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KERALA ECONOMY

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GST Compensation: An erosion of trust

Why the States shall not compromise on GST compensation?

COVID-19 shock persists on State's finances

GST at the sectoral level: A comparison of normal and Covid -19 phase

COVID 19 hits natural rubber prices but not coconut

Income and wages in Kerala: A comparative picture

From the frying pan to fire: unorganized sector under COVID-19

GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

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Contents

Editorial

Chief Minister's Entrepreneurship Development Programme

The inaugural issue of ***Kerala Economy*** made a very important observation about Kerala that cannot be overlooked by anyone concerned about the development of the state. As per the GST records, we import Rs 1.5 Lakh crore worth of goods from other parts of the country on which GST is levied. This excludes rice, wheat pulses, and vegetables. With export being only Rs 50,000 crore, our trade deficit with other states is about Rs 1 lakh crore! This implies that within the state we forgo a huge employment generation opportunity. The often offered advise for economic catch up is 'industrialize or perish'. Hence our failure to exploit the forgone opportunities is at the root of many of our problems; highest unemployment rate in the country, largest migrant population, de-industrialization with the share of manufacturing in GSDP being only about half of at the national level. The reason for the mounting public borrowing given the lower tax revenue with increasing committed expenditure is also not too far to seek.

It is encouraging to note that a turnaround is in the making. Since 2014-15 the manufacturing sector has been recording double-digit growth, except for 2017-18 owing to demonetisation. As a result, the share of Kerala in national manufacturing value added increased from 1.2 per cent in 2014-15 to 1.6 per cent in 2018-19. While coronavirus pandemic has been a major set back to the economy, efforts are being made to exploit the new windows of opportunities including the return migrants. In the 100 days flagship program for the generation of employment, the manufacturing sector holds the key. The target is to generate 23,100 jobs in the industrial sector, *inter alia* through 2400 MSME units and 4053 MSME Facilitation Act units. In addition 15,690 jobs are expected to be created through Kudumbashree, 18,079 by the cooperative sector, 1230 in agro-processing and 2500 jobs in the IT sector.

The Chief Minister's Entrepreneurship Development Program (CMEDP), in this context, could be seen as a unique step towards help addressing our basic development problem in the context of COVID -19. The program envisages the establishment of 5000 enterprises at the rate of 1000 per annum. Considering our potential this is a modest, yet a timely step in the desired direction. Entrusted with the Kerala Financial Corporation (KFC), the enterprises under this program will be eligible for a loan up to Rs 50 lakhs at a subsidized interest rate of 7 per cent, which will still lower at 4 per cent for the repatriates. Special provisions are built in for women enterprises. Within a short period of two months, after its announcement on 27 July, loan sanction orders have been issued to 355 entrepreneurs.

At the instance of the Finance Minister, CMEDP is being implemented by KFC in an innovative manner. Attempt is being made towards redefining the role of KFC from being an ordinary lender to a partner in the development process by facilitating the capacity building and handholding of the new enterprises. In this process, KFC joined hands with the Gulati Institute of Finance and Taxation (GIFT) as its knowledge partner. To begin with, towards capacity building a week long training program is organised jointly by KFC and GIFT prior to the loan sanction. The resource persons of the training program, apart from the GIFT faculty, include experienced entrepreneurs, policy makers of repute, financial sector experts and scholars of eminence. The training programme also offers an opportunity for mutually beneficial partnership among the participants.

A beginning has been made. But there is a long way to go. To thrive in a competitive world the enterprises need to build competitiveness. To be competitive one needs be innovative; with respect to product, process, market, organization or any other ways. Evidence across the world suggests that development of competitive enterprises in general and industrial development in particular presupposes a vibrant innovation system at the sectoral, regional and national level evolved at the instance an entrepreneurial state. This calls for bringing together the key actors/institutions - business, government, academia, trade unions and media among others - for facilitating interactive learning, innovation and competence building environment by redefining their roles, such that none of the enterprises falter.

K J Joseph

GST compensation: An erosion of trust

T M Thomas Isaac

Introduction of Goods and Services Tax [GST] was the culmination of 14-year-long thought process that began in December 2002. One of the main concerns of the States was the revenue loss which may occur when the States subsume their taxing powers and when the taxation system changes from origin based to destination based.

The issue of GST compensation was discussed in the Empowered Committee meetings held on 14th June and 26th July, 2016. The States had unanimously agreed that the compensation should be paid in full, for a period of five years. This sentiment of the States was shared with the then Union Finance Minister who was appreciative of the concerns of the States and he assured the Empowered Committee that the Centre is committed to give full compensation for a period of five years.

The States were rightfully concerned about the compensation to be made statutory, in view of their sour experience with VAT compensation. So, they were assured of compensation by the central government and it was incorporated in the constitutional amendment bill and further to allay the fears it was mandated that "parliament shall, by law" provide for compensation, instead of "may". The above facts are evident from the words of then Finance minister while replying to the debate in the Rajya Sabha, while the constitutional amendment bill was discussed on3rd August, 2016. Hence, it cannot be denied that compensation package and the comfort it provide to the States was the deal breaker in implementing GST across the country.

Accordingly, while the compensation law was discussed in the GST Council, only the modalities of payment of compensation were discussed. Funding of compensation through cess came up subsequently and the States had agreed to the levy of cess after prolonged discussions. During the discussions in the various meetings of the Council in 2016 and 2017, the relationship between compensation and compensation cess was extensively discussed. Apart from Kerala, the Ministers from Andhra Pradesh, Punjab, Uttar Pradesh, Rajasthan, Telangana, West Bengal, Assam, Gujarat and Karnataka had elaborately raised the point that the obligation to give compensation should not be restricted to the amount of compensation cess and in case of any shortfall, the shortfall should be made good by the Centre. In response to these discussions, the then Hon'ble Chairperson and Union Finance Minister had assured that *"compensation to States shall be paid for 5 years in full within the stipulated period of 5 years. He added that in case the amount in the Compensation Fund fell short of the compensation payable in any bimonthly period, the GST Council shall decide the mode of raising additional resources, including borrowing from the market which could be paid by collection of cess in the sixth year or further subsequent years"*.

Even during this pandemic, one has to contemplate on the reasons of the current compensation imbroglio. It was after much deliberation that the 14 per cent hike in compensation was guaranteed to the States. But the optimistic mood regarding the buoyancy of GST prevailing then has not been borne out by the actual outcome even after three years. The implementation has been lackluster, with the IT backbone yet to be completed and tax administration handicapped by too many impediments. Further, the pre-election sharp reductions in tax rates without serious examination of the revenue implications have also contributed to the fall in revenue. The current rates are not revenue neutral.

The widening of the compensation deficit had become evident much before Covid with the sharp decline in GDP growth during 2019-20. The 37th GST Council meeting at Goa witnessed strange spectacle of the Union Finance Commission Chairman addressing the Council to plead to the States to re-visit the compensation formula. 14 per cent growth was unsustainable in the macro economic scenario that prevailed in the country. State after State, irrespective of political affiliations, had rejected the proposal and refused to discuss it. This reflects the true feeling of the Council on the issue. In the 39th GST Council meeting at New Delhi it was assured that a special meeting would be convened to discuss the compensation issue that had taken as serious turn after the reference in the budget speech that the compensation would be limited to fund availability in the cess fund.

The matter of compensation was raised by the States in the 40th Council meeting where it was decided that views of States on how to resolve the compensation deadlock would be gathered, and after assimilating the same, the Centre would do all the due diligence on the mode with which this can be accomplished, get all the opinion, compile and share with the States. But in the 41st meeting when the States presented their views, the Centre discussed the opinion of Attorney General and placed before the States two options of borrowing. It was also unilaterally decided that the States should opt one within 10 days. This has been done in a way with scant regard for democratic deliberations.

The functioning of the GST Council in last few years, however, has not lived up to the principles laid down. In the 41st Council meeting no agenda note was circulated and not even the AG's opinion was shared with the States before the meeting. The presentations were made and at the end of the meeting two options are put before the States and the States are asked to choose one of them within a week. In default, the States are threatened that choosing none of the option would mean no compensation. In the circumstances if the avowed principle of consensus is not being upheld, the legal provisions for Dispute Resolution Mechanism within the Council should be activated without delay.

Option one introduced a new concept of dividing the revenue losses ' on account of implementation of GST" (the phrase used article 19 of the Constitutional Amendment Act)" and "due to the pandemic". The compensation on account of "due to the pandemic" would be deferred to year 2022 with no clarity on whether interest for two years would be paid. Events like, recessions, pandemics, demonetization etc. where never the considerations when compensation formula was devised. The compensation law clearly defines how compensation is to be calculated and it has no reference what so ever to any conditions whether it be Act of nature, Gods or man. The phrase "on account of implementation of GST" would only mean "the loss of State autonomy in taxation where they are deprived of raising resources on their own". Secondly, the Centre also argued with the States that AG had opined that the Central Government is not legally bound to compensate the States from the Consolidated Fund of India (CFI). The Centre also put forward the argument that an opposition member's amendment to compensate the States from CFI, to the constitutional amendment bill was rejected by Lok Sabha by voting. Given the history of the discussions, the consensus reached by the States and Centre regarding compensation bringing up these type of arguments to coerce the States to accept one of the two options, is a lowest point in the Centre-State fiscal relations.

There is significant erosion of trust. Circumstances point to a situation where the Centre's actions are constricting the State resources and its financial autonomy. Since cesses are kept outside the divisible pool, the States being given only 32 per cent of the Centre's resources against the promised 42 per cent. The Central Government incorrectly appropriated a sum of Rs. 88,344.22 crore in 2017-18 and Rs 13,944 crores in 2018-19 from IGST account by crediting it to the Consolidated Fund of India. As a result of the continued adoption of the erroneous process of devolution of IGST to States and retention of un-apportioned balance in the CFI instead of first apportioning IGST between the Centre and States/UTs and then devolving States' share from the amount apportioned to the Centre, States had overall received less funds on account of IGST. This also implies that tax receipts of the GoI were overStated to that extent and the revenue deficit underStated during the year. To this extent, there was an artificial revenue shortfall in the States and the Central Government used the Compensation Fund to make good the short fall. This did not give the correct picture of revenue. This wrong practice continued in 2018-19 also, in spite of the fact that the error was pointed out by Accountant General.

The much-required amendment in the CST Act which restricts industries from purchasing petroleum products at 2 per cent from other States despite constant request by all States irrespective of political affiliation has not materialized. This is causing considerable revenue loss to the States, petroleum products, being one of the independent revenue sources to the States after the implementation of GST. Now, the latest one is where the States, with their limited borrowing capacity are required to bear the full burden of GST compensation loans. The borrowings of the States were independent of GST Compensation. Now it gets tied to the compensation.

There are two cardinal principles on compensation which are non-negotiable.

i.) There can be no bifurcation of revenue shortfall for compensation purposes as due to pandemic and due to implementation of GST. Entire shortfall needs to be compensated. It is the constitutional right of the States.

ii.) Compensation cannot be linked to normal borrowing or additional borrowing limits allowed to States.

Both the options presented by the central government infringe upon the above two cardinal principles and therefore not acceptable.

Once we accept the two basic principles then we can discuss and try to arrive at the consensus regarding the following issues:

i) Who borrows-Centre/ State or in what proportion

ii) What amount to be borrowed this year and what amount to be deferred to 2022?

iii) Repayment through extension of the cess beyond five years.

iv) Or any other relevant matter.

It`s important that at least a part of the Compensation to the States be paid immediately given the shortfall in the revenues of the States and the financial crunch. The States are not for supporting for any additional expenditure but to maintain their budgeted expenditure. It is against all principles of macro -economics to enforce a cut in the expenditure of the States that account for 60 per cent of the total expenditure of governments in India. As is well known India has one of the weakest stimulus packages and the worst economic contraction in the first quarter of FY 20-21.

If there is no consensus in the GST Council on the above negotiable issues, the legal provisions for Dispute Resolution Mechanism within the Council should be activated without delay. Interim payments towards compensation shall continue in the interim period. Further, the long standing demand of the States to appoint a Vice-Chairperson to the GST Council shall be considered and implemented at the earliest.

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[Based on the speech delivered by the Hon'ble Finance Minister of Kerala at the 42nd meeting of the GST Council, 5 October 2020]

Why the States shall not compromise on GST compensation?

K J Joseph and N Ramalingam

The marriage between the Centre and the States in India, as is well known, has never been a very happy one. Yet the couple never went for a divorce and for the rest of the world they appeared happy. This has been made possible *inter alia* by mechanisms like finance commission and the ever-compromising approach of the States. which in turn was rewarded by various constitutional commitments by the Centre. The most recent compromise has been the implementation of the Goods and Services Tax. It was possible only through more than a decade long negotiation wherein the both surrendered many of the privileges of indirect taxation that they hitherto enjoyed. The States, which together account for around 60 per cent of the combined expenditure of Centre and States, have been enticed to compromise with a constitutional guarantee of 14 per cent growth in their tax revenue under GST. Hence, had there been no GST Compensation, GST would not have been there for establishing the long cherished 'One Nation, One Tax' regime. The whole process has been touted as the success of cooperative federalism in the largest democracy of the world.

While the States surrendered 51.8 per cent of their total tax revenue for establishing GST, the Centre sacrificed only 28.8 per cent their gross tax revenue.

As the Indian economy made a U-turn from the fastest growing economy to the one that recorded the lowest growth leading to the drying up of the revenue sources, the Centre altered its position. The Centre sought to get relieved from the burden of GST compensation. By attributing the Covid induced slump in the economy as an 'Act of God', the Centre took the stance that the States should borrow rather than demanding compensation from the Centre. The States, however, have been under severe fiscal stress. The stress has been mainly on account of heavy expenditure incurred towards saving the lives and livelihood of people affected by the pandemic when the revenue growth being negative. Obviously, the States have not been in a position to compromise on GST compensation. Much has been said on these lines.

What is missing and much needed for

Hence, had there been no GST Compensation, GST would not have been there for establishing the long cherished 'One Nation, One Tax' regime.

proactive deliberation is a reflection on the context and rationale for GST compensation for the State.

1. Tax revenue surrendered

The outcome of the GST is that the tax revenue is shared equally between the Centre and the States. Given the equality in the distribution of outcome, the question arises whether the cost of establishing GST has also been equally shared. The cost is viewed in terms of the pre-GST revenue surrendered by States and the Centre. A clear answer to the question is available from the Arvind Subramanian Committee Report (2015) titled Study on the Revenue Neutral Rate and Structure of Rates for the GST. The Committee has shown that the revenue forgone by the Centre has been Rs 3.28 lakh crore whereas that by the States being Rs 3.69 lakh crore. Our estimate revealed that this amounted to a surrender of 51.8 per cent of the States' total tax revenue and 28.8 percent for Centre's gross tax revenue. While in absolute terms the difference is not substantial, in relative terms the surrender by the States was almost twice that of the Centre. In such a context, GST compensation is the constitutionally paid price for the higher surrender that the States have made.

2. Compromised revenue neutral rate

A pre-condition for establishing GST has been to arrive at the Revenue Neutral Tax rate such that the potential revenue loss to Centre and the State is minimized. A Task Force headed by Arbind Modi in 2009 recommended CGST rate at 5 per cent and SGST rate at 7 per cent. The Aravid Subramanian committee recommended 8 per cent and 9 per cent respectively for the Centre and State for protecting revenue allocation. Thus, it is evident that for minimizing the revenue loss, the tax rate should have been higher in case of States as compared to the Centre. However, with the expectation of the constitutionally guaranteed GST compensation, the States agreed to reduce the tax rate such that today CGST is imposed at the same rate as SGST.

3. Forgone tax base

To greater extent, tax revenue depends on the tax base. During pre-GST period the tax revenue for the Centre from the industrial output (excise duty) has been limited only to the point of manufacturing indicating a very narrow tax base. On the other hand the States were entitled to a much wider tax base as they could levy tax on the entire supply chain up to the final consumption point. More importantly, the post manufacturing stages in the value chain accounted for about 50 per cent of the value addition on which only States could levy tax.

With the introduction of GST, the Centre expanded its tax base at the cost of States and they have forgone substantial revenue

One fails to understand the reason as to how the GST could continue without GST compensation even after five years unless there are mechanisms built in to ensure that the States receive a higher share of the tax revenue.

for building 'one nation one tax' system. Here again it is important to note that other than GST compensation there has been hardly any other provisions in the GST Act to pay for sharing the tax base

4. Forfeited cascading revenue

While cascading of tax is generally considered as inimical to economic efficiency, it is used to serve as an additional source of revenue mobilization by the States during pre-GST period. While the Centre has also been able to mobilize additional resources on account of tax cascading, given their higher tax base the benefits used to be proportionately higher for the State. Therefore, with GST that addresses the issue of cascading, the state lost more as compared to the Centre. It is with the expectation of GST compensation that the States have forgone this additional resource of revenue.

5. Conceded tax rate

Apart from the tax base, the tax revenue is governed by the tax rate. During the pre-GST period most of the goods attracted a tax rate of 14.5 per cent by the States. With the introduction of GST, the 14.5 per cent category goods have been brought under the 12 per cent or 18 per cent category wherein the States' share being 6 per cent or 9 per cent respectively. Only a few goods were brought under the category of 28 per cent wherein the share of the States is 14 per cent. Thus, viewed instead of the 14.5 per cent on much of the taxable goods during the pre-GST period, with GST the States lost 8.5 per cent for those goods brought under 12 per cent and 5.5 per cent in case of those with 18 per cent. This loss has also been expected to be covered under the GST Compensation

On the whole, it is high time to recognize that the GST Compensation Act is premised on the explicit recognition of the unconditional surrender that the States together have made towards evolving a one common market with one tax - a key ingredient in the making a globally competitive economy. Hence there is reason to believe that in the absence of GST compensation, GST would not have been born. This being the case, one fails to understand the reason as to how the GST could continue without GST compensation even after five years unless there are mechanisms built in to ensure that the States receive higher share of the tax revenue. Hence in the interest of sustaining cooperative federalism the GST compensation cannot be confined to a limited period of five years; as long as there is GST there shall be GST compensation for the State.

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State of state finances

COVID-19 shock persists on State's finances

R K Singh and Anitha Kumary L

COVID-19 pandemic lockdown had a catastrophic impact on the already slowing Kerala economy due to demonetisation and two successive floods with adverse impact on people's livelihoods. This in turn has severely affected the state finances of Kerala. There is a whopping increase of 112.9 per cent in the fiscal deficit of the state and the condition may worse unless there is timely disbursement of central transfers and GST compensation.

Covid-19 impact has been severe on State finance and tax revenue collection. The overall revenue receipts registered a negative growth of 15.6 per cent with growth in tax revenue has been still lower at -37.3 per cent during April -July 2020.

State finance in Kerala from April to July 2020

The position of the state's public finances during April-July 2020 period compared to the same period in 2019 is presented in Table 1. Revenue receipts registered a negative growth of 15.6 per cent during the period compared to the same period of 2019. In the case of own non tax revenue, there is a sharp fall in growth rate (79.3 per cent) in July 2020. It is imperative to note that the revenue from the state's own non tax sources was only Rs. 581.8 crore compared to 2808.3 crore in 2019 with a shortage of Rs 2226.5 crore. This could be mainly due to the fall in revenue from lottery. However, the total non tax revenue registered a positive growth of 72.5 per cent on account of the increase in grants in aid (mainly the Revenue deficit grants as per the 15th FC's interim award) from the Centre. Though, revenue receipts have shown a negative growth of 15.6 per cent up to July 2020, the revenue expenditure registered a positive growth of 7.6 per cent. It is important to note that the expenditure on subsidies increased 36.3 per cent during the pandemic period, all pointers to the State's efforts to ensure a social safety net for its citizens.

Deficit position

The adverse fiscal status of a State is usually reflected on the deficit position.

Table 1. State finance in Kerala: April-July 2020 over April-July 2019 (Rs. in Crore)

Sl. No.	Description	April- July 2020	April-July 2019	Revenue Difference	Growth rate (Percent)
1	Revenue receipts (a+b)	20091.1	23800.4	-3709.4	-15.6
a)	Tax revenue	12071.8	19240.4	7168.7	-37.3
b)	Non-tax revenue	8019.30	4650.0	3369.3	72.5
2	Capital receipts	21559.1	14509.4	7049.7	48.6
2a	Borrowings &other liabilities	21489.0	14088.9	7400.1	52.5
3	Total receipts (1+2)	41650.2	38309.8	3340.3	8.7
4	Revenue expenditure	37706.2	35032.2	2674.0	7.6
4(a)	Expenditure on interest payment	4924.5	4597.2	327.4	7.1
4(b)	Expenditure on salaries and wages	8910.9	11661.6	-2750.7	-23.6
4(c)	Expenditure on pension	5810.3	6916.7	-1106.4	-16.0
4(d)	Expenditure on Subsidy	803.8	589.5	214.3	36.3
5	Capital expenditure	3068.1	2788.6	279.5	10.0
5(a)	Expenditure on capital account	3040.9	2750	290.9	10.6
6	Sector wise expenditure*	38246.3	36306.1	1940.2	5.3
7	Total expenditure (4+5)	40774.3	37920.8	2853.5	7.5
8	Revenue surplus (+)/deficit(-)(1-4)	-17615	-11231.7	-6383.4	56.8
9	Fiscal surplus/deficit	-21489	-14088.9	-7400.1	52.5
10	Primary deficit (9-4a)	-16564	-9491.8	-7072.7	74.5

*Sector wise expenditure include general, Social, Economic sectors and Grants-in-aid-contributions

Source: Computed from C&AG Data

Table 2. Tax revenue in Kerala April-July 2020 over April-July 2019 (Rs. in Crore)

Sl. No.	Description	April- July 2020	April-July 2019	Revenue Difference	Growth rate (Percent)
1	Goods and Service Tax(SGST)	4779.3	7342.1	-2562.9	-34.9
2	Taxes on sales, Trade etc	3084.6	5724.4	-2639.8	-46.1
3	Stamps and registration fees	633.5	1173.6	-540.2	-46.0
4	Land revenue	142.1	109.8	32.3	29.4
5	State excise duties	576.7	756.9	-180.2	-23.8
6	Other taxes and duties	581.7	1341.8	-760.0	-56.6
7	State's share of Union taxes	2273.9	2791.8	-517.9	-18.6
8	Total Tax revenue	12071.8	19240.4	-7168.7	-37.3

Source: Computed from C&AG Data

Table 3. State finance in Kerala and Tamil Nadu April-June, 2020 over 2019 (Rs. in Crore)					
Sl. No.	Description	Recorded difference in Kerala	Growth rate in Kerala (Percent)	Recorded difference in TN	Growth rate in TN (Percent)
1	Revenue receipts (a+b)	-5715.0	-30.0	-8838.5	-23.2
a)	Tax revenue	-8008.6	-51.5	-14368.8	-46.3
b)	Non tax revenue	2293.6	65.5	5530.3	79.1
2	Capital receipts	10570.6	112.1	9013.1	87.1
2a	Borrowings & other liabilities	10578.6	112.9	9075.4	89.4
3	Total receipts (1+2)	4855.6	17.1	154.6	0.3
4	Revenue expenditure	4162.3	15.9	1095.6	2.4
4(a)	Expenditure on interest payment	173.6	4.9	1026.1	15.9
4(b)	Expenditure on salaries and wages	-1976.7	-22.3	NA	NA
4(c)	Expenditure on pension	-908.7	-17.8	-624.9	-7.2
4(d)	Expenditure on subsidy	321.0	66.7	NA	NA
5	Capital expenditure	429.5	21.8	-1089.9	-36.8
5(a)	Expenditure on capital account	439.2	22.7	-1089.9	-36.8
6	Sector wise expenditure*	3454.4	12.7	5.6	0.01
7	Total expenditure (4+5)	4591.8	16.3	5.6	0.01
8	Revenue surplus(+)/deficit(-)(1-4)	-9877.3	-138.9	-9934.1	-135.4
9	Fiscal surplus/deficit	-10578.6	-112.9	-9075.4	-89.4
10	Primary deficit (9-4a)	-10404.9	-177.7	-8049.4	-215.9
*Sector wise expenditure include general, Social, Economic sectors and Grants-in-aid-contributions					

Source: Computed from C&AG Data

Table 4. Tax revenue in Kerala and Tamil Nadu 2020 over 2019 [April to June] (Rs. in Crore)					
Sl. No.	Description	Difference in Q1 in 2020 over2019 in Kerala	Growth rate in 2020 over 2019 in Kerala (%)	Difference in Q1 in 2020 over 2019 in TN	Growth rate in 2020 over 2019 in TN(%)
1	Goods and Service Tax(SGST)	-3606.3	-54.7	-4091.5	-45.2
2	Taxes on Sales, Trade etc	-2531.1	-61.3	-4912.2	-50.9
3	Stamps and Registration Fees	-421.9	-50.2	-1609.9	-61.6
4	Land Revenue	22.5	28.3	3.6	22.9
5	State Excise Duties	-194.5	-34.2	-634.9	-38.03
6	Other Taxes and Duties	-628.7	-64.5	-1590.8	-76.4
7	State's share of Union Taxes	-648.6	-27.6	-1533.0	-25.6
8	Total Tax Revenue(Quarter 1)	-8008.6	-51.5	-14368.8	-46.3

Source: Computed from C&AG Data

Mobilisation of own revenue has become a burning issue for both Kerala and Tamil Nadu during the COVID-19 pandemic.

The recorded revenue deficit has been Rs. 17,615 crore for April-July 2020 with a hike of Rs 6383.4 crore compared to the same period in 2019. The recorded growth was as high as 57 per cent. The fiscal deficit, however, registered a lower growth of only 52.5 per cent. This clearly indicates the increase in the borrowing and other liabilities. On the liability side there has been a whopping increase of 52.5 per cent.

State's own tax revenue

The COVID-19 pandemic had its adverse impact on the tax revenue collection of the State. Tax revenue registered a southward growth of 37.3 per cent during April-July 2020 compared to the same months of 2019 (Table 2). All the components of tax revenue showed a declining trend with GST collection contracting to Rs. 4779.3 crore from Rs. 7342.1 crore. A concomitant slump in revenue is also evident in the share of central taxes during the same period (Table 2).

Tamil Nadu compared

It is contextual to analyse the state of our state finance with the neighbouring state that accounts for about one third of the Rs 1.5 trillion worth of goods we import from other states (Sushil Khanna, 2020). The quarterly comparison of State finance of Kerala and Tami Nadu is presented in Table 3.

It is evident from table 3 that the total revenue receipts recorded a negative growth of 30 per cent and 23.2 per cent in Kerala and Tami Nadu respectively. For Tamil Nadu the revenue receipts dropped by Rs 8838 crore in absolute terms indicating a - 23.2 per cent growth during the first quarter. The drop in revenue was Rs 5715 crore in the case of Kerala indicating a higher decline (30%) than Tamil Nadu. As a result, a sharp increase in the borrowing was recorded in both states; the recorded growth however, being higher in Kerala (112%) as compared to Tamil Nadu (89%).

Tax revenue in Tamil Nadu declined by 46 per cent while the corresponding decline was 51.5 per cent in Kerala during the first quarter of 2020-21. Non tax revenue registered a positive growth of 65.5 per cent and 79.1 per cent in Kerala and Tamil Nadu respectively. This could be due to the increase in grants in aid and other

Kerala's response to minimise the economic loss of people on account of the COVID-19 impact through higher spending on economic and social sectors is evident from the higher growth in evenue expenditure during the first quarter.

Revenue deficit increased alarmingly in Kerala and Tamil Nadu to 138.9 per cent and 135.4 per cent respectively during the first quarter of the current fiscal. Fiscal deficit increased to 89.4 per cent in Tamil Nadu, which is lower compared to Kerala's fiscal deficit of 112.9 per cent.

contributions from Central government.

Revenue expenditure growth in Kerala was around 16 per cent wherein Tamil Nadu it registered a growth rate of only 2.4 per cent. This clearly indicates Kerala's proactive interventions to save the lives and livelihood of people. The former through increased expenditure on health and the latter getting manifested in expenditure for social protection though enhanced pension and other means. Expenditure on interest payment increased 16 per cent in the case of Tamil Nadu where as in Kerala this went up by 4.9 per cent. It is also important to note that Kerala's capital expenditure increased to 21.8 per cent while in the case of Tamil Nadu this declined sharply by 36.8 per cent.

Growth in revenue deficit has been 135.4 per cent in Tamil Nadu, marginally lower when compared to Kerala (138.9 per cent). Similar pattern was observed in the case of fiscal deficit, which recorded a growth of 89.4 per cent in Tamil Nadu and 113 per cent for Kerala. The mobilisation of own revenue has become a burning issue for both the States during the pandemic period. The hike in revenue deficit, fiscal deficit and the corresponding increase in borrowing are the common characteristics of State finance of both the States during the COVID-19 pandemic period.

State's own tax revenue: Kerala and Tamil Nadu

The State's own tax revenue showed a negative growth of 51.5 per cent and 46.3 per cent in Kerala and Tamil Nadu respectively (Table 4). The major component of state's own tax revenue, SGST revenue has fallen by 54.7 per cent in Kerala where as in Tamil Nadu the decline was 45.2 per cent. It is evident from table 4 that all the components of tax revenue showed a negative growth except for land revenue in both Kerala and Tamil Nadu.

■

(R K Singh IAS, ACS, Finance, Govt of Kerala & Anitha Kumary L, Associate Professor, GIFT)

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GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

Tax monitor

GST at the sectoral level: A comparison of normal and Covid -19 phase

Anand Singh and N Ramalingam

The genesis of Goods and Services Tax (GST) in India on July 1, 2017 is the aftermath of repeals and amalgamation of the various State jurisdictional tax revenue sources from value added tax, central sales tax, lottery tax, luxury tax, entry tax, advertisement tax and entertainment tax. By design what the State mobilizes as GST from goods and services reflect the consumption within the economy. By analyzing the commodity and service level data from the tax returns this article explores the State's GST revenue from the final consumption.

In Kerala goods account for 82 per cent of the GST revenue and three categories of goods - building materials, automobiles and electrical and electronics - account for 50 percent of the GST

Classifying taxpayers on the basis of commodity and service groups and collating the required data from the Goods and Services Tax Network (GSTN) is challenging. The Kerala State GST Department in association with Indian Institute of Information Technology and Management-Kerala (IIITM-K] undertook a detailed analysis of the tax return at the Sectoral level. To begin with the State GST Department made a sectoral classification of goods into 66 and service into 27 sectors using various data sets from returns submitted. Subsequently, they were grouped into 16 commodity groups (goods) and 12 services groups for the purpose of this study. (Refer Box -1 for details). The analysis would not be complete without mentioning the fact that some of the goods and services in the consumption basket are exempt from GST, as such these transactions generally does not get reported to the GST system. These include fresh fruits and vegetables, cereals, meat and fish, edible tubers and roots, coconut, tea leaves, coffee beans, milk and allied products, charcoal and firewood, agricultural tools, organic manure, live animals, plants, vaccines, newspapers and electricity. Services related to agriculture including harvesting, cultivation, supply, packaging, warehouse, renting or leasing of machinery are also exempted. Further items transported by individuals through public transport, metered cabs, auto-

BOX -1

List of Commodity Groups (Goods)

No.		Group Head Contents
1	Building Materials	Adhesives, Aluminium Products, Asbestos and Cement products, Building Material(Other), Cement, Crushed metal, M-sand& Natural sand, Glass and glassware, Hardware, Iron and Steel, Marble &Granite, Miscellaneous minerals and chemical products, Paint, Plywood and veneer, Sanitary ware, Timber, Tiles
2	Automobile	Aircraft and parts, Automobiles/Spare parts, Water Vessels& parts
3	Electrical and Electronics	Electrical and Electonic Goods, White Goods
4	Medicine and Medical products	Medical and pharmaceutical products (Including Spectacles), Medicine (Blood and pharma products)
5	Lottery	Lottery
6	Provisions and Grocery Items	Bakery and Confectionery Products, Cereals,Grains and flours, Edible Oils & Fat, Icecream and Edible ice, Miscellaneous Edible preparations, Provision and Grocery Items
7	Agriculture,Dairy and Forestry	Animal Feed, Diary and Poultery Products, Edible fruits & nuts-Fresh/dried, Edible Vegetables- Fresh/dried, Fertilizer, Fish nets ,Ropes and cables, Fish products- Fresh/Chilled, Hill Produce, Meat products-Fresh/Chilled, Non Edibile Animal products, Oil seeds, Rubber sheet,Latex and products, wood Plup(eg: Paper scrap)
8	Industrial Goods	Copper, Explosives/Fire works, Machinary and Heavy equipments/parts, Chemicals including pesticides
9	Jewellery	Gold,Diamonds ,Precious stones and jewellery
10	Textile	Readymades, Textiles
11	Petroleum Products	Coal and petroleum products
12	Tobacco	Tobacco products
13	Fast Moving Consumer Goods	Aerated Softdrinks, Cosmetics, essential oils & perfumery, Non-Aerated juice and pulps, Toiletries
14	House hold Articles	Carpets and Floor Covers, Ceramic products, Furniture and mattresses, Household articles (Tableware, Kichenware etc.), Suitcase ,Bags, Umbrella etc., Toys, Sports and Musical Instruments, Tools and Cutlery Items
15	Footwear	footwear

Table 1. Sector-wise Tax Revenue State GST - YoY Commodity Groups (Goods)

No.	Groups	2017-18*	2018-19	2019-20	Growth Rate
1	Building Materials	2941.0(21.4)	4097.5(22.0)	3934.1(21.1)	-3.9
2	Automobile	2544.0(18.5)	3338.9(17.9)	2827.7(15.1)	-15.3
3	Electrical and Electronics	1511.5(11.0)	2101.1(11.3)	2199.6(11.8)	4.6
4	Medicine and Medical products	590.1 (4.3)	841.1 (4.5)	808.0(4.3)	-3.9
5	Lottery	420.8 (3.1)	555.7 (3.0)	636.7(3.4)	14.5
6	Provisions and Grocery Items	414.9 (3.0)	553.7 (3.0)	613.6(3.3)	10.8
7	Agriculture,Dairy and Forestry	402.9 (2.9)	499.0 (2.7)	551.8(3.0)	10.5
8	Industrial Goods	333.2 (2.4)	463.2 (2.5)	448.4(2.4)	-3.1
9	Jewellery	303.7 (2.2)	420.6 (2.3)	427.4(2.3)	1.6
10	Textile	282.7 (2.1)	403.5 (2.2)	442.3(2.4)	9.6
11	Petroleum Products	264.2 (1.9)	379.2 (2.0)	406.0(2.2)	7.0
12	Tobacco	246.9 (1.8)	337.6 (1.8)	334.0(1.8)	-1.0
13	Fast Moving Consumer Goods	261.6 (1.9)	326.9 (1.8)	345.9(1.9)	5.8
14	House hold Articles	208.0 (1.5)	270.8 (1.5)	268.3(1.4)	-0.9
15	Footwear	44.0 (0.3)	59.0 (0.3)	64.8(0.3)	9.8
16	Other Goods	577.6 (4.2)	818.0 (4.4)	844.1(4.5)	3.1
17	Sub-Total	11347.9 (82.4)	15466.5 (82.9)	15153.2(81.1)	-2.0
	Services groups				
18	Financial	583.0(4.2)	804.4(4.3)	855.3(4.6)	6.3
19	Construction	455.4(3.3)	658.8(3.5)	801.5(4.3)	21.6
20	Support Services	395.6(2.9)	521.9(2.8)	550.3(2.9)	5.4
21	Telecom and Data	440.6(3.2)	480.1(2.6)	539.5(2.9)	12.3
22	Travel and Food	158.9(1.2)	176.0(0.9)	176.8(0.9)	0.4
23	Professional	79.1(0.6)	99.8(0.5)	110.4(0.6)	10.5
24	Passanger Transport	108.8(0.8)	89.3(0.5)	125.1(0.7)	40.1
25	Goods Transport	35.7(0.3)	52.4(0.3)	51.0(0.3)	-2.72
26	Leasing and Rental	29.5(0.2)	37.6(0.2)	82.6(0.4)	119.7
27	Education	14.2(0.1)	20.5(0.1)	19.1(0.1)	-6.6
28	Entertainment	22.3(0.2)	18.4(0.1)	23.8(0.1)	29.5
29	Other Services	95.0(0.7)	224.6(1.2)	193.4(1.0)	-13.8
30	Sub-Total	2418.5(17.6)	3184.1(17.1)	3529.4(18.9)	10.8
31	Total	13766.4(100)	18650.7(100)	18682.6(100)	0.17

* For 2017-18 SGST remittance is for nine months only (1-7-2017 to 31-3-2018)

Note -1 Figures are Rupees in Crores; Parenthesis shows percentage

Note -2 The figures represent SGST remittances to Kerala by taxpayers in cash and IGST input-tax credits utilised against SGST liability

Note:3 Figures are taken from the taxpayers returns (GSTR3B) on "'Related Return period Liability Basis" remitted up to September 2020

Note: 4 As on date, returns filed for the years 17-18, 18-19 and 19-20 are 97 %, 95 % and 91 % respectively. Moreover, there is an increase in 10 % of registered persons during 19-20. Hence, for 2019-20 an increase in growth rate is anticipated once the pending returns are filed in the coming months.

Source: Calculated from the State GST Department Data Government of Kerala

Three services - construction, telecom and support services - constitute 15 per cent of the total GST revenue and around two third of the GST from services are from these sectors.

rickshaws, metro, etc. are also outside the GST.

The tax revenue based on the returns (GSTR-3B and PMT08/GSTR-4) submitted by the taxpayers is analysed on the 'related return period liability basis.' For year on year (2018-19 and 2019-20) and Covid period (March to August 2020) analysis, the related returns (monthly/ quarterly) submitted till September 30, 2020 are taken. (For example if a taxpayer failed to submit the March 2020 return but submitted before September 30, 2020, then her tax revenue is taken for our analysis). This exercise is done to ensure and compare the revenue and consumption pattern during pre and post Covid period as accurate as possible.

The tax collected during a given month (say April) is to be remitted by the taxpayer to Central and State Governments, after deducting the eligible input tax credits before the 20th day of the next month (say May). The trend during the past three years (pre-Covid period) in Kerala shows that on an average 60 percent returns and tax are submitted during the due month itself followed by a lag of about 4 months for the remaining 35-40 per cent return and tax. Since the analysis in this article is made on 'related return period liability basis' any comparison of these figures with month on month remittance will not tally due to difference in arrear payments. By doing the above process, 91.8 per cent of returns during the period from March 2019 to August 2019 and 64.5 per cent during the period from March 2020 to August 2020 are included in the tax remittance for the relevant six months period.

The total tax revenue under each sector represents the net taxes (after deducting eligible input tax credits) remitted by the taxpayer through their periodical returns under different tax rates for each of the goods/services. From these tax figures, the calculation of connected turnover without any duplication in the supply chain would give a direct picture of the sector-wise consumption pattern in Kerala. Such an attempt has not been made here due to complexity and non-reliability of correct turnover figures. In its place the sector-wise tax amount representing each sector is analyzed which indirectly depicts the sector-wise consumption pattern in the Kerala through the lens of GST remittances

GST during three years

The sector-wise commodity and service groups tax revenue since the introduction of GST for the three years period with its percentage share on total and growth rate for 2019-20 over 2018-19 is depicted in Table.1.

Goods constitute around 82 per cent of

Table 2. Sector-wise state GST revenue - Pre & post covid

No. Groups (Goods/Services)	Actual Tax 2019-20 (March to August)	Actual Tax 2020-21 (March to August)	Actual Tax Growth Rate	Expected Tax 2020-21 (March to August)	Expected Tax Growth Rate
1 Building Materials	2143.3(21.3)	1360.8(21.6)	-36.5	1608.5	-24.9
2 Automobile	1558.9(15.5)	749.3(11.9)	-51.9	885.7	-43.1
3 Electrical and Electronics	1215.8(12.1)	839.6(13.3)	-30.9	992.4	-18.3
4 Medicine and Medical products	412.0(4.1)	338.2(5.4)	-17.9	399.8	-2.9
5 Lottery	298.9(3.0)	174.8(2.8)	-41.5	206.7	-30.8
6 Provisions and Grocery Items	323.0(3.2)	267.1(4.2)	-17.2	315.8	-2.2
7 Agriculture,Dairy and Forestry	255.9(2.5)	200.6(3.2)	-21.6	237.1	-7.3
8 Industrial Goods	186.6(1.9)	99.6(1.6)	-46.6	117.7	-36.9
9 Jewellery	219.5(2.2)	130.4(2.1)	-40.5	154.1	-29.7
10 Textile	265.4(2.6)	84.0(1.3)	-68.3	99.3	-62.5
11 Petroleum Products	202.0(2.0)	131.3(2.1)	-35.0	155.2	-23.2
12 Tobacco	179.8(1.8)	143.7(2.3)	-20.0	169.8	-5.5
13 Fast Moving Consumer Goods	184.0(1.8)	149.4(2.4)	-18.7	176.6	-3.9
14 House hold Articles	154.6(1.5)	72.4(1.1)	-53.1	85.6	-44.6
15 Footwear	34.8(0.3)	11.7(0.2)	-66.3	13.8	-60.2
16 Other Goods	522.5(5.2)	340.6(5.4)	-34.8	402.7	-22.9
17 Sub-Total	8157.7(80.9)	5094.2(80.8)	-37.5	6021.4	-26.1
Services groups					
18 Financial	458.9(4.6)	359.4(5.7)	-21.6	424.9	-7.4
19 Construction	414.1(4.1)	230.3(3.7)	-44.3	272.3	-34.2
20 Support Services	103.7(1.0)	43.0(0.7)	-58.5	50.8	-50.9
21 Telecom and Data	274.3(2.7)	239.9(3.8)	-12.5	283.6	3.3
22 Accommodation & Food	90.3(0.9)	19.2(0.3)	-78.7	22.7	-74.8
23 Professional	59.6(0.6)	33.4(0.5)	-43.8	39.5	-33.6
24 Passanger Transport	68.(0.7)	11.6(0.2)	-82.9	13.7	-79.8
25 Goods Transport	26.1(0.3)	16.6(0.3)	-36.2	19.6	-24.6
26 Leasing and Rental	54.9(0.5)	12.8(0.2)	-76.6	15.1	-72.4
27 Education	12.4(0.1)	4.1(0.1)	-66.6	4.9	-60.5
28 Entertainment & Sporting	12.6(0.1)	2.0(0.0)	-83.7	2.4	-80.8
29 Others services	346.2(3.4)	240.8(3.8)	-30.4	284.6	-17.7
30 Sub-Total	1922.1(19.1)	1213.7(19.2)	-36.8	1434.6	-25.3
31 Total	10079.9(100)	6307.9(100)	-37.4	7456.0	-26.0

Note -1 Figures are Rupees in Crores; Parenthesis shows percentage
Note -2 The figures represent SGST remittances to Kerala by taxpayers in cash and IGST input-tax credits utilised against SGST liability
Note:3 Figures are taken from the taxpayers returns (GSTR3B) on "'Related Return period Liability Basis" remitted up to August 2020
Source: Calculated from the State GST Department Data Government of Kerala

Construction related goods and services contribute over a quarter of the GST revenue of the State

the GST revenue in Kerala. The analysis of the 16 commodity groups reveals that the three major commodity groups contributing around 50 per cent share of the total GST revenue of the State. They are building materials, automobiles, electricals and electronics. Under GST, lottery is categorized as goods and it constitutes an average 3 per cent share in the total revenue. Around nine household consumption commodity groups like provisions and grocery, agriculture, jewellery, textiles, FMCG, house hold articles, footwear and other goods constitute around 19 per cent of the total GST of the State. The share of industrial goods and tobacco averaged around 2.4 per cent and 1.8 per cent respectively. The petroleum products [other than non-subsumed goods like petroleum crude, natural gas, petrol, diesel and Aviation Turbine Fuel (ATF)] share is only 1.9 per cent. With respect to growth of tax revenue it may be observed that there has been a deceleration during 2019-20 itself with the recorded growth rate being -2 per cent. It is equally important to note that out of the 16 commodity groups 6 showing negative growth rate with highest decline being in automobiles (-15 %)

Service contributes 18 per cent of the GST Revenue in Kerala. Financial, construction, telecom and support services constitute 15 per cent of the total GST revenue and around two third of the GST revenue from the service sector in Kerala. The balance eight out of twelve services like accommodation and food, professional, passenger transport, goods transport, lease and rental, education, entertainment and other services constitute only 3 per cent of the entire GST in Kerala. When it comes to growth, services presented a different picture as compared to goods with growth rate being 10.8 percent during 2019-20. This higher growth rate in service sector was contributed mostly from leasing, passenger transport and construction services. Education, goods transport and other services show negative growth rates.

On the whole the recorded growth in GST from goods and service has been negligible (0.17 %) which shows the picture of stagnant economy of Kerala in terms of consumption and growth during 2019-20 over 2018-19.

GST after the pandemic

GST revenue for the state, which has already been on a downslide, got a major hit with pandemic. Table.2 depicts the sector-wise tax revenue comparison during the six months Covid affected period (March 2020 - August 2020) with the corresponding period in 2019-20. Also, expected tax revenue from the pending returns during these six months period is projected. With the Covid induced lock down and reduced economic activity, deceleration in the tax revenue got further accentuated in all the commodities. The

The fall in transactions during March-August 2020 can be attributed to the lockdown effect and unresponsive economic activity during the pandemic.

highest decline (more than 50 per cent) was recorded in four commodities groups that included automobile (-51%), textile (-68%), footwear (-66%) and house hold articles (-53.1%). In building materials and electrical and electronics which are among the commodity groups that are major contributors of tax revenue the decline was substantial 37 per cent and 31 per cent respectively. On the whole the tax revenue from commodities contracted by 38 per cent during the first six months of Covid. Even if we consider the pending payment from those who have not submitted the return during the Covid period, there will be only limited improvement with the estimated growth in GST at -26 per cent.

Similar to commodities, service demand was also affected by Covid. As a result, all the services recorded negative growth rate with six service groups recording negative growth rate more than 50 per cent. Financial and construction, the two major GST contributing service sectors, also recorded substantial decline with recorded negative growth rate being 22 per cent and 44 per cent respectively. On the whole, similar to goods, GST from services also was down by 37 per cent. As a result the GST revenue from service was only Rs.1213 crore during the post Covid period as compared to Rs.1922 crore during the corresponding period in the previous year. Even after accounting for pending payments from those who have not submitted the returns, the revenue is likely to be only around Rs.1434 crore.

On the whole during the Covid period the total GST remitted has been only Rs.6300 crore which accounted for only about 63 per cent of what was remitted during the corresponding period in the previous year.

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GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

Price monitor

COVID 19 hits natural rubber prices but not coconut

D Narayana

In the midst of India's economic crash, it is said that agriculture will lead India's economic revival. India's food grain production in 2019-20 was 3.7 per cent higher than in 2018-19. The procurement of rabi wheat in 2020-21 was 12.6 per cent higher indicating resilience in the sector. Food inflation in Q1, 2020-21 at 9.2 per cent was higher suggesting robust demand. And most importantly, kharif sowing in 2020-21 was 14 per cent higher than in 2019-20. All these suggest that agriculture is doing well. Is it so simple? Regional and crop specific analysis may be useful in this context.

Natural rubber production and prices hit hard by COVID lockdown. Prices of various grades of rubber have fallen by 10 - 20 per cent during May to August 2020. Production has taken a much harder hit in April 2020 of more than 50 per cent.

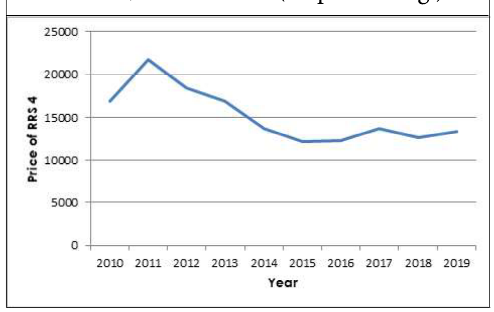
Among the Southern states, Kerala has the lowest area under crops. Net cropped area in Kerala in 2017-18 was 20,16,000 hectares and gross cropped area 25,84,000 hectares. Kerala agriculture has some unique features. It is a dominant producer of natural rubber, coconut, cardamom,

Table 1. Land under Plantation Tree Crops in Kerala

Tree /Crop	Area in Hectares
Tea	35,871
Coffee	84,976
Cardamom	39,080
Natural Rubber	5,51,050
Coconut	7,56,890
Total	14,67,687
% of Gross Cropped Area	56.81
GCA less Tree Crops	11,16,320

Sources: www.indiacoffee.org; www.ecostat.kerala.gov.in

Fig1. Natural Rubber Prices in the Kottayam Market, 2010 to 2019 (Rs per 100 Kg.)



Source: rubberboard.org.in/indianprices

Table 2 . Monthly Production of Rubber (Tonnes)								
Month	RSS		Solid Block Rubber		Latex Concentrates (drc)		Total	
	2019	2020	2019	2020	2019	2020	2019	2020
January	54600	61380	12060	12020	8700	9150	78000	86000
February	30230	31085	11595	12500	6975	8265	50000	53000
March	16000	15850	9850	9550	6450	5650	33000	32000
April	18555	10750	8065	1850	4700	1700	32000	15000

Source: Rubber Statistical News (Various issues) available at rubberboard.org.in

other plantation crops and spices in India. These are tree crops (cardamom is a bush) with long life and not easily reversible as once planted the area cannot go back to field crops. As may be seen from Table 1, area under tree crops, such as coffee, rubber and coconut is large in Kerala. In total, the five crops listed in Table 1 account for close to 15 lakh hectares and their share in the gross cropped area of the state is 57 per cent.

This note seeks to discuss the price and production trends of two of the major crops grown in Kerala, namely rubber and coconut.

Kerala is a dominant producer of natural rubber in India accounting for over 80 percent of the Indian production. As shown in Figure 1, price of rubber had hit its highest levels in 2011 crossing Rs 200 a kg. for RSS 4 grade. Since then it had shown a steady fall, the year 2012 witnessing a fall

Table 3 . Monthly Average Prices of Rubber (Rs per 100 Kg)						
Month	RSS4		% Change	Latex (60%)		% Change
	2019	2020		2019	2020	
January	12466	13512	8.39	8773	8572	-2.29
February	12433	13536	8.87	8328	8528	2.40
March	12802	13047	1.91	8248	8448	2.42
April	12828	NT	-	8708	NT	-
May	13604	11573	-14.93	9259	8023	-13.35
June	15029	12013	-20.07	9493	8511	-10.34
July	14956	12683	-15.20	9787	8128	-16.95
August	14336	13219	-7.79	9949	7870	-20.90
September	13317	-	-	10618	-	-
October	12140	-	-	10101	-	-
November	12817	-	-	9133	-	-
December	13140	-	-	8879	-	-

Source: Rubber Statistical News (Various issues) available at rubberboard.org.in for RSS4; and rubberboard.org.in/indianPrices for latex (60%) accessed 14 Sept 2020.

Unlike natural rubber, coconut was not adversely affected by COVID 19 and the lockdown. While in 2019, the months May to July reported prices 20 per cent lower than the peak prices in the year, during the same months in 2020 prices remained relatively high. Compared to the prices in January and February 2020, the prices in May to July were only 7.5 - 10 per cent lower.

in prices of 15 per cent. The next year saw it fall by 8 per cent and 2014 recorded the highest reduction of 19 per cent. The fall continued into 2015 with the prices coming down by 11 per cent. Thus, over a period of four years the prices had eroded by close to 50 per cent and in 2015 the prices were almost half of that in 2011. But the last five years have seen stable prices only to get a hit with COVID 19 and the resultant lockdown.

The bulk of Indian production (70 per cent) of natural rubber is in the form of sheets (RSS 3,4, 5,…). But recent years have seen a transition into solid block rubber (15 per cent) and latex concentrates (10 per cent). Production of rubber has been showing an increasing trend. In January 2020, production was 10 per cent higher compared to the corresponding month of the previous year (Table 2). It was 6 per cent higher in February and in March the production was same in the two years. But in April production dropped by 53 per cent largely on account of the lockdown due to COVID 19.

Monthly average prices of rubber in 2019 have been showing an increasing trend (Table 3). There was a 20 per cent increase in the price of RSS 4 grade from January to June 2019. Though there has been a slight fall in the latter half of 2019, prices continued to remain high till March 2020. But the lockdown and the resultant

Table 4 . Coconut Retail Prices in Kerala, 2010 - 2019

Year	Price (Rs per 10 no.s)	% Change
2010	106.10	-
2011	84.33	-20.52
2012	84.47	0.17
2013	156.79	+ 85.62
2014	176.06	+12.29
2015	150.23	-14.67
2016	144.82	-3.60
2017	246.36	+70.11
2018	192.95	-21.68
2019	188.57	-2.27

Source: Price Bulletin (Various Issues) available at ecostat.kerala.gov.in

Table 5 . Monthly Retail Prices of Coconut (without Husk in Rs)

Month	2019	2020	% Change
January	212.43	197.00	-7.26
February	199.98	202.91	1.47
March	187.89	-	-
April	177.68	-	-
May	166.33	185.41	11.47
June	159.57	179.55	12.52
July	157.89	176.18	11.58
August	174.56	-	-
September	184.48	-	-
October	182.07	-	-
November	183.68	-	-
December	188.57	-	-

Source: Price Bulletin (Various Issues) available at ecostat.kerala.gov.in collapse in economic activity put a halt to this increasing trend. The month of April did not see any trade in the market. When the trade resumed in May the prices were lower by about 10per cent . As economic activity started picking up, the prices started rising but in August have not reached the level of January. The prices of latex show a different pattern. While the price increase in 2019 was steeper till October, the fall was steady since then. The lockdown accentuated the fall.

The rubber production sector has been hit hard by COVID lockdown. Prices of various grades of rubber have fallen by 10 - 20 per cent during May to August 2020. Production has taken a much harder hit in April 2020 of more than 50 per cent. Production is expected to recover in the succeeding months but will continue to be lower compared to the previous year. The loss in earnings for the planters, while may not be of the order of 70 per cent as in April, it will continue to be significant in the foreseeable future.

Turning to coconut, a crop accounting for about 30 per cent of the gross cropped area in Kerala, the last ten years have seen large fluctuations in prices (Table 4). The year 2011 saw a sharp 20 per cent fall in retail prices with the next year showing hardly any change. In 2013, prices went up 86 per cent and the next year witnessed 12 per cent increase with the prices doubling in two years. The next two years reported 15 and 4 per cent decline in prices only to show 70 per cent increase in the third year. Thus, the price level in 2017 was three times that in 2011. The years 2018 and 2019 saw moderate fall in prices but the trend remained upward.

Unlike rubber, coconut was not adversely affected by COVID 19 and the lockdown (Table 5). While in 2019, the months May to July reported prices 20 per cent lower than the peak prices in the year, during the same months in 2020 prices remained relatively high. Compared to the prices in January and February 2020, the prices in May to July were only 7.5 - 10 per cent lower.

The study on the two dominant agricultural commodities of Kerala brought out their contrasting fortunes. An industrial raw material (rubber) the market for which lies outside the state has lost out on both price and production counts. A consumption good (coconut) for which a large market lies within the state has not seen a fall in prices. As 'a rubber tree not tapped is production lost whereas coconut not plucked now is available later' coconut sector might not report significant loss of production. So the impact of the lockdown varies across sectors.

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(The author is former director of GIFT)

Labour and employment

Income and wages in Kerala: A comparative picture

A V Jose

The inaugural issue of Kerala Economy spotlighted on the most recent estimates of labour force and employment in Kerala. The number of men and women in the working age-groups and composition of labour into the employed, unemployed and those outside the labour force came up for discussion. Share of workers in different sectors of the economy - agriculture, industry and services - and their distribution into status groups of the workforce such as the self-employed, regular employees and casual labourers were reviewed. We noted that the unemployment rate of women was much higher in Kerala compared to that of men and the ratio tended to rise as women attained better educational qualification. The state would face a massive challenge if it were to reap a demographic dividend by absorbing more women into regular paid employment.

The employment created, income derived, and consumption realised in any state are closely interconnected. The total income of a state is the direct outcome of employment therein. When any state attains economic growth and social progress, it leads to a shift of population between sectors, from agriculture to industry or services, or between regions, from rural to urban areas. People acquire such mobility mainly for securing work or income in the emerging sectors of the economy. It comes along with changes in the structure of employment, productivity, wages and income of workers.

In 2018, Kerala accounted for 19 per cent of the total remittances to India and the amount received was Rs 1.12 trillion. It implies that per capita income of Kerala is higher by 15 per cent at Rs 260,000, equivalent to USD 3500.

What is the evidence on such changes occurring in Kerala? This note assembles some empirical data for comparing Kerala with the whole of India. The relevant figures are in two columns of Table 1; the first one gives the averages for Kerala and a second column for the all India level.

The best available indicator of income is the gross domestic product per capita

Table 1. Some comparative estimates of income, worker productivity and wages in Kerala and All India

Sl. No		Kerala	India
1	Per capita GSDP at current prices in 2018-19 (Rs)	225483	142719
2	Monthly per capita expenditure Rural, 2011-12 (Rs)	2669	1430
3	Monthly per capita expenditure Urban, 2011-12 (Rs)	3408	2630
4	GVA per worker, all non-Agr. establishments 2015-16 (Rs)	191667	152703
5	Annual emoluments per worker, all non-Agri.est.2015-16 (Rs)	126163	87977
6	Average Monthly Earnings of the Regularly Paid Men (Rs)	21091	16859
7	Average Monthly Earnings of the Regularly Paid Women (Rs)	15237	12487
8	Average Monthly Earnings of the Self-Employed Men (Rs)	14484	11171
9	Average Monthly Earnings of the Self-Employed Women (Rs)	5540	4845
10	Average Monthly Earnings of Casual Workers Men (Rs)	11231	7009
11	Average Monthly Earnings of Casual Workers Women (Rs)	4852	4110

Sources: Row 1: Government of India (2020a) GSVA/NSVA by economic activities Rows 2-3: Government of India (2020) Vol 2, A-29, A-169; Row 4: Government of India (2017) Statements T 19 p 147; Row 5: Govt. of India (2017) T 23 p 151; Rows: 6 to 11: Worked out from Tables 42-45 in PLFS (2018-19). They are simple average of earnings of three status groups reported in four quarters of the PLFS. As for casual labour, the daily wages were multiplied by the days worked per month.

(GSDP-PC), which is the monetary value in current prices of all the goods and services produced for the market per head of the population. The average income of Kerala is about 60 per cent more than the all India average and higher than the income of all big states of India (with population more than 5 million) except Haryana and Karnataka (Row 1, Govt. of India 2020). The better GSDP-PC of Kerala is linked to the higher sectoral shares of manufacturing and service industries in the state. As written in the first issue of this journal, more than 80 per cent of the labour force of Kerala has already moved into the manufacturing and service sectors having higher values of output per worker (Jose, 2020a).

The GSDP is a measure of the income generated within the boundaries of the state. It excludes the income earned by workers as residents or migrants elsewhere. How do we account for the remittances, which add to the income of many households in the state? In 2018, Kerala accounted for 19 per cent of the total remittances to India, and the amount received was Rs 1.12 trillion (Economic Times,20 July2019). It implies that per capita income of Kerala is higher by 15 per cent at Rs 260,000, equivalent to USD 3500. In this regard, the state qualifies for inclusion in the league tables of the middle-income countries. The presumed league membership can be a "feel-good factor"; but it carries the risk of being caught in a

Many public policy interventions of Kerala since 1950s helped to mitigate the inequality in income and consumption. Such interventions raised the state's social spending on health, education and housing of the low-income groups and strengthened the public distribution of consumer goods at reduced prices.

middle-income trap. With a surfeit of labour-intensive industries that need modernisation, Kerala is already in the midst of an income trap.

Higher per capita income shows up in a high monthly per-capita consumption expenditure (MPCE) of the state. The MPCEs in rural and urban areas of Kerala are higher by 87 and 30 per cent respectively than the corresponding all India averages (Rows 2 and 3). Neither the income nor the consumption level is enough to suggest a glossy picture of the state. Here, we have simple averages of income and consumption per head, which can conceal vast inequalities in income distribution between people and regions of the state.

Kerala society has harboured many glaring inequalities right through its history. Social reform movements since the middle of the 19th century have had a crucial role in altering the structure of a deeply divided and unjust society. Many public policy interventions of the state since 1950s helped to mitigate the inequality in income and consumption. Such interventions raised the state's social spending on health, education and housing of the low-income groups and strengthened the public distribution of consumer goods at reduced prices. The redistributive transfers have profoundly influenced the structure of disparity in Kerala for the better.

The transfers helped to strengthen the links between income and consumption through raising employment and earnings of the people. Increase in income goes hand in hand with growth of product per worker. The latter is the most important determinant of wages in any industry or region. An increase in productivity naturally influences consumption expenditure. The high per capita income and spending reported in Kerala are the results of higher productivity and wages prevalent in the state. Some illustrative figures which support this argument are in Table 1.

As per findings of the 73rd Round of the National Sample Survey held in 2015-16, the gross value added per worker in un-incorporated non-agricultural establishments of Kerala was Rs 191,667. These are the micro, small and medium enterprises (MSMEs) which use hired labour. The value added in Kerala was 25 per cent more than the all India average (Row 4). The same survey has revealed that the annual emolument per employee in non-agricultural establishments was Rs 126,163. It was the highest figure among bigger states of India and the average for India was Rs 87,977 (Row 5).

Similar estimates of the monthly earnings of different status groups, such as regular paid workers, self-employed and casual labour, separately for men and women are in Rows 6-11 of Table 1. They refer to the average earnings in Kerala and India, as compiled from the Periodic Labour Force Survey (PLFS) 2018-19 of the Government of India. In most cases, the earnings of each status group in Kerala is 20 per cent plus more than the corresponding India average. The difference is much higher in the case of male casual workers, which partly explains the massive influx of guest workers from other states into Kerala.

The earnings differential of men and women in different status groups needs closer study. For instance, the self-employed and casual labour show substantial gender disparities in earnings. Quite significantly, variation is the least among regular paid workers; one possible reason why women are visibly present in such jobs. Women also wait out to avail themselves of regular job opportunities. There are several such topics for in-depth study that can lead to policy interventions for promoting paid employment of women (Jose 2020b).

To sum up the discussion, this note explored the corollary of an observation made in the inaugural issue of this journal that the labour force of Kerala has diversified better into the secondary and tertiary sectors of the economy than in many other states. Such diversification gets reflected in the higher levels of per capita income, consumption expenditure, productivity and earnings per worker. These are commendable achievements for a state, which has an impressive track record in promoting social consumption through redistributive spending.

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(Author is the former director of GIFT)

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Jose A.V. (2020a) "Employment challenges in Kerala", Kerala Economy, Vol 1, No.1 Gulati Institute of Finance and Taxation, Thiruvananthapuram

Jose A.V. (2020b) "How can more women take up paid employment? The India Forum, 12 September

Sectoral focus

From the frying pan to the fire: unorganized sector under COVID-19

K J Joseph and P V Babu

The GDP estimates by the National Statistics Organisation [NSO] for the first quarter of Indian economy have taken the 'pandits of projection industry' for a major shock. The recorded negative growth rate of 23.9 per cent (loss of almost a quarter of the GDP), turned out to be the highest fall in the world and was way apart from the projections made. There is, however, reason believe that the GDP estimates at the national level involve substantial under estimation because of the near exclusion of the unorganised sector. As per the estimates of the National Commission for Enterprises in the Unorganized Sector (NCEUS) 98 per cent of employment in the agricultural sector, 75 per cent in industry and 72 per cent in services are informal in India (Sengupta et al., 2009). As per National Accounts Statistics (2019) unorganized sector accounts for 52.4 per cent of GDP.

Although the GDP data in India on a quarterly basis is made available by NSO since 1996, such quarterly data is not available for the states. Data on State Domestic Product (SDP) is available only on an annual basis and that too with a lag of at least one year. Hence, one has to wait until the next Economic Review for precise estimates on the impact of COVID at the state level. However, thanks to the Department of Economics and Statistics, we are fairly well informed with respect to the unorganised sector in Kerala. Here it may be added that in Kerala also, the unorganized sector plays no less significant place. As per the Periodic Labour Force Survey (PLFS) in 2017-18, there were 88.4 lakh workers. Out of this 12.5 lakh (14%) are in the formal sector of both public and private domains (Jose 2020). Further around 33 lakhs (37%) are employed in agriculture and other sectors. The remaining 43 lakhs (49%) are employed in the non-agricultural segment of the unorganised sector.

__Enterprises in four sectors - trade and repair service, manufacturing, hotel and restaurants, real estate, ownership of dwelling and professional services - accounted for 81 per cent of employment and 89 per cent of income.__

The informal sector, which dominates our economy, has already been under stress on account of the demonetarisation, poorly

Table 1. Income and employment loss in sample unorganized Sector in Kerala					
		Income (Rs Lakhs)		Employment (number)	
Sl No	Items	Normal Period Month	Lock down Period Average monthly loss	Normal Period Month	Lock down Period Average monthly loss
1	Manufacturing	4948	57.7	11316	54.6
2	Electricity, gas, water supply & other utility services	44	87.2	77	68.4
3	Trade & repair services	10217	52.3	8634	39.3
4	Hotels & restaurants	1271	82.4	2848	64.1
5	Road transport	117	93.0	260	61.7
6	Water transport	9	75.2	9	77.8
7	Services incidental to transport	18	81.3	59	60.5
8	Communication & services related to broadcasting	188	72.6	541	51.4
9	Financial services	595	57.7	159	30.6
10	Real estate, ownership of dwelling & professional services	1148	73.3	3672	52.2
11	Education	233	86.7	1630	76.0
12	Health	303	64.7	708	40.3
13	Other services	737	82.3	2609	66.4
	Total	**19828**	**59.2**	**32522**	**52.7**

implemented GST and the unprecedented flood that followed. What has been the impact of Covid-19 on this sector?

COVID impact survey

Our analysis is based on the data obtained from a quick 'Covid-19 impact survey' conducted by the Department of Economics and Statistics (DES). The sample survey of 9262 units, covering the entire state, gathered information regarding income, employment, operating expenditure, days operated and other related information for a normal month before the lock down period and also for the period since April 2020. In what follows we shall highlight the income and employment loss during the first quarter of the current fiscal.To begin with it may be noted that the survey was confined to enterprises in the non-agricultural sector and did not include construction sector.

Given the sectoral characteristics Covid impact could vary within and between sectors. Thus viewed, agriculture is likely to have lower impact as compared to the industry and services. Within services, hotel and tourism, for example, is said have been most affected as compared to health services. There is also reason to infer that the impact has been more intense in the case of unorganized sector. It is observed that the sample enterprises in four sectors- trade and repair service, manufacturing, hotel and restaurants, real

For the month of April the employment and income loss were 74 per cent and 79 per cent respectively, which moderated to 32 per cent 39 per cent in June. Loss for the fourth quarter is estimated at 53 per cent of employment and 59 per cent of income.

estate, ownership of dwelling and professional services-accounted for 81 per cent of employment and 89 per cent of income.

Loss of employment

With lockdown to ensure social distancing for preventing spread of the pandemic, the loss of employment was as high as 74 per cent in the month of April 2020 and it moderated to 32 per cent in June. For the first quarter as a whole the employment loss has been estimated at 53 per cent (table 1). There has, however, been inter-sectoral difference. In the manufacturing sector that contributed about 35 per cent of the total employment in the sample, recorded employment loss 55 per cent during the first quarter. When it comes to trade and repair services that contributes 27 per cent of the total employment, the estimated loss was slightly lower at 39 per cent. The loss in employment was still higher in hotels and restaurants (64%) and real estate, ownership of dwelling, professional services (52%)

Income loss

For the month of April,the loss in income was as high as 79 per cent and it reduced to 39 per cent in June with the estimated loss during the first quarter being 59 per cent. As in the case of employment, there have been inter-sectoral differences. Among the major sectors, having more than 5 percent of total employment, the highest income loss was recorded in Hotels & restaurants (82%) followed by real estate, ownership of dwelling & professional services (73%). It is evident that for the unorganised sector as whole, the income loss (59%) was higher than the employment loss (53%) during the first quarter. This tends to indicate that the workers had to live with reduced number of days of work along with reduced wage rates. Here again there are inter-sectoral differences. In the manufacturing, 55 per cent employment loss led to only a marginally higher income loss (58%)where as in trade and repair services, despite the employment loss being lower at 39 per cent the income loss was 52 per cent. Similarly, in hotels and restaurants, 64 per cent loss in employment led to 82 per cent loss in income.

It is evident that despite Kerala being the pioneer to implement schemes worth Rs 20,000 towards saving livelihood of the people, the loss incurred by the unorganised sector by way of income and employment has been substantial - over 50 per cent. Thus the coronavirus pandemic has precipitated an economic emergency in the state. This being the case in Kerala, there is reason to believe that the COVID shock for the informal sector at the national level would have been substantial and that the loss of GDP estimates made is likely to be too optimistic.

Responding in similar circumstances, the industrial economies of the world, in particular, United States, United Kingdom, Germany, France, Italy have come up with stimulus packages to support business and wage payment and to retain jobs. The amounts involved range from 10 to 20 per cent of the GDPs of these countries. In the Indian context, GIFT (2020) argued that the state government is not in a position to finance such schemes and the Union government ought to announce a comprehensive stimulus package at the earliest, lest businesses sink, and jobs disappear accentuating the economic calamity. Till then that the state government could facilitate own account enterprises and establishments with the number of workers up to 20 to borrow from banks with an appropriate interest subvention. It may also consider transferring a part of the wages and salaries of the workers so that the establishments retain jobs. Here it is important to keep in mind the inter-sectoral differences in the impact of the pandemic.

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Sengupta, A., R. S. Srivastava, K.P. Kannan , V.K. Malhotra, B.N.Yugandhar, and T.S.Papola (2009) Skill Formation and Employment Assurance in the Unorganised Sector, National Commission for Enterprises in the Unorganized Sector, New Delhi.

New studies on Kerala

Young Scholars' Forum, GIFT

Economics

Articles in Scopus indexed journals

1. Agarwal, B. (2020). Does group farming empower rural women? Lessons from India's experiments. The Journal of Peasant Studies, 47(4), 841-872.https://doi.org/10.1080/03066150.2019.1628020

Abstract: Efforts by governments in developing countries to economically empower rural women rarely focus on farming, an occupation in which the majority have experience. Those that do are typically directed at women within family farms, rather than at creating group-based alternatives outside the familial domain.

In this context, two state-level initiatives in India, launched in the early 2000s, stand out, for their innovative experiment in group farming. They encouraged women to collectively cultivate leased land and become farm managers in their own right.

Based on the author's detailed quantitative and qualitative surveys in the states of Telangana and Kerala, this paper analyses whether farming in groups empowers women economically as well as socially and politically.

2.Barlow, M., & Drew, G. (2020). Slow infrastructures in times of crisis: unworking speed and convenience. Postcolonial Studies, 1-22. https://doi.org/10.1080/13688790.2020.1804105

Abstract: In this paper, we highlight two forms of slow infrastructure that provide possibilities for rearranging our infrastructural orientations: composting and rainwater harvesting.

Drawing on fieldwork conducted in 2018 and 2019 in Kochi, Kerala, this research asserts that in order to do infrastructure differently, an unworking of convenience and speed is required. This unworking can be achieved through an attunement to multi-species and more-than-human relations, matched with a distributed ethic of maintenance and care. Our ethnographic examples, one from a hospital and another from a hotel, suggest that slow infrastructures can meaningfully offset the threat of disfunction and 'urban failure' that confronts cities increasingly marked by turbulence and uncertainty.

Other journal articles

1. Joseph, J. (2020). Economic Impact of Tourism in Kerala, India. European Online Journal of Natural and Social Sciences, 9(3), 610- 617. http://european-science.com/eojnss/article/view/6082

Abstract: Kerala is one of the prominent tourist destinations and National Geographic's Traveller magazine listed Kerala in the 'Ten Paradises of the World' and '50 must visit places

of a lifetime'. Tourism is one of the few sectors where Kerala has clear competitive advantages as the state is considered as nature magic ranging from the Western Ghats covered with dense forests to the backwaters to the Arabian Sea. This paper is an overview on the economic impact of tourism in Kerala. The findings of the paper revealed that the economic impact of tourism in Kerala is very significant.

2. Parida, J. K., John, M. E., & Sunny, J. (2020). Construction labour migrants and wage inequality in Kerala. Journal of Social and Economic Development. Advance online publication. https://doi.org/10.1007/s40847-020-00104-2

Abstract: This study explores the patterns and determinants of construction-led migration and measures the existing wage differential between migrant and native workers in Kerala using both secondary and primary data.

It is found that the pattern of internal migration is changing in Kerala with a declining share of migrants from neighbouring states, along with the corresponding upsurge in the inflows from far-off states like West Bengal, Assam and Bihar.

Though poverty and rising unemployment at the place of origin are the pushing factors, relatively higher wages and availability of employment throughout the years are the main pulling factors of in-migration to Kerala.

Given the importance of these low-skilled migrants in sustaining the long-term economic growth in Kerala, their poor and unhygienic living arrangements should also attract the attention of the policymakers.

3. Thrishma, S. P., & Veerakumaran, G. (2020). A Study on Financial Performance of Kerala State Co-operative Federation for Fisheries Development Limited (MATSYAFED). Shanlax International Journal of Economics, 8(4), 59-67. https://doi.org/10.34293/economics.v8i4.3285

Abstract: Fishing is a traditional activity in Kerala because from time immemorial fishermen community involved in both marine and inland fishing for their livelihood. To develop the fishermen community and to solve their socio-economic problems, fisheries co-operatives were established. MATSYAFED is acting as the apex level institution for all the primary level fishermen co-operatives in Kerala. An attempt was made to conduct a study on "Financial Performance Evaluation of Kerala State Co-operative Federation for Fisheries Development Limited (MATSYAFED)" to evaluate its financial performance.

Sociology and human development

Articles in Scopus indexed journals

1. Ajay, A. (2020). Differentiation of femininities in contemporary Kerala: Evidence from left-behind families of women transmigrant workers. Migration and Development. Advance online publication. https://doi.org/10.1080/21632324.2020.1806604

Abstract: This article explores a largely understudied aspect of women's transnational labour migration: how localised frameworks of feminine ideals and subjectivities interact with women's migration. It is based on a mixed-methods field research conducted in 2016 in a village in Central Kerala with a long history of women's labour migration.

The paper concludes by demonstrating how globalising processes like women's international labour migration interact with localised gender, caste and class structures to produce new and unequal categories of femininities.

2. Chacko, M. A. (2020). English-Educated as

'Ready-Made' Leaders: Re-Inscribing Distinction through the Student Police Cadet Project in Kerala, India. South Asia: Journal of South Asian Studies, 43(4), 1-18.https://doi.org/10.1080/00856401.2020.1775356

Abstract: This ethnographic study of a police cadet programme in government high schools in Kerala describes how efforts to develop future leaders dovetail with educational strategies for acquiring class distinction in liberalising India.

3. Kumar TKV. (2020). The Influence of Demographic Factors and Work Environment on Job Satisfaction Among Police Personnel: An Empirical Study. International Criminal Justice Review. Advance online publication. https://doi.org/10.1177/1057567720944599

Abstract: Job satisfaction among employees is important for police organisations. Low job satisfaction may result in poor organisational commitment, unsatisfactory job performance, and absenteeism.

Analysing survey data of 6,041 police officers, the study finds that while demographic factors and job characteristics impact job satisfaction, organisational characteristics have the greatest influence.

Articles in other journals

1. Jain, S. (2020). Human Development, Gender and Capability Approach. Indian Journal of Human Development, 14(2), 320-332. https://doi.org/10.1177/0973703020944754

Abstract : This article critically reviews the Human Development Report (HDR) 2019 that calls for addressing inequalities that are beyond income, beyond averages and beyond today. Inequalities result from differential exposure to opportunities and constraints during a life cycle.

One way in which power relations are exhibited is through gender norms. The article discusses the advancements made in the capability approach using the gender lens and the policy framework intended to address gender inequality. It also discusses the case of Kerala state to understand the complex nature of human development. The state made strides in education and health, but rising inequalities, gender violence and ecological changes remain major concerns.

2. Sabu V.G., & Manoj M. (2020). The Effect of Employee Desire and Employee Engagement on Organizational Performance: Evidence from ICT Sector in Kerala, India. Management and Labour Studies. Advance online publication. https://doi.org/10.1177/0258042X20939020

Abstract: This study analyses the multivariate effect of employee desire (ED) and employee engagement (EE) on organisational performance (OP). The analysis revealed that OP is positively influenced by ED and EE. The study further confirms the mediation effect of EE in the relationship between ED and OP.

Edited volumes and chapters

1. Cherian, J. A., & Varghese, J. M. (2020). A Study on the Issues and Challenges of Women Empowerment with a Special Reference to Kerala State. In T. Rahman (Ed.), Women Empowerment- Awakening of a New Era (PP 34- 40). Empyreal Publishing House.

Abstract: This study attempts to answer the need, hindrance and challenges faced in the state with regard to women empowerment. This study also facilitates to analyze the factors influencing the economic empowerment of women, available government schemes for women empowerment and the trivialities in the path of empowering the women community. Reprehensible utilization of educational qualification, Gender discrimination, financial constraints, family responsibility, low mobility and the ability to bear risk are the major concerns faced by the women population in Kerala. The study suggests that the first and the foremost priority should be given to the education of women

History and culture

Articles in Scopus indexed journals

1.McKee, G. (2020). Mission, Empire, and the Ultimate Good: Colonel John Munro, Benjamin Bailey, and the Church Missionary Society "Mission of Help" to Travancore (1816-18). Mission Studies, 37(2), 218-241. https://doi.org/10.1163/15733831-12341716

Abstract : The links between mission and empire cannot be reduced to seeing mission as a mere handmaiden to imperial concerns, although empire certainly provided a context to missionary endeavour throughout the imperial period. In this specific instance, it was the forceful personality of Colonel John Munro who ensured that the Mission of Help became more intertwined with empire than might otherwise have been the case. Another effect of this imperial context for the Mission of Help was that the nature and scope of mission inevitably ended up being broadened to include aspects of societal transformation. It is shown that Benjamin Bailey was not primarily motivated by such concerns, yet was not unconcerned about them. Bailey's thinking through these tensions perhaps provides a way to think today about the links between the 'Great Commission', the 'Great Commandment', and cultural transformation.

2. Roopesh, O. B. (2020). Temple as a site of modern contestations: Kshetra punarudharanam in postcolonial Kerala. South Asian History and Culture, 11(3), 300-316. https://doi.org/10.1080/19472498.2020.1797362

Abstract: This article argues that religion has been a significant strand in modern-day Kerala and that it has interfaced intimately with various secular progressive and developmental articulations of this region. Even when secular progressive sections mounted profound criticisms against faith and ritual, temples continuously reinvented and reshaped their relevance. Further there was a significant simultaneity in the powerful critiques of religion/religiosity on the one hand, and the various calls for kshetra punarudharanam on the other.

Health

Articles in Scopus indexed journals

1. Krishnan, T.S., Reddy A.R., & Ramana M.V. (2020). Impact of Natural Background Radiation on Health Understanding the Debate. Economic & Political Weekly, 55(37), 39- 43. https://www.epw.in/journal/2020/37/insight/impact-natural-background-radiation-health.html

High natural background radiation is a constant presence in the lives of those inhabiting some coastal regions of Kerala and Tamil Nadu. While there is agreement about the existence of radiation, some studies claim that it has no impact on the health of the population, while others disagree. There is a need to examine these findings critically, because of implications for public health, and to understand some of the technical reasons for why some papers appear to find no support for evidence (lack of statistical significance) of impact on health due to high levels of background radiation.

2. Ghosh, S.M., & Qadeer, I. (2020). Public Good Perspective of Public Health. Economic & Political Weekly, 55(36), 40-48. https://www.epw.in/journal/2020/36/special-articles/public-good-perspective-public-health.html

Abstract : India's response to the COVID-19 pandemic is linked to its abandonment of the welfare state, marginalisation of public good

principle and collapse and fragmentation of the public health system. As COVID-19 cases surge, many states could barely treat patients needing medical support due to bed shortages and poor infrastructural facilities. The overwhelmed system disrupted routine and emergency non-COVID services as well. The interstate differences in coping with COVID-19 are rooted in the public sector health infrastructure, investment in rural services and disease control programmes. A comprehensive healthcare system is needed as COVID-19 is not the end of the problem of the globalisation of epidemics

Others

Articles in Scopus indexed journals

1. Deepa P.K., & Abdul Azeez T. A. (2020). Scholarly Use of Web-Based Information Resources and Services in University Libraries in Kerala (India). International Information & Library Review, 52(2), 117-29. https://doi.org/10.1080/10572317.2020.1769420

Abstract: The study analysed the services and resources in the libraries, which are provided through the medium of the internet and also the usage patterns of web information services by the scholars of the selected universities. The analysis reveals that most of the university libraries have implemented web-based information services. However, the extent of usage is not to the expected level, and this is due to the lack of sufficient awareness about the usage methods of web resources and services. The study recommends user education and training programmes for proper use of library resources, including web-based services.

2. Halliburton, M. (2020). Hegemony versus pluralism: Ayurveda and the Movement for Global Mental Health. Anthropology & Medicine. Advance online publication. https://doi.org/10.1080/13648470.2020.1785842

Abstract: This study examines efforts by ayurvedic practitioners to expand access to ayurvedic mental health services in Kerala, and profiles a rehabilitation center which combines biomedical and ayurvedic therapies and has been a key player in efforts to expand the use of Ayurveda for mental health. The paper argues for maintaining a pluralistic healing environment for treating mental illness rather than displacing other healing modalities in favor of a biomedical psychiatric approach.

3. Masiero, S. (2020). Biometric Infrastructures and the Indian Public Distribution System. South Asia Multidisciplinary Academic Journal, (23). https://doi.org/10.4000/samaj.6459

Abstract: This paper reflects on the author's nine-year research on the transformation of India's Public Distribution System (PDS) enacted through digital technologies first and, more recently, through Aadhaar's biometric infrastructure. Based on the experiences of two states, Kerala and Karnataka, which adopted biometric identification in their ration shops, the paper illustrates the effects of the transition to an Aadhaar-based PDS, on both program governance and recipients' entitlements. It argues that, while designed with the objective of combating the rice mafia resulting in foodgrain diversion, a biometric PDS does not prevent the exclusion errors pervading the program, and supports the transition to a cash transfer system whose developmental outcomes are still uncertain. ■

What is new(s) from GIFT

A. Webinars

1. GST Compensation and Fiscal Stress of States, Organized jointly with CRRID, Chandigarh, 28 September 2020.

State governments in India at present are faced with an unprecedented fiscal stress. Hence the alternative to GST compensation proposed by the Centre that involves renege from the in constitutional provision for GST compensation for the states needs detailed deliberation. In this context GIFT, jointly with the Centre for Research in Rural and Industrial Development (CRRID), Chandigarh, organized a webinar to provide a forum for deliberating on implications of the Centre's proposal on the already stressed state finances and articulate the responses of the States. The webinar, inaugurated by Dr Amit Mitra, Minister of Finance, West Bengal and Chairman Empowered Committee of Finance Ministers, had the active involvement of Finance Ministers of states, eminent academicians, senior government officials, and captains concerned of the media.

For details please visit, https://www.gift.res.in/index.php/workshop/detail/24/GST-Compensation-and-Fiscal-Stress-of-States-28092020

2. Webinar series jointly with Indialics

GIFT initiated a webinar series jointly with Indialics (India Chapter of Globelics)

1. First Indialics Web lecture on STI Ecosystem and Endogeneity of Technology: Role of AEI and Governance in Atmanirbhar Bharat, 1 sep 2020,

Link: https://www.gift.res.in/index.php/workshop/detail/23/Indialics-Webinar-Series

2. Second Indialics Web lecture on Imagining Science, Technology and Innovation policy for post covid India , 26 sep 2020

Link: https://www.gift.res.in/index.php/workshop/detail/23/Indialics-Webinar-Series

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

Under this webinar series, held on every Saturday and jointly organized with KILA and Haritha Kerala Mission, ten webinars have already been organized from 4 July onwards . Webinars organized in the month of September -October are listed below.

1. Webinar on Innovations in Education, held on 5 september 2020

2. Webinar on Climate change, Biodiversity, Disaster Management, 19 September 2020

3. Webinar on Health Sector Initiatives, 26 September 2020

4. Webinar on New expanses in service quality management, 10th October 2020.

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

index.php/events/detail/37/National-Webinar-Series-Local-Governments-for-Sustainable-Development-Good-Practices-from-Kerala

B. Teaching and training programmes

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

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

1. KFC and GIFT: Training for the 2nd and 3rd Batch Participants of Chief Minister's Entrepreneurship Development Programme (CMEDP)

Batch2: 03.09.2020 to 11.09.2020

Batch 3 :14.09.2020 to 18.09.2020

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

2. Chief Minister's Entrepreneurship Development Programme (CMEDP): Handing over of first 100 sanction letters by Chief Minister of Kerala, 28 Sept 2020

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

3. Post Graduate Diploma in Taxation (PGDGST)

PGDGST program third batch

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

Examination for the second batch of the Post Graduate Diploma in Goods and Service Tax (PGDGST) is scheduled as follows: September 20 and 27; October 4, 10 and 18.

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

C. New faculty in GIFT

1. Dr Parma Chakravorty, Assistant Professor

Prior to joining GIFT, Dr Chakravartti, has been a visiting Assistant Professor, Economics, at Dr B R Ambedkar University Delhi. She has worked in the area of public finance, macroeconomic policies and development economics and associated with various government organisations like National Institute of Public Finance and Policy, Financial Resources Division of Planning Commission of India, Fourteenth Finance Commission and Indian Institute of Public Administration, New Delhi. She has a PhD in Economics from Centre for Economic Studies and Planning, Jawaharlal Nehru University. Her research interests lie in the field of public finance and econometrics.

2. Dr Santosh Kumar Dash, Assistant Professor

Dr Kumar holds a Ph.D. in Economics from IFMR Chennai (University of Madras), and M.Phil in Applied Economics from CDS (JNU), Previous positions held by Dr Dash include Research Fellow, IFMR-LEAD at Krea University, Economist at Center of Excellence in Fiscal Policy and Taxation (CEFT), Bhubaneswar, Project Associate, NIPFP, New Delhi, Research Analyst at Institute of Economic Growth, New Delhi. His research has been published in several journals including Economic Modelling, Journal of Quantitative Economics, and Economic and Political Weekly. He has also presented his research in a number of national and international conferences and has been conferred the best paper award for some of his works.

D. New reports and publications

1. Kerala Economy

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

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

2. Kerala Tax Reporter

August issue of Kerala Tax Reporter published Online and offline https://www.gift.res.in/ktr

3. Innovation and Development

A Routledge journal from GIFT, Volume 10, No. 2 published, Editor in chief, K J Joseph. For details please visit https://www.tandfonline.com/toc/riad20/current

4. Weekly update on the Indian Economy

This is an attempt by the Young Scholars' Forum in GIFT, led by Shency Mathew to update you on important developments in the national economy.

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

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

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

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