

## **Editorial**

### **The context of economic survey 2021-22 & union budget 2022-23**

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In India, the economic survey and the union budget are two important public documents that attract much attention from researchers, the media and the public at large. The economic survey is, perhaps, the most detailed document that presents an analysis of the state of the economy both at the macro-level and at the sectoral level. Economic survey, usually presented on the eve of the union budget, highlights not only the major achievements during the previous financial year but also the challenges that the economy faces. The union budget, apart from being an annual statement of the revenue and expenditures of the government, also presents the broad contours of the approach of the government in addressing the challenges that the economy faces.

The economic survey 2021-22 and union budget 2022-23 could be considered distinct from their predecessors because it was presented at a particular juncture wherein the Indian economy has dealt with once in a century pandemic for two years, like many other countries in the world. When these two documents were presented, countries in the world, including India were found to be belonging to two distinct blocks. On the one hand, there were countries, mostly from the developed world, that managed to record a V-shaped recovery from the COVID-19 pandemic which hardly left any sectors of the economy or sections of society untouched. On the other hand, are those countries, mostly belonging to the developing world, for whom the return to the pre-pandemic position remains far in sight and the road to recovery appears highly rocky.

The first group of countries that managed to record an economic revival has been able to accomplish the same backed by strong fiscal policy measures. In the United States, for example, the fiscal stimulus package was of the order of 25% of the GDP. The average fiscal stimulus package in the developed countries according to IMF was of the order of 12.9 per

cent while that of developing countries average was 4.3 per cent. No wonder, on account of the large-scale borrowing by the developed countries the global debt peaked at US \$226 trillion by the end of 2020 and that turned out to be the highest level during the last 50 years. Needless to say, the developed countries had hardly any hesitation to borrow for saving the lives and livelihoods of the people. India's fiscal stimulus was only of the order of 4.2% with greater focus being given to monetary policy measures which were of the order of 6.2% of the GDP.

To the extent that the economic survey could be treated as a diagnostic of the state of the economy and the budget as prescriptions, it is important to examine to what extent the economic survey has been able to come up with the right diagnostics such that the union budget is able to propose appropriate budgetary allocations. It is in this context that GIFT organised a seminar on the economic survey 2021-22 and the union budget 2022-23, jointly with the economics department, S B College and department of economics, Central University of Kerala. The seminar was inaugurated by Shri K N Balagopal, honourable Finance Minister of Kerala, with the active involvement of eminent senior scholars who provided an overall assessment of these two documents. A critical appraisal of the budget proposals backed by a detailed analysis of the economic performance at the macro and micro level has been undertaken by the young scholars from GIFT, S B College and the Central University of Kerala with the guidance of the faculty.

This special issue puts together the articles based on the presentations in this seminar. I hope the readers of Kerala Economy will find the content useful.

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