

Editorial

Are the prescriptions in sync with the diagnosis?

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Ever since 1951, the Ministry of Finance, Government of India, has been presenting an annual review of the Indian economy, in the Economic Survey published along with union budget. The Economic Survey also presented a short to medium term prospects of the economy and the broad contours of the paradigm that governs development. Since 1964, the Economic Survey has been published separately and the state governments followed. Accordingly, in 1959, the Government of Kerala started presenting an account of the annual performance of the regional economy in its publication, Economic Review.

The budget is a comprehensive statement of the revenue and the expenditure of the government concerned. Of late, the budget speech of the finance minister has become one of the most noted documents that serve as an instrument to communicate the development perspective of the government to the people. It attracts much attention of the media, both visual and print, and is subjected to very detailed scrutiny.

There is an inexorable link between the two documents. Economic Survey with its very comprehensive analysis could be considered as the diagnosis on the health of the economy, and the budget presented subsequently highlights the prescriptions of the finance minister for addressing the problems confronted by the economy. Although both documents are equally

important, the prescriptions (budget) attract more public attention while the diagnosis (Economic Survey) seems to be not receiving the attention that it deserves.

These two documents together turn out to be quintessential to understand not only the development strategy but also the developmental outcomes at the national and state level. Its importance for the PhD scholars in social sciences and the students of economics at the postgraduate and under-graduate needs no elaboration. Based on this perception, GIFT has been organising, jointly with nearby colleges/universities, seminars on the Economic Survey and the union budget soon after their publication. Last year the event was jointly organised with the Department of Economics and the Department of Commerce of Kerala University. This year the webinar was organised in collaboration with the Economics Departments of University College and Government College for Women, Thiruvananthapuram on 5 February 2021.

Inaugurated by Professor T M Thomas Isaac, honourable finance minister of Kerala, the webinar benefitted from the keynote address delivered by Professor M A Oommen, distinguished fellow, GIFT and the special address of Professor Achin Chakraborty, director, Institute of Development Studies, Kolkata. It is highly encouraging to note that the seminar had the active participation of students and the faculty from different colleges in Kerala. As in the previous year, this seminar also turned out to be a forum of higher-level interaction and learning. This special issue of Kerala Economy is drawn from the wide-ranging deliberations in the webinar.

The overall approach of the webinar has been to examine whether the Economic Survey presents a realistic understanding of the economic performance, its drivers and roadblocks and the manner in which the budget addressed the roadblocks and issues like COVID 19. Since the Kerala budget was presented prior to the union budget, some of the contributors took it as an opportunity to compare the union budget with that of the Kerala budget in terms of its approach towards drawing the contours of a development strategy in the short run and long run.

The contributors of this issue have reflected comprehensively on the Economic Survey, 2020-21 and the Union Budget, 2021-22. To begin with, the macroeconomic trends especially the unprecedented set back to the GDP growth resulting inter alia from the pandemic induced nationwide lock-down and the budget proposals to revive the economy were dealt with. It is

evident from the contributions that the union budget seems to have not provided adequately for making a turnaround in the GDP growth. While the Economic Survey, rightly dedicated to the COVID warriors, has highlighted the intensity of the pandemic to a great extent, the budget proposals apparently were not adequate. Almost 3.8 lakh people lost their lives in their battle with COVID-19.

This issue also presents a detailed exploration of other issues related to changing role of state, fiscal position, monetary management, GST amendments in finance act, inflation, inequality, and other macroeconomic issues. The performance of important sectors like agriculture, industry, services, and the external sectors has also been subjected to scrutiny and the implications of the budget proposals highlighted. Especially notable are the contributions with respect to education, human capital, gender, inequality, sustainability issues, social sector and inclusion of the less privileged. On the whole, we are inclined to infer that the contributors of this issue have made a commendable contribution towards our understanding on various issues of current relevance.

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