt-to-GDP ratio is about 90 per cent, with the Centre's debt pegged at nearly 60 per cent of GDP at ₹152 lakh crore in FY23. Gross market borrowings for FY23 are estimated at ₹14.95-lakh crore, against ₹10.47-lakh crore in FY22, despite total expenditure rise for FY23 being pegged at just 4.5 per cent at ₹39.4-lakh crore (₹37.7-lakh crore RE for FY22); this is against a 13 per cent expenditure increase pegged in the Budget for FY22 over FY21 RE. Clearly, future interest costs will only rise if debt is not curtailed. Yet, it is laudable that Finance Minister Nirmala Sitharaman has chosen to boost growth by raising capital expenditure by a whopping 25 per cent from ₹6.02-lakh crore this fiscal (RE) to ₹7.5-lakh crore in FY23. In addition, States have been given a ₹1 lakh crore grant to step up capex from their side. A fiscal deficit of 6.4 per cent in FY23 (₹16.6-lakh crore) seems rather high, given a very modest expenditure plan. This brings us to the arithmetic of understatement that underlies it. A tax revenue growth of 9.5 per cent (including surcharges and cess) from ₹25.1-lakh crore this fiscal to ₹27.5 lakh crore in FY23 is rather conservative, as is the nominal GDP growth assumption of 11.1 per cent for next year. This is likely to be overachieved, given the normal tax buoyancy of just over one. But total revenues are estimated to rise just 4.5 per cent, as disinvestment receipts of ₹65,000 crore and non-tax revenues from dividends, interest and perhaps 5G auctions are marked down well below FY22 levels. In the event of even these targets not being met, tax revenue can be expected to make up for the gap by growing more than the sum pencilled in at present. Revenue assumptions also seem understated on account of a really low inflation estimate of less than 5 per cent. Hence, there is built-in fiscal space to undertake relief expenditures, if the situation so demands. While these figures give room for the Centre to claim that it has met targets, on the expenditure side this also means that the squeeze is drastic in real terms. On the face of it, this is actually a contractionary Budget that will keep inflation expectations in check. It is hoped that any fiscal room provided by way of extra revenues is spent prudently, and this could include redeeming debt. For those who argue that the Budget could have been more generous in its outlays and assumptions, it is to be noted that the advance estimates for FY22 point to a nominal GDP growth of over 17 per cent, riding on high inflation. While this trend needed to be checked, the moot point is whether certain sections which have been battered by the pandemic deserve support. The onus for providing succour may have been passed on to monetary policy, if the extension of the ECLGS for a year (a salutary measure) is any indication. However, fiscal policy remains a key instrument to drive growth when the window on monetary accommodation is fast closing.

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In this workmanlike Budget, there are some remarkable features, and some inexplicable ones. A 30 per cent tax on 'virtual digital assets', an arcane descriptor for cryptos, seems well thought out. It will rein in ill-informed speculation. A push to capital goods through an increase in import protection seems calculated to improve the competitiveness of MSMEs. A PLI scheme for solar joins the dots, as it were, with semi-conductors, electronics and battery manufacturing already covered under incentive schemes. In view of the renewed thrust to pen FTAs, this suggests the effort is to create new manufacturing hubs, besides SEZs, to boost digital-tech based exports. On the direct tax proposals, the Centre predictably refrained from providing further relief, as tax slabs have been rationalised in recent years. For tax breaks to boost spending, consumer confidence has to pick up to higher levels than recent RBI surveys suggest. What seems hard to explain is the cut in fertiliser subsidy from ₹1.4 lakh crore this fiscal (RE) to ₹1.05 lakh crore at a time when crude prices are buoyant. A push to education to make up for two lost years is to be welcomed.

Overall, the Budget is marked by a digital thrust, some might say overly so. Seen along with recent Budgets and policies, there seems to be an effort to create scale and presence in manufacturing and farming. Whether this vision is sufficiently inclusive is another matter.

High on growth, low on fiscal consolidation

The stress on capital expenditure is welcome. But job creation will crucially hinge on growth spurt

C RANGARAJAN

Emerging out of the economic impact of Covid-19, the expectations from the Budget were several. One was to achieve a reasonable growth in 2022-23 and the second was to push the economy on the road to higher growth in the subsequent years.

The Budget has many action points that will go to satisfy these goals. The main theme of the Budget is to enhance capital expenditures, particularly in the infrastructure area. That should help the growth process both in the current year and the years thereafter. All this has to be done within a prudent fiscal framework. There is an attempt to reduce the fiscal deficit. But the roadmap for fiscal consolidation is not clear.

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Growth in 2022-23

Critical to Budget making is an estimate of expected growth rate. The Economic Survey pointed to a growth rate of 8-8.5 per cent in 2022-23. Even though the Survey has indicated some of the assumptions, it is still not clear how this estimate was arrived at. In the second half of 2021-22 when there were no base effects, the real GDP growth rate was only 5.6 per cent. From this to jump to 8-8.5 per cent seems unrealistic. Perhaps, the growth rate may move in the region of 7-7.5 per cent.

For Budget calculations, the key parameter however is nominal growth rate. The Budget has assumed a nominal growth rate of 11.1 per cent, which implies a very low inflation. A more realistic assumption for the Budget would have been a nominal GDP growth rate of 13 per cent.

Revenue projections

The gross tax revenue is expected to increase in 2022-23 by 9.6 per cent over the Revised Estimates of 2021-22 and by 24.4 per cent over the Budget Estimates. This is against a background of a nominal growth rate of 11.1 per cent. The calculation of buoyancy becomes somewhat tricky with the projection of a low nominal growth rate. The buoyancy is as low as 0.87.

On direct taxes the structure by and large remains the same. The extension of the date of commencement of manufacturing or production by one year under the concessional tax regime is an appropriate one. The indirect tax structure also remains largely unchanged. The resort to increase Customs duties to 'protect' domestic industries is a step in the wrong direction. It gives a bad odour to 'Make in India' slogan. Thus, in substance, the tax structure remains the same. Both dividends and disinvestment receipts are budgeted below revised estimates.

Growth imperatives A rise in growth will ensure creation of jobs REUTERS

Expenditures

The stress in the Budget is on expenditure. Capital expenditures in 2022-23 are expected to increase by 35.39 per cent over the Budget Estimates of 2021-22 and by 24.5 per cent over the Revised Estimates. But the increase in total expenditures is quite modest.

They are 13.25 per cent more over Budget Estimates of the previous year and 4.6 per cent over Revised Estimates. The government could well have budgeted a higher level of total expenditure, if the revenue estimates had been pitched at a higher level. With respect to expenditures, the big question is always how well the projects are executed.

Other issues

The Budget has also addressed some of the other issues like Digital Currency. The steps taken to introduce a digital currency by the RBI and a levy of 30 per cent on capital gains tax on virtual assets are in the right direction. Details need to be worked out.

The Budget says very little about jobs and employment. I have always taken the view that the best way to promote jobs is by having a higher growth rate. Growth is the real answer. If the Budget and the actions taken by the government and others do result in higher growth of 7-7.5 per cent, most of the bad outcomes of the pandemic in terms of loss of jobs can be taken care. The expenditure programme shows a significant decline in subsidies. In relation to Revised Estimates of 2021-22, the Budget for 2022-23 provides for a decline in fertilizer subsidies by ₹35,000 crore and ₹86,000 crore in food subsidies. Is this desirable and feasible? There is no mention of how this is to be achieved. It may remain only on as an accounting entry.

Fiscal consolidation

Fiscal deficit for 2021-22 at 6.9 per cent of GDP is a shade higher than the Budget Estimate. For 2022-23, the Budget Estimate is 6.4 per cent of GDP. One understands the compulsion in a difficult situation like the present one. But fiscal prudence has its own advantages. The medium-term goal should not be forgotten. Interest payments are estimated at 42.7 per cent of the revenue receipts of the Centre in 2022-23. This is a big pre-emption.

The debt-GDP ratio in the coming year will touch 60.2 per cent, a far cry from the desired level of 40 per cent. Policy-makers need to revisit the programme of fiscal consolidation.

Thus, the strong point of the Budget is the stress on capital expenditures. However, a bigger push towards fiscal consolidation is needed.

The writer is Former Chairman of the Economic Advisory Council to the Prime Minister and Former Governor, Reserve Bank of India

Sowing seeds for farm income and jobs

The emphasis on diversification towards high value agriculture, as also deficit agri-commodities will help

ASHOK DALWAI

The government enunciated in its Budget a blueprint for *Amrit kaal,* hinged on futuristic and inclusive economic growth. Of the four priorities that shape this vision, 'Inclusive Development' is one.

The growth in agriculture sector has the highest positive impact on poverty reduction.

There is emphasis in the Budget on diversification towards high-value agriculture, as also deficit agri-commodities.

Supporting the growth momentum in livestock and fishery sectors, the budgetary allocation for the Department of Animal Husbandry & Dairying is ₹3,198.84 crore (a 44.40 per cent rise compared to that of the previous year), and it goes up by more than 50 per cent to ₹2,118.47 crore *vis-à-vis* 2021-22, in the case of the Department of Fisheries.

Simultaneously, the Department of Agriculture and Farmers' Welfare continues with its upward trend (₹1,24,000 crore).

Deficit crop segments

Rightly is the attention paid to deficit crop segments — oilseeds and millets. India has been importing annually ₹70,000 crore worth edible oils. If domestic oilseeds and others sources like palm are encouraged, it is the Indian farmers who will gain.

These two segments along with pulses are also climate-resilient. Millets will now be provided for post-harvest value addition, enhancing domestic consumption and branding their products for integration with supply chains. Promoting these deficit-crops is integral to the practice of smart agriculture.

Stepping of the Budget into smart agriculture is further galvanised by supplementing production technology with digital technology. 'Kisan Drones' will take care of the plurality of issues all along the value chain. These encompass production planning, resource use efficiency and risks that arise from monsoons and markets, apart from the desired digitisation of land records and delivery of digital and high-tech services.

Farm focus To create jobs PTI

The increasing volumes of marketable surpluses will get better monetised with the continuing support to mobilisation of farmers and aggregation of farm-produce through FPOs. The budgetary allocation gets strengthened with blended capital to be raised under the co-investment model facilitated through Nabard. The spin-off effect of financing the agricultural and rural entrepreneurial start-ups linked to farm produce value chains will extend the footprints of agriculture into secondary agriculture. This finds adequate support in the higher allocations for the Ministry of Food Processing Industries (a jump of more than 125 per cent); and various initiatives for MSME sector, including the Credit Guarantee Trust Fund for Micro & Small Enterprises (CGTMSE), that expands the credit size to ₹200,000 crore. The resulting growth of secondary agriculture and bioeconomy, will generate supplementary jobs and incomes besides stimulating a green approach.

If the targeted 5-7 per cent biomass pellets come to be co-fired in thermal power plants, along with savings of carbon di-oxide, there will be opportunities for extra income to the farmers and jobs for the locals. The commitment to fund Ken-Betwa River linking project, besides five others, as and when a consensus is reached will benefit poorly endowed regions. This will add to the objective of harvesting utilisable water in the country under the ongoing AIBP programme of the Ministry of Jal Shakti.

The government's focus is on higher capital investment through convergence of budgetary and non-budgetary financial sources by way of sinking up the policies and programmes of various ministries. The Railways, for example, intends to develop infrastructure for small farmer produce. It is such cohesive inter-ministerial approach that will enhance capital use efficiency, which has a great bearing on agricultural growth rate. The vision of the government for transitioning agriculture as an employment creating, income generating and sustainable entrepreneurial system even as it meets the food and nutrition security is well borne out by the Budget.

The writer is CEO, National Rainfed Area Authority

With vision but shorn of populism

The government believes big spending on infrastructure will 'crowd-in' private investments

HIMADRI BHATTACHARYA

As has always been the case in the past, most of us wanted the Finance Minister to present a popular Budget this time as well. After all, the economy is doing well again and the government has more money in its coffers. But she disappointed. What is worse is that her entire Budget speech hardly contained anything that could be an input for an eye-catching headline.

If the broad underlying themes and objectives of the Budgets presented by the Minister so far during her tenure are anything to go by, a clear departure from the past is visible: no playing to the gallery and a clear refusal to play the role of a super '*mai baap*' by announcing tax and debt reliefs, handouts and sops to keep vote banks happy and opinion-leaders delighted.

Strategy in pandemic aftermath

Even long after the enactment of the FRBM Act in 2003 whose main aim was to ensure inter-generational equity in fiscal management, the political class of the country was not fully aware that the use of the fiscal for short-term political expediency would prove to be time-inconsistent. The appearance of the Covid-19 pandemic in March 2020 and its virulent spread subsequently in successive waves causing widespread death and distress, particularly in the rural and semi-urban areas.

This laid bare the glaring inadequacy and inefficiency in India's social and economic infrastructure, building and maintaining which are the direct responsibility of the government. Nonetheless, the pandemic has, perhaps, caused a shift in the strategic thinking in the government leading to a realisation that the country needs fiscal and macroeconomic buffers to deal with shocks such as this. If true, this realisation should cause the government and the RBI to pursue a countercyclical fiscal, monetary and regulatory policies.

In parallel, the current political establishment seems of the view that the creation of economic opportunities on a sustainable basis for the poor and middle-income groups combined with welfare spending for their long-term financial and social resilience would reap much higher electoral benefits for it than freebies and reliefs would. One is able to read the Budget for 2022-23 more meaningfully, when viewed from this perspective.

To be sure, there are other valid perspectives as well. The bond market expected the fiscal deficit in the revised estimate to be lower than 6.9 per cent, given the spurt in tax collection, a fact which the Minister showcased in her speech.

Another source of some disappointment was no announcement in the Budget on the inclusion of Indian government securities in global bond indices. The yield of the benchmark 10-year government security rose by a whopping 20 basis points to 6.86 per cent, as a consequence. A nearly 32 per cent increase in the net market borrowing requirement for 2022-23 also caused considerable discomfort.

Pinning hopes on infra PTI

Capital spending revival

One distinguishing feature of this Budget is in its big emphasis on capital spending/public investment in infrastructure and other projects and its strong belief that this will 'crowd in' private investment which has been very lacklustre for some years now. The multiplier impact of a public investment-led investment cycle on output, employment and demand in 2022-23 and beyond will be enormous, it avers. The government is asserting that public investment has a pivotal role to play now in nurturing growth and taking it to a higher trajectory in a sustainable manner.

The four priorities laid for this purpose, viz. PM GatiShakti, Inclusive Development, Productivity Enhancement & Investment, Sunrise Opportunities, Energy Transition, and Climate Action, and financing of investments. The pursuits here are all visionary and the goals lofty and transformative. But these are not impossible feats to achieve, as there has already been significant progress in the recent years in railways, in renewable energy generation and in the use and entrenchment of technology in government departments, including in tax administration. Capital expenditure in 2022-23 budgeted at ₹7.50 lakh crore will be 2.9 per cent of the GDP. If the Grants-in-Aid to States for creation of capital assets is included, it increases to about 4.1 per cent of GDP which is historically very high.

On top of this, the Central government will provide a 50-year interest free loan totalling ₹1 lakh crore to the States to enhance their capital investment for the creation of productive assets and jobs.

Many of the projects for the budgeted capital expenditure will be in PPP mode. Hence, a lot depends on whether private investment will be forthcoming in a timely manner. The government has committed to taking measures that will enhance financial viability of projects with technical and knowledge assistance from multilateral agencies.

Enhancing financial viability will also be obtained by adopting global best practices, innovative ways of financing, and balanced risk allocation. But one wonders whether the government has put in place professionally sound and globally recognised standards and mechanisms for project identification, evaluation, and execution, on the one hand and post-facto assessment of their performance vis-à-vis predefined financial and economic benchmarks, on the other. Further, does the government have skilled human resources to do all this?

The revised estimate of the fiscal deficit for 2021-22 at 6.9 per cent (of GDP) is a tad higher than the projected figure of 6.8 per cent (of GDP). The estimate for 2022-23 is 6.4 per cent of GDP, which, as per the Minister, is consistent with the broad path of fiscal consolidation announced by her last year to reach a fiscal deficit level below 4.5 per cent of GDP by 2025-26. This goal appears a bit ambitious. In 2021-22, the revised revenue receipts exceeded the Budget estimates by over 16 per cent which provided the rationale and impetus for higher revenue and capital expenditure.

However, the likelihood of a similar buoyancy in tax and other revenue receipts happening again soon is small. Hence, a quick contraction in revenue deficit and primary deficit from their revised estimates for 2021-22 at 4.7 per cent and 3.3 per cent respectively looks difficult.

That said, the government has sufficient incentives to be serious about it, because the bond market will continue to be vigilant on this issue, meaning thereby that any large slippages on this count will push the yield as also the government's borrowing costs higher.

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The boxes ticked, and missed

The Budget has won over the markets with conservative accounting

AARATI KRISHNAN

The GST Council now makes all the tariff-related decisions, corporate tax rates have been pared to the bone and individual taxpayers are being nudged to a new exemption-free regime. Indian Finance Ministers therefore have little room now, in their annual Budget presentations, to hand out sops that can excite the *aam aadmi* or fire up stock market investors. But the current Finance Minister seems to have learnt the art of getting these factions to cheer for the greater good without any populist giveaways in her Budgets.

Union Budget for 2022-23 has three big-picture aspects to cheer.

Conservative accounting

Union Budgets in India have a reputation for over-promising and underwhelming on delivery. The NDA's recent Budgets have attempted the opposite. Consider FY23 Budget Estimates (BE). While pegging the FY23 deficit at 6.4 per cent, the Budget makes very conservative assumptions on the denominator, assuming just 11.1 per cent growth in the nominal GDP. Should actual nominal GDP overshoot this estimate, viola, the government wins additional elbow room on expenditure.

The Budget has stayed off over-the-top assumptions on revenue mop-ups too. It expects tax revenues for BE FY23 to expand just 9.5 per cent over RE FY22, below nominal GDP growth. It has also broken from the past, in expecting non-tax revenues to shrink by 14 per cent in BE FY23. The disinvestment target, set at ₹1.75-lakh crore for FY22 Budget, has been pruned to ₹65,000 for next year.

Frugal spending

The growing list of creatively named Central schemes to build out infrastructure, improve ease of living, enhance connectivity and improve the lots of the urban and rural poor may give one the impression that the government is adding hundreds of new fund-guzzling projects each year.

But a closer look at the Budget documents tells us that older schemes are constantly getting rationalised or wound down, as new ones are flagged off. Big-bang initiatives like Gati Shakti merge and streamline already operational schemes, those like PM Awas Yojana have seen allocations flatlining and old favourites such as Krishi Sinchai Yojana have been subsumed under new ones like Krishi Vikas Yojana.

With the pandemic likely to wind down, the Budget hopes to eke out savings by paring MGNREGA allocations (₹1.21-lakh to ₹0.99-lakh crore), food subsidy (₹2.86-lakh crore to ₹2.06-lakh crore) and fertiliser subsidy (₹1.4-lakh crore to ₹1.05-lakh crore). All this has led to a tight rein on total expenditure, with spending for FY23 just 4.6 per cent higher than RE FY22. Within this frugal spending though, the Budget has found room for a 27 per cent increase in its capital spending that has cheered investors.

Off balance sheet clean-up

This Budget has continued to sharply reduce reliance on off-balance sheet items for revenues. With Air India divested to the Tatas, FCI loans cleared and lower borrowings from National Small Savings Fund, the extra-budgetary items that lent 'outside support' to spending have been pruned.

Not following through

The Budget has slipped a bit on follow-through of previously initiated schemes. Expected measures to make the new personal tax regime more popular have failed to come through. While the move to bring virtual assets (euphemism for cryptocurrencies) in the tax net is welcome, a level playing field between old-world assets — equities, bonds, real estate, gold — on capital gains treatment remains absent.

Some flagship schemes of erstwhile years have been allowed to wind down without much explanation on whether they've achieved their purpose, lost relevance or been subsumed. The low ₹2,300 crore allocation to the Swacch Bharat Mission and 1.4 per cent increase for the Smart Cities project are instances. The Credit Linked Subsidy Scheme, a critical element of PMAY, has been allowed to lapse despite high expectations for a housing push.

High market borrowings

If stock markets found reason to cheer this 'growth-oriented' Budget, bond markets have new worries to contend with. Despite frugal spending, this Budget has ended up with a sharp increase in expected market borrowings. With the fiscal deficit expected to be at 6.4 per cent, the Budget expects the Centre's gross market borrowings to shoot up from ₹10.46-lakh crore in RE FY22 to ₹14.95 lakh crore in BE FY23, a number that significantly exceeds market expectations of ₹13-lakh crore. Net borrowings too are set to sharply rise from ₹7.75-lakh crore to ₹11.11-lakh crore.

Bond markets may not have minded this much, had the FM granted their wish of smoothing the road for Indian sovereign bonds to be included in global indices. Expediting this could have brought in $35-40 billion in flows in the first year, some felt As the FM has not obliged, domestic bond investors are now fretting over how the market will absorb this deluge of government securities. But then, you can't please everyone. The silver lining to this borrowing spree is that Indian savers can finally expect better real returns on their fixed income investments after long kowtowing to borrowers. With the 10-year government bond yield topping 6.8 per cent post Budget, it's only a matter of time before banks and other borrowers are forced to raise their interest rates to offer savers a better deal.

What's between the lines?

Several figures need a closer look

MADAN SABNAVIS

Budgets are data heavy documents as they tell us all about government finances for the year. The speech is also fairly comprehensive and tells us about the direction the government is moving. There is a lot of talk of focus areas and actions taken or to be taken. But there can be some numbers that may miss our attention which need to be brought to the fore.

First the GDP growth number. The Budget has assumed growth rate of 11.1 per cent in nominal GDP which brings the absolute number to ₹258 lakh crore. The *Economic Survey* projected real GDP growth to be 8-8.5 per cent. Nominal GDP growth is defined as real GDP growth plus inflation. With a number of 11.1 per cent, either the real GDP growth assumed is lower or inflation is ridiculously low at 3 per cent. More details are needed here.

Disinvestment numbers

Second, in the speech the Finance Minister said that the LIC disinvestment would be completed this year and hence there would be no spillover to FY23. That sounds good and reassuring. But interestingly the Budget puts the revised number for FY22 at ₹78,000 crore and ₹65,000 crore for FY23. Two questions pop up. First, evidently the LIC disinvestment amount is not part of both the years. Or if so, it is certainly not ₹1 lakh crore.

The government is probably playing safe by keeping it in a buffer. The second question is that if LIC is not part of the ₹78,000 crore, and if the achievement till December is ₹9,300 crore, how would the balance accrue?

The third observation is on subsidy. There is a reduction in subsidy for fertiliser and food by around ₹35,000 crore and ₹80,000 crore respectively. This means that the government will be withdrawing the free food programme which was in force in FY21 and FY22.

Fourth, the excise collections on petrol has shown a varying trend. In FY21 it was ₹3.91 lakh crore and was targeted at ₹3.35 lakh crore for FY22. The revised number comes in at ₹3.94 lakh crore while the budgeted amount for FY23 is ₹3.35 lakh crore. The excise duty on petrol and diesel was lowered in November 2021. The lower target for FY23 can mean either that there is a correction due to this reduction of ₹10/litre or that there could be some more cuts in the coming year depending on the evolving situation.

Fifth, the government has also rolled back the outlays on PM Kisan and NREGA. It was expected that there could be a temptation to increase this in an election year, but prudence has prevailed. Also NREGA has been rolled back to ₹73,000 crore.

It may be assumed that if required the government could always raise the fertiliser and food subsidy or outlays on NREGA again.

GST compensation

Sixth, the GST compensation fund is slightly higher at ₹1.2 lakh crore. This means that there could be still slippages in FY23 besides the arrears that have to be paid to States for the last year.

Seventh, while one normally focusses a lot on the borrowing programme of the government to cover the deficit, there is another component that has been used in large quantities which is the NSSF. ₹4.25 lakh crore has been drawn from the small savings fund for FY23. Interestingly for the three-year period 2020-21 to 2022-23, the average withdrawal has been ₹5 lakh crore, which is quite large. This has lowered the extra pressure on the market which would have been pressurised in case gross borrowings were higher by this amount.

Lastly, on the size of the Budget there are some interesting numbers. The difference between the revised and budgeted number for FY22 was ₹2.87 lakh crore which was accounted for primarily by revenue expenditure (82 per cent). For FY23, total expenditure is to increase by ₹1.74 lakh crore with 85 per cent going for capex. This is a major achievement.

The writer is Chief Economist, Bank of Baroda. Views are personal

The safety net is not showing

Capex has been hiked at the cost of welfare measures

MV RAJEEV GOWDA

A Budget is more than an account of revenue and expenditure of taxpayers' money. It is the government's vision for the next fiscal year. It is expected to highlight the key challenges facing the nation, and demonstrate how the government intends to overcome them.

Unfortunately, Finance Minister Nirmala Sitharaman's fourth Budget ignores the key challenges and sticks to this government's standard pattern of mega announcements that never see the light of day. (Remember ₹100-lakh crore infrastructure pipeline, the extraordinary revenues expected from privatisation targets, 100 Smart Cities, etc.) There are some nods to cutting-edge challenges, such as the plan to tax crypto transactions, but the larger plan eludes us.

Times are tough, and the overall economy is struggling to catch up with its already-low pre-pandemic levels. Then the government's primary duty is to put in place a safety net for the most vulnerable. This Budget unfortunately fails to do that. Rural India helped returning migrants cope with lockdowns. But, as slumping two-wheeler sales demonstrate, it is hurting. Inexplicably then, this Budget cuts outlays for agriculture and allied activities. There is a token increase in the allocation for the PM Kisan Nidhi scheme, but not enough to keep up with inflation.

The Finance Minister's announcement regarding the Minimum Support Price was shocking. Next financial year, 163 lakh wheat and paddy farmers will benefit from the MSP procurement, down from 174 lakh in 2021-22. Instead of expanding the MSP safety net, the government has chosen to do the opposite. Further, it has reduced fertiliser subsidies and will end up eroding agricultural incomes.

The budget for MGNREGA has been slashed by more than a quarter, when demand for MGNREGA work has been increasing, a sign of nationwide distress. Post the unplanned lockdowns, MGNREGA's safety net kept rural India afloat. The government must rethink this budget cut immediately.

Tackling unemployment

The Budget presented no credible plan of action to address India's unemployment crisis. We are 20 crore jobs short. Dispirited young men and women are leaving the workforce. Yet the Budget sidestepped the issue. The Finance Minister claimed that Make in India will produce 60 lakh new jobs. The data and prevailing business climate do not support this assertion. Manufacturing jobs have been declining. CMIE data shows a nearly 50 per cent reduction in manufacturing jobs between 2016-17 and 2020-21.

Government capital expenditure has been substantially increased at the cost of welfare measures. This may partly compensate for the depressing fall in private investments during the Modi years. The cut in corporate tax rates in 2019 has yielded no investment jump, as industry has spare capacity and is waiting anxiously for an increase in demand. The sharp rise in government capital expenditure is one last bet on crowding in private sector investments. Still, it is unclear how the government intends to finance its *gati shakti* plans.

The Finance Minister omitted 'inflation' and 'price rise' in her speech. The persistent double-digit Wholesale Price Inflation may have been one reason.

It is extraordinarily worrying that private consumption is still below 2019-20 levels. Job destruction and suppressed incomes have put an end to consumption-led growth for now. The government has not cut fuel taxes sufficiently or found other ways to put more purchasing power in people's pockets. Worse, people will still have to substantially bear healthcare costs, as the Budget has not increased health expenditures sufficiently.

School and college shutdowns have cost our youth two years of education. Addressing this crisis through more imaginative interventions should have been top priority. Instead we see some increase in educational TV channels, which will do little to overcome the access challenges and digital divides that prevent large numbers of our children from growing their human capital.

The writer is Chairman of the Congress party's Research Department and a former MP

The economic religion of the Budget

R SESHASAYEE

This Budget was unusual. The interesting part was not what it revealed by way of various numbers, but what those numbers unambiguously revealed, by way of the government's economic religion and beliefs.

Firstly, it is clear that the government is confident that a virtuous cycle could be kickstarted by way of focussed public investment "crowding in" private investment, which would lead to job creation, which in turn would perk up consumption, ultimately leading to growth. In this religion of ultimate salvation, there is no place for appeasing minor gods, by way of tax breaks for some section of the society, such as guaranteed work for the unorganised urban labour or handing out reliefs to some sectors in pain, such as MSMEs or tourism. It is also remarkable that this was perhaps the first Budget in recent years, when a new mission with a catchy acronym wasn't launched. The risk is of course that the recovery might stubbornly remain in the alphabet K , with no intent to migrate to a even a wobbly V. The empirical evidence based on job data thus far, indicates that the risk is very real.

Secondly, there is a tone of honesty both in the numbers and in the presentation. The revenue targets at 14 per cent growth is realistic, as also the assumptions on the GDP. A big step had already been taken in the previous years to do away with off balance sheet borrowings. The usual discoveries of the devil coming out of the woodwork later in the Budget day, hasn't happened. There has been no attempt to present impressive outlays, concealing mischievous arithmetic, though some doubts have been raised whether there is an overlap between the announced aggregate capital expenditure, and the additional lending to States for infrastructure.

There are of course the big assumptions, relating to the non recurrence of the pandemic, as well as the timely arrival of the monsoons. Since these could potentially derail economic growth, it would have been wise to provide for contingencies both in revenue and expenditure, and more importantly, in stepping up investment in health infrastructure.

Tech focus

Thirdly, this government believes in technology's potential to transform lives. There is a pervasive inclusion of technology enablers, in all areas of economic activity, from agriculture, to education to health. Even the beleaguered BharatNet secures a mention and a time target. More importantly, the enlightened approach to digital assets indicates that the government doesn't feel threatened by technology ghosts. While this embrace of technology is commendable, there is a long road to this journey, as we have seen the digital divide play out to the detriment of the poor, during the pandemic, with poor school children losing out over the last two years, with no access to internet.

Lastly, this government is sensitive to stock markets and the critical role of capital in keeping up the buoyant mood. It has shown its sensitivity by eschewing market unfriendly moves, by not tinkering with tax laws related to market operations. That might be the case of the dog that didn't bark, but please note, it did not bite either.

The writer is former Vice-Chairman, Ashok Leyland

An uncomfortable conversation

There's no knowing which States will be able to successfully get funds under the Centrally-sponsored schemes

MANASI PHADKE

Clever Guptaji has switched on the TV to see the Union Budget. In the meanwhile, Netaji has just received his RT-PCR test results for Omicron and is gloating over the fact that he has tested negative. An uncomfortable Budget conversation unfolds…

Netaji (dreamily): By God, this is the best thing that has happened to me in a long time. It is such a huge relief to be negative! Negative is the new positive, I tell you!

Clever Guptaji (deeply immersed in the 6.4 per cent fiscal deficit announced by the FM and surprised beyond belief at such sensible utterings from Netaji): Well-said, Sir! Negative is totally the new positive. She has really announced a huge negative balance today!

The Government seems to be determined to spend its way into a speedy recovery — the Gati Shakti! Though it is impressive that we are spending ₹10.68-lakh crore effectively on the capital account, I am not too sure that such a huge negative balance is a positive. The deficit will eventually put pressure on liquidity and/or inflation, which might actually harm the fledgling recovery badly.

I wish she had reined it in at about 6 per cent, that would have given the Gati better support from Shaktiji at the RBI. How times change though! In pre-Covid times, a fiscal deficit standing at 6.4 per cent of the GDP would have created such a hullabaloo! I remember the times when even 4 per cent was considered such a sacrilege. With 6.4, all those MBAs and doctorates at Moody's and Standard & Poor would have simply run us down with a ratings downgrade.

N (not quite following CG's tirade): Why is your doctor moody, Guptaji? And is he poor also? Tch, tch, you have an affinity to choose bad eggs, Guptaji!

CG (tongue-in-cheek): Can't disagree on that, Sir.

N (continuing on his current favourite topic of doctors): Go to a good doctor! My doctor told me firmly that I need to have, errr, Covid appropriate behaviour at all times! Always masked, especially in political rallies! Masks and politics have to go hand-in-hand, Guptaji!

Political intent

CG (marvelling at such deep philosophy): The political intent does seem to be masked this time around. There is simply no mention of any of the poll-bound States in the Budget! That is really so interesting! Given that Budgets are inherently such political economy instruments, and given that five States are on the threshold of elections, this is really strange! And we do have such a solid history of announcing new trains, new highways and even new universities in poll-bound States.

N (completely confused): Guptaji, I cannot sanction you any holidays now. And why this sudden urge to go traveling in new trains, I don't understand.

CG (continuing with his train of thought): Of course, it could be the case that the expenditures will eventually be directed to States in which the Centre has some interest. After all, the Budget just creates an overall framework of schemes through which expenditures are channelled. States have to demand those funds and also put in a bit of their own funds for commitment in the Centrally-sponsored schemes.

There's no knowing which States will be able to successfully get funds under the schemes. Having said that, it is still impressive that the capex spending of the Centre is so high!

N (exasperated): You have to wear a mask, not an impressive cap! My doctor says its not very safe to travel yet – just watch some travel videos, Guptaji! I hear that e-travel is the new trend!

CG (now eyeing boss with reverence): True, that! Thematically, the Budget seems to be well-focussed on getting it right digitally. Whether it is *kisan* drones or the PM e-vidya classes or Saksham Anganwadis or digital banks or policies for animation and gaming sectors, the Government seems to be going all out to use digital platforms for driving inclusion and recovery. Startups will start India up. The Government doing 68 per cent of its procurement domestically with quick payments is also good.

N (shouting): No, I am not going to make quick payments for your impressive cap in the new train!

CG: I do wish that the common man was given some respite — an increment in the 80C limits would have been perfect. Though, of course, it is difficult to say whether the resultant consumption and increment in GST would offset the decrease in I-T collections. Ah, the trials and tribulation of being *aam admi*!

N (now red and blue in the face): What? Now you want to eat an *aam* in the new train wearing your impressive cap? Never! Don't listen to the moody doctor. Try to bring in more balance, man!

CG (quietly): Exactly my point.

The writer is a brave economist trying to laugh against the odds

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The Tribune
ESTABLISHED IN 1881

Focus on spending

Budget banks on infra push to sustain economic recovery

THE Union Budget 2022-23 was expected to offer a road map to spur Covid-hit India's economic recovery. It has managed to tick some of the boxes. In a bid to sustain a high growth rate, the Budget totalling Rs 39.45 lakh crore has earmarked capital expenditure outlay of Rs 7.5 lakh crore, more than 35 per cent up from the 2021-22 figure. Stepping up spending on infrastructure development is the government's mantra to boost economic activity, with roads, railways, airports and ports identified as the key engines of growth. The Finance Minister has underscored the role of capital investments in 'ensuring speedy and sustained economic revival and consolidation by creating employment opportunities and inducing enhanced demand for manufactured inputs from large industries and MSMEs.'

Not surprisingly, the government has refrained from making big-bang announcements pertaining to agriculture, easily the most resilient sector during the Covid years. In light of the year-long agitation that led to the repeal of the three contentious farm laws, the focus is back on the basics: chemical-free natural farming and public-private partnerships for the delivery of digital services to farmers. The technological push is exemplified by the move to promote 'Kisan drones' for crop assessment, digitisation of land records and spraying of insecticides. It will be interesting to watch whether this innovative step proves to be a game-changer or a damp squib.

With millions of people rendered jobless during the pandemic, the government has been struggling to restore or generate livelihoods on a large scale. The FM claims that the Production-Linked Incentive scheme — covering key sectors such as pharmaceuticals, medical devices, electronics, food products, automobiles/auto components, etc. — has the potential to create at least 60 lakh job opportunities in five years. That won't be enough to negate the lingering impact of Covid-induced disruptions, even as the proposals to introduce digital currency and tax crypto assets are welcome, considering how rapidly and widely the online landscape has grown in the virus-ravaged world. All in all, the Budget has zeroed in on the macro picture, resisting the temptation of taking populist steps for short-term gains.

EC errs on side of caution

As Omicron cases mild, extending ban on rallies harsh step

IN extending the ban on political rallies and roadshows till February 11 in view of the pandemic, the Election Commission has erred on the side of caution. The peak of the third wave seems to have passed. The Covid graph that saw a sharp rise in the first three weeks of January, riding on the Omicron variant, has now plateaued or is on the wane in the poll-bound states. Economic and social activities are mostly back on track and even educational institutions are inching towards offline classes.

Considering that the Omicron infections, though high in numbers, are largely mild and far less fatal than those of the Delta variant, the EC ban on rallies is harsh. Unlike the Delta-driven second wave which ravaged the country last year, overwhelming hospital infrastructure and doctors as patients gasped for oxygen, there is no such devastation this time. Along with Omicron's milder nature, this fortunate turn of the state of affairs is attributed to the immunity-boosting vaccine doses that a majority of the eligible people have availed themselves of. An overall sense of security prevails as people's fear of the contagion is generally evaporating. They are learning to live with coronavirus and venturing out with a lot more confidence. A repeat of West Bengal — which went to the polls as the deadly second wave struck last year — is unlikely.

The election commissioners would do well to review their decision as a spurt in fresh cases, if any, following political rallies should be manageable. The increase in the number of people allowed for door-to-door campaigns, indoor meetings and public meetings is welcome. But, it is not enough. Both the candidates and the electorate should not be denied any chance to interact through popular modes. It is essential for making informed choices in exercising their franchise. Also, this is usually the only chance for the voters to hear out the candidates and weigh their options. The benefit of allowing political rallies and roadshows outweighs the repercussions of a probable surge in Omicron cases.

Doesn't fit the bill for all

Budget gives investment, digitisation push; cold-shoulders informal sector

SUSHMA RAMACHANDRAN
SENIOR FINANCIAL JOURNALIST

A BUDGET that places its bets squarely on pushing public investment in infrastructure to promote growth, is the best description of this year's annual government accounting exercise. It has little of the flourishes of past budgets, with the overarching highlight being a 35.4 per cent increase in capital expenditure that is expected to kick-start a virtuous cycle of investments in the pandemic-affected economy. In the process, however, it has left out several segments that needed more nuanced policies and special support.

The single-minded approach of the Budget proposals comes in response to clamour over the past few months over the need to raise government expenditure in a bid to revive the economy and promote job growth. Capital expenditure is being raised from Rs 5.54 lakh crore to Rs 7.5 lakh crore in 2022-23, bringing it to 2.9 per cent of GDP. The fiscal deficit has been kept at 6.4 per cent as against 6.9 per cent in the current fiscal. An ambitious long-term estimate of 60 lakh jobs has been pegged for the next five years. Again, the focus on employment in the longer term comes even as there has been widespread criticism of the government's failure to resolve the job crisis.

But there is much less in the Budget for the near term and for segments that have suffered the most pain in the pandemic. While the dramatic increase in infrastructure investments must be welcomed, enough attention has not been paid to the battered micro and medium small enterprises segment. A rise of Rs 50,000 crore in the emergency credit line guarantee scheme (ECLGS) for MSMEs in the hospitality sector is definitely a positive. But this is not enough for a segment that has not been part of the recent vibrant recovery of the formal economy.

OMITTED: The informal sector and the bottom of the pyramid have been left out of the government's calculations. PTI

> The Budget has disappointed many who were expecting a pre-poll bonanza with freebies for various segments.

Besides, one of the weaknesses in the single-minded approach is the spectre of inflationary pressures due to such a large infusion of investment into the economy. The second is failure to take into account external factors, such as the soaring oil prices and their impact on the current account deficit. It was expected that some form of direct benefit transfer would be given to those at the bottom of the pyramid, both in urban and rural areas, especially in view of the upcoming Assembly elections. This hope has been belied even as it cannot be denied that immediate relief is needed for the poorest of the poor. Existing welfare schemes, such as free food and the PM Kisan Yojana are laudable but Finance Minister Nirmala Sitharaman should have recognised that more needs to be done for the informal sector.

Interestingly, the rural job schemes have been scaled down in 2022-23. The outlay for MGNREGA has been reduced from Rs 98,000 crore to Rs 73,000 crore. This could be in anticipation of migrant workers coming back to cities and reducing the pressure on job schemes. But for the time being, the spurt in demand for jobs under these schemes during the pandemic does not appear to have abated.

On the plus side, the proposals have given a much-needed impetus to digitising the economy. The big news is the launch of the digital rupee as well as implicit recognition of crypto-currency by taxing all transactions involving virtual digital assets. The 30 per cent taxation is in the fitness of things, given that crypto trade is largely speculative in nature. And the 1 per cent tax deduction at source ensures that such transactions will now come into the formal financial sector which was the need of the hour. Crypto-currencies have not been banned as these are now undeniably part of the global financial ecosystem.

Other initiatives likely to prove helpful at the ground level include the launch of digital banking along with promotion of payment platforms. It has been seen that greater digitisation has proved supportive to vulnerable sections intimidated by the physical infrastructure of the banking network.

As for public sector disinvestment, it now seems to have been downgraded despite having been listed as a key area for resource mobilisation in previous budgets. The outlay for the next fiscal has been kept at a modest Rs 65,000 crore compared to Rs 1.75 lakh crore in 2021-22. This is a bid to dampen expectations given that over the past few years, achievement of disinvestment targets has been rather dismal. Last year, however, an entire pipeline of public sector companies meant for privatisation was unveiled, including two banks. Air India sale was the first major outcome but there is recognition that the pace has been slow.

There is also no mention of the asset monetisation pipeline that was outlined in great detail last year. This was also expected to be a major focus for resource mobilisation but is also taking more time than originally expected to get off the ground.

The salaried middle class will naturally be disappointed by the proposals as the usual speculation around income tax concessions swirled around this time as well. The only sop provided is a procedural improvement in terms of allowing revised income tax returns within a two year period of the assessment year. This can be described as yet another oversight as the beleaguered middle class too deserves some concessions.

This year's Budget has actually disappointed many who were expecting a pre-election bonanza with many freebies for many segments of the public. Instead, the Modi government has presented a clinically correct Budget that keeps its eye firmly on public investment as the vehicle to pump-prime the pandemic-affected economy. Many economists are describing it as progressive and forward-looking as it will ensure infrastructure development and thereby expand the much-needed jobs in the economy. The problem is, it seems to look only at revival in the medium and long term while neglecting near-term weaknesses in many areas. It is also positive for the formal sector, hence the bullishness in reaction of stock markets. But the informal sector and the bottom of the pyramid have been left out of the Budget's calculations this time around.

Too cold for comfort

ALKA KASHYAP

THE first few days of this New Year were certainly not turning out as we had expected them to be. The fervour of fresh beginnings was dwindling in the dark and gloomy weather outside. Never had I checked the Chandigarh weather so assiduously or peeped out of the curtains to get a glimpse or a feeble hint of sunshine. The long spell of overcast days with heavy bouts of rain was playing on our minds. With the sun playing truant, each day was getting difficult for the clothes to dry and the saplings to grow, leaving us shivering down to the bones.

I was reminded of my growing up years in Shimla. Having lived half my life in the hills, we were well endowed to endure the onslaught of snow and incessant rain. Bad weather was never a bother as it had become a way of life. We would go weeks without the sun, and sometimes the water in the pipes would freeze. I remember we used to heat the pipes coming to the kitchen with a big candle, to let the water flow.

There were days when the electric wires would snap due to heavy snowfall and it would take days to restore it. That meant no television and no heaters. Added to that was the disrupted supply of milk and vegetables. Nothing moved on the roads and virtually everything came to a standstill when it snowed. We were homebound for a long time, almost like going into a lockdown.

The good part was that our spirits were always high. We had wooden floors, fully carpet rooms and a fireplace that would be burning. Our homes had all the means to combat any contingency. For instance, there used to be a huge oil lantern in every room, before the emergency lights and big torches made their way. In case of an outage, the country-made option of 'kangri', an innovative work of art from Kashmir, would be the replacement of a heater. 'Hamams' would be the geysers for heating water that functioned on burning wood.

Our kitchen used to be fully stocked with non-perishable food items. Dry fruits were specially stored as they were excellent sources of heat to the body. Our staple vegetable was sacks of potato. So whenever it snowed, we got down to eating every form of potato that could possibly be prepared.

Life was tough in the hills as compared to our modern-day inconvenience of not seeing the sun for a few days. I needed to remind myself to see the silver lining in the clouds. Running traffic, electricity, workplaces and regular food supply were some of the bright spots that kept the body, mind and spirit enervated amid the vagaries of the weather.

THOUGHT FOR THE DAY

Used correctly, a budget doesn't restrict you, it empowers you. — **Tere Stouffer**

ON THIS DAY...100 YEARS AGO

The Tribune.

LAHORE, THURSDAY, FEBRUARY 2, 1922

Mr. Churchill's Speech

WE confess we are unable to make out what Mr. Churchill wanted to convey by his speech at the East African dinner. The speech divides itself into parts. In the first, Mr. Churchill says that "as a curious result of the war, the discontented elements in Asiatic and African countries seemed to think that they had only to express a wish that Great Britain should lay down the Government, and Great Britain would comply," and added that "it was high time it was made clear that this was not the rule which Great Britain intended to follow." The only Asiatic country Mr. Churchill could have had in view is India, and yet in the second part, Mr Churchill told his hearers that "India had entered the Empire as a partner and we must be most careful to treat her citizens with the respect which was their due and shape the laws of the Empire or any part of it in such a way as not needlessly to inflict invidious distinctions on its representatives." How India can be a partner, and Great Britain make it clear that she is not prepared to lay down the Government (which is evidently a synonym for granting her self-government) is not at all clear to the unsophisticated mind. And why by the way is it a "curious" result of the war that people in Asiatic and African countries are pulsating with the national sentiment? What has become of the eloquent sayings about the desire of British and American statesman to make the world safe for democracy, about England and her allies having entered the war not for their own good, nor even for the good of Europe, but to safeguard the liberty of the world generally? Surely, the Asiatic and African countries would have been lacking in respect for Great Britain if they had refused to take those oft-repeated assertions at their face value.

LETTERS TO THE EDITOR

Who is the sermon for?

What does the PM mean when he says, "We all must work together to get rid of corruption?" Who is 'we' and who are his audience? Is 'we' the common man of India who has to encounter corrupt officials every day, or the corrupt officials themselves? And, if the audience is the former, what can they do to get rid of corruption. In fact, they are the sufferers. The audience must be, and has to be the latter — the public servants — some of whom want their demands met to make a file move. And the sermons of the PM will not cut any ice on this thick-skinned audience.

AMIT KUMAR, MOHALI

Saviour of *dharma*

How preposterous of a political party to arrogate to itself the role of saviour of Hinduism — to save the Sanatan Dharma, the timeless religion that has seen the rise and fall of innumerable rulers and grown from strength to strength. Is the party delusional or is it an ulterior motive?

BRIJ MISRA, BY MAIL

A different league

This refers to 'Let us be future-focused, not past-obsessed'; the ruling Right sees in Netaji a counterweight to Mahatma Gandhi and other leaders of the Indian National Congress-led freedom struggle. Netaji wanted to establish self-rule in India quickly; that too, on secular moorings. An impatient Bose offered Indian nationalists a motivational slogan, "Give me blood, and I will give you freedom." In a show of reverence to Gandhi, Netaji addressed him as the 'Father of the Nation' and sought his blessings for the war he was fighting, in a speech broadcast by the Azad Hind Radio from Singapore in July 1944. Bose would prove a misfit in the scheme of things of the right wing, eventually.

HARIDASAN RAJAN, KERALA

Bose as mascot

Berating the Congress for not according a due place to Subhas Chandra Bose in India's history, the ruling BJP dispensation is highlighting only the military aspect of his personality and Hindu credentials, not his secular and political viewpoint ('Let's be future-focused, not past-obsessed'). Its attempt to appropriate Netaji is focused mainly on denigrating the Nehru-Gandhi family. Netaji was an extraordinary, charismatic leader who played a crucial role in the freedom struggle. He believed in cultural diversity and vouched for a sustained united society. The BJP should rise above its narrow-minded politics of hatred and divisiveness for electoral gains, and recognise his secular, socialist and democratic legacy. It should endeavour to seek support and cooperation from the Opposition and address the multiple socio-political and economic challenges confronting the country today for a better tomorrow.

DS KANG, HOSHIARPUR

Substandard oil

Refer to 'Row over mustard oil being sold under PDS in Nurpur'; if the government wants to support citizens through various schemes, it should provide quality services to them. The case of supplying substandard quality of mustard oil is a matter of serious concern. Why doesn't the Food and Civil Supplies department check the quality of items before supplying it to fair price shops? It can have a bad impact on the health of people. This also raises questions on the quality of other products supplied by these fair price shops. All citizens can't afford quality products from other shops, they are dependent on these fair price shops. The department must avoid such laxity in future.

RITISH PANDIT, SUNHET

No bus stands

It's intriguing to see that there's no bus stand in operation in Gurugram, Mohali, Zirakpur and Kharar. Commuters just wait for buses by standing along highways, in the sun and rain. Politicians talk about airports, convention centres or luxurious shopping malls but simply forget to provide this basic facility which should have been provided years ago.

RAMESH GUPTA, NARWANA

Bank for bad loans

Apropos of 'Go-ahead for bad bank', the project has received the approval to take off and NPAs of public sector banks amounting to Rs 2 lakh crore are likely to be taken over by the bank. This will lead to a better credit offtake. The quantum of bad loans has had an adverse impact on the credit flow. A one-time transfer of NPAs outside of the bank's balance sheet is essential to enable the banks to focus on lending activities while the bad bank will deal with recovering the NPAs via liquidation, restructuring or other means. But its success would depend on the implementation and management of the transferred NPAs. It will help clean up balance sheets, but credit culture must change for a healthier financial system. The creation of a bad bank does not in any way address the underlying cause of the bad loan problem. Only by reforming the banking system can the financial system be made more efficient.

RS SEMBHI, LUDHIANA

Letters to the Editor, typed in double space, should not exceed the 200-word limit. These should be cogently written and can be sent by **e-mail to: Letters@tribunemail.com**

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China looks for ways to revive ties with US

JAYADEVA RANADE
PRESIDENT, CENTRE FOR CHINA ANALYSIS AND STRATEGY

AS China's economic situation worsens and tension in the neighbourhood rises, the Chinese leadership is worried at the turn its relations with the US is taking. China acknowledges that this bilateral relationship has immensely facilitated its rise. The US remains China's prime source of hi-technology, Chinese companies list on the New York stock exchange, and China's exports to the US touched a whopping $452.58 billion in 2020. Any further slide would stall, if not reverse, China's rise.

To get a sense of China's thinking on Sino-US relations, it is worth examining comments by influential Chinese analysts, including those made around the time of the US-China summit in November 2021. These comments reflect the divergence of views that have existed for some years within the CCP and suggest that the subject is again under active discussion, with a renewed focus on ways to mend it. The preparations for a potential meeting between top Chinese diplomat Yang Jiechi and US National Security Adviser Jake Sullivan on core national security concerns could also be a factor in the debate's revival.

Yuan Peng, one of China's leading America experts, who heads the think tank of the Ministry of State Security, warns that the US is used to dealing with other countries from a position of strength and has failed to see that the east is 'rising' while the West is 'falling'.

He says the attacks of September 11, 2001, caused a security crisis, the 2008 subprime fiasco led to an economic crisis and Trump's victory in 2016 created a political crisis. Now, he says, the US may also face a social crisis of a magnitude that it has not seen in decades.

Citing the hurried withdrawal from Afghanistan by the US, the analyst asserts that the US was willing to lose face to better respond to China. He states that what really worries the US is not the extent of China's economic strength but the growth of its science and technology, its military, and its governance model which has facilitated China's rise.

This shift in the strategic focus of the US to the 'Indo-Pacific' has now brought it to China's doorstep he declares, where the two sides face 'hand-to-hand contact' for the first time in a century and regard each other's every move with suspicion.

Although Yuan appears to take a hard stance, he subtly hints that China will need to reach some compromise with the US in the near term to facilitate its development. Because, he asserts, the US is still powerful and "the great rejuvenation of the Chinese nation" is the most important issue for China.

Yang Jiemian, another expert and the brother of a Politburo member, appears to toe the government's hawkish stance. He suggests that China play off the US against Russia and vice versa. At the same time, Beijing must remain alert about Washington's attempts to split China, while recognising that Russia is wary of China's expanding influence in Eurasia, as even brothers can have problems.

Chinese analysts were careful to subtly express their views about Xi's US policy. However, in a thinly veiled criticism, Jia Qinggua, an America expert and member of China's highest political advisory body, warned China not to unduly focus on national security as it would be self-destructive. These comments will have disconcerted Xi Jinping, coming as they do just months before the crucial 20th Party Congress, where his third term will be decided.

ON THE MEND: China faces the task of normalising its relations with the US without affecting the power structure. REUTERS

Yang also expresses concern about China's deteriorating ties with Europe, which he calls the fourth pillar in global affairs. With Angela Merkel's departure, he says, it would be unrealistic to expect Sino-German relations to remain the same, because while Europe and the US may have differences, these are only up to a point.

The views of China's longest serving ambassador to the US, Cui Tiankai, are also significant. Ideologically, one of the more conservative 'left' cadres, Cui's term in Washington was extended by Xi Jinping because he had built up good access to Donald Trump's family and inner circle. Interestingly, though Cui's views appeared to have sharpened since his ambassadorial appointment, he too hints that China must keep its eye on the bigger issue of its "great rejuvenation" and be "clear-headed and fully prepared to deal with the twists and turns, turbulence, and even the roller-coaster of Sino-US relations in the future."

Cui also asserts that China must be very vigilant while dealing with the US as tensions between the two powers continue to grow despite the November summit, and these are unlikely to improve in the near future.

He adds that there has been "a very strong element of racism" in Washington's China policy, with the US unwilling to accept the rise of a power that is very different in its social system, ideology, cultural traditions and ethnicity. "The US will inevitably try every possible means and spare no effort, even without a bottom line, to suppress, contain, divide and besiege China," he asserts.

Zhang Baijian — who took part in Zhou Enlai's talks with Henry Kissinger during his secret visit to China in 1971 — presents a somewhat contrary viewpoint. Seeming to leave the door open for compromise, Zhang stresses the need for China to balance its opening up with safeguarding its national interests. He cautions that the US is down but not out, and while its role as a global leader is declining, history shows that it can recover and revive.

All three were careful to subtly express their views without overtly criticising Xi's US policy. However, in a thinly veiled criticism on January 23, Jia Qingguo, an America expert and member of the Chinese People's Political Consultative Conference (CPPCC), the country's highest political advisory body, warned China not to unduly focus on national security as it would be self-destructive.

These comments will have disconcerted Xi, coming as they do just months before the crucial 20th Party Congress, where his third term will be decided. Nevertheless, Xi is likely to continue to pursue his hard-line policy to forestall obstacles and prevent any loss of face — at least till the Party Congress.

Parties' narratives poles apart in UP elections

RADHIKA RAMASESHAN
SENIOR JOURNALIST

Protests rarely erupt unless they are spearheaded by politicians. Adityanath was lucky that his tenure witnessed one set of demonstrations against the amended citizenship law which he put down with brute force. Then came the farmers' stir whose ramifications were felt beyond western UP. The Lakhimpur Kheri incident became the focal point of the agitation. It appears that the farmers' patience with the BJP govt might have run out.

BY now, Uttar Pradesh's election campaign by the principal players — the BJP/National Democratic Alliance and the Samajwadi Party (SP)-Rashtriya Lok Dal (RLD) and their allies — have got delineated in outline, form and substance and could not be more mutually antithetical. The BJP speaks the language of divisiveness and negativity and its discourse seems strangely reactive after years of setting the terms of engagement for its opponents. So far, the SP-RLD has avoided tangling itself in the BJP's allegations and innuendoes that have often cost the Opposition dear in the past. The duo has crafted its own narrative, shorn of emotions and passions, and stuck to issues it believes will resonate with UP's economically distressed population.

In the past election in 2017, the BJP's thrust was layered: Prime Minister Narendra Modi was the focus. The discourse was themed around his government's policies before Hindutva was infused with *vikas* to play to a gallery of the committed and the converted. On Monday, in his first virtual speech to UP's voters, Modi attacked the SP, which was described as *dabang* (overpowering) and *dangai* (prone to rioting). He reminded the audience that one word from the rioters was the commandment when the SP was in power. Its government, he alleged, "patronised" the mafia which pillaged traders and forced their women into homes. His words conjured images of the "jungle raj", a phrase the BJP had effectively used to annihilate Lalu Prasad and the Rashtriya Janata Dal in Bihar.

AGENDA: The SP and RLD have tried to steer clear of emotive and divisive themes. PTI

He warned listeners that 'revenge' would be the order of the day if the Opposition was elected.

Modi's address was an extension of what was said over months by the Chief Minister, Yogi Adityanath, and the Home Minister, Amit Shah. The leitmotifs were borrowed from the past: the SP would restore Mughal rule; the SP only raised walls around *kabristan* and legalised the ownership of the land earmarked for graveyards while the BJP government channelled funds into the development of sacred places; the SP had engineered the exodus of Hindu traders from western UP and nearly created a Kashmir inside the state; the firing on the *kar sevaks* who laid siege to the Babri mosque in 1990; skull caps, *iftar* parties, Aurangzeb and such like pictorial and mental ideas embedded in the party's history texts. It seemed as though communalism was stretched to its limits.

It is a replay of 1993, when the state went to polls after a spell of truncated BJP rule because its government was dismissed after the Babri demolition. Logically, the referendum on this act was there for the BJP to win. Its posters claimed, '*Jo kaha, so kiya*' (What was promised was fulfilled). Yet it lost the mandate. Was the communal fare served up over two years excessive even for its adherents? This time, the Adityanath government comfortably completed a five-year tenure, and laid out more fulsome helpings to satiate the appetite for communalism. The minorities were silenced. They are rarely seen, much less heard, except for veteran politicians given to speaking out of turn. Even the clergy stopped issuing statements for fear of a backlash against the minorities.

Western UP votes in the first three phases. It is traditionally a BJP stronghold where the RSS first established itself following the exodus of Hindu refugees from Pakistan. Many of them made this region their home and set up business. UP's worst communal violence, several during Congress regimes, occurred here: Meerut, Maliana-Hashimpura, Moradabad, Aligarh, Bareilly, Badaun, Etah and Muzaffarnagar in 2013. These were long-drawn riots. In contrast, although Varanasi in the east was prone to religious conflicts, the episodes were short and limited to pockets.

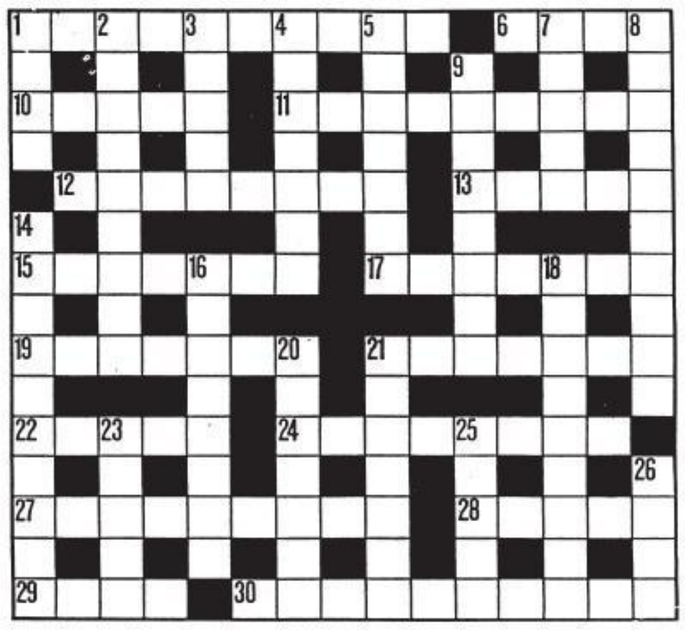
For the past month, videos have surfaced from western UP, depicting BJP MLAs hooted out of their constituencies and in places close to being attacked. In 2017, the SP's candidates were subject to similar treatment in eastern UP. UP is not an anarchist state. Protests rarely erupt unless they are spearheaded by politicians. Adityanath was lucky that his tenure witnessed one set of demonstrations against the amended citizenship law which he put down with brute force. Then came the farmers' agitation whose ramifications were felt beyond the epicentre, western UP. The Lakhimpur-Kheri tragedy, involving the killing of farmers by the son of a Central minister from the area, became the focal point of the agitation and the issues it signified because the protests were peaceful, true to UP's tradition. It appears that farmers' patience with the BJP government's unwillingness to listen to their woes and its inability to act might have run out. We will know on February 10, after the first phase of voting is over.

The SP-RLD, which started off a bit belatedly, has found its feet. Its leaders, Akhilesh Yadav and Chaudhary Jayant Singh, have homed in on the agrarian sector and not deflected their attention from it, despite the BJP's provocations. If voted to power, like the BJP, they will be held to their promises which include clearing the payments backlog to sugarcane farmers in 15 days, free irrigation, no tariffs on 300 units of power consumption, setting up a revolving corpus of farmer funds, compensation for the families of victims killed by rogue cattle and so on.

In addition, Akhilesh and Jayant jointly campaigned in the west principally to dispel the speculation that the BJP had made overtures to the RLD to ditch the SP and become its ally.

In the polemics over emotions versus the economy, it is hard to assess what predominates. UP's voters often speak of bread-and-butter issues, as though these alone matter, and get swayed by the Hindutva discourse. Akhilesh and Jayant signalled their 'commitment' to the farmer by displaying two symbols: a stick of sugarcane and a *potli* (bundle) of grains wrapped in auspicious red cloth. Will *ganna* win over *danga* (riots) or will it be the other way around?

QUICK CROSSWORD



ACROSS
1 Beyond question (10)
6 An iridescent gemstone (4)
10 Slight error (5)
11 Requiring great strength (9)
12 Definite (8)
13 Tendon (5)
15 Evidently (7)
17 Anxiety (7)
19 Mistakenly (2,5)
21 Cajole (7)
22 Mythical many-headed snake (5)
24 Form of motorcycle racing (8)
27 Prone to act on a whim (9)
28 Large web-footed bird (5)
29 Locate (4)
30 Tempt into doing wrong (4,6)

DOWN
1 Threatening (4)
2 Copy of an original (9)
3 Perfume (5)
4 Inconvenient (7)
5 Unpredictable (7)
7 Groom (oneself) in vain way (5)
8 Tediously wordy (4-6)
9 Pest (8)
14 Make oversubtle distinctions (5,5)
16 As a rule (8)
18 Try earnestly (9)
20 Interval of rest (7)
21 Saturday and Sunday (7)
23 Storehouse (5)
25 French Impressionist painter (5)
26 A group of quail (4)

YESTERDAY'S SOLUTION

Across: 1 Aquatic, 5 Cabin, 8 Greenhorn, 9 Tug, 10 Ruby, 12 Pittance, 14 Shut up, 15 Insist, 17 New world, 18 Deaf, 21 Net, 22 Redundant, 24 Merit, 25 Embroil.
Down: 1 Augur, 2 Use, 3 Tint, 4 Chopin, 5 Constant, 6 Bete noire, 7 Neglect, 11 Blue water, 13 Autocrat, 14 Synonym, 16 Sledge, 19 Fatal, 20 Snub, 23 Ago.

SU DO KU

				6				
			3			7	4	9
7			8	4		5		
1	9						5	
		2				8		
	4						3	1
		3		9	4			8
9	6	1			7			
				1				

MEDIUM

CALENDAR

FEBRUARY 2, 2022, WEDNESDAY

- Vikrami Samvat 2078
- Shaka Samvat 1943
- Magh Shaka 13
- Magh Parvishte 20
- Hijari 1443
- Shukla Paksha Tithi 1, up to 8.32 am
- Shukla Paksha Tithi 2, up to 6.16 am
- Variyan Yoga up to 11.58 pm
- Dhanishtha Nakshatra up to 5.53 pm
- Moon in Aquarius sign
- Panchak starts 6.45 am.
- Gupt Navratre start

YESTERDAY'S SOLUTION

4	1	3	8	9	6	2	7	5
2	5	6	3	1	7	4	8	9
9	8	7	5	2	4	3	6	1
1	3	8	4	6	9	5	2	7
5	9	4	2	7	8	1	3	6
7	6	2	1	5	3	8	9	4
6	4	5	7	8	2	9	1	3
8	7	1	9	3	5	6	4	2
3	2	9	6	4	1	7	5	8

FORECAST

SUNSET: WEDNESDAY 17:59 HRS
SUNRISE: THURSDAY 07:13 HRS

Sunny | Partly Cloudy | Cloudy | Rainy | Foggy

CITY	MAX	MIN
Chandigarh	18	08
New Delhi	21	08
Amritsar	19	07
Bathinda	20	08
Jalandhar	19	08
Ludhiana	19	08
Bhiwani	22	09
Hisar	22	09
Sirsa	21	09
Dharamsala	18	09
Manali	10	–01
Shimla	11	01
Srinagar	10	0
Jammu	19	08
Kargil	0	–12
Leh	–01	–14
Dehradun	21	05
Mussoorie	14	03

TEMPERATURE IN °C

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THE ASIAN AGE

2 FEBRUARY 2022

A work in progress that doesn't hurt the citizen

Union finance minister Nirmala Sitharaman has performed a fine balancing act by focusing on measures to boost economic growth rather than present an election-focused please-all welfare budget. She has front-loaded public expenditure through asset-creating capital expenditure to prevent the economy from getting affected by a muted private investment.

The budget allocation at the Central government level has been enhanced by ₹3.5 lakh crores and another ₹1 lakh crore has been offered to states as a 50-year interest-free loan for capital expenditure. Further, the state governments have been allowed to have a higher deficit of four per cent of the Gross State Domestic Product (GSDP), which will further boost public expenditure. The government's focus on capital expenditure, though its results depend on faster implementation, is better than revenue expenditure. The government should also be commended for resisting temptation to hand out reckless freebies in the wake of the upcoming elections in key states.

Giving impetus to infrastructure development under the PM Gati Shakti will have a ripple effect on the economy by kick-starting the virtuous cycle. The PM Gati Shakti will focus on boosting growth in seven sectors, namely roads, railways, airports, ports, mass transport, waterways and logistics infrastructure.

Though individuals have little cheer, the finance minister does not take away anything from them — and no negative should be considered a positive amid the exceptional circumstances the country is facing

The plan to integrate postal and railway networks for offering efficient logistics services for small farmers and small and medium enterprises and integrating post offices with banks through core banking services could help the postal department reinvent itself. A revival in India Post would help the government reduce its budgetary support to the public service, which is fast being replaced by private players.

The proposal to introduce a Digital Rupee by the Reserve Bank of India using the blockchain technology in 2022-23 hints at the government adopting new technology. The proposal to tax virtual assets like crypto currency among others at a flat 30 per cent could signal that the government may not ban crypto assets though it is highly uncomfortable with the presence of an unregulated investment channel.

While the corporate world may not be fully satisfied with the Budget, a reduction in surcharge would help it save some of its money. Production-linked incentives will make the government support incumbent companies increasing their production instead of giving them freebies through a further cut in corporate taxes. Legislation to replace the old Special Economic Zones Act could offer export-oriented units more ease of doing business.

The proposals on remote classrooms through PM eVidya and the National Mental Health Care could help in addressing two issues created by the Covid pandemic. A promise to fund five river linking plans may nudge states to begin work on creating a national water grid.

Though individuals have little cheer in this Budget, the finance minister does not take away anything more from them — and no negative should be considered a positive in the wake of exceptional circumstances that the country is facing. In a nutshell, the Union Budget 2022-23 is more a work-in-progress budget without any expressly negative components.

Selling dreams for the future

The finance minister, in pitching her 2022-23 Budget as a blueprint to steer India@75 towards India@100, may have been more Nirmala, meaning pure and virtuous, than Nostradamus, the impossibly prescient man who saw tomorrow. She must, however, be lauded for daring to look into the future in which even the need for an annual Budget might disappear as a technology-driven government could take decisions in real time than express them in annual, high-profile presentations that started in 1860. If anyone believed this was close to a no-Budget, he/she might be peeping into a future where there will indeed be less visible government in a digital world.

The recognition of cryptocurrency as an asset class is futuristic even if only the passage of time will tell if it's the world's craftiest Ponzi scheme or a form of anti-government symbolism that will power an alternative economy. Public faith can be expected to drive investments in a 'desi' — IndiaCoin or such — to be floated by the RBI as sovereign guarantee behind coins of the realm may still power their legitimacy 25 years hence. The accent on drone shakti is a recognition of hi-tech fast transforming a world, especially through artificial intelligence applied in education, healthcare, autonomous and electric cars and agriculture. To give more refined digital and audio-visual channels to schoolchildren who have been deprived of classroom education for two years cannot be praised enough.

We must, however, be practical in accepting that the present is somewhat disappointing when all the great things seem to lie in India's rosy future, like bullet trains which have been running on Shinkansen rails in Japan for 50 years, 5G technology that is being rolled out around the world, widespread electric mobility that may ultimately force petrol bunks out of business while keeping the air over cities clean, solar energy that homes may store by day and expend by night and, one day, perhaps even nuclear fusion providing power so cheap as to do away with the need for electricity meters. The licence to dream has been there forever and, maybe, it was time it entered the Budget, too.

THE ASIAN AGE

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Subhani

A transformational Budget for high, sustained growth

Chandrajit Banerjee

The Budget has adopted just the right approach for catalysing growth with social inclusion. It has provisions which cover almost all segments of society.

India crosses the important milestone of completing 75 years of Independence this year — a watershed moment for the country which makes us reflect on our momentous economic journey so far. It is also an occasion to take steps to fast forward our dream of a developed India which is prosperous, inclusive, equitable, technologically advanced and can take on the world on equal terms. Hence, it was keenly anticipated that the policies and prescriptions announced in the Union Budget would be aligned to our future vision of high, sustained growth in the medium term as much as address the immediate challenges that are confronting the economy.

The Budget has successfully delivered on the nation's expectations and scripted a blueprint for a progressive economy which would serve as a template for the future. Resting on seven key pillars — namely, physical infrastructure, financial capital, inclusive development, reinvigorating human capital, innovation and R&D and digital economy, sustainability and climate action and ease of doing business, the budgetary announcements offer a detailed roadmap to revive demand and nurture growth in the economy in the medium term even while meeting the aspirations of the different segments of society.

The Budget has adopted just the right approach for catalysing growth with social inclusion. It has provisions which cover almost all segments of society. Finance minister Nirmala Sitharaman has taken pathbreaking measures towards developing human capital by providing a fillip to health, education and skills. She has also made bold announcements on infrastructure and affordable housing, provided an impetus to domestic industry, addressed the concerns of SMEs, attended to the travails of the contact-intensive sectors such as hospitality and tourism, promoted start-ups, and supported futuristic technologies, among others. These are all versatile moves. In doing so, the finance minister has deftly managed the daunting task of reviving growth and investment cycle while addressing expectations caused by social and demographic changes.

The government has continued with the move to significantly upscale capital expenditure in infrastructure development. A futuristic Budget, as far as capital spending on areas such as infrastructure is concerned, the government's determination to move ahead with the execution of its vision to create infrastructure assets is exemplary and would spur the virtuous growth cycle and create jobs.

CII, along with Indian industry in general, strongly welcomes the tremendous increase in public capital expenditure by 35 per cent to ₹7.5 lakh crores and the effective capital expenditure by the government, including support to the state governments at ₹10.68 lakh crores, is a major boost for the economy. The accent on affordable housing, the "*nal se jal*" scheme and expanding the scope of the Gatishakti scheme are the other key measures which bear testimony to the government's commitment to bridge gaps in infrastructure.

The Budget has listed a clutch of initiatives to incentivise investment in manufacturing. The announcement on the Ease of Doing Business 2.0 is a pathbreaking initiative to attract investments. Besides, the repealing of 1,486 Union laws will promote trust-based governance. Alongside, the digitisation of manual processes, reduction in regulatory compliances as well as the integration of Central and state-level compliances will go a long way in enhancing the ease of doing business and reducing the cost of doing business.

The setting up of an international arbitration centre at GIFT city to speed up dispute resolution is an encouraging development as well. The proposed necessary amendments in the Insolvency and Bankruptcy Code (IBC) structure to promote cross-border insolvency resolution is a good move too, as it will help to resolve the many cross-border IBC cases that are stuck due to various legal hurdles. The production linked incentive (PLI) schemes being extended to design in manufacturing and solar power equipment manufacturing will help expanding our capacities as well as create jobs.

The Budget has also provided an impetus to "Atma Nirbhar Bharat" by schemes supporting domestic industry. These include a 68 per cent of capital buy in defence under Make in India, the phased manufacturing plan for solar cells and solar panels, extending the concessional tax regime of 15 per cent tax for newly incorporated domestic manufacturing companies under Section 115BAB by one year, and others.

The move to incorporate 75 digital bank units of scheduled banks in 75 different districts will encourage the usage of digital payments in various parts of the country and be beneficial for fintech companies.

The Budget also incentivised start-ups which are instrumental in wealth creation and building entrepreneurship by promoting start-ups to facilitate "Drone Shakti" through varied applications and for Drone-As-A-Service (DrAAS), defence R&D, and extending the tax incentive for eligible start-ups by another year, among others.

Another landmark announcement in the Budget is the introduction of the Central Bank Digital Currency, the "digital rupee", using blockchain and other technologies, to be issued by the Reserve Bank of India from 2022-23. This will reduce dependence on cash and reduce settlement risk and be distinct from decentralised crypto currencies which lack the status of legal tender.

The social sector has been the priority in the Budget to ensure protection of lives and livelihoods. In this direction, MSMEs have been the worst affected due to the Covid-19 pandemic. The Budget has extended the Emergency Credit Guarantee Linked Scheme (ECLGS) till March 2023 with an allocation of ₹5 lakh crores. This was CII's suggestion in its pre-Budget memorandum. An additional ₹2 lakh crores have been allocated for micro and small enterprises, which will go a long way to support the revival of this sector that is pivotal for local level jobs as well as livelihoods.

Over the last two years, the pandemic has challenged the healthcare ecosystem of even the most advanced economies. Hence, the rise in allocations for health and education is extremely welcome.

At the same time, a well calibrated and judicious fiscal management policy has been announced, geared towards maintaining the growth impetus while at the same time safeguarding macro-economic stability and containing inflation. The minister has broadly adhered to the fiscal deficit target for the current year and rightly charted a fiscal glide path of reverting to the path of fiscal prudence by announcing the fiscal deficit target of 6.4 per cent for FY23 to consolidate the recovery now underway.

The Budget has many positive features, the hallmark being the accent on clarity and transparency to take the Indian economy to higher echelons of growth with social welfare.

The writer is director-general of the Confederation of Indian Industry

LETTERS

NOT POPULIST

Coming on the very threshold of major Assembly elections this month, the Budget 2022 is significant in eschewing a self-defeating populism. It has also in a similar vein put growth over fiscal deficit worries, with a capital expenditure raised to ₹7.5 lakh crores from ₹6.03 lakh crores in the current fiscal. But then of this, ₹1 lakh crore that was to have been borrowed by the states is now a loan to them from the Centre's account, just a transfer of onus. The key must lie in the full and even utilisation of this kitty.

R. Narayanan
Navi Mumbai

MIDDLE CLASS BLUES

SALARIED AND middle class people are in utter disappointment with no changes made in income tax slabs or increase in standard deduction. If minorities can be termed as vote bank of the political parties, salaried and middle class people are the tax bank of the government. While vote bank people get the benefits, tax bank people are given nothing.

K.V. Seetharamaiah
Bengaluru

SHORTEST SPEECH

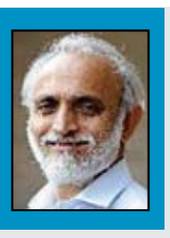
FINANCE MINISTER Nirmala Sitharaman spoke for one hour and 30 minutes and delivered the shortest budget speech in decades. Usually, these go on for about two hours at the least. Prime Minister Narendra Modi supported her proposals enthusiastically, whereas Congress MP Manish Tewari termed the Budget "unrealistic and unimplementable". CPI(M)'s Sitaram Yechury asked why the super-rich weren't being taxed more while TMC leader Derek O'Brien said it was a "PM (Does Not) Care Budget".

Bidyut K. Chatterjee
Faridabad

TWITTER BEATS KOO

THE GOVERNOR of West Bengal, Jagdeep Dhankar, has crossed all accepted norms of gubernatorial behaviour. Not that the CM has been less combative. Not long ago there were attempts to replace Twitter by an Indian app, Koo. All the super-nationalists had vowed to uninstall it. However, the governor's regular criticism of the CM and Mamata Banerjee's decision to block him making news only underlines the importance of Twitter.

Anthony Henriques
Mumbai



Parsa Venkateshwar Rao Jr

Modi a political Pied Piper, sets 2024 agenda & a 2047 wish list

It is unfortunate that in a 20-page, 118-paragraph Part A Budget speech, Union finance minister Nirmala Sitharaman could bring herself to say only briefly and fleetingly at the beginning: "At the outset, I want to take a moment to express my empathy for those who had to bear adverse health and economic effects of the pandemic." This seems to have come more from the finance minister as a personal expression and not that of the government. In the last two years, she has been the only one in the Narendra Modi government who displayed some "empathy" for those beaten down by Covid-19 and its deadly effects. But the words chosen are so neutral, and in this context callous, as this government is little bothered about people. This callousness is again seen in the paragraph that follows: "The overall sharp rebound and recovery is reflective of our country's strong resilience." The personal and economic trauma of tens of thousands of people, especially during the devastating second wave of the Delta variant last summer, is not even a blip in the mind of this government.

It became apparent in the next few minutes of her address that this was really Prime Minister Narendra Modi's speech delivered by the finance minister, and what was really the finance minister's speech became the

Economic Survey that was placed in Parliament Monday. The Economic Survey presented a modest and realistic picture of the state of the economy. What we heard on Tuesday was a vacuous rollout of many technological changes that the government would like to promote in the country in the next five years, fancifully termed "Amrit Kaal" to mark the time between the 75th anniversary of Independence to the 100th in 2047, the quarter century between now and then. It was completely out of place in an annual Budget speech. The plan, it doesn't matter whether it is realistic or not, seemed more like a BJP election manifesto for 2024, and the Prime Minister seems to have felt there can be no better occasion than this to unveil his barren vision of a technology-driven India, where people will lead a soporific life aided by a digitised administration and economy.

Mr Modi has a right to his own dreams and visions for the country, however much we may disagree with its dystopian dimension. And as a twice-elected Prime Minister, he can spell out the contents of his dreams through the Budget speech of his finance minister. The Prime Minister has been hard at work to depoliticise the democratic processes in this country, and he has found an effective way of doing it through the opium of technology. Part A of the Budget speech is a good example of the PM's look-away-from-the-present and look-into-the-far-future approach towards governance.

Solipsism is intellectual escapism, and one cannot question the right of the Modi government to practise it. But the traumas and hurdles facing the people and the country in 2022 are not going to disappear because the government refuses to face up to them or talk about them. The economy will of course rebound, and it will not be because of the 25-year perspective plan unspooled by the finance minister. It will be because over a billion people are eking out their livelihoods and the government lives off their efforts through increased collections of Goods and Services Tax (GST). Of course, Ms Sitharaman thanked the people for making GST a success. There is no evidence in Ms Sitharaman's speech that the government will spend its tax earnings on the needs of the people, or on the health infrastructure in the country. It's as though the government, like the obnoxious taxman, has collected the money and gone his way, and the people are supposed to be thankful they have been left alone.

The government hopes to pass over the political and economic potholes with its eyes glued firmly towards 2047. The gambit of the Prime Minister seems to be paying off. In 2014, he pointed to 2019, the 150th birth anniversary of Mahatma Gandhi, and to 2022, the 75th year of India's Independence. In 2022, he is pointing towards 2047, the centenary of Independence. He is saying in so many words that do not mind the unpleasant present, just keep your eyes fixed on 2047. It has been the case that the economy has trundled along since 2014 and the people fended for themselves through the bad times that stretched from the 2016 demonetisation to the 2019-21 Covid-19 scourge.

Ms Sitharaman's 2022 Budget speech should stand out for its political impudence in passing over the economic challenges facing the people and pointing out to isolated phenomenon like the start-up successes of unicorns. The unicorns have raised money from the market, but they have not really produced any ripple effects if not multiplier effects.

Exigencies and uncertainties are looming on the horizon. Though the Covid-19 pandemic has partly receded, global health experts are warning about the need to prepare for another health crisis which may well be of Covid proportions. The Economic Survey has pointed out though that the Indian economy is poised to grow if there are no further Covid-type disruptions and if oil prices hold. The boast that India is the fastest growing major economy is of little solace if political and economic crisis in other parts of the world were to rock the Indian economy. Mr Modi is indeed the political Pied Piper who keeps people's minds away from the nagging reality. He is telling people: just look to 2047.

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