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Editorial

The 16 finance commission, states and development challenges

The union Government has recently released some important details regarding the Terms of Reference (ToR) for the 16th Finance Commission, although the Chairperson and members are yet to be appointed. Since the states' own revenue (tax and non-tax) accounts for only about 67% of their revenue receipts, the recommendations of the Commission, to be implemented from 1April 2026 for 5 years, will be having crucial bearing on the fiscal health of States. As per the available information, the ToRs, unlike in the case of 15 Finance Commission, where in it was expected to review a recommendation made by its predecessor (14 the Finance Commission), are well within the constitutional framework. Having unequivocally set the constitutional context, the 16 Finance Commission could make its recommendations in consultation with the states by duly considering the contextual aspects.

Vertical devolution

When the first Finance Commission was appointed in 1951, only the income tax and the excise on a few commodities were shared with the states. From the 10th Finance Commission onwards, all the taxes of the union became a part of the shareable pool. In the event of the abolition of the planning commission, 14th Finance Commission raised the share of states from 32 percent to 42 percent which was reduced to 41 percent by the 15 Finance Commission when the state of Jammu And Kashmir ceased to exist. Thus viewed the successive Finance Commissions have been successful not only in enhancing the size of the divisible pool but also the share of states therein. Yet, there are reasons to believe that there is a long way to go in this regard.

It is generally been perceived that the vertical inequality between the Union and the states needs to be reduced. Evidently, the states are destined to shoulder much of the developmental responsibilities and therefore expenditure. But their revenue entitlements are at a much lower level. The 15th Finance Commission observed that while the states together account for over 62% of the national expenditure their share in revenue is only about 37% which is apparently at the root of the fiscal stress of states. Secondly, it appears that while the Finance Commissions have been allocating more resources to the States, the Union has been reducing allocation by adopting a strategy of mobilising revenue through imposing cess and surcharges. The share of cess and surcharges, which are not shared with the states, recorded more than three -fold increase during the past 12 years from about 5.2 percent in 2009-10 to 17.1 percent in 2022-23. Even after discounting for the GST compensation cess, about four percent, the increase has not been insignificant. As a result, the effective share of States in the gross tax revenue of the union government is only about 30% as compared to about 35% during 2015-16 to 2019-20. It is true that the cess and surcharges collected by the union are not given away to any foreign countries. Yet, if past trend continues the institution of Finance Commission itself could become redundant as there would be nothing much left with to devolve to the states. Hence, for reducing vertical inequality, the Finance Commission could consider setting a limit to the share of cess and surcharges to five percent (2009-10) level. If it exceeds the stipulated level, the finance commission may compensate the states by a corresponding rise in the share of states in the divisible pool. This is broadly in sync with the observation made by Rangarajan and Srivastava.

There are a number of issues relating to vertical equality on which further reflection is needed. For example, the ex-ante projection of the revenue entitlements to the states by the Finance Commission for five years, very often than not, puts the states (and also the Union) in difficulty. This has nothing to do with the competence of the Finance Commission. But because, making precise projections for five years in the present open and uncertain world is almost an impossible task, to say the least. For example, the 14th Finance Commission projected that the total taxable revenue available from the central pool for Kerala would be of the order of Rs 25869 crore for the year 2019-20. But due to factors beyond the control of the Finance Commission the actual amount received has been only Rs 16401 crore (only 63.4%), as reported by Adith S Karthik and Christabell in this issue of Kerala Economy. Needless to say, states that made plans and programmes keeping faith on finance commission numbers are undoubtedly doomed to frustration. This takes us to the observations already made by scholars of eminence like Dr Govinda Rao who highlighted the perils of Finance Commissions being a transient body and made the case for a permanent body. Going beyond such specifics, evidently, there is an imperative reflect on the extent to which the institution of Finance Commission co-evolved in sync with the significant changes in our approach to development strategy as manifested in policy changes pertaining to all aspects of the economy on the one hand and their multifaceted outcomes on the other.

Horizontal devolution

The pundits of public finance are of the view that Finance Commissions shall not be burdened with the responsibility of resolving all the developmental problems of the States and the union. Their mandate shall be limited to the devolution of financial resources. While this view is to be respected, for different reasons, the Finance Commission cannot afford to be oblivious of the ultimate goal wherein development is at the centre stage. Given the context in which India is emerging as the fastest growing economy in the world with a projected GDP growth of over 7% in 2022-23 and aspiring to be the third largest by 2029 and a developed economy by 2047, the Finance Commission, while taking decisions, has to be cognizant of national aspirations while being sensitive to the fact that India grows and develops if and only if the states grow and develop. Hence, while addressing the horizontal equity the Finance Commission, in the national interest, needs to aware of perils of penalising performing states.

Ensuring horizontal equity could not be more challenging in a highly diversified country like India. Some get penalised as others fail to deliver. While one needs to be sympathetic to the plight of people in less developed States, the policy of only carrots for the sustained poor performance and sticks for those performing better may be considered anti-development. Share of Kerala in the divisible pool has declined steadily from 3.9% in the 10th FC to 1.9% in the 15th FC as a "reward" for being top among Indian in HDI, SDG among others. Any inquiry into the current fiscal crisis of Kerala would lead first to the door steps of this 'horizontal inequality' Better performing states have their own sets of problems; the issue of aging and ensuring sustainability for example. Since these issues are yet to receive the attention of the Finance Commission that they receive, the 16 Finance commission may have to adopt a strategy of walking on two legs; while being considerate to those lagging behind, there has to be adequate provision for rewarding performance.

In a study for the NITI by Govinda Rao has shown that while the general-purpose transfers are regressive, the specific purpose transfers do the opposite. A recent and detailed NIPFP study by A N Jha, Yash Jaluka and Pinaki Chakraborty on Centrally Sponsored Schemes (CSS) reinforced the earlier conclusion with respect to specific purpose transfers and highlighted numerous issues with respect to the one size fits all based CSSs which the Finance Commission cannot afford to overlook.

The issue of borrowing and debt is yet another issue in the realm of FRBM Act, which has a highly credible intention of economic stability. However, it is high time to explore why this has landed the whole country in a highly undesirable situation of chasing an ever-moving target. Neither the union nor the states are able to adhere to it by being responsive to the needs of people. Questions are also asked as to how could the union instruct the states to keep the fiscal target within 3% when that of the union is as high as 6.4% in 2022-23 (BE). No country has progressed without investment and the poor countries with low saving invariably depend on borrowings. Hence the mechanical exercise of bringing down the debt-GDP ratio to 60% (40% for the union and 20% for the states) presumably based on the advice from the spoke persons of the Global North for whom the debt GDP ratio is as high as 240%, could be detrimental for the development. There could also be serious doubt about relevance of the indicators (same for all states in a county like ours) selected under FRBM Act. In this context, a case could be made for a Fiscal Responsibility and Borrowing Utilization Act (FRBU) in place of FRBM Act. From a development perspective, let the borrowing be conditional on the annual flow of returns to repay the interest and value of the asset created, for repaying the capital. Let's be preventive instead of being curative. It is imperative that the 16 FC carefully examines the deficit in the sense and sensitiveness of the FRBM Act, as it stands today, to say the least.

It is by now evident that although high hopes have been pegged to GST, due to exogenous and Endogenous factors, there has been a slip between the cup and the lip. The finance Commission needs to note that GST in India became a reality only because states sacrificed about 52.8% of their tax revenue whereas the Centre surrendered only about 47%. When it came to the final division of GST between states and the Center, despite different committees made the case for higher share for the States, it was equally (50-50) shared. The states, apparently, agreed to this "unequal distribution" as they were assured of 14% growth in their GST revenue for the five years. While most politicians, presumably, have their timeframe limited to five years, from the perspective of any economy the time frame cannot be limited to five years. Hence, considering the surrender that the states have made, so long as there is GST there should be GST compensation, indeed by pre-empting the plausible free rider problem. Alternatively, the present sharing of GST should be revisited to ensure that the states receive a higher share than the Union.

India's cooperative federalism, as it stands today, is conceived in terms of cooperation between the Union and the states. The literature on fiscal federalism is abound with instances wherein programs successfully developed at the state level have provided models for subsequent federal programs. In India also, there are important cases where innovation and experimentation at state/ local level have led to new policy measures with national application. Hence the case for fostering a new cooperative federalism which compliments the existing vertical federalism with horizontal federalism by incentivizing joint investment, joint issuance of debt by states among others such that the burden of the Union could also be reduced.

There are many more issues and much to be deliberated up on. The situation was not different in the case of earlier Finance Commissions. Evidently, all of them have done their job diligently and their recommendations have been accepted by the government. The 16 Finance Commission cannot be different.

K J Joseph

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Fiscal concerns and challenges of Kerala: A comparative perspective

K J Joseph and Anitha Kumary L

Introduction

It is generally recognized that there exists a congenital inequality between the Union and the states in India with respect to the distribution of revenue and expenditure on the one hand and rights and responsibilities on the other. The states, being closer to the citizens and based on the principle of subsidiarity, are destined to shoulder much of the developmental responsibilities and expenditure. But their revenue entitlements are at a much lower level. The reforms, like the introduction of GST, initiated at the instance of the Union, seem to have added to the downward flexibility and upward rigidity of states' revenue. The 15th Finance Commission estimated that the respective shares of states in expenditure and revenue were of the order of 62 percent and 37 percent. Needless to say, the fiscal health of subnational governments in India is contingent on the revenue that they receive from the divisible pool as decided ex-ante by the Finance Commissions. The fiscal stress of the states gets further accentuated when the Union, at its wisdom and will, designs strategies that reduce the size of the divisible pool. If the available evidence is any indication, the union has been increasingly resorting to such strategies such that the share of cess and surcharges (which are not shared with the states) in the total revenue of the union has recorded an almost four-fold increase during the past 12 years from about 5.2 percent in 2009-10 to 17.1 percent in 2022-23. Even after accounting for the GST compensation cess, the increase has not been insignificant.

Since India's development is made mostly by the states, there is an imperative of increased equity in the Centre-state financial relations and concerted effort by the states to raise their own tax effort. In an earlier article (Joseph and Kumary, 2022), strong signs of fiscal turnaround in Kerala during 2022-23 were noted, which was driven mainly by an unprecedented growth in own tax revenue (22.1%). What has been the trend in Kerala's fiscal position during the first five months (April-August 2023) of the current fiscal year? This article is an attempt to explore this question. We approach this issue in a comparative perspective with the Union and the major states in India.

The revenue receipts of Kerala registered a negative growth (-12.01%) during April- August 2023 compared to the same period in 2022. This amounted to a decline of about Rs 6000 crore in the state's revenue receipts. The Tax revenue, which accounted for about 79% of the revenue receipts of the state during the period under consideration, recorded a modest growth rate of 6.82 % adding a little over Rs 2302 crore.

Revenue receipts

From Table 1, it is evident that the revenue receipts of Kerala registered a negative growth (-12.01%) during April- August 2023 (5 months) compared to the same period in 2022. This amounted to a decline of about Rs 6000 crore in the state's revenue receipts. The Tax revenue, which accounted for about 79% of the revenue receipts of the state during the period under consideration, recorded a modest growth rate of 6.82 % adding a little over Rs 2302 crore . Of which, the share of Central taxes was only 32 % although it recorded a growth rate of 18%. In the case of own non tax revenue, there has been a substantial increase in growth rate (26.3%) in April-August 2023. This led to an addition of about Rs 1200 crore to the state's revenue. Thus viewed, the addition to the state's revenue on account of the total tax revenue and own non tax revenue amounted to over Rs 3500 crore. Yet the decline of Rs 6000 crore in the revenue receipts of the state has to be seen in the context of the drastic decline in the grants in aid from the Centre which could be construed as the discretionary component of the Central share. To be more specific, the decline in grants in aid during the period under consideration was as high as 72 %, resulting in a loss of revenue of the order of Rs 10,000 crore, although the decline had its beginning in the previous year (-9%). (Table 1). On the whole, any inquiry into the drastic decline in the revenue receipts of the state invariably would lead one to the doorsteps of the Centre's approach to the state. At the same time, the evidence presented also indicates the need for further accelerating the revenue mobilization by the state. (Table 1).

At a point wherein the state is confronted with a drastic cut in grants in aid, one is inclined to look into the revenue position of the Centre. It is evident from Table 2 that the revenue receipts of the Centre recorded a growth rate of over 24% . This robust growth has enabled the Centre to increase the revenue expenditure by about 15% while keeping a check on the growth of the revenue deficit which declined by 12%. The Centre also managed to invest

The grants in aid during the period under consideration declined (-72%) implying a revenue reduction of Rs 10,000 crore; the decline had its beginning in the previous year (-9%).

Table 1 - Fiscal position of Kerala during the first five months (April - August) of 2023-24 (Rs crore)

Description	April-August 2022	April-August 2023	Growth rate for April-August 2023(%)	Growth rate for 22-23(%)
Revenue receipts (1)	51650.91	45445.87	-12.01	13.72
Tax revenue (a+b)	33746.72	36048.73	6.82	18.47
Own tax revenue (a)	29841.77	31410.86	5.26	22.11
States share on union taxes (b)	3904.95	4637.87	18.77	0.74
Own non tax revenue (i)	4505.1	5692.48	26.36	44.83
Grand in aid and contributions(ii)	13399.09	3704.66	-72.35	-9.09
Total non tax revenue (i+ii)	17904.19	9397.14	-47.51	17.87
Capital receipts(2)	14122.69	24156.75	71.05	-46.85
Borrowings and other liabilities	14023.93	23735.00	69.25	-47.01
Total receipts (1+2)	65773.6	69602.62	5.82	-2.75
Revenue expenditure (3)	59834.3	63564.64	6.23	-2.63
Expenditure on interest payment (3a)	9026.83	9444.35	4.63	9.63
Expenditure on salaries /wages	16416.07	17244.59	5.05	-13.51
Expenditure on pension	11829.68	12199.38	3.13	-3.02
Expenditure on subsidy	915.65	527.12	-42.43	-60.38
Capital expenditure (4)	5101	4738.25	-7.11	-2.39
Total expenditure (3+4)	64935.3	68302.89	5.19	-2.61
Revenue surplus/deficit (+/-)(1-3)	-8183.39	-18118.8	121.41	-74.33
Fiscal surplus/ deficit(+/-) (5)	-14023.93	-23735	69.25	-47.01
Primary deficit/surplus(+/-) (5-3a)	-4997.1	-14290.7	185.98	-96.36

Source: CAG monthly indicators (August 2022 and August 2023)

substantially in future growth as is evident from 48% growth in capital expenditure. Unfortunately, however, the Centre's vision in making India a developed economy is yet to get adequately reflected in its approach towards the provision of grants in aid to state like Kerala which substantially contributes towards the national development (Table 2).

Expenditure and deficit

Though the revenue receipts have shown a negative growth of 12.01 per cent up to

The revenue receipts of the Centre recorded a growth rate of over 24%. This robust revenue growth has enabled the Centre to increase the revenue expenditure by about 15% while keeping a check on the growth of the revenue deficit which declined by 12%. The Centre also managed to invest substantially in future growth as is evident from 48% growth in Capital Expenditure.

Table 2 - Fiscal Position of the Union and Kerala -A Comparison (crore)

Description	April-August 2022-Union	April-August 2023-Union	Growth rate(%)	April-August 2022-Kerala	April-August 2023-Kerala	Growth rate(%)
Revenue receipts	816898	1013526	24.1	51651	45446	-12.0
Tax revenue	1020589	1189180	16.5	33747	36049	6.8
Tax revenue (net)	700094	803944	14.8	29842	31411	5.3
Non tax revenue	116804	209582	79.4	4505	5692	26.4
Borrowings and other liabilities	541601	642826	18.7	14024	23735	69.3
Total receipts	848425	1028931	21.3	65774	69603	5.8
Revenue expenditure	1137698	1297958	14.1	59834	63565	6.2
Expenditure on interest payment	338637	367539	8.5	9027	9444	4.6
Capital expenditure	252328	373799	48.1	5101	4738	-7.1
Total expenditure	1390026	1671757	20.3	64935	68303	5.2
Revenue surplus/deficit (+/-)	-320800	-284432	-11.3	-8183	-18119	121.4
Fiscal surplus/ deficit(+/-)	-541601	-642826	18.7	-14024	-23735	69.3
Primary deficit/surplus(+/-)	-202964	-275287	35.6	-4997	-14291	186.0

Source: CGA and CAG , Monthly indicators

August 2023, the revenue expenditure registered a positive growth of 6.23 per cent. A point of concern however is the observed sharp fall in the expenditure on subsidy during the period under consideration.

One of the indicators for evaluating the fiscal strength of a state, apart from revenue and expenditure, is its deficit position. The recorded revenue deficit in Kerala was Rs. 18119 crore for April-August 2023, an increase of Rs 9935 crore almost equal to the reduction in grants-in-aid, compared to the same period in 2022. The recorded growth was as high as 121.4 per cent. The fiscal deficit registered a growth of 69.3 per cent. (Table 1). This clearly indicates increased borrowing and

The recorded revenue deficit in Kerala was Rs. 18119 crore for April-August 2023 with an increase of Rs 9935 crore compared to the same period in 2022. The fiscal deficit registered a growth of 69.3 per cent.

The borrowing also increased by 69.3 per cent. One of driving factors of increase in borrowing could be the sharp fall in grants in aid from the Centre.

other liabilities. The borrowing also recorded a growth of 69.3 per cent given the sharp fall in grants in aid from the Centre

Components of tax revenue

Tax revenue increased by about Rs 2300 crore during April-August 2023 compared to the same months of 2022, of which own tax revenue contributed Rs 1569 crore (Table 3). Among the components of state's own tax revenue the share of GST, which is the major component of own tax revenue, increased from 47 percent to 49 percent backed by a recorded growth 9.8 per cent and thus added a little over Rs 1400 crore to the revenue receipts. The second major item, sales tax, recoded only a marginal growth of 1.5% whereas stamp duty and registration fees (-7.3%) and state excise duty (-8.4%) recorded negative growth. Table 3 further indicates that, given the higher growth the state's share in union taxes, the growth in own tax revenue was lower than the total tax revenue. Thus viewed, the tax collection needs to improve significantly in the coming months given the negligible and negative growth in some items and growth in others being at best modest (Table 3).

Table 3 - Growth in the tax revenue April - August 2023 over April-August 2022 (Rs crore)

Description	April-August 2022	April-August 2023	Growth rate for April-August 2023 (%)
Goods and Services Tax (GST)	14211.68	15609.56	9.84
Stamps and registration fees	2255.25	2090.14	-7.32
Land revenue	331.87	368.61	11.07
Sales tax	9358.88	9497.99	1.49
State excise duty	1346.73	1233.83	-8.38
Other taxes and duties*	2337.36	2610.73	11.70
Own tax revenue	29841.77	31410.86	5.26
States share on union taxes	3904.95	4637.87	18.77
Tax revenue	33746.72	36048.73	6.82

**Motor vehicle tax is included in other taxes and duties, separate data is not available*

Source: CAG monthly indicators (August 2022 and August 2023)

Among the components of state's own tax revenue, GST registered a growth rate of 9.8 per cent. The growth of sales tax revenue has been marginal (1.5%) while stamp duty registration fee (-7.3%) and state excise duty (-8.4%) recorded a negative growth.

Fiscal position of states compared

Analysis of the state of state finances in Kerala in comparison with other states shows that in Kerala the share of tax revenue in revenue receipts increased from 65.4 per cent to 79.3 per cent (14% point increase) during the first five months of the current fiscal as compared to the corresponding period in the previous fiscal year (Table 4) The all-states average share of tax revenue increased from 77.4% to 81.5%, marking a four point increase during April-August 2023. Kerala witnessed a substantial rise in the share of its own tax revenue, increasing from 57.8 per cent to 69.1 per cent, representing a significant 12 percent point increase, which is marginally lower than that of Punjab (12.7% point increase) which recorded the highest increase among the major states. All-states average in the share of own tax revenue increased from 58.1 per cent to 60.1 per cent, registering a 2.3% point increase. States like Karnataka (9.5%), Telangana (4.7%), Maharashtra (5.2%), Madhya Pradesh (3.0%), Tamil Nadu (2.9%), Uttar Pradesh (2.6%), and West Bengal (2.2%) witnessed an increase in the share of state's own tax revenue during April-August 2023. Haryana (4.1%), Gujarat (3.4%) and Andhra Pradesh (3.7%) experienced a drop in their share of state's own tax revenue during the period under study (Table 4).

Across all states, an increase in the share of central taxes was noticed. West Bengal witnessed a significant increase from 33.6 per cent to 39.5 per cent marking a 6 percent point increase. Kerala also had a significant improvement in its share of own non-tax revenue, increasing from 8.7 per cent to 12.5 per cent, marking a 3.8 per cent point increase. Andhra Pradesh, Punjab, Gujarat and Maharashtra experienced a slight increase in states' own non tax revenue. States like Haryana, Rajasthan, Uttar Pradesh, Chhattisgarh and Orissa experienced a decrease in the share of their own non-tax revenue in April-August 2023. In Kerala, there was a sharp fall in the share of Grants in Aid from 25.9 per cent to 8.2 per cent, a significant decline (18% points) followed by Punjab

The share of tax revenue in Kerala increased from 65.4 per cent to 79.3 per cent (14% points), when the all-states average share showed only 4% points increase (from 77.43% to 81.54%). Kerala recorded a a substantial rise (12% points) from 57.8 per cent to 69.1 per cent in own tax revenue whereas the increase for the major states was only marginal (2% points) from 58.1per cent to 60.1 per cent.

Table 4 Components of revenue receipts across major Indian states (%)

States	Period	Tax Revenue	Own Tax revenue	Share in central tax	Own non tax revenue	GIA	Total non- tax
Andra Pradesh	Aug 23	69.59	55.73	13.86	3.14	27.27	30.41
	Aug 22	73.25	59.43	13.82	2.85	23.90	26.75
Chhattisgarh	Aug-23	75.73	40.54	35.19	14.94	9.33	24.27
	Aug-22	71.74	38.20	33.54	17.03	11.23	28.26
Gujarat	Aug-23	75.66	60.65	15.01	9.26	15.08	24.34
	Aug-22	78.54	64.05	14.49	8.60	12.86	21.46
Haryana	Aug-23	81.17	70.92	10.26	6.69	12.14	18.83
	Aug-22	83.74	75.00	8.73	11.25	5.01	16.26
Jharkhand	Aug-23	77.18	37.84	39.34	16.02	6.80	22.82
	Aug-22	74.50	36.19	38.30	16.20	9.31	25.50
Karnataka	Aug-23	90.61	80.42	10.19	5.78	3.60	9.39
	Aug-22	79.38	70.65	8.73	5.89	14.73	20.62
Kerala	Aug-23	79.32	69.12	10.21	12.53	8.15	20.68
	Aug-22	65.34	57.78	7.56	8.72	25.94	34.66
Madhya Pradesh	Aug-23	79.22	43.79	35.44	6.66	14.12	20.78
	Aug-22	75.05	40.76	34.28	6.61	18.34	24.95
Maharashtra	Aug-23	90.47	74.92	15.55	4.35	5.19	9.53
	Aug-22	83.16	69.77	13.39	3.61	13.23	16.84
Odisha	Aug-23	57.59	30.90	26.68	33.14	9.27	42.41
	Aug-22	58.79	32.33	26.45	34.79	6.43	41.21
Punjab	Aug-23	81.86	60.15	21.71	6.02	12.12	18.14
	Aug-22	64.45	47.41	17.04	5.83	29.73	35.55
Rajasthan	Aug-23	79.90	49.63	30.27	9.20	10.90	20.10
	Aug-22	76.51	49.25	27.26	10.98	12.50	23.49
Tamil Nadu	Aug-23	84.78	67.99	16.78	5.44	9.79	15.22
	Aug-22	79.20	65.09	14.12	5.19	15.61	20.80
Uttar Pradesh	Aug-23	88.99	62.39	26.59	2.41	8.61	11.01
	Aug-22	84.25	59.82	24.43	3.28	12.47	15.75
West Bengal	Aug-23	87.37	47.83	39.54	1.62	11.00	12.63
	Aug-22	79.21	45.64	33.57	1.24	19.55	20.79
Telangana	Aug-23	76.02	69.07	6.94	19.86	4.13	23.98
	Aug-22	80.75	73.82	6.93	12.74	6.52	19.25
All states	Aug-23	81.54	60.10	21.44	8.39	10.06	18.46
	Aug-22	77.43	58.07	19.35	7.91	14.66	22.57

Note: GIA-Grants in Aid; Aug 22 and Aug 23 may be read as April -August 2022 and April August 2023 respectively

Source: CAG monthly indicators (August 2022 and August 2023)

Table 5 Growth in the components of revenue receipts April -August 2023 over April-August 2022 (%)

Description	Revenue Receipts	Tax revenue	own tax revenue	share in central tax rev	Own non tax rev	GIA	Total - non tax
Andra Pradesh	18.4	12.5	11.1	18.8	30.5	35.2	34.7
Chhattisgarh	14.7	21.1	21.7	20.4	0.7	-4.7	-1.5
Gujarat	16.2	12.0	10.1	20.4	25.1	36.4	31.9
Haryana	24.8	21.0	18.0	46.6	-25.8	202.2	44.5
Jharkhand	17.2	21.4	22.5	20.4	15.9	-14.3	4.9
Karnataka	1.8	16.2	15.9	18.8	0.0	-75.1	-53.6
Kerala	-12.0	6.8	5.3	18.8	26.4	-72.4	-47.5
Madhya Pradesh	16.5	22.9	25.1	20.4	17.2	-10.3	-3.0
Maharashtra	3.6	12.7	11.3	20.3	24.8	-59.4	-41.3
Odisha	19.3	16.9	14.0	20.4	13.7	72.2	22.8
Punjab	-5.5	20.0	19.9	20.4	-2.3	-61.5	-51.8
Rajasthan	8.4	13.2	9.3	20.4	-9.2	-5.5	-7.2
Tamil Nadu	1.3	8.4	5.8	20.4	6.0	-36.5	-25.9
Telangana	9.1	15.3	13.8	18.8	-19.9	-24.7	-23.7
Uttar Pradesh	1.9	12.4	6.8	20.1	33.8	-42.6	-38.1
West Bengal	18.5	11.5	10.9	18.8	84.7	-25.0	47.6
All states	8.6	14.3	12.3	20.2	15.1	-25.5	-11.2

Source: Same as Table 4

(17.6% points). A decrease in the share of Grants in Aid was observed in states like Tamil Nadu (5.8%), Maharashtra (8.0%) and Karnataka (11.1%) and West Bengal (8.6%). Andhra Pradesh, Gujarat, Haryana and Odisha have registered an increase in their share of Grants in Aid, in sync with the all-states average that declined from 14.1 per cent to 10.0 per cent (Table 5).

Haryana recorded the highest growth rate in revenue receipts of around 24.8 per cent, conversely, Kerala experienced a highest decline (-12.0%) followed by Punjab (-5.5%) as compared to the same period in 2022 (Table 5). The growth rates for Tax Revenue exhibited substantial heterogeneity among states, with an average growth rate of 14.3 per cent for all states. Notably, Madhya Pradesh (22.9%) Haryana (21.0%) Chhattisgarh (21.1%) Jharkhand (21.4%) stands out with the highest growth rate of tax revenue, while Kerala experienced the lowest growth rate of 6.8 per cent.

The average growth rate for own tax revenue across all states was 12.3 per cent. Madhya Pradesh reported the highest growth with 25.1 per cent. In contrast, Kerala recorded the lowest growth rate of 5.3 per cent. The growth rate for the share in central tax was 18.8 per cent in Kerala.

In Kerala, there was a sharp fall in the share of Grants in Aid (25.9% to 8.2%), a decline 18% points followed by Punjab (17.6%). Decrease in the share of Grants in Aid was observed in states like Tamil Nadu (5.82%), Maharashtra (8.04%) and Karnataka (11.13%) and West Bengal (8.55%). Andhra Pradesh, Gujarat, Haryana and Odisha have registered an increase in their share of Grants in Aid. However, the all-states average share of Grants in Aid declined from 14.06 per cent to 10.06 per cent.

The recorded growth rate of (46.6%) for Haryana stood way above the state average (20.2%) and most other states. Incidentally, none of the states experienced a decline in the growth rate of Central taxes during April-August 2023 compared to the same period in 2022.

The average growth rate of Own Non-Tax was 15.1 per cent across the major states. West Bengal reported the highest growth rate in this category (84.7 per cent). Kerala also recorded a relatively higher growth (26.4%) along with other states like Uttar Pradesh (33.8%) and Andhra Pradesh (30.5%). Here we need to reckon with the fact that the non-tax revenue of Kerala is not strictly comparable with other states because much of it (over 80%) is accounted by lotteries wherein the net revenue (after price monies, commission etc) is marginal. This point towards the need for more concerted effort towards mobilizing more own non-tax revenue in Kerala. Haryana recorded a decline in growth of own non tax revenue (-25.8%) along with other states like Punjab, Rajasthan and Telangana. The growth rates for Grants-in-Aid (GIA) displayed substantial disparities among states, with an average decline of -25.5 per cent for all states. With an exceptional growth rate, (202.2%) Haryana remained as an outlier in this category. Both Kerala and Karnataka experienced significant reductions in GIA.

The average growth rate for Total Non-Tax was -11.2 per cent for all states, highlighting an overall decline in non-tax revenues. West Bengal exhibited the highest growth rate in Total Non-Tax at 47.6 per cent. Kerala (-47.5%), Karnataka (-53.6%), Maharashtra(-41.3%), Punjab(-51.8%) and Uttar Pradesh (-38.1%) witnessed significant decline in the growth of Total Non-Tax revenue. Decline in growth rate of non-tax revenue of states was due to the fall in growth of grants in aid from Centre (Table 6).

The average growth rate for Own Non-Tax was 15.1 per cent across all states. West Bengal reported the highest growth rate in this category at 84.7 per cent, signifying substantial growth in non-tax revenues. Kerala also displayed growth in Own Non-Tax at 26.4 per cent.

Table 6 Components of revenue expenditure across major states (%)

States	Period	Exp on Revenue A/C excluding (a,b,c & d)	Exp on interest payment(a)	Exp on salaries / wages(b)	Exp on pension©	Exp on subsidy(d)
Andra Pradesh	Aug-23	50.3	10.0	20.3	8.1	11.3
	Aug-22	44.6	9.4	21.3	8.6	16.0
Chhattisgarh	Aug-23	38.5	5.0	36.8	11.9	7.9
	Aug-22	37.6	5.8	36.6	11.1	8.9
Gujarat	Aug-23	54.2	15.8	10.6	10.4	9.0
	Aug-22	54.7	15.1	8.9	9.9	11.4
Haryana	Aug-23	41.6	13.7	20.7	14.2	9.8
	Aug-22	43.7	18.3	21.0	13.3	3.7
Jharkhand	Aug-23	45.0	7.5	26.1	15.1	6.4
	Aug-22	41.6	7.4	25.8	16.2	9.0
Karnataka	Aug-23	61.7	15.4	11.7	11.2	0.0
	Aug-22	73.7	14.4	0.0	11.9	0.0
Kerala	Aug-23	38.0	14.9	27.1	19.2	0.8
	Aug-22	36.2	15.1	27.4	19.8	1.5
Madhya Pradesh	Aug-23	47.0	8.6	27.4	9.8	7.3
	Aug-22	43.5	8.8	29.6	10.4	7.7
Maharashtra	Aug-23	28.7	11.2	40.5	15.2	4.4
	Aug-22	26.1	10.4	43.8	15.8	3.9
Odisha	Aug-23	54.2	2.3	25.8	16.8	0.9
	Aug-22	43.2	3.7	32.3	18.3	2.5
Punjab	Aug-23	23.0	17.1	25.3	15.4	19.1
	Aug-22	22.5	14.6	30.3	17.2	15.3
Rajasthan	Aug-23	37.9	10.9	29.3	11.2	10.7
	Aug-22	34.4	10.7	29.8	12.8	12.3
Tamil Nadu	Aug-23	0.0	16.4	0.0	15.1	0.0
	Aug-22	0.0	16.3	0.0	14.4	0.0
Uttar Pradesh	Aug-23	46.0	9.9	19.0	19.0	6.3
	Aug-22	44.6	10.6	19.9	19.9	5.0
West Bengal	Aug-23	53.0	16.3	16.3	12.0	2.4
	Aug-22	48.7	16.2	15.7	13.2	6.2
Telangana	Aug-23	52.0	11.5	22.1	9.1	5.2
	Aug-22	46.3	12.0	24.0	11.5	6.3
All states	Aug-23	43.4	12.0	23.3	13.4	6.8
	Aug-22	41.6	12.1	25.4	14.1	7.4

Source: same as table 4

Note: Data on salaries and wages for Tamil Nadu has not been given and also in the case of Karnataka expenditure on wages and salaries and subsidy are not been provided

Table 7 Components of Tax Revenue across major states: April-August 2023 over April-August 2022(%)

States	Month	GST	Stamps and registration fees	Land revenue	Sales tax	State excise dutys	States share on union taxes	Other taxes and duties
Andra Pradesh	2023	37.7	8.3	0.0	16.0	13.6	19.9	4.5
	2022	35.9	8.0	0.0	17.5	15.2	18.9	4.6
Chattisgarh	2023	19.3	3.5	1.1	8.6	11.6	46.5	9.5
	2022	19.3	3.7	1.4	10.2	10.1	46.8	8.6
Gujarat	2023	36.1	10.2	6.6	20.3	0.1	19.8	6.9
	2022	33.8	8.6	2.6	25.8	0.1	18.5	10.7
Haryana	2023	40.7	11.5	0.0	14.2	14.8	12.6	6.2
	2022	36.5	13.2	0.0	18.0	15.4	10.4	6.4
Jharkhand	2023	20.6	3.2	4.4	11.9	3.7	51.0	5.2
	2022	21.9	2.3	3.0	13.1	3.2	51.4	5.2
Karnataka	2023	43.1	9.3	0.8	11.0	17.9	11.2	6.6
	2022	41.9	10.0	0.2	11.9	18.3	11.0	6.7
Kerala	2023	43.3	5.8	1.0	26.3	3.4	12.9	7.2
	2022	42.1	6.7	1.0	27.7	4.0	11.6	6.9
Madhya Pradesh	2023	25.6	5.9	0.6	9.9	8.2	44.7	5.1
	2022	18.6	6.2	0.6	12.8	10.0	45.7	6.2
Maharashtra	2023	41.7	13.1	0.6	15.7	6.0	17.2	5.7
	2022	39.4	12.1	0.6	19.2	6.1	16.1	6.5
Odisha	2023	23.3	2.4	0.7	11.7	7.1	46.3	8.5
	2022	22.9	2.6	0.8	13.5	7.7	45.0	7.6
Punjab	2023	32.5	6.9	0.2	10.3	14.6	26.5	9.0
	2022	32.9	7.4	0.2	11.5	16.3	26.4	5.3
Rajasthan	2023	25.6	6.5	0.3	15.8	8.5	37.9	5.4
	2022	25.1	6.3	0.3	17.7	10.5	35.6	4.5
Tamil nadu	2023	31.5	9.5	0.1	29.0	5.5	19.8	4.6
	2022	30.0	9.7	0.1	31.9	6.0	17.8	4.4
Uttar Pradesh	2023	38.4	7.8	0.1	8.0	11.7	29.9	4.0
	2022	37.7	8.3	0.1	9.1	12.7	29.0	3.0
West Bengal	2023	24.8	4.2	2.0	6.9	11.2	45.3	5.6
	2022	26.9	5.0	2.4	7.7	10.6	42.4	5.1
Telangana	2023	33.8	10.6	0.0	22.3	18.3	9.1	5.8
	2022	32.9	12.2	0.0	24.9	14.4	8.6	7.1
All states	2023	34.3	8.3	1.0	14.8	9.6	26.3	5.8
	2022	32.9	8.4	0.7	17.2	9.9	25.0	5.9

Source: Same as Table 4

Share of salary expenditure in Kerala reduced from 27.4 per cent to 27.1 per cent, which is higher than the all-states average (23.3%). States like Chhattisgarh, Maharashtra, and Rajasthan reported a higher share of salary expenditure than in Kerala. Kerala's share of pension expenditure in revenue expenditure (19.2%) remain very high compared to many other states.

In Kerala, there is a marginal decline in the share of revenue expenditure on salaries/ wages, pension, and interest payments in April-August 2023 over April-August 2022. Share of salary expenditure in Kerala reduced from 27.4 per cent to 27.1 per cent, which is higher than the all-states average (23.3%) (Table 6). States like Chhattisgarh, Maharashtra, and Rajasthan reported a higher share of salary expenditure than in Kerala. Kerala's share of pension expenditure in revenue expenditure (19.2%) showed a decline only 0.6 per cent in April-August 2023 but its share remains very high compared to the all-state average 13.4 per cent. Uttar Pradesh also reported a higher share of pension expenditure (19.0%). All other states have a share of expenditure on pension lower than Kerala and Uttar Pradesh. Kerala's share of subsidy expenditure (0.8%) was considerably low compared to the all-states average (6.8%). States like Punjab (19.1%), Andhra Pradesh (11.3%), Haryana (9.8%), Rajasthan (10.7%) and Madhya Pradesh (7.3%) recorded a higher share of subsidy expenditure than the all-states average (Table 7).

From table 7 it is evident that the share GST in tax revenue in Kerala is highest in the country (43.3%) way above the state average of 34% and marginally higher than that of Karnataka which has the second highest share (43.1%) followed by Maharashtra (41.7%) and Haryana (40.7%). The share of stamp duty registration fees in Kerala, which is lower than that of all state average, declined in Kerala from 6.7 per cent to 5.8 per cent, in April-August 2023 compared to the same period in 2022 (Table 7) Share of land revenue share in Kerala, which is on par with the state average, showed no change. In states like Gujarat, Jharkhand and West Bengal share of land revenue is significantly higher and there is the need for a closer examination of the underlying reasons. It is understood that the land revenue of West Bengal, with 2.3 times the land area of Kerala, is almost four times that of Kerala presumably because the tax

Among the Indian states, the share of GST in tax revenue is the highest in Kerala (43.3%), second being Karnataka (43.1%) followed by Maharashtra and Haryana.

Table 8 Growth in deficits and borrowing across major states (April-August 2023 over April-August 2022) (in crore)

States	Month	Revenue surplus/ deficit	GR %	Fiscal surplus/ deficit	GR %	Primary deficit/ surplus	GR %	Borrowings and other liabilities	GR %
Andra pradesh	2023	-37326.7		-53557		-42739.2		53557.0	
	2022	-36983.3	0.9	-44582.6	20.1	-35491.3	20.4	44582.6	20.1
Chattisgarh	2023	1571.5		-3742.2		-1957.4		3742.2	
	2022	4415.9	-64.4	1199.2	-412.0	2825.4	-169.3	-1199.2	-412.0
Gujarat	2023	27029.0		7529.1		17277.4		-7529.1	
	2022	15769.1	71.4	5039.4	49.4	14201.6	21.7	-5039.3	49.4
Haryana	2023	1471.9		-4530.1		840.3		4530.1	
	2022	-6347.6	-123.2	-9671.6	-53.2	-2516.1	-133.4	9671.6	-53.2
Jharkhand	2023	7404.7		621.3		2472.7		-1127.8	
	2022	3787.3	95.5	859.9	-27.7	2614.3	-5.4	-1043.5	8.1
Karnataka	2023	10295.7		3914.6		15590.8		-3914.6	
	2022	10842.5	-5.0	-1391.8	-381.3	9264.6	68.3	1391.8	-381.3
Kerala	2023	-18118.8		-23735.0		-14290.7		23735.0	
	2022	-8183.4	121.4	-14023.9	69.2	-4997.1	186.0	14023.9	69.2
Madhyapradesh	2023	5308.5		-17859.6		-11027.4		17859.6	
	2022	3886.5	36.6	-12621.5	41.5	-6578.8	67.6	12621.5	41.5
Maharashtra	2023	20612.1		8870.5		23969.8		-8870.5	
	2022	15831.7	30.2	6046.3	46.7	19966.1	20.1	-6046.3	46.7
Odisha	2023	15929.3		2768.3				-2768.3	
	2022	17911.2	-11.1	12021.3	-77.0			-12021.3	-77.0
Punjab	2023	-14819.8		-16075.4		-8101.4		16075.4	
	2022	-3830.7	286.9	-5589.3	187.6	-107.2	7459.4	5589.3	187.6
Rajasthan	2023	-15050.9		-26008.0		-16079.2		26008.0	
	2022	-12480.0	20.6	-19445.9	33.7	-10593.6	51.8	19445.9	33.7
Tamilnadu	2023	-17615.0		-33142.8		-14991.3		33142.8	
	2022	-5189.2	239.5	-16304.1	103.3	-490.4	2957.1	16304.2	103.3
Uttar Pradesh	2023	12328.6		-11754.7		3077.4		11754.7	
	2022	16280.2	-24.3	-3360.8	249.8	10752.0	-71.4	3360.8	249.8
West Bengal	2023	-9927.5		-17920.0		-4489.4		17920.0	
	2022	-9689.8	2.5	-16487.7	8.7	-3420.1	31.3	16487.7	8.7
Telangana	2023	-3715.4		-26158.5		-17306.7		26158.5	
	2022	-4778.7	-22.2	-17842.6	46.6	-9884.1	75.1	17842.6	46.6

Source: Same as Table 4

Kerala reported the higher growth in revenue deficit (121.4%); the all states average being 77.6 per cent. Punjab (286.9%) and Tamil Nadu (239.5%) have recorded higher growth in revenue than Kerala.

imposed is on the basis of the use of land. This is to highlight the relevance of more detailed inquires by taking into account of other relevant states than drawing any definite conclusion.

Sales Tax share in Kerala has declined from 27.7 per cent to 26.3 per cent in April-August 2023. Similar decline in share has been noticed in all states average and also in majority of the states. The share of state excise duties in the state also declined (4.0% to 3.4%) along with that of all states (9.9% to 9.6%) while that of in Chhattisgarh, West Bengal, Telangana. The demand for the products that contribute these taxes are presumably inelastic, the underlying reasons deserve further exploration (Table 8).

Among the major states seven recorded revenue deficit and Kerala reported one the highest growth (121.4%) and that of Tamil Nadu and Panjab being higher than that of Kerala. All southern states except Telangana reported revenue deficit in April-August 2023. Karnataka has reported the highest revenue surplus. Fiscal deficit recorded a growth rate of 69.2 per cent in Kerala while the all states average growth rate was 54.2 per cent. (Table 8). Revenue surplus states could utilise the borrowed money to meet their capital expenditure needs to the fullest extent. Primary deficit (Fiscal deficit minus interest payments) was Rs-14290.7 crore in April-August 2023 with a highest increase in growth rate (186.0%) in Kerala. . Borrowing in Kerala increased to 69.2 per cent during the period under study. While all states average growth of borrowing showed an increase of 54.6 per cent. It is observed that in 10 out of the 16 states recorded an increase in growth rate of borrowing during the period under analysis. Decrease in the growth of borrowing was registered only in Haryana and Orissa.

By way of conclusion

Revenue receipts of Kerala registered a negative growth (-12.01%) during the period under consideration as compared to the same period in 2022 resulting in a revenue shortfall of about Rs 6000 crore. The tax revenue recorded a modest growth rate of 6.82 per cent adding a little over Rs 2302 crore, of which, the share of Central taxes was only 32 per cent although it recorded a growth rate of 18 per cent. In the case of own non tax revenue, an addition of about Rs 1200 crore has been made to the state's revenue. Thus viewed, the addition to the state's revenue on account of the total tax revenue and own non tax revenue amounted to over Rs 3500 crore. However, there has been a decline in the grants in aid from the Centre (amounting to Rs 10000 crore), which could be construed as the discretionary

Fiscal deficit recorded a growth rate of 69.2 per cent in Kerala while the all states average growth rate was 54.2 per cent

component of the Central share. Hence the observed decline in the revenue receipts of the state has to be seen in the context of the drastic decline in the grants in aid from the Centre.

From our analysis of the Kerala's fiscal position with that of the Centre revealed that robust revenue growth (24%) has enabled the Centre to increase the revenue expenditure by about 15% while keeping a check on the growth of the revenue deficit which declined by 12 per cent. The Centre also managed to invest substantially in future growth as is evident from 48 per cent growth in Capital Expenditure. Unfortunately, however, the Centre's vision of making India a developed economy is yet to be reflected in its approach towards the provision of grants in aid to state like Kerala. This observation becomes especially relevant when Kerala invested substantially and contributes significantly to the national vision inter alia through its outstanding performance in HDI, SDG among others.

Analysis of the state of state finances in Kerala in comparison with other states shows that the share of tax revenue in Kerala increased from 65.39 per cent to 79.32 per cent (13.9 % point increase) during the period under consideration. Although the all-states' average (81.5%) is marginally higher than Kerala, the notable point is that while Kerala recorded a 14 per cent point increase, that of all states average was only 4 per cent. The above performance was an outcome of \a notable increase in the tax efforts of Kerala, wherein the share of its own tax revenue is increased by 12 per cent point which is the second highest in the country; Punjab reported first position (12.7% point).

Analysis of the components of tax revenue shows that the share of GST in Kerala improved from 42.1 per cent to 43.3 per cent in 2023 which is the highest among the major states. The share of GST in Karnataka was reported as 43.1 per cent and placed in second followed by Maharashtra and Haryana. In the case of stamp duty and registration, their share declined in Kerala from 6.7 per cent to 5.8 per cent in April-August 2023 compared to the same period in 2022. The all states average also showed a decline in share of stamp duty and registration in April-August 2023 from 8.4 per cent to 8.3.per cent. The analysis indicates, that although there are strong silver lines in the tax performance of the state, given the modest growth in major items like GST and negligible or negative growth on other important items, there is substantial room for further improving the tax performance of the state.

Kerala reported the higher growth in revenue deficit (121.4%) while Punjab (286.9%) and Tamil Nadu (239.5%) are having the highest revenue deficit in April-August 2023. Fiscal deficit recorded a growth rate of 69.2 per cent in Kerala. Revenue surplus states are able to utilise the borrowed money to meet their capital expenditure needs to the fullest extent. Borrowing in Kerala increased to 69.2 per cent during the period under study.

To conclude, the decline in revenue receipts of the state has to be seen in the context of the drastic decline in the grants in aid from the Centre. This discretionary component of the Central share recorded a decline of 72 per cent, although the decline had its beginning in the previous year (-9%). Even though there are signs improved performance with respect to the tax base as manifested in the growing share of own tax revenue, a point of much concern is the relatively low rate of growth recorded in own tax revenue. While a definite conclusion regarding the underlying factors calls for a detailed analysis of the state of the economy and the tax system, it needs to be reiterated that the state cannot afford to forgo any potential sources of revenue at this juncture. Although, any inquiry into the drastic decline in the revenue receipts of the state invariably would lead one to the doorsteps of the Centre's approach to the state including borrowing restrictions, the evidence presented also indicates the need for further accelerating the own revenue mobilization by the state.

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Fiscal federalism: The Kerala story

Adith S Karthik and Christabell P J

Introduction

The first-generation theory (FGT) of fiscal federalism classifies the functions of a government as allocative, distributive, and stabilization. Following the principles of comparative advantage, the distributive and stabilization function is to be allotted to the national government and the sub-national government must be entitled with the function of resource allocation. It also adds that fiscal decentralization is associated with expenditure decentralization and revenue centralization for achieving equity and efficiency. Since there is a mismatch between revenue and expenditure, FGT suggests intergovernmental transfers as a solution to this problem. As an improvement over this, the Second Generation Theory emphasizes the decentralization of revenue responsibilities to sub-national governments as a solution for efficient decentralization. Second-generation theory thus emphasized market-preserving federalism.

Adhering to the principles of comparative advantage, the Union government of India was endorsed with the functions of stabilization and redistribution, for which they were vested with a majority of revenue collection powers. The state governments were made responsible for resource allocation, i.e., public expenditure.

Imbalances: A critical federal problem

The difference in the allocation of power and expenditure will be accompanied by an inevitable result of a vertical imbalance among the two tiers of government. In addition to the vertical imbalance, there exists wide disparity among the Indian states (for instance, in 20-21, while the per capita GSDP of Bihar was as low as Rs 28,127, the per capita GSDP of Haryana was f 1,65,617).These imbalances(called as horizontal imbalance) were vital as the

First-Generation Theory (FGT) fiscal decentralization is associated with expenditure decentralization and revenue centralization for achieving equity and efficiency.

Second Generation Theory emphasizes the decentralization of revenue responsibilities to sub-national governments.

lower per capita GSDP would result in lower per capita revenue and lower taxation possibilities that might cause reductions in public expenditure. This vicious circle of low income resulted in disparities in delivering public services and, thus, inequalities in living conditions.

To address the issues of imbalances, The Indian Constitution, under Article 280, provides for the appointment of the Finance Commission by the President of India every five years. The Finance Commission, based on certain evaluation methods (Term of Reference), recommends the portion of the divisible pool to be devolved to the states. In addition, they also make recommendations on each state's share of the devolved amount. Besides the tax devolution, which is all fully formulaic and unconditional, grants-in-aid are mostly specific (conditional) and gap-filling of an ad hoc nature. Comparison between conditional vs. unconditional transfers in ensuring the convergence effect (poor States "catching up" in growth with the richer States in India) has always been a matter of debate and discussion.

For instance, while the 12th Finance Commission believed that "grants are the more effective transfer instrument for State specific and purpose-specific targeting" (12th FC Report, p.14), the 14th Finance Commission avoided making any specific recommendations. Post recommendations of the 14th Finance Commission, the concerned Central Ministries covered all specific purpose transfers (Rao, Govinda. ,2018). Keeping aside the battle between the general and conditional transfers to be the best mechanism to ensure equity, it is necessary to have an ideal mix of general and specific transfers. This is because while general transfers ensure fiscal space availability to states, general purpose transfers are necessary to ensure minimum standards of services for those considered meritorious or those services with significant inter-state spillovers. Besides these theoretical concerns, the real-world practises of intergovernmental transfers offer further problems to discuss. Successive Finance Commissions have recommended increasing the state's share in the aggregate divisible pool.

While general transfers ensure fiscal space availability to states, general purpose transfers are necessary to ensure minimum standards of services in respect of those services that are considered meritorious or those services with significant inter-state spillovers.

It is commonly observed that though there is an increase in the general-purpose transfers, the effective increase is much less due to the increase (decrease) in States' (Union governments') contribution to centrally sponsored schemes (Chakraborty and Chakkavarty2018).

Though the Central Government has accepted and implemented these recommendations, there has been a constant effort from the Central Government to reduce the size of the divisible pool by introducing cesses and surcharges that fall out of the divisible pool. Similarly, it is commonly observed that though there is an increase in the general-purpose transfers, the effective increase is much less due to the increase (decrease) in States' (Union governments') contribution to centrally sponsored schemes (Chakraborty and Chakkavarty, 2018). Another significant transgression is the violation of the seventh schedule by the Union government. A large part of the revenue expenditure of the Central government is spent on State and Concurrent list subjects, with a corresponding decline in expenditure on Union List subjects (Chakraborty and Chakkavarty, 2018). Besides this, the Central government has intruded into states' finances by transferring funds through the state implementing agencies. In this context, with the help of descriptive statistics, this paper attempts to trace the pattern and composition of federal transfers to Kerala from 2010.

Kerala and its economy: A status check

The state is located at the country's southern end, sharing borders with Tamil Nadu and Karnataka. Geographically, Kerala is ranked 22nd in the country, with an area of 38,863 sq. km. The state has a population of 3.56 crore (14th in the country) and is ranked as the fifth most densely populated state with a density of 860 persons per sq. km. The decadal population growth rate was 6.05 percent (3.35 crore in 2011 to 3.56 crore in 2021), the second lowest among Indian states. The literacy rate of Kerala (94 percent) is the highest among the Indian states. The Gross State Domestic Product (GSDP) in 2020-21 of the state at current prices was Rs 7,58,942 Cr. (Audit report 2022, The Comptroller and Auditor General of India).

3.1 Revenue and expenditure

The state's receipts, including revenue receipts, capital receipts, and public

The share of transfers (to GSDP) from the Centre has been increasing over the period

Though the tax transfers and grants in aid from the Central government have been increasing steadily in absolute numbers, this is different in terms of the proportion of revenue receipts of Kerala

account receipts, are dominated by revenue receipts, including tax and non-tax sources, the share of devolution, and grants in aid. The expenditure usually happens at three heads: revenue, capital, and disbursement of loans and advances (Table 1).

4. Intergovernmental transfers and Kerala

The revenue receipt of the state is primarily separated under three heads: own tax revenue, non-own tax revenue, and central transfers. Though the own tax revenue has been the primary source of income, it has been showing an unstable trend; on the other hand, the share of transfers (to GSDP) from the Centre has been increasing over the period (Table 2). As usually seen, the share of Central transfers has always been higher than the share of non-own tax revenue.

Breaking the components of the total Central transfers reveals that among the two, the tax devolved has made the highest contribution to the state (except in the year 2020-21). 2015-16 shows changes in the many trends and patterns visible before (Table 3).

Though the tax transfers and grants in aid from the Central government have been increasing steadily in absolute numbers, this is different in terms of the proportion of revenue receipts of Kerala. The share of tax transfers in total central transfers has declined steadily from 2010-2015. Tax transfers, which constituted 19% of revenue receipts of Kerala in 2010-11, declined to 14% in 2014-15. To quote differently, the share of tax transfers to total transfers declined from 67.5% in 2010-11 to 51.4% in 2014-15. However, from 2015-16, the share of tax transfers in total transfers has increased consistently till 2017-18. However, it failed to breach the levels of tax transfers observed during the decade's first half. In 2018, there was a decline in the share of tax transfers again.

Contrary to the tax transfers, the share of grants in total transfers increased. For instance, the share of grants in aid in total transfers increased from 32.6% in 2010-11 to 48.7% in 2014-15. From 2015-16 to 2018-19, there has been a steady decline in the share of grants in aid. Grants in aid constituted 73% of total transfers and 32 % of revenue receipts of Kerala during the pandemic year.ceipts of Kerala during the pandemic year.

The significant changes from 2015-16 should be read along with the recommendations of the 14th Finance Commission to increase the devolution share to 42 % of the divisible pool and to avoid making any specific grants (Table 3).

Table 1. Growth of revenue and expenditure (%)

Compounded Annual Growth Rate of		Particulars					
		2011-12 to 2019-20		2015-16 to 2019-20		2019-20 to 2020-21	
		General Category States	Kerala	General Category States	Kerala	General Category States	Kerala
a.	Revenue Receipts	11.61	11.41	9.32	6.92	-4.56	8.19
b.	Own Tax Revenue	9.88	8.75	8.74	6.58	-4.43	-5.29
c.	Non-Tax Revenue	13.20	21.44	13.88	9.84	-35.6	-40.26
d.	Total Expenditure	12.18	10.65	8.91	7.07	4.54	21.42
e.	Capital Expenditure	10.10	9.00	1.12	3.75	-2.36	59.73
f.	Revenue Expenditure on Education	11.15	8.77	9.65	6.99	-1.32	-11.04
g.	Revenue Expenditure on Health	15.33	12.82	13.09	12.51	14.65	16.34
h.	Salaries and Wages	10.18	9.25	10.01	8.52	2.27	-12.67
I.	Pension	13.31	10.30	14.09	9.91	6.02	-0.64

Source: Information furnished by the Economic Adviser, O/o the C&AG of India, New Delhi.

Table 2: Own revenue and Central transfers (as a percent of GSDP)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Own Tax revenue/ GSDP	7.8	6.9	7.3	7.9	6.9	6.9	6.64	6.62	6.41	5.59	6.28
Own non-Tax revenue/ GSDP	0.7	1.2	1	1.4	1.4	1.5	1.53	1.60	1.49	1.44	0.97
Central Transfers/ GSDP	2.6	2.5	2.4	2.9	3.0	3.8	3.74	3.61	3.85	3.23	5.62

Source: Ministry of Statistics and Programme Implementation

Table 3 Transfers and Revenue receipts

(Rs in crore)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Revenue Receipts(A)	21107	38010	44137	49177	57950	69033	75611.72	83020.14	92854.47	90224.67	97616.83
State's share in Union taxes and duties(B)	4502	5990	6841	7469	7926	12691	15225.02	16833.08	19038.17	16401.05	11560.4
Grants in aid from GOI (C)	2176	3709	3021	4138	7508	8921	8510.35	8527.84	11388.96	11235.26	31068.28
Total transfers(B+/C)	6678	9699	9862	11607	15434	21612	23735.37	25360.92	30427.13	27636.31	42628.68
B/A	19%	16%	15%	15%	14%	18%	20%	20%	20%	18%	12%
C/A	10%	10%	7%	9%	13%	13%	11%	10%	12%	12%	32%
Share of tax transfers in total transfers	67.5%	61.8%	69.4%	64.4%	51.4%	58.8%	64.2%	66.4%	62.6%	59.4%	27.2%
Share of grants in total transfers	32.6%	38.3%	30.7%	35.7%	48.7%	41.3%	35.9%	33.7%	37.5%	40.7%	72.9%

Source: Audit report, The Comptroller and Auditor General of India

The XV Finance Commission recommended a share of 41 percent to be devolved from the divisible pool in the year 2020-21. As recommended by the Commission, the Inter se share of Kerala in the net proceeds of the taxes (divisible pool) is 1.943 per cent (Audit report, The Comptroller and Auditor General of India).

4.1 Finance commission and Kerala

During the analysis period, i.e., between 2010 and 2021, three finance commissions were constituted (13th,14th and 15th). Significant changes can be observed in the case of terms of reference used by these three finance commissions (table 4). The Thirteenth Finance Commission was constituted to make recommendations for the period 2010-2015. The Commission recommended devolving 32% of the divisible pool for the award period. The XIV Finance Commission recommended increasing the state's share to 42 percent from 32 percent. Kerala's share in the net proceeds of Central tax and Service tax was fixed at 2.500 percent and 2.526 percent, respectively, by the XIV FC for the award period 2015-20(Audit report, The Comptroller and Auditor General of India). The XV Finance Commission recommended a share of 41 percent to be devolved from the divisible pool in the year 2020-21. As recommended by the Commission, the Inter se share of Kerala in the net proceeds of the taxes (divisible pool) is 1.943 percent (Audit report, The Comptroller and Auditor General of India). These figures are to be read along with the fact that the share of Kerala during the 10th Finance Commission was 3.875% (Audit report, The Comptroller and Auditor General of India) (Table 4).

Though the devolution is formulaic, there has been a vast difference between the actual projections made by the Finance Commission and the devolution made by the central government (Table 5). This difference has also increased with the increase in devolved amounts. From f 459 Cr in 2010-11, the difference increased to f 9468 Cr in 2019-20 (Table 5).

4.2 Components of taxes

In the case of tax transfers, a significant contribution has always come from direct taxes, primarily charged on wealth and income (Table 6). Another essential trend was the change associated with indirect tax post-introduction of GST. While the states ultimately receive SGCT, CGST is shared according to the recommendation made by the Finance Commission (Table 6).

- The share of GST in total tax transfers has been increasing steadily since its introduction.
- In 2015-16, the tax transfers increased by 60.12 percent.
- The last two years (2019-20 and 2020-21) witnessed a reduction in the share of taxes.

Table 4: Horizontal Devolution Formula of three Finance Commissions (FC).

Variables	Weights accorded		
	13 th FC	14th FC	15th FC
Population (1971)	25	17.5	0
Population (2011	0	10	15
Fiscal capacity/Income distance	47.5	50	45
Area	10	15	15
Forest Cover	0	7.5	0
Fiscal discipline	17.5	0	0
Forest and ecology	0	0	10
Demographic performance	0	0	12.5
Tax effort	0	0	2.5
Total	100	100	100
Kerala's share in divisible pool	2.30%	2.50%	1.93%

Source: Reports of the XIII-FC, XIV-FC, XV-FC

Table 5: Tax devolution Rs in crore)

Year	Finance Commission projections	Projections in FCR	Actual tax devolution	Difference
2010-11	32 percent of net proceeds of all	5601	5142	459
2011-12	shareable taxes excluding service	6569	5990	579
2012-13	tax and 2.341 percent of net	7749	6841	908
2013-14	proceeds of sharable service tax	9140	7469	1671
2014-15	(As per -recommendations of XIIIFC)	10781	7926	2855
2015-16	42 percent of net proceeds of all	14482	12691	1791
2016-17	shareable taxes excluding service	16711	15225	1486
2017-18	tax and 2.526 percent of net	19308	16833	2475
2018-19	proceeds of shareable service tax	22336	19038	3298
2019-20	(As per recommendations of XIV FC)	25869	16401	9468
2020-21	41 percent of net proceeds of union taxes (As per recommendations of XV FC)	16616.07	11560.4	5055.67

Source: Reports of the XIII-FC, XIV-FC, XV-FC and Finance Accounts

Table 6: Components of taxes Rs in crore)

Head	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Direct taxes						
Corporation Tax	4001	4885.98	5156.64	621.02	5592.06	3546.02
Taxes on Income other than Corporation Tax	2783	3395.7	4354.4	4876.1	4381.76	3642.7
Taxes on Wealth	1	11.18	0	2.44	0.25	0
Total of Direct Taxes (A)	6785	8292.93	9511.04	11499.56	9973.82	7188.72
Indirect taxes						
Central Goods and Services Tax (CGST)	0	0	239.9	4699.1	4654.19	3325.63
Integrated Goods and Services Tax (IGST)	0	0	1699.96	375	0	0
Customs	2032	2101.76	1699.4	1349.57	1039.6	591.59
Union Excise Duties	1689	2400	1776	897	722.8	380.78
Service Tax	2176	2430.25	1906.55	174	0	62.54
Other Taxes	9	0.05	0	44.31	10.39	11.14
Total of Indirect Taxes (B)	5906	6932.09	7322.19	7538.61	6426.98	4371.68
Central Tax transfers (A+B)	12691	15225.02	16833.23	19038.17	16401.05	11560.4
Percentage of increase over the previous year	60.12	20	10.56	13.1	(-)13.85	(-)29.51

Source: Finance Accounts of respective years

4.3 Grants in aid

Before the abolition of the Planning Commission in 2014, it had the power to allot grants to cover the plan requirements of states. This restricted the Finance Commission to address only the non-plan requirements of the states. The 14th Finance Commission bridged the discontinuity that might have been raised with the abolition of the Planning Commission by making recommendations to cover both the plan and non-plan requirements of the state. As a part of structural reforms from 2018, the Union Government replaced the following method of classifying grants as non-plan and plan grants (for both centre and state schemes). From 2018, these grants were replaced by new sub-major heads like grants for Centrally Sponsored Schemes, Finance Commission grants, and other grants to the state. Finance commission grants are further divided into revenue deficit grants, local self-government grants, and disaster management grants. Other grants to the

Table 7: Grants in aid from GOI (? in crore)

Head	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Non-Plan Grants	1433 (38.06*%)	657 2 1.7%)	1679 (40%)	1984 (26.4%)	5178 (58%)	5250.3 (61%)	--	--	--	--
Grants for State Plan Schemes	904 (24.3) %	1163 (38.4%)	1154	4929 (27.8%)	3406 (65.6%)	2726.9 (38.17%)	-- (32%)	--	--	--
Grants for Centrally Plan Schemes*	74 (2%)	60 (1.9%)	87	158 (2.1%)	170 (2.1%)	71.31 (1.9%)	-- (0.8%)	--	--	--
Grants for Centrally Sponsored Plan Schemes	1298 (35%)	1141 (37.7%)	1218 (29.4%)	437 (5.8%)	167 (1.87%)	461.75 (5.4%)	(-)0.47	(-)0.97	--	--
Grants for Centrally Sponsored Schemes					--	--	3213.5 (38%)	3771.0 (33%)	3262.6 (29%)	5141.9 (16.5%)
Finance Commission Grants					--	--	3182.4 (37%)	1646.2 (14%)	2343.1 (21%)	18048. (58%)
Other transfers/ Grants to States/ Union Territories with Legislature					--	--	2133.6 (25%)	5972.6 (52%)	5629.6 (50%)	7877.5 (25%)
Total	3709	3021	4138	7508	8921	8510.35	8527.84	11388.96	11235.26	31068.2 8
Percentage of increase over the previous year		(-) 18.5	37	81	18.82	(-) 4 61	0.21	33.65	(-)135	176.52

Source: CAG report various years

**The figures in the bracket show the share of a particular item to the total transfer of the particular year*

The share of grants for Centrally Sponsored Plan Schemes in total transfers has decreased from 35% (in 2010-11) to a mere 5% (in 2016-17).

state include assistance given under Article 275(1) of the Constitution, grants for externally aided projects, etc.

As the trends in grants were discussed earlier, the next step is to analyze components of grants in aid (Table 7). Looking at the case before 2018, a significant increase has happened in the case of non-plan grants. For instance, the share of non-plan grants as a percent of total transfers increased from 38 percent (in 2010-11) to 85 percent (in 2016-17). This increase is primarily because of the increase in Post Devolution Revenue Deficit Grant made by the 14th Finance Commission. Nevertheless, a fact to be noticed is that the share of grants for Centrally Sponsored Plan Schemes in total transfers has decreased from 35% (in 2010-11) to a mere 5% (in 2016-17).

Interestingly, the share of Centrally Sponsored Plan Schemes has decreased to a single-digit number from 2014. From 2017-18, the Grants for Centrally Sponsored Schemes have been declining steadily. This means the Central government has decreased its contribution towards Centrally Sponsored Schemes. On the other hand, grants for State Plan schemes increased by 65.6% in 2014-15 because of the release of central funds through the State budget from 2014-15(until 2013-14 these were released directly to state implementing agencies.) (Table 7).

5 Finance commission

As the period from 2010- 2021 witnessed three Finance Commissions, it would be interesting to compare them. Such a comparison is presented below.

5.1 Thirteenth finance commission

The Commission recommended an amount of Rs 6700.72 crore for the award period 2010-11 to 2014-15, which included

Table 8: Grants recommended by XIV FC and actually received by State Government

(Rs in crore)

Sl no	Particulars	Award amount for 2015-20	Actual release for 2015-20	shortfall/ excess
1	Revenue deficit grant	7681.96	7012.02	(-)669.94
2	Grants to Local Bodies	765.75	766.5	(+)0.75
3	Disaster Management Grants	9519	9519	-
	Total	17966.71	17297.52	-669.19

First report ofXV-FC for the year 2020-21

Against the grant-in-aid of Rs. 6371.50 crore recommended, the Government of India released an amount of Rs. 5235.04 crore (82 percent) from 2010-2015.

f 6371.50 crore towards grants-in-aid (for the implementation of 21 approved schemes under seven sectors) and Rs 329.22 crore towards interest relief for the loan taken from National Small Savings Fund.

Against the grant-in-aid of Rs 6371.50 crore recommended, the Government of India released an amount of Rs5235.04 crore (82 percent) from 2010-2015.

In addition, the state had received Rs 241.26 crore (This includes Local bodies (forfeited share of non-performing states) - Rs 167.07 crore, local bodies basic grant (over and above the award amount) - Rs 23.31 crore, incentive grant for renewable energy capacity addition - Rs 12.50 crore, an incentive for reduction of infant mortality rate -Rs 38.38 crore)

Kerala also received an additional Rs792.06 crore towards the performance grant as it fulfilled the nine conditions specified for releasing the performance grant to local bodies.

5.2 Fourteenth finance commission

The Fourteenth Finance Commission recommended an amount of f17966.71cr for Kerala from 2015-16 to 2019-20(Table 8).

Against the recommended amount, the state received (Rs17297.52 cr. This shortfall was mainly due to the non-release of Performance Grant (PG) to LSGIs by GoI during the period 2018-19 (f285.94 crore) and 2019-20 (Rs .03

374.42 crore). The State Government remarked that though Ministry of Panchayati Raj (MoPR) and National Institute of Urban Affairs (NIUA) has recommended to the Ministry of Finance for release of PG to Rural Local Bodies (RLBs) and Urban Local Bodies (ULBs) respectively for the years 2018-19 and 2019-20, the same has not been released till date and that no reasons were attributed for non-releases (Audit report, The comptroller and auditor general of India,2022).

Further, as per the decision of the Union government (February 2015), all assistance to Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under various schemes would be released to the State Government and not directly to the Implementing Agencies and hence, these funds would be routed through the State budget from the year 2015-16 onwards.

Table 9: Grants recommended by XV FC for 2020-21 (Rs in crore)

Sly no	Particulars	Award amount for 2020-21
1	Revenue deficit grant	15323
2	Grants to Local Bodies	2412
3	Disaster Management Grants	314
	Total	18049

First report ofXV-FC for the year 2020-21

Table 10: Funds transferred directly to State Implementing Agencies during 2015-16 to 2019-20

(Rs in crore)

Years	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21
Funds transferred by GOI to agencies	2511.70	3722.96	5242.39	4960.11	7507.33	7000.76
Growth (%)	43.65	48.22	40.81	-5.38	51.35	-6.7

Source: Finance Accounts of respective years

5.3 Fifteenth finance commission

According to the first report submitted by the Fifteenth Finance Commission, the Grants-in-aid for the State of Kerala under Article 275 of the Constitution of India for 2020-21 amounted to f 18,049 crore. During the award period 2020-21(table 9), the State received the entire amount of f 18,049 crore recommended by the Fifteenth Finance Commission (Table 9).

6 Transfers through state implementing agencies

The Government of India has been transferring substantial funds for implementing various schemes and programs directly to the State Implementing Agencies, bypassing the State government. Since these funds are not routed through the State Budget, they are not reflected in the Accounts of the State Government. In 2014, based on the Expert Committee on Efficient Management of Public Expenditure recommendation, it was decided that all the grants would be transferred through the State governments. Further, as per the decision of the Union government (February 2015), all assistance to Centrally Sponsored Schemes (CSS) and Additional Central Assistance (ACA) under various schemes would be released to the State Government and not directly to the Implementing Agencies and hence, these funds would be routed through the

State budget from the year 2015-16 onwards. However, these decisions were implemented partially. For instance, in Kerala, the funds under Mahatma Gandhi National Rural Employment Guarantee Programme, a Centrally Sponsored Scheme, were released directly to State Implementing Agencies without routing it through the State budget.

Similarly, Rs1214.98 crore was allotted to Food subsidy for the decentralized procurement of food grains under NFSA. An amount of Rs 7,507.33 crore was directly transferred by GoI to the State Implementing Agencies during 2019-20, registering a substantial increase of Rs 2,547.22 crore (51.35 percent) over the previous year, which was the highest during the five years. During 2020-21, GoI transferred Rs 7,000.76 crore directly to the SIAs implementing various Central Schemes / Programmes (Audit Report (various years), The comptroller and auditor general of India.) (Table 10).

Conclusion

Though India has a well-developed structure of intergovernmental transfer system on paper, the real-world application points out many inefficiencies. Though Central transfers to Kerala usually contribute between 3 percent to 3.5 percent of the GSDP, there have been significant changes in the constituents. Though the 14th Finance Commission's recommendations revived the falling share of taxes in total transfers, it has not increased beyond the average level of the first half of this decade. An important point to be considered is that the Union Government's technique to mobilize resources through cesses and surcharges has reduced the size of the divisible pool. Similarly, the continuous decline of Kerala's share in the divisible pool has raised questions regarding the terms of reference used by the Finance commissions. This decline leaves an impression that states might get penalized (in the form of reducing transfers) for their developmental activities. The intrusion of the central government into state subjects through state implementing agencies and replacing the Union government's share with the state government's share is a pure violation of the seventh schedule of the Constitution. Actions of such kind question not only the financial autonomy of the states but also threaten the political autonomy of the states. Since the needs and wants of any economy are always effectively catered by the nearest point of governance, devolution of resources and power is necessary for a sustaining and efficient fiscal framework. Since a decentralized system of governance offers more chances for ensuring people's participation in the development process and efficient utilization of resources, there must be an active effort from the higher governments to devolve states the funds they deserve.

■

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OECD-G20 framework and indian digital taxation: A study on equalization levy in India

Arun Paul & N. Ramalingam

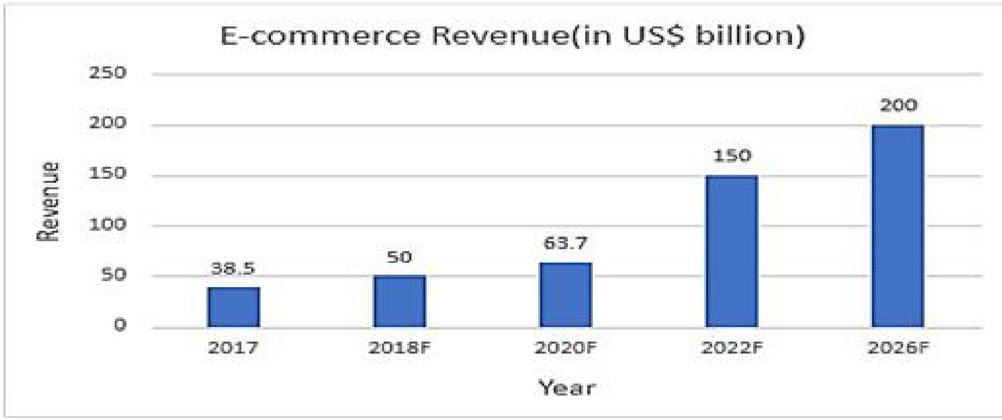
Introduction and Background

India is one of the fastest-growing digital economies in the world with high mobile internet penetration and the second-largest market for e-commerce activities, generating around 644 million users in 2021 alone (State of India's Digital Economy Report,2023). There has been constant growth in a wide range of digital activities in India such as e-commerce transactions, digital payments, Online education, and so on. India is the second largest shareholder of UPI digital payments in the world (SIDE Report, 2023). India's digital economy is achieving advanced growth, expected to reach US$ one trillion by 2025 (UNCTAD, 2022). The underlying theory of taxation is to establish a nexus between the person or entity being taxed and the country where the tax is imposed (Kumar &Agarwal, 2020) (Figure 1).

The flourishing growth of the digital economy in India has made digital taxation an indispensable system in India's revenue generation. Interestingly, digital entities come outside the purview of a country's taxation as they don't have a permanent establishment in the market country. They work predominantly on servers located outside the country and rely heavily on users' data (Shome, 2021). Ideally, the method of taxation for these MNCs should significantly vary based on the extent of the digital mode (Bruce et.al, 2022). However, many countries worldwide face digital taxation issues, especially developing economies. This is mainly due to multinational enterprises (MNEs) from developed countries conducting digital businesses in developing economies, leading to their revenue being untaxed or shifted to low-tax jurisdictions (Harpaz, 2021). Market

India, the fastest-growing digital economy in the world is the pivot of large digital MNEs worldwide. The scope of tax revenue from digital transactions is enormous for a developing economy like India.

Figure 1: E-commerce Revenue of India



Source: Indian Brand Equity Foundation Estimates, 2019

economies which are predominantly in developing countries lose a considerable amount of revenue because of the extensive profit shifting and tax avoidance of digital MNCs (OECD, 2015).

To address this problem, several countries including India, the UK, Australia, Hungary, Italy, and Israel have implemented unilateral measures, including an equalization levy in India, for digital taxation, as traditional taxation methods designed for brick-and-mortar businesses have proven insufficient in dealing with the digital economy (Mehra & Roy, 2020). But analyzing the equalization levy and all those types of digital service taxes (DST) from a broad perspective of international taxation, we can consider the equalization levy as a double-edged sword. Equalization levies and those types of DSTs (Digital Service Taxes) have far-out effects on international tax treaties, rules, and GATS (Noonan & Plekhanova, 2020).

Here arises the need for international consensus among world countries regarding digital taxation to avoid both the problems of international double taxation and non-taxation (OECD-G20 Report,2019). OECD (Organization for Economic Cooperation and Development)-G20(Group of 20) two-pillar framework (2021) is an ideal solution for many of the problems of digital taxation. It is currently in discussion and expects to be implemented by the last of 2023. In this context, the broad objectives of this paper are

(1) To analyze the taxation of the digital economy and the issues of digital taxation.

(2) A comprehensive analysis of equalization levy on the background of the Income Tax Act.

(3) To analyze the alternative for digital taxation by focusing on the OECD-G2O two-pillar framework.

Digital MNEs came outside the purview of taxation as they don't have a permanent establishment in the source country. By utilizing national tax rules, MNEs shift profit to home nations which distorts the tax base of India.

Digital business models come in a variety of shapes and sizes, including internet platforms, digital solutions, e-commerce, and digital content. E-commerce and social media platforms, for example, rely heavily on large-scale data processing collected from users. They may operate with little or no economic presence and on central servers outside the country (UNCTAD, 2022). Digital MNCs, on the other hand, operate on servers located outside the jurisdiction and do not require a physical presence in the market country (Nadeem & Saxena, 2018).

OECD Ottawa Ministerial Conference 1998, provides the taxation framework conditions for electronic commerce. The Committee on Fiscal Affairs (CFA) of the OECD provides the principles and guidelines for the government in taxing e-commerce transactions. Countries need to explore ways to tax e-commerce transactions by applying broad taxation principles, such as neutrality, efficiency, certainty, simplicity, effectiveness, fairness, and flexibility. It also expounds on the elements of the taxation framework such as taxpayer service, administration, collection, control, consumption taxes, international tax treaties, and cooperation. (OECD,1998).

Foreign digital MNEs shift or evade the tax liability from market counties by BEPS (Base Erosion and profit shifting) techniques. It capitalizes on the concept of Permanent establishment in tax conventions and national tax laws to come outside the purview of taxation. They shift the profit to low-tax jurisdictions by transfer pricing on deductible payments such as interest and royalties to subsidiaries (Shome,2021). Developing economies that are the target market for foreign digital multinational enterprises (MNEs) are losing a significant amount of tax revenue due to the lack of taxation of these companies. The OECD-G20 joint initiative has identified the challenges associated with taxing the digital economy (Kumar and Aggarwal, 2020).

OECD in 2013 as a part of its first action plan - 'Tax Challenges Arising from Digitalization' assigned TFDE (Task Force on Digital Economy) to develop a report identifying issues and possible actions to tax the digital economy. In 2015, a report on "Addressing the Tax Challenges of the Digital Economy" was published which suggested three key measures for digital taxation such as (a) developing a new nexus based on the concept of significant economic presence (SEP), (b) A withholding tax on the digital MNEs, and (c) introducing an equalization levy (OECD-G20, 2015). OECD also released a two-pillar framework report on digital

The inherent limitations in the Income Tax Act regarding income categorization and permanent establishment obligated the Indian Government to introduce an equalization levy or Digital tax through the Union Finance Act 2016. It gives rights to tax online advertisements and e-commerce operations.

taxation to reach an international consensus. The first pillar deals with the allocation of taxing rights to market countries and Pillar Two suggests a global minimum tax on the profit of digital MNEs (OECD-G20, 2021).

International tax treaties aim to prevent double taxation of foreign entities or residents between contracting states. The OECD Model Tax Convention guides how to tax income and capital investment in international transactions. Articles 4 and 5 of the Convention define tax residency and permanent establishment, and they provide detailed guidelines for how income and capital should be taxed in the source country and the resident country. The Convention also specifies whether tax credits or exemptions should be provided under double tax avoidance agreements (OECD,2017).

The gradual progress of India into a fast-growing digital economy is taking place because of mobile and internet penetration with India being one of the largest leaders in both categories. The increasing revenue generation of the e-commerce market in the Indian economy takes place through various forms of marketing, advertising, sales, billing, and product delivery. Foreign digital MNCs are doing a considerable velocity of business in India (Anuj. et.al, 2018).

Indian Income Tax Act had some inherent limitations to tax the digital economy. It overcomes those limitations through the Finance Act and subsequently introduced an equalization levy through the Union Finance Act (Singh and Aggarwal, 2020). Equalization levy has both bright and dark sides to our economy. On the brighter side, it is a brave step towards the Base Erosion Profit Shifting (BEPS) project, which tries to adopt tax neutrality. It brings a reasonable amount of revenue to government finance (Agrawal, 2016). On the darker side, as the threshold limit of the equalization levy is small, it will affect small and medium business units to a large extent. The aspects of tax credits are not mentioned in the equalization levy as it also will lead to restrictive trade barriers from affected countries (Oberoi and De, 2021).

The equalization levy was intended to create a level playing field between domestic and foreign competitors, but its impact was even greater than we expected. It had a multi-fold effect as MNCs face the problem of double taxation. They are bound to pay tax on both the home and source countries which leads to over-taxation. It eventually passes the burden to the final consumers through higher prices (Koffler & Sinning, 2019). Digital service taxes (DSTs) lead to trade

Equalization levy leads to violation of international tax treaties, rules, and General Agreement on Trade in Services (GATS) and causes double taxation. The economic impact is reflected by high consumer costs and an unfavorable digital trade environment regarding tax.

retaliatory measures by foreign countries. It hinders the free movement of capital and services (Karnosh, 2020). Equalization levies and those types of DSTs have a significant impact on Tax treaties, laws, and GATS. It thereby has a far-out influence on international double taxation (Nooanan & Plekhanova, 2020).

OECD -G20 intervention in digital taxation:

OECD is a developmental organization of 38 nations encouraging economic growth and trade and G20 is an international forum made up of 20 countries, including the European Union which India is also a part of. OECD first addressed the issue of digital taxation in 1999 through the global conference on electronic commerce held in Ottawa. They subsequently created a taxation framework for electronic commerce in 2001. Digital MNCs like Facebook, Google, and Amazon, generate considerable revenue in market countries specifically in developing economies through e-commerce activities, online advertising, cloud computing, and so on (UNCTAD 2022). The problem lies in this juncture as digital MNEs were outside the purview of taxation till 2016. By exploiting international tax rules and national tax acts, digital MNEs shift their profit to low-tax jurisdictions leading to the problem of non-taxation in market countries (Nafarrate,2021). The concept of BEPS (Base erosion profit shifting) was identified by OECD's TFDE (Task Force on Digital Economy) in 2013. BEPS is the tax planning strategy in which MNEs use deductible payments such as royalties and interest payments to reduce their tax burden on market countries. It is about shifting their high-tax elements such as patents, servers, and intellectual properties in low-tax jurisdictions, and low-tax elements such as labor in resident countries by intra-group transactions (between parent and subsidiary companies). This leads to the total tax liability remaining nil or very low (OECD BEPS Action Plan 1). The second scenario relates to the inherent limitations of national tax laws. According to international tax laws, a country can tax an entity if it has a permanent establishment in that territory. In that case, digital MNEs cannot be taxed as they don't have a permanent establishment. They work mostly on servers located in low-tax jurisdictions and rely heavily on users' data (Shome, 2021). Market countries lost between 100-240 bn$ per year due to the BEPS strategy adopted by digital MNEs (OECD, 2015).

Realizing this complex issue, the OECD

The unified implementation of the OECD-G20 Two-pillar framework gives taxing rights to source countries and impose a global minimum tax on global MNEs profits. It eliminates the problem of double taxation and creates a strong digital tax environment.

along with G-20 nations jointly worked together to address the BEPS problem of the digital economy. OECD-G20 has developed an inclusive framework for BEPS which consists of 135 countries. It equips government to tackle the complex issues of BEPS by introducing 15 action plans on BEPS ranging from tax issues on digital taxation, and tax treaty abuse to multi-lateral instruments. Three alternatives were introduced by the OECD-G20 action plan 1-BEPS on the digital economy (OECD, 2015). The first one is developing a new nexus to tax digital MNEs based on their number of users, revenue threshold, and several contracts instead of permanent establishment. The second one is imposing a certain amount of gross revenue of entities as withholding tax. The last one is the imposition of an equalization levy to tax foreign digital MNCs in domestic countries to create an equal level of competition in the economy. The revenue accumulation and taxation issue that arose out of Web 2.0 technology was specified in the OECD interim report on the digital economy in 2018. Internet-driven platform-based digital business models such as Facebook, Google, Amazon, and so on are creating a market value of around US$ 4.3 trillion per year (CGE Survey, 2016). Digital MNCs in Web 2.0 technology predominantly work on large-scale data aggregation, monetization, and valuation and show no economic or physical presence in the market countries (Mehra and Roy, 2020). So, foreign digital entities doing e-commerce operations in the market countries or source countries don't create value for the real owners of the data and they don't pay a minimal amount of taxes in those countries (OECD, 2018). As many countries unilaterally implemented digital taxes in their own manner, the problem of international double taxation and tax wars arose among countries (Low, 2020). OECD-G20 along with the group of 135 countries is working to reach an international consensus on the framework of digital taxation through a two-pillar framework (OECD, 2021)

Indian income tax act: Limitations in taxing digital transactions

The main problem of the Indian taxation system is that it cannot tax foreign digital MNCs as they don't have a permanent establishment (PE) or fixed place of business in India. They work mostly through servers located abroad and using data points (Kumar and Aggarwal,2020) Digital business models take various forms such as e-commerce, advertising, subscription, platform as service, data as service, software as service, and so on.

According to Section 92F(iiia) of the Income Tax Act of 1961, a permanent establishment (PE) is defined as a fixed place of business through which the business of an enterprise is wholly or partly carried out. The absence of two basic criteria, namely residence, and PE, has led to the non-taxation of digital transactions in India. (Sood, 2023)

The Income Tax Act of 1961, which stipulates the law and procedures for the taxation of income of individuals and entities in India, has structural limitations that have led to the non-taxation of digital transactions in the country to a large extent. (Sood, 2023). For taxing income, the residential status of an Individual is determined. Both citizenship and residential status are different aspects. A person may be an Indian citizen, but it doesn't necessarily mean that they must be a resident of India for the financial year. Likewise, a foreign national may be considered a resident of India for a specific tax year if they meet certain requirements. Section 6 of the Income-tax Act explains the conditions for determining the residential status of various categories such as individuals, HUF, and companies. As digital taxation is more concerned with companies, the concept of PE (Permanent establishment) and the residential status of entities became the criteria for taxation. Domestic companies are taxed according to corporate tax rates. The challenges of taxing the digital economy in India arise when transactions are conducted with foreign digital companies that do not have a permanent establishment (PE) in India. Three specific issues need to be addressed:

a) Income characterization or categorization: The business income is categorized by companies and tax laws into different heads such as business profits, royalties, and fees from technical services. The establishment of PE is necessary for taxation excluding royalties. The tax treatment is different for different categories where there is a clear line of disagreement on whether to include an income in business profits or to include it in royalties which led to legal disputes.

b) Establishment of permanent establishment concept: It is very difficult to capture foreign digital MNCs (multi-national corporations) into the framework of physical business of the permanent establishment. They work mostly through digital servers located outside the marketing jurisdictions without setting up a physical presence.

c) Attribution of profits to a permanent establishment: Once a permanent establishment (PE) is determined, the profits must be allocated to it to determine the taxable amount. The relevant PE must then determine the arm's length price, which is the price at which two unrelated willing buyers and sellers would agree to transact. However, it is very difficult to determine the arm's length price of foreign digital multinational corporations (MNCs) because they do not have a fixed place of business or employees to perform daily activities.

Implementation of equalization levy through Indian union finance acts

The government of India introduced an Equalization levy through a Memorandum explaining the provisions of the Finance Bill 2016. The equalization levy aims to create a level playing field between domestic and foreign companies. It explains the need for the implementation of an equalization levy or digital taxation in India which states that permanent establishment rules framed for old brick and mortar economy should be restructured. It should be adapted for the digital economy which doesn't have a fixed place of business. To address the challenges of taxing digital multinational enterprises (MNEs) that do not have a physical presence in India, the government has proposed to introduce a new tax called the Equalization Levy. The levy would be 6% of the amount of consideration received or receivable by a non-resident MNE for specified services provided to a resident in India. After this, it was introduced. The levy must be paid by the Indian recipient and the threshold limit is one lakh rupees. It also states the procedure of payment, penalty, income tax deduction, and grievance mechanism relating to equalization levy. Following the bill, it was passed on to both houses, and it became an act. It applies only to business-to-business transactions.

As an extension Government of India introduced the concept of Business connection and SEP (Significant economic presence) in 2018. It was introduced through the memorandum explaining the provisions in the finance bill 2018 to capture digital entities and to expand the digital tax base. It was introduced as part of the OECD-G20 BEPS action plan 1 report. Foreign digital MNCs who had considerable business in India can be taxed irrespective of permanent establishment. Indian agents who are doing contracts in favor of foreign entities should be taxed as significant economic presence in the source country (India). The proposed amendment should be discussed in line with tax treaties. It was also introduced through the Finance Bill 2018 and both houses passed the same bill. The act came into effect on April 1, 2019, and will apply to the assessment year 2019-20 and subsequent assessment years.

Only online advertisements were part of the equalization levy till 2020. The next remarkable step taken by the Union government was to introduce an equalization levy on e-commerce operations in 2020 through the amendment to the Finance Act. A foreign e-commerce operator without a permanent establishment in India should be taxed on the total amount of revenue generated from Indian users. Part VI amendments to the Finance Act 2016 inserted section 165A to include a levy on the e-commerce supply of goods and services. The rate of tax is 2% and the threshold limit is 2 crore rupees. A huge amount of revenue comes under tax net as foreign e-commerce tech giants do billions of businesses in the Indian market. Big companies such as Amazon, Apple, and Flipkart come under the purview of taxation. It applies to all e-commerce transactions between India and foreign entities.

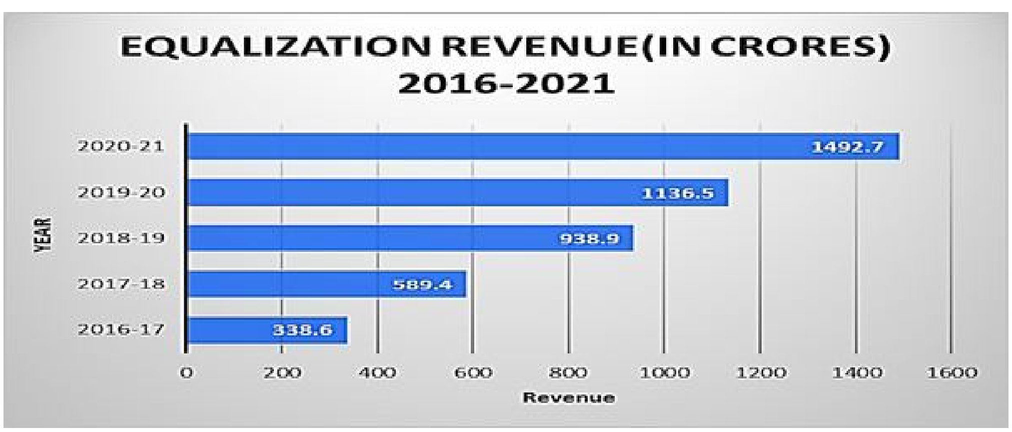
The Central Board of Direct Taxes began collecting equalization levies from 2016-17 onwards on online advertisements. It expands its horizon to e-commerce operations from the year 2020 onwards. A huge amount of revenue comes under tax net as foreign e-commerce tech giants do billions of businesses in the Indian market. Big companies such as Amazon, Apple, and Flipkart come under the purview of taxation. It applies to all e-commerce transactions between India and foreign entities (Figure 2)

The opening equalization revenue amounts to 338 crores which is a very high amount realizing the fact that tax from online advertisements is only collected. Next year (2017-18) shows around a 74% increase and reaches a total revenue of 589 crores. 2018-19 shows 59% growth and reaches the amount of 938 crores. The last time pre-pandemic (2019-20) reflected an overall growth of 21% and resulted in an overall revenue of 1136 crores. The pandemic year (2020-21) depicts a revenue of 1492 crores showing a growth of 31%.

Findings of the study analysis of equalization levy vis a vis international tax treaties, rules, and GATS:

International tax treaties are legal agreements between two or more countries that outline how their respective citizens and businesses will be taxed on income and capital generated from cross-border transactions. International tax treaties are also known as tax conventions or DTAAs (Double Tax Avoidance Agreements). They are designed to prevent double taxation and tax evasion by ensuring that income is only taxed once in each country. Tax treaties are legally binding agreements

Figure 2: Equalization Revenue collection

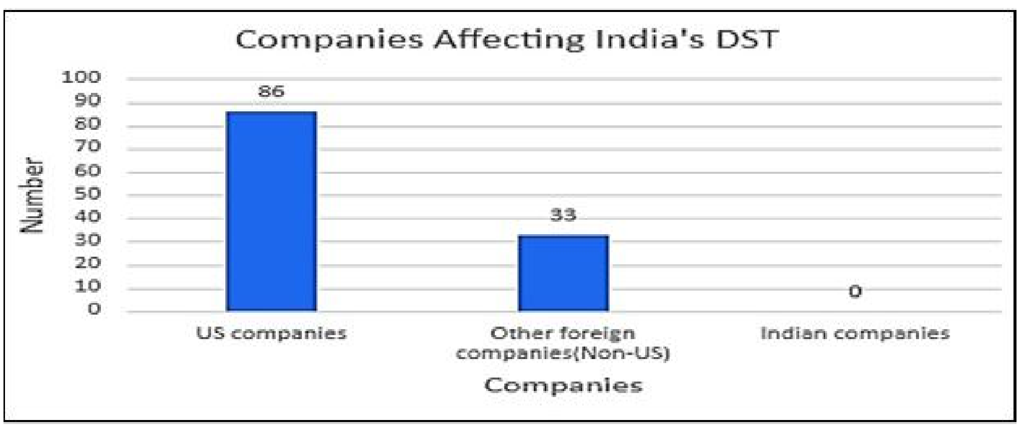


Source: Rajya Sabha OLTAS

between countries that establish the framework for the allocation of taxing rights. They cover a wide range of issues, including the definition of income, tax rates, the treatment of dividends, interest, and royalties, and dispute resolution between countries. Tax treaties have overriding powers over domestic tax laws.

The unilateral digital tax measures implemented by countries such as India, Italy, the United Kingdom, France, Australia, and Spain had a zealous impact on international tax rules. It also has a sweeping effect on trade and development between the countries in the form of retaliatory tariffs and trade-restricting measures. International tax rules and the OECD Model Tax Convention are the foundation of tax treaties (Low, 2020). Digital taxes will affect international taxation, which is visible in two ways. The first one is the incidence of double taxation which is the basic violation of international tax rules, and the second one is the hindrance of the free movement of capital caused by digital taxation (Karnosh, 2021). Explaining this concept, a unilateral digital tax adopted by a country will force the digital MNEs to pay tax on the source country and pay tax on their home country, leading to double taxation. It leads to the basic violation of tax treaties which mainly aim at the prevention of double taxation. Secondly, digital tax implemented by countries unilaterally will increase the cost burden of digital MNCs as they must restructure their tax schedule, which will eventually force them to increase the cost of services which will finally pass the burden to consumers (Sabo, 2020) (Figure 3).

Figure 3: US Trade representative report on india



Source: USTR Report 2021

areade and development. The digital MNCs which are working mostly in developing economies like India are US companies. i.e., almost 72% of it. Regarding the equalization levy, the US claims that it will mostly affect their companies as they are bound to pay double tax on the same transactions. It will also lead to the scenario where the price of service will increase and automatically the burden will shift to final consumers. The details will be covered in the subsequent sections.

A detailed analysis of the Legal impact of digital taxes can be studied from two angles.:

1. Based on Bilateral tax treaties
2. Based on WTO GATS (General Agreement on trade-in-services) Agreement

Bilateral tax treaties:

Digital taxes imposed by a country on foreign digital MNCs violate international tax rules (Articles) in tax treaties (India-US tax treaty). It specifically affects Article 5 -Permanent establishment, Article 7 -Business profits, Article 25- Relief from double taxation, and Article 26- Non-discrimination.

Article 5 explicitly states that taxes should be imposed on entities that have a physical presence or managerial control in a country. Digital MNCs fall outside the scope of the PE Concept as they work through servers located abroad (Yonah, 2022). So, taxing such firms leads to violation of PE articles in tax treaties. Article 7 - Business profit states that India can tax the entity of the US unless it has PE in India and tax can be calculated only on business profits. The equalization levy, which is calculated on the gross revenue of digital transactions, is in clear violation of Article 7 of the GATS. Prevention and relief from double taxation is the main aim behind tax treaties which is explained in Article 25. However, there is no provision in EL 2020 regarding tax credits or exemptions. So, it leads to double taxation for US firms as they are bound to pay tax in India and the US for their international income. US digital MNEs are more prone to India's digital tax as the threshold limit is high which makes Indian firms fall outside the scope of taxation (Zabo, 2020). It leads to the violation of the non-discrimination principle (Article 26) of the India -US tax treaty. It makes US digital firms more exposed to tax boundaries and tax compliances compared to domestic firms.

WTO GATS:

Article II of the GATS deals with MFN (most favored nation) treatment and Article XVII deals with National treatment between trading nations. MFN accords countries to treat the contracting state no less favorably than it treats other states. While DST includes GATS, the problem of double taxation and discrimination from domestic firms has become a reality for US digital firms (USTR report 2021). It leads to the violation of the MFN article (Noonan & Plekhanova, 2020). The National Treatment article states that countries cannot discriminate against foreign services and service suppliers in terms of access to markets, establishment, and the provision of services. Indian DSTs put US firms in the digital tax bracket and Indian domestic digital firms fall outside the ambit of taxation (USTR report 2021). It results in the violation of the National Treatment article.

The economic impact of digital taxes on trade and commerce

The development of the world economy as the result of rapid development in digital technology is immense (WTO, 2019). It leads to the easy movement of goods and services across the globe and makes countries closer to each other. The unilateral digital tax implemented by countries leads to distortion in trade and commerce between nations (Low, 2020).

Digital trade restrictiveness index (DTRI): Digital Trade Restrictiveness Index is an indicator of 64 countries around the world that depicts the range of restrictions to the digital trade of a country. It covers a wide gamut of digital trade policies and a broad spectrum of policy measures prepared by ECIPE (Economic Centre for International Political Economy) in 2018. The index is based on four categories of restrictions that affect digital trade: fiscal restrictions and market access, establishment restrictions, data restrictions, and trading restrictions. The overall ranking of India in the index stands at third which raises serious doubts about the development of our digital trade environment (Table - 1).

Talking about the first cluster which evaluates tariffs, taxes, and public procurement, India ranks first among World countries which implies that there are some serious issues in the diaspora of the Indian digital economy. India has high tariffs on digital goods and services (6% tax) which makes digital services more expensive. It also leads to domestic double taxation (as IGST on OIDAR Services at 18%) and international double taxation as foreign MNEs are also bound to pay tax on their home countries. Various trade defense measures on digital products like data localization norms by the Reserve Bank of India in 2016 mandated all foreign entities to carry out their core data functions through a server located in India. This leads to the scenario where digital entities are forced to increase their prices. Sooner or later the burden will pass to final consumers.

India's index value is rising. But still, there are barriers to the free flow of digital services trade. The digital taxation regime has multiple effects on digital trade services in various forms (Low,2020). It can be visible in the shape of high import tariffs imposed by the affected countries and shifting of digital trade economy to the less tax regime countries. Digital MNEs shift their service area to developing economies with less complicated tax regimes and high infrastructure connectivity and payment systems.

In conclusion, unilateral digital taxation measures have a more disruptive impact on Indian digital trade in terms of legal and economic implications. Violation of tax treaties and tax rules will create a trade war and endless disputes. Where high digital tax distorts trade and commerce in

Table - 1 Digital trade restrictiveness index

A. Fiscal Restrictions & Market Access			Tariffs and Trade Defense	Taxation & Subsidies	Public Procurement
Rank	Country	Index	Country	Country	Country
1	INDIA	0.63	ARG	BRA	CHN
2	BRA	0.62	BRA	TUR	IND
3	CHN	0.6	PAK	ARG	ZAF
4	ARG	0.49	IND	CHN	IDN
5	PAK	0.49	NGA	PAK	USA
6	IDN	0.43	RUS	FRA	ECU
7	ZAF	0.43	BRN	IND	-
8	NGA	0.41	CHL	JPN	BRA
9	RUS	0.4	PRY	MEX	AUS
10	USA	0.37	CHN	NGA	GRC

Value 0- Optimal (More open to digital services trade)
Value 1- Negative (More restrictive to digital services trade)
Source: ECIPE, DTRI Estimates, 2018

the form of high import tariffs and a shift of digital trade investment to a better economy. Ultimately the high-cost burden will pass to the final consumers (Ntiamoah and Asare, 2020). The structural part of threshold conditions is the integral area that makes DST discriminatory between domestic and foreign entities (Zabo, 2020). That means the higher threshold limit captures more foreign digital entities. Analyzing the context of Indian DST and all the unilateral digital taxation measures implemented by various countries, it is discriminatory. It also violates basic international tax principles and tax treaties. So, there is a paramount need for international consensus on digital taxation for a better flow of capital and economic well-being among nations.

Global perspective: The way forward for digital taxation in India

Reacting to the OECD Digital Economy Report 2015, many countries such as India, implemented their own unilateral digital taxation measure which is implemented as an equalization levy. Each country's tax rates and threshold conditions vary, creating serious distortions in international taxation and trade and commerce (Faulhaber, 2019). So, this paper argues for the implementation of a two-pillar framework by OECD-G20 Countries as the part of BEPS Project which aims to address the tax challenges arising from the digitalization of the economy.

Pillar 1: It aims to shift the taxing rights to market or source countries where large digital MNCs do their business mostly. It applies to MNEs having annual global revenues above 20 billion euros and a rate of earnings before tax to revenues above 10%. Pillar one nexus is based on the allocation of Amount A (Tax base) to market jurisdiction where MNEs earn £1 million or more from that jurisdiction (or €2,50,000 for smaller market jurisdiction having GDP below £40 billion). The quantum of taxation to market jurisdiction is between 20 and 30% of the residual profits more than 10% of the revenue of MNCs. Amount A overlays the existing profit allocation rules and it eliminates double taxation either by exemption method or tax credit method. It also calls for the removal of DSTs from each country and implements pillar one strictly based on the arm-length principle.

Pillar 2: The Global Anti-Base Erosion Rules (GLOBE) call for a minimum tax rate of 15% on companies with annual revenue of over 750 million euros. This means that even if a company's effective tax rate is lower than 15%, it will still have to pay the minimum tax. An income inclusion rule has to be adopted to impose a tax on a parent entity in respect of a group entity having a low taxed income. It also insists countries impose corporate tax rates of below 9% on interest and royalties and STTR (subject to tax rule) in treaties which makes sure that treaties should not be abused. The provision of tax incentives is also framed for new business activities. The main focus of this pillar is to increase the effective tax rate of MNCs to 15%.

Analyzing the two pillars, if it reaches a consensus among member countries, it will create a better environment for digital taxation and better economic relations among nations (OECD Two-pillar Framework 2021). Pillar 1 will benefit more developing economies such as low and middle-income countries as they get taxing rights. It will generate around 125 billion US$ each year (OECD two-pillar framework report, 2021). Pillar 2 will alleviate the burden on developing countries to provide extreme freehanded incentives for attracting foreign investment. Subject to the tax rule (STTR) will help developing countries prevent the tax avoidance of MNCs by utilizing deductible payments of interest and royalties. The formulaic approach of arm-length pricing in the distribution and marketing segment will help market countries in better administration (OECD two-pillar framework report, 2021). Pillar 2 will generate additional revenue of around 150 billion US$ for market economies like India.

To summarize, the tax base determination would be based on financial accounting income which will reduce the burden of MNCs as it will reduce the compliance costs and the final burden to consumers. Pillar 2 was widely accepted by all countries as corporate tax avoidance costs countries an estimated amount between USD 100-240 billion annually which is around 4-10% of global GDP (OECD, 2021). Global tax not only creates additional revenue but also puts a stop button on intense tax competition.

Conclusion

India is a rapidly growing digital economy with a large number of mobile internet users and e-commerce customers. In 2021, India had the world's second-largest share of e-commerce users, with over 644 million users. This makes India a key market for digital businesses. Foreign digital MNEs which have a considerable share of the e-commerce market in developing economies like India, shift or evade tax liability through BEPS and the Permanent establishment concept. So, countries are losing considerable revenue due to the non-taxation of foreign digital MNEs (OECD,2015). There is a well-known fact that developing economies have a greater dependence on tax revenues than those developed. Reacting to OECD's initiative on the Digital Taxation Report 2015, the Indian government implemented an Equalization levy on online advertisements in 2016 and e-commerce operations in 2020 of foreign MNEs. India's Equalization levy, the unilateral digital taxation initiative has earned a fair amount of revenue. The equalization levy, which generates revenue for the government, has been criticized for violating international tax treaties, rules, and the GATS. It eventually led to the incidence of international double taxation and the violation of the Most favored nation's treatment and Nation's treatment under GATS. The economic impact of the equalization levy can be traced by analyzing two scenarios. First, one is regarding the USTR report on the equalization levy which forces the US government to increase the import tariffs on Indian goods for a short period in 2021, which was then revoked. The second scenario is the poor performance of India in the Digital Trade Restrictiveness Index where the high digital tax is also an important factor for the downfall. It leads to the situation where foreign digital MNEs shift their investments to more digital-friendly economies like Denmark, Sweden, Singapore, etc. The equalization levy had a long-run effect on the perfectly competitive market leading to a rise in prices and eventually shifting the burden onto final consumers.

As a reaction to all this turmoil, an international consensus on digital taxation is much needed. So, is urgent action required to desist unilateral digital taxation initiatives in many countries including India (OECD, 2019). Lack of coordination in international tax policy will lead to serious problems of both double taxation and non-taxation. So, the argument put forward by the paper is the implementation of the Two-pillar framework measures of the OECD as a fair solution for the taxation of the digital economy. Pillar, one reallocates the taxing rights to source countries based on revenue threshold while pillar two establishes a global minimum tax on MNEs. It creates a fair and harmonious environment in digital taxation as both the cases of taxation and nontaxation can be prevented because of the taxing rights and equitable justice for digital MNEs (OECD-G20,2021). So, India should implement the Two Pillar Framework report very shortly. It will Create a strong digital taxation environment and congenial trade relations between countries. Foreign digital MNEs should not be given excessive burdens regarding high digital taxes. A fair balance between national tax laws and international tax treaties is much needed for digital taxation as ensured by the two-pillar framework. It will eventually boost the velocity of investment and lead to flourishing economic growth. India's equalization levy or the digital tax must be in sync with the OECD-G20 two-pillar framework for the efficient administration of digital tax. This study which examines the warping effects of digital taxes, especially the equalization levy and the indispensable role of the OECD-G20 Two-pillar framework can be discussed to form guidelines for the creation of foreign trade policies. It should be discussed in the context of tax treaties between countries specifically relating to digital trade transactions to better understand transparent economic relations.

■

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The reliability of fuel price trends in Kerala

Kiran Kumar Kakarlapudi and Joyal P Joseph

Crude oil has been a significant energy source for several decades as it plays a crucial role in production and economic development. Therefore, changes in oil prices have far-reaching effects on various macroeconomic factors, including exchange rates, stock markets, trade balances, investments, fiscal balances, interest rates, and more. One key macroeconomic factor affected by oil prices is the inflation rate. Oil prices could impact inflation could impact through both direct and indirect channels. The direct effect operates on the demand side, where higher oil prices can lead to inflation if oil-based products make up a substantial portion of consumer spending. On the other hand, the indirect effect operates on the supply side, influencing producer prices. Since oil is an essential input in the production process, an increase in oil prices results in higher producer costs, ultimately contributing to inflation. Further, an increase in oil prices can reduce consumer purchasing power, prompting households to demand higher wages, thus triggering a wage-price spiral which can lead to cost-push inflation.

Countries that heavily depend on oil imports fall at higher risk as the international oil price shocks could transmit to the domestic economy. India is the third largest importer and consumer of oil. In 2022-23, India's oil imports amount to 209 billion US dollars (Figure 1).

India's oil imports account for one-third of the total imports (Figure 1). The share of oil imports in total imports increased consistently till 2012-13, followed by a decline thereafter. During the pandemic year (2020-21), the share of oil in total imports declined to 20 per cent. As the economies are on a recovery path, the share of oil in total imports increased to almost 30 per cent, which is higher than the pre-pandemic level of imports.

Countries that heavily depend on oil imports fall at higher risk as the international oil price shocks could transmit to the domestic economy. India is the third largest importer and consumer of oil.

The inflated values of April 2022 reflect the policy changes adopted by India in its 2022-23 budget to cut down subsidies allotted for LPG and Kerosene.

Recent global economic conditions during and after the COVID-19 pandemic has contributed to significant fluctuations in oil prices. More importantly, the complex dynamics shaped by the Russia-Ukraine conflict caused disruptions in the supply chain and heightened volatility in the oil market both in emerging markets and advanced countries (IMF, 2022). Figure 2 shows crude oil inflation in 2022-23. The initial drop in oil prices from October 2002 to March 2023 was prompted by the European Union's imposition of a price cap on Russian seaborne oil, in conjunction with OPEC+'s decision not to cut oil production. Furthermore, the influx of oil from the United States and Canada contributed to deflationary pressures. However, in early April 2023, oil prices began to climb steadily due to an unforeseen reduction in supply by OPEC+. Subsequently, concerns about a potential recession in advanced economies led to a decline in prices, but OPEC+'s continued supply cuts ultimately resulted in a surge in oil prices. (RBI Bulletin, State of the Economy) (Figure 2).

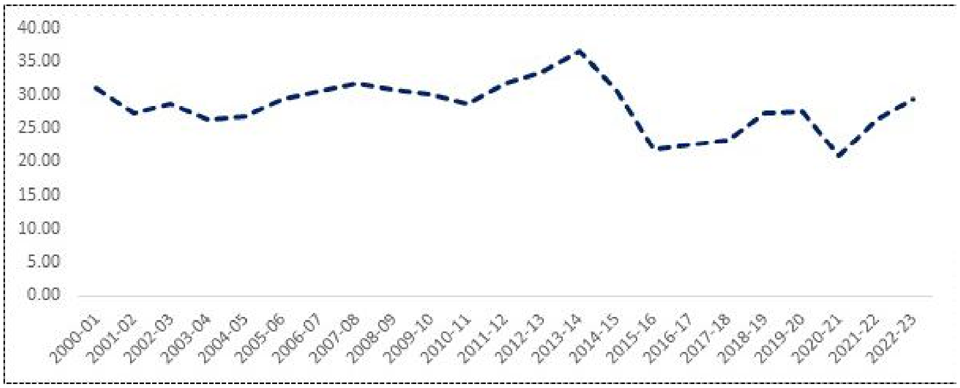
Against this background, this study analyses the trends in domestic fuel prices in India. Secondly, in the context of recent imposition of Rs. 2 per liter cess on fuel for social security pension in Kerala, this study analyses state-wise trends in fuel prices in Kerala in comparison with other states.

The present article uses MoSPI monthly CPI data (2012 series) of Fuel and light components in the CPI basket. Global crude oil prices (in dollars per barrel) are obtained from the FRED database. In addition, a disaggregated look into fuel prices of Indian states with special attention to Kerala is required as it has introduced a fuel price hike through social security cess since the 2023-24 FY.

Composition of fuel and light inflation in India

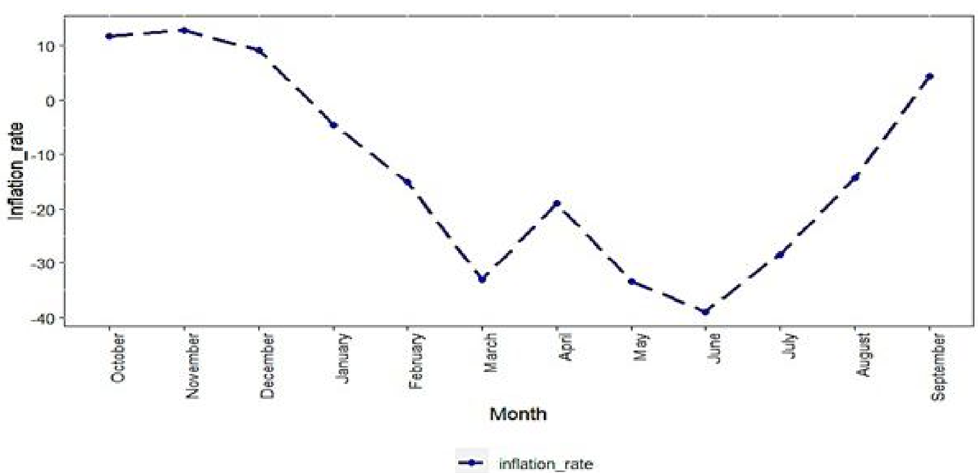
Fuel and light inflation consist of nine commodities. Of the nine commodities, electricity, firewood chips and LPG account for 82 per cent of the changes in prices. Table 1 shows how various components contribute to fuel and light inflation in India. It shows a continuous fall in Kerosene (distributed through PDS) and LPG prices in India since April 2023. This can be attributed to the base effect, where comparisons are made with respect to the highly inflated values since April 2022. The inflated values of April 2022 reflect the policy changes adopted by India in its 2022-23 budget to cut down subsidies allotted for LPG and Kerosene. The Budget estimates for 2022-23 show that no subsidy was allocated for Kerosene and the LPG subsidy was reduced by 11% (PRS Legislative research). In addition, the falling diesel, coal, and firewood prices also contributed to the falling fuel and light

Figure 1: Share of oil imports as % of total imports in India



Source: Author's calculation based on the RBI data

Figure 2: Brent crude inflation (2022-23)



Source: FRED Database

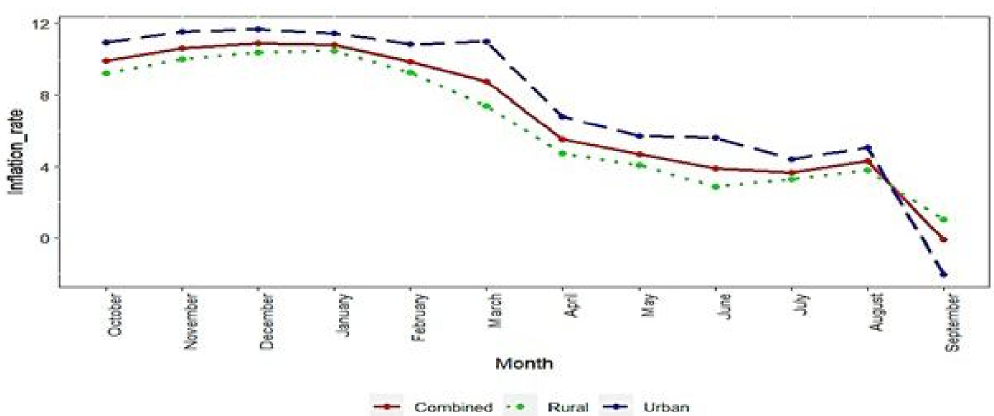
We observe that among the subgroups within the Fuel and Light component, diesel prices in India exhibited the lowest inflation levels, as illustrated in Table 1. It means fuel prices in India are moderately in consonance with global oil prices

inflation rates since April 2023 (Figure 3).

Figure 3, shows Fuel and light inflation rates in India from October 2022 to September 2023 for Rural, Urban, and Combined categories. The trend in prices displays a mixed pattern until April 2023, followed by a consistent decline. It's essential to assess how closely India's fuel and light inflation rates align with global oil prices. A direct comparison between crude oil prices and the Fuel and Light component isn't straightforward, as this component in the Consumer Price Index (CPI) includes various subgroups that don't have a direct correlation with Brent crude prices. When we analyze the inflation rate of diesel prices in India in relation to global oil prices, we observe that among the subgroups within the Fuel and Light component, diesel prices in India exhibited the lowest inflation levels, as illustrated in Table 1. It means fuel prices in India are moderately in consonance with global oil prices (Table 1).

The response of Fuel and light inflation rates to the subsidy reduction is evident from Figure 4. It shows fuel and light inflation in India from January 2022 to October 2022, where a serious hike witnessed in inflation rates from 7.52% in

Figure 3: Fuel & Light inflation in India



Source: MoSPI

Table 1: Fuel and light inflation (component wise) October 2022 - September 2023

Fuel and Light -Components (All India)												
Items	*Month*											
	Oct	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*
Electricity	-0.29	3.10	3.10	3.02	3.02	3.10	2.25	5.21	8.72	13.42	13.49	11.18
LPG	16.01	16.02	15.97	16.17	16.11	19.97	15.14	10.98	9.23	4.96	4.24	-12.72
Kerosene - PDS	69.59	50.73	57.01	56.20	28.77	7.88	-12.93	-19.11	-26.76	-32.26	-25.09	-17.31
Kerosene – others	30.72	31.12	33.72	36.05	33.95	35.09	31.72	36.46	29.06	21.34	17.25	19.09
Diesel	-4.99	1.00	2.67	2.99	3.12	2.34	-6.90	-5.49	-0.31	-0.19	-0.06	-0.06
Other fuel	2.87	5.02	3.78	4.62	3.22	4.51	1.90	3.49	3.16	3.46	3.81	3.81
coke	-7.95	-7.69	-6.76	-7.28	-8.20	-7.97	-9.09	-8.59	3.93	0.65	1.67	0.50
Firewood and chips	6.17	6.72	7.01	7.14	6.63	6.44	5.71	5.26	4.80	4.58	4.20	3.34
Coal	12.30	13.06	11.08	10.23	10.37	11.33	11.13	9.07	6.11	5.88	5.21	5.04
Charcoal	2.14	1.85	8.18	11.07	11.46	11.94	11.84	9.36	8.74	10.87	11.89	11.20
Dung cake	4.41	5.74	5.62	7.04	7.01	6.95	6.20	6.82	7.12	6.97	7.70	7.41

Source: Authors Calculations using MoSPI data

March to 10.67% in April due to the subsidy reduction for LPG and Kerosene. Later the inflation level hasn't returned to the previous position. The month-on-month (m-o-m) inflation levels of April 2023 have been declining due to this base effect of higher inflation rates since April 2022 (Figure 4).

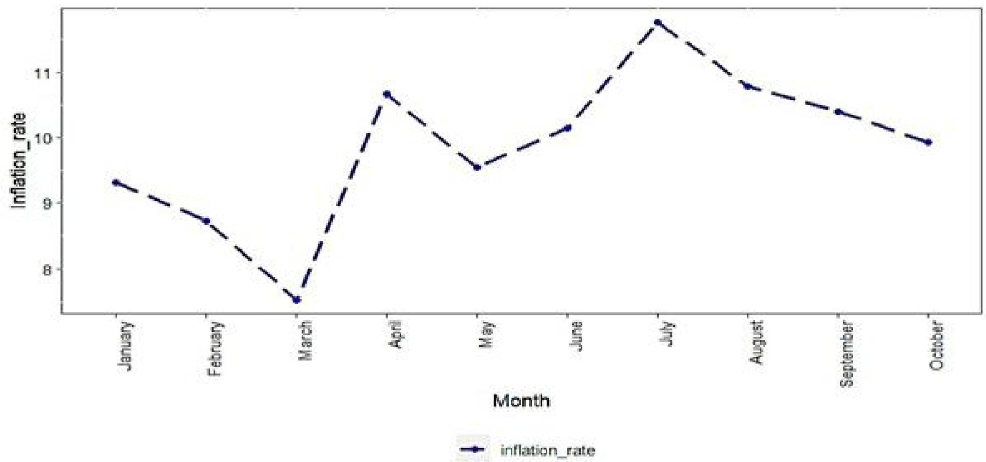
Subnational analysis

A closer look into components of fuel and light inflation is required to get a holistic picture of the subnational trends and contributing factors. Table 2 provides the disaggregated picture of subnational trends in fuel and light inflation in India. It shows that all the major states taken for the analysis exhibit volatility in their prices till March 2023. Thereafter all the states except Karnataka, Maharashtra, and Rajasthan have shown a steady decline resembling the national pattern. The uniform fall in fuel and light inflation rates of major states in India reiterates the base effect rather than any uniform cut in fuel and light prices (Table 2).

Kerala case

India's scrutiny of fuel and light inflation rates brings Kerala into the spotlight, primarily because of its decision to levy a Rs. 2 per liter cess on petrol and diesel

Figure 4: All India fuel & light inflation (January - October 2022)



Source: MoSPI

Table 2: Subnational Fuel and light inflation rates (October 2022 - September 2023)

Fuel and Light -Combined												
States	***Month***											
	Oct	***Nov***	***Dec***	***Jan***	***Feb***	***Mar***	***Apr***	***May***	***Jun***	***Jul***	***Aug***	***Sep***
Andhra Pradesh	17.38	17.39	17.56	18.36	17.91	19.00	8.09	6.47	5.82	4.02	2.53	-4.03
Karnataka	5.83	5.59	5.88	5.74	9.09	10.62	9.79	8.65	7.83	12.09	11.46	5.41
Kerala	13.29	12.01	12.53	12.29	11.94	13.34	12.74	10.11	9.08	7.22	7.11	0.52
Tamil Nadu	20.51	20.63	20.63	20.49	20.13	22.00	20.39	17.97	17.01	15.24	14.56	-1.76
Telangana	16.96	17.11	17.31	17.86	17.69	18.96	6.89	4.29	4.59	2.51	2.46	-4.39
Maharashtra	15.14	12.35	12.06	11.12	8.92	6.84	0.26	4.10	3.57	-1.03	2.63	0.66
Gujarat	4.20	4.94	5.47	4.77	5.22	5.53	7.34	6.63	6.13	5.55	5.48	2.60
Rajasthan	-14.97	-14.55	-14.67	-14.33	-14.39	-14.18	1.16	-2.25	4.34	29.32	29.50	24.59
Madhya Pradesh	15.28	13.15	13.57	14.86	11.80	-6.31	-11.72	-12.80	-14.32	-15.20	-15.82	-18.68
Uttar Pradesh	6.25	6.65	6.54	7.21	6.99	7.58	6.00	5.51	5.31	4.68	4.71	1.03
All India	9.93	10.62	10.91	10.84	9.90	8.79	5.52	4.70	3.92	3.67	4.31	-0.11

Source: MoSPI

The month-on-month (m-o-m) inflation levels of April 2023 have been declining due to this base effect of higher inflation rates since April 2022.

starting from April 1, 2023. It is noteworthy to observe how inflation rates in Kerala responded to rising fuel and electricity costs, especially in a context where national fuel prices have shown a declining tendency.

Table 3 shows fuel and light inflation rates of southern states from October 2022 to September 2023 for rural, urban, and combined categories. Looking at the provided table, it is evident that, following

Table 3: Fuel & light inflation rates October 2022 to September 2023

States	*Oct*	*Nov*	*Dec*	*Jan*	*Feb*	*Mar*	*Apr*	*May*	*Jun*	*Jul*	*Aug*	*Sep*
						Fuel and Light -Rural						
Andhra Pradesh	18.08	18.22	18.78	19.85	19.15	19.70	7.55	6.32	5.85	4.39	2.36	-2.14
Karnataka	4.45	4.26	4.89	4.17	8.54	9.56	10.29	9.84	5.59	13.46	12.59	9.27
Kerala	14.06	12.98	12.43	12.87	12.98	14.29	13.95	10.99	9.79	8.07	7.99	1.72
Tamil Nadu	17.67	18.16	17.26	17.04	16.68	18.26	17.52	15.56	15.03	13.42	12.36	0.16
Telangana	14.70	15.19	15.52	16.52	16.12	16.97	5.87	3.13	4.05	2.11	3.01	-1.53
All India	9.24	10.04	10.39	10.49	9.32	7.40	4.73	4.11	2.89	3.29	3.80	1.06
						Fuel and Light – Urban						
Andhra Pradesh	15.94	15.70	15.36	15.40	15.49	17.77	9.11	6.65	5.72	3.33	2.81	-7.79
Karnataka	7.37	6.97	6.96	7.41	9.71	11.71	9.27	7.41	10.15	10.70	10.27	1.54
Kerala	11.62	9.98	12.84	11.01	9.83	11.30	10.18	8.26	7.68	5.30	5.16	-1.88
Tamil Nadu	23.01	22.85	23.55	23.55	23.19	25.17	22.86	20.16	18.67	16.76	16.44	-3.39
Telangana	19.59	19.35	19.43	19.34	19.49	21.33	8.08	5.56	5.15	2.88	1.93	-7.67
All India	10.97	11.57	11.69	11.45	10.86	11	6.80	5.71	5.60	4.40	5.04	-2.06
						Fuel and Light – Combined						
Andhra Pradesh	17.38	17.39	17.56	18.36	17.91	19.00	8.09	6.47	5.82	4.02	2.53	-4.03
Karnataka	5.83	5.59	5.88	5.74	9.09	10.62	9.79	8.65	7.83	12.09	11.46	5.41
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Tamil Nadu	20.51	20.63	20.63	20.49	20.13	22.00	20.39	17.97	17.01	15.24	14.56	-1.76
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All India	9.93	10.62	10.91	10.84	9.90	8.79	5.52	4.70	3.92	3.67	4.31	-0.11

Source: MoSPI

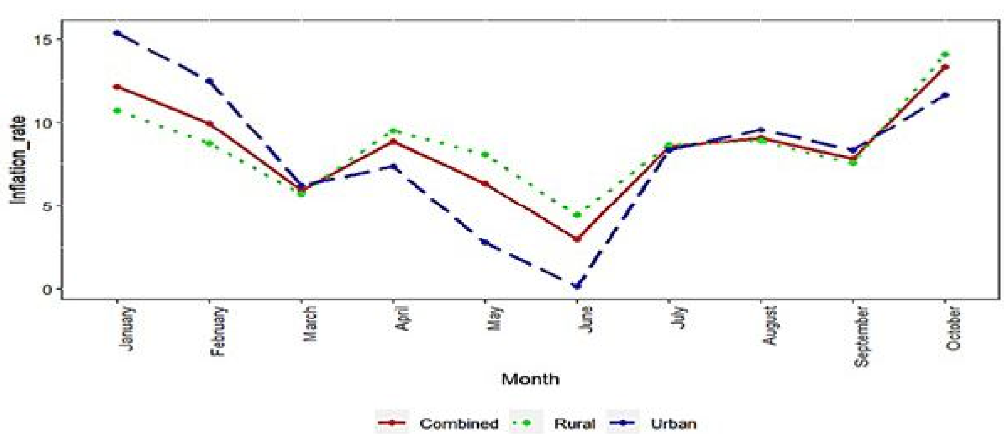
India's scrutiny of fuel and light inflation rates brings Kerala into the spotlight, primarily because of its decision to levy a Rs. 2 per liter cess on petrol and diesel starting from April 1, 2023.

April 2023, there has been a decrease in inflation rates across all categories (rural, urban, and combined) for the southern states, with one notable exception being the rural sector of Karnataka. This declining tendency in inflation rates can be traced back to the impact of subsidy reductions that were introduced in the 2022-23 Union Budget, highlighting the role of the base effect. To illustrate how the base effect operates in Kerala, refer to Figure 5.

The decrease in fuel and light inflation rates in Kerala in April 2023, despite the rise in fuel prices, can be attributed to the methodology of month-on-month (m-o-m) rate calculations, which utilize April 2022 as the reference point. In this scenario, the base effect comes into play because Kerala had elevated inflation levels in April 2022.

The significant impact of increases in fuel prices and the base effect can be observed in Table 3. Among the various southern states, Kerala experienced the smallest decline in prices even with the base effect. In April, Kerala's prices decreased by only 0.6% compared to March. In contrast, Andhra Pradesh, Karnataka, Tamil Nadu, and Telangana saw price drops of 10.9%,

Figure 5: Fuel and light inflation rate in Kerala, January to October 2022 in %



Source: MoSPI

The decrease in fuel and light inflation rates in Kerala in April 2023, despite the rise in fuel prices, can be attributed to the methodology of month-on-month (m-o-m) rate calculations, which utilize April 2022 as the reference point.

0.83%, 1.61%, and 12.07%, respectively. Karnataka and Tamil Nadu experienced lower price drops since they did not witness a substantial rise in fuel prices in April 2022 following the subsidy cut. Specifically, Karnataka and Tamil Nadu had price changes of only 1.53% and 1.86%, while Andhra Pradesh and Telangana saw much higher increases of 10.28% and 12.09% in April 2022 (MoSPI, 2022). This accounts for a higher fall in the prices of Andhra and Telangana and a lower fall in prices for Karnataka and Tamil Nadu in the current April par with March 2023.

The strength of fuel price inflation in Kerala compared to other southern states can be observed in the subsequent months. The combined inflation rates of Kerala states that, next to Karnataka, Kerala witnessed least reduction in prices till August 2023 par with March 2023 due to the impact of its fuel price hike. For the month of May 2023, Kerala witnessed a drop of only 3.32%, compared to March 2023, whereas Andhra, Karnataka, Tamil Nadu and Telangana have shown a decline of 12.3%, 1.65%, 4.03%, and 14.67% respectively. Similar trends are visible for the months of June, July and August.

The average reduction in inflation levels from April to August 2023 compared to March 2023 shows that Kerala's average reduction in inflation is 4 % compared to 13.6%, 4.9%, 14.8%, and 0.65% in Andhra, Tamil Nadu, Telangana and Karnataka respectively. The all-India inflation levels have shown an average fall of 4.36%, which is even higher than that of Kerala. These statistics highlight the significant impact of fuel price hikes in Kerala. The reduction in fuel and light inflation rates in Kerala can largely be attributed to the base effect. However, it's important to note that Kerala's relatively lowest decrease in fuel prices, even considering the base effect, demonstrates the adverse influence of recent fuel price hikes on the state.

Conclusion

The study intends to identify whether global crude prices are reflected in Indian fuel prices and thereby how subnational economies behave with special attention to Kerala. The study finds that the fuel

However, it's important to note that Kerala's relatively lowest decrease in fuel prices, even considering the base effect, demonstrates the adverse influence of recent fuel price hikes on the state.

prices of India were able to follow global oil prices and major Indian states witnessed a continuous fall in fuel and light inflation rates since April 2023, including Kerala. The key discovery of the research is that the decline in fuel prices can be attributed to the influence of the base effect, which has been noticeable since April 2022. This is primarily linked to the reduction in LPG and Kerosene subsidies initiated by the central government in April 2022. A similar trend is observed in Kerala, where fuel prices have been on a downward trajectory since April 2023, despite a price increase in the same month. This is because the increased pressure from rising fuel prices is counteracted by the presence of the base effect. An in-depth examination of Kerala's fuel price inflation rates reveals that they are decreasing slower than other southern states, largely due to the impact of fuel price hikes.

To conclude, the study suggests that one cannot infer that the fuel price hike introduced by the state government hasn't led to significant inflationary pressures keeping an eye on the falling rates. The disinflationary trend seen in Kerala, as well as other states since April 2023, is a byproduct of the base effect. The slower reduction in fuel & and light inflation rates of Kerala shows that fuel price hikes had such a strong impact on prices that they overwhelmed the base effect.

■

(Dr Kiran Kumar Kakarlapudi is Assistant Professor, GIFT and Shri. Joyal P Joseph is Research Scholar, GIFT)

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Kerala Economy
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GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

Government expenditure towards knowledge economy: An analysis of recent Kerala budgets

Shimnamol M and Christabell P J

1. Introduction

The knowledge economy is the tale of how cutting-edge technology and human creativity work together to revolutionize the fundamentals of economic activity (Brinkley, 2006). The Organization for Economic Cooperation and Development (OECD) economies' knowledge-based industries, which comprise more than half of their GDP, teach us valuable insights about what propels a knowledge-based economy. The growth of the knowledge-based economy can be attributed to two factors - the push for innovation and technological changes (OECD, 2001). The emphasis on productivity-led economic growth and its key drivers has increased over the last few decades. Due to the predominance of diminishing marginal returns, rapid factor accumulation has failed to guarantee sustainable economic growth, necessitating the search for an alternate strategy (Chen & Dahlman, 2004).

Government plays a crucial role in creating the regulatory and policy framework that supports and encourages knowledge-based activities. This includes establishing laws and regulations related to intellectual property, data protection, and competition. By creating a favorable legal environment, governments can stimulate innovation and knowledge creation. Governments often provide funding for research and development (R&D) activities directly through grants and indirectly through tax incentives. This financial support can help universities and businesses engage in collaborative research projects and invest in knowledge-intensive activities. A knowledgeable and skilled workforce is essential for a knowledge economy. Governments can support education and skills development by funding universities and vocational training programs. They can also promote STEM (Science, Technology, Engineering, and Mathematics) education to ensure a steady supply of skilled workers (Etzkowitz & Leydesdorff,1995).

Government plays a crucial role in creating the regulatory and policy framework that supports and encourages knowledge-based activities

They have identified globalization and the rise of the knowledge economy as the main driving forces of Economic Development.

In this context, the present paper tries to analyze the contribution of Kerala towards the Knowledge Economy in ways of investment in various aspects. The paper is divided into five sections. Following the introduction section, the second part gives an overview of existing literature related to the topic. The third section portrays the data collection methods used in the paper. The fourth section presents the findings and discussion of the paper. Finally, the fifth session concludes the paper.

2. Literature review

Government intervention is necessary to correct market failures, ensure equitable outcomes, and create the conditions for sustainable economic growth. The exact role and extent of government involvement may vary depending on a given country's specific circumstances and economic philosophy (Stiglitz, 1997).

The shift from the industrial economy into a knowledge economy shows how people think and what value they assign to all parts of their lives. In a knowledge-based economy, the role of Government is particularly significant as it needs to facilitate and support the transition from traditional industries to those driven by knowledge, innovation, and information (Rollyson, 2006).

In the study on the effects of knowledge investment in OECD nations, Hwang and Gerami (2007) identified knowledge as the cornerstone of economic development. They have identified globalization and the rise of the knowledge economy as the main driving forces of Economic Development. The OECD's work on the knowledge economy is instrumental in helping member countries adapt to the challenges and opportunities of rapid technological advancements, globalization, and the shift toward information and innovation-driven economies. It promotes policies and practices that encourage economic growth, competitiveness, and improved well-being through the effective use of knowledge and innovation.

The modern world's economy is moving quickly toward being more information-based, and fostering knowledge is a crucial component of economic progress. All continents, regions, and nations are now actively participating in the global economy due to the current trend of globalization, making competition the primary driver of advancement. Competitive environments are essential in knowledge-based economies (Barkhordari et al., 2019).

Switzerland had the highest Global Innovation Index score of 64.6 out of 100 in 2022, making it the most inventive nation globally. With a 61.8 score, the United States commands the second position while Sweeden follows them

The State of Kerala clearly stated its purpose in transitioning to a knowledge economy through its recent Budget 2022-23 with the spate of projects under the Knowledge Economy Mission.

closely. Countries that prioritize research and development funding to establish strong research institutions tend to perform better in innovation indexes (WIPO, 2023).

The State of Kerala clearly stated its purpose in transitioning to a knowledge economy through its recent Budget 2022-23 with the spate of projects under the Knowledge Economy Mission. A knowledge economy develops, consumes, and disseminates knowledge to support growth and development. A state should, in theory, implement inclusive strategies that include but are not limited to, an adequate institutional framework, good education, a robust communications infrastructure, and a supportive financial environment that is open and free to assimilate and absorb the global exchange and transfers to participants in the knowledge economy fully (Government of Kerala,2023)

The objective has gained momentum thanks to funding allocated to the budget for 2022-2023, which will help to improve higher education and foster a skilled ecosystem. While improving the caliber of the State employment force is a positive beginning, improving the educational system would only address a portion of the issue. Average Keralites now have higher educational aspirations thanks to the State. However, the State's economy has not done much to give them job chances that align with their skills and certifications. As has been the case thus far, underutilization of the labor force will emerge from excess labor and insufficient growth to convert it into productive employment in the State. It does not deal with the core problem of high-end jobs (Aiswarya, 2022)

3. Methodology

According to NITI Aayog's report on the India Innovation Index for 2021, Kerala is rated eighth with a score of 13.67 (Government of India,2022). The amount of investment allocated to Research and development (R&D) activities within the State can significantly impact its innovation potential (Government of Kerala, 2022)

In this context, the present study analyses the contribution of Kerala's Budget allocation as well as State Plan allocation and outside borrowings towards the Knowledge Economy from 2018 to 2023. The study used secondary data sources like the official budget documents, including the Budget Speech, Budget Highlights, Budget Estimates, Expenditure Reports, planning board reports, etc., made by the Government of Kerala, published from 2018 to 2023. These publications offer comprehensive information on the distribution of funds

A strong knowledge economy increases a region's worldwide competitiveness. Kerala can gain a competitive edge in industries where knowledge and experience are essential by investing in education, Research, technology, and innovation. This may draw international collaborations, investments, and partnerships, boosting the State's worldwide influence and establishing it as a knowledge hub.

among various programs and sectors, of the sectors the present study emphasizes more on the Higher education sector, Research and Development (R&D), and Information and Communication Technology (ICT).

4. Findings and discussion

The Kerala economy and its developmental history have received global attention, as the State achieved developmental targets comparable to developed economies with a fraction of the investment. The State has realized "an economy growing with extraordinary rapidity" despite its failure to achieve large-scale industrial development. It achieved better human development compared to other states in India despite poor performance in employment and income. (Veron, 2001). While the productive sectors like agriculture and industry remained sluggish, the service sector achieved rapid progress.

In Kerala, restrictive elements prohibit an orderly shutdown of industries, stifling innovation and entrepreneurship. A society that denigrates business owners and treats financial failure as a source of litigation or agency involvement only discourages entrepreneurship (Shah, 2019).

A government budget is always a tool for carrying out choices and policies made by the Government. A country, State, or local community's budget reflects its economic, social, and political decisions, including what is valued and what is not, as well as who is rewarded and who is not (Sharp & Dev, 2004)

A strong knowledge economy increases a region's worldwide competitiveness. Kerala can gain a competitive edge in industries where knowledge and experience are essential by investing in education, Research, technology, and innovation. This may draw international collaborations, investments, and partnerships, boosting the State's worldwide influence and establishing it as a knowledge hub. Budgetary support for Kerala's knowledge economy is essential for the growth of its human capital, economic diversification, job creation, innovation, sustainable development, and international competitiveness. The State's economy could change due to these investments, which could also spur growth and raise inhabitants' standard of living.

4.1. Budgetary allocation towards knowledge economy.

To promote economic growth, the state

budget for the year 2023 placed a strong emphasis on the knowledge economy, skill development, and infrastructure development. The budget considerd Kerala's unique needs, which differ slightly from those of other Indian States; the "Kerala Model" of development is suggested to achieve growth while ensuring environmental preservation, sustainable development, and social justice. The expenditure of the Kerala Government towards the knowledge economy is be summarized in Table 1.

From the three sectors, i.e., higher education sector, Research and development, and information and communication technology, the allocation has risen over the years. For example, in 2018-19, higher education at the university level got Rs 2915 crore. It increased to Rs. 3228 crore in the year 2023. Likely, Research and development got Rs.2581 crore in 2018-19. It rose to Rs. 2954 crore in the year 2020-21. In the case of Information and communication technology, it was Rs. 269 crore in the year 2018-19, and in the year 2022-23, the budget estimated Rs. 350 crore for information and communication technology.

4.1.1 Higher education

Higher education equips people with the specialized knowledge and abilities to work in a knowledge-based economy. Under higher education, there are several heads available, like undergraduate programs, post-graduate programs, various types of professional courses, etc. Graduates are prepared to work in complicated and dynamic domains thanks to their experience, which boosts production and competition across various businesses. Universities produce

Table 1 Kerala Budget allocation toward knowledge economy from 2018 to 2023

(Figures Rs in crores, current prices)

Major Heads	Year				
	2018-2019 Accounts	2019-2020 Accounts	2020-2021 Accounts	2021-2022 Accounts	2022-2023 Accounts
Higher Education at the University Level	2915	3216	2501	3209	3228
Research and Development (R&D)	2581	2527	2954	NA	NA
Information and Communication Technology (ICT)	269	146	385	286	350

Source: Kerala budget documents (2018-2023) Kerala development report (2023) etc.

knowledge and share it with the rest of society. Publications, workshops, community involvement, and industry partnerships can all help convey information. These institutions support the general expansion and improvement of society and the economy through exchanging knowledge. The State expenditure towards the higher education sector shows positive factors. Here, we concentrate more on university level and technical education (Table 2).

From Table 2, it is clearly understood that the Government gives much importance to higher education and is concerned with a Knowledge Economy. It is noted that in 2018-19, the Government allocated Rs. 2696.75 crores for university education. After five years, it increased to Rs. 3228.45 crores in 2022-23. Similarly, the Government. Allocated Rs. 964.09 crores in 2018-19, which increased to Rs. 1189.82 crores in 2022-23. There is a positive trend in allocating funds towards creating the knowledge economy.

4.1.2 Research and development (R&D)

In order to establish and maintain a knowledge economy, research and development (R&D) is of utmost importance. R&D is the methodical exploration, experimentation, and development of new ideas, concepts, methodologies, and products. It is essential to encouraging innovation, promoting economic expansion, and boosting a country's overall competitiveness. The Kerala Government has given importance to R&D in recent years. It was Rs. 2581 crores in 2018-2019 and gradually increased. It was Rs. 2954 crores in 2021-2022 (Government of Kerala 2022).

4.1.3 Information and communication technology (ICT)

Information and communication technology (ICT) primarily develops and advances a knowledge economy. ICT is the use of various technologies for the gathering, storing, processing, and sharing of communication and information. ICT facilitates, accelerates, and enables knowledge generation, sharing, and utilization in a knowledge economy. Here are some significant ways

Table 2: Government education and technical education (Figures Rs in crores, current price)

Expenditure Rs.in crores	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
University Education	2696.75	2676.29	2502.12	3209.29	3228.45
Technical Education	964.09	1050.1	913.99	1150.31	1189.82

Source: Different budget document of Kerala

The progress of ICT in Kerala in recent years has been remarkable. With 32 million homes in the State having access to mobile or telephones, mobile or telephone penetration is exceptional.

that the development of ICT aids in creating a knowledge economy. Kerala's budget allocated Rs. 269 crore in 2018-2019, but the following year showed a decline to Rs. 146 crore in 2019-2020. Afterward, it shows a positive trend over the years, Rs. 385 crores, 286 crores, and 350 crores in the recent budget 2022-2023.

The progress of ICT in Kerala in recent years has been remarkable. With 32 million homes in the State having access to mobile or telephones, mobile or telephone penetration is exceptional. Kerala leads the nation in broadband and mobile internet penetration, each at very high rates of 20% and 15%, respectively. Kerala has the most significant degree of digital literacy in the 14-to-49 age group, and it also rates extremely highly in other age categories, according to an impact assessment report of the Digital Literacy Mission. Kerala's successes in literacy and education have undoubtedly helped the State attain these literacy levels, showing the importance placed on computer education in the school curriculum. (Government of Kerala, 2021)

4.2. State plan allocation

Knowledge economy is the main idea of Kerala's 14th Five-Year Plan. In order to support universities and other higher education institutions in achieving more outstanding excellence, a particular action plan will be developed in 2023-24. For this, Higher Education and Technical Education would receive Rs. 816.79 crore. In the State Plan for 2022-2023, Rs. 2546.07 crores are allocated specifically for the education sector. In the State, four science parks are being built for f 1,000 crores (Government of Kerala, 2023) (Table - 3).

Table 3 shows that a significant portion

Table 3 - Total plan outlay and expenditure for the ICT sector (Rs in Crores)

Annual Plan	Outlay	Expenditure	Percentage
2018-2019	587	269	45.8
2019-2020	574	188	32.7
2020-2021	500	196	39.3

Source: Kerala Budget Document, Various Years.

States like Kerala often have ambitious development and infrastructure goals. Off-budget borrowing can be used to secure additional funds for such projects without significantly impacting the official budget deficit. This can help in funding essential development activities.

of the budget allocation made by the Kerala Government is toward the development of the ICT sector. It is a highly encouraging indicator for the future. In 2018-19 a significant amount contributed to this sector. In addition to the budgetary allocation, the Government is also keen on yearly marking funds for KE under Plans, schemes, and initiatives.

4.3. Off-budget borrowing

Off-budget borrowing" refers to borrowing by a government entity or agency that is not included in the official budget figures. This can sometimes be used as a financial manoeuvre to keep the headline budget deficit lower than it would otherwise be. It involves borrowing through entities or mechanisms that are not directly controlled by the government but are still linked to its financial operations. (Gupta & James, 2023). States like Kerala often have ambitious development and infrastructure goals. Off-budget borrowing can be used to secure additional funds for such projects without significantly impacting the official budget deficit. This can help in funding essential development activities.

4.3.1 Kerala infrastructure investment fund board (KIIFB)

Following the KIIF Act 1999 (Act 4 of 2000), the KIIFB was established on November 11, 1999, to oversee KIIF. The fund's goal was to raise money for Kerala development projects. In August 2016, the enabling laws and plan were modified to raise money for Kerala's infrastructure development. The State's political and administrative leadership oversees KIIFB.

Sixty-four new projects totalling Rs. 5681 crore will be funded by fresh loans totalling Rs. 9000 crore by KIIFB. With this, KIIFB is tasked with carrying out 1057 projects totaling

Rs.—80352 crore. The organisation has so far invested Rs. 23095 crores in a number of development projects. (Government of Kerala,2023)

Here are some of the key initiatives and projects that KIIFB had undertaken or planned up to that point:

Infrastructure Development: KIIFB has played a pivotal role in funding and executing various infrastructure projects, such as the construction and improvement of roads, bridges, and flyovers, which aimed to enhance transportation and connectivity within Kerala.

Education and Healthcare: The agency has allocated funds to develop educational institutions, including schools and colleges, and healthcare facilities like hospitals and medical colleges, to improve access to quality education and healthcare services.

Urban Development: KIIFB has invested in urban development projects, including the rejuvenation of urban areas, the modernization of public transport systems, and the construction of smart cities and housing complexes.

Water Resources and Environment: Initiatives related to water resources management, flood control, and environmental protection have received funding from KIIFB to address Kerala's unique geographical challenges.

Renewable Energy: The agency has supported the growth of renewable energy in the State by investing in solar power projects and other clean energy initiatives.

Technology and Innovation: KIIFB has explored opportunities to invest in technology and innovation-driven projects, such as information technology parks and startup incubators, to promote economic growth and job creation.

Tourism Infrastructure: Kerala's tourism sector has also benefited from KIIFB's investments in infrastructure projects that improve the tourist experience and promote sustainable tourism.

Affordable Housing: KIIFB has been involved in housing schemes to address housing needs for economically weaker sections of society.

4.4. Other initiative by the Kerala government towards knowledge economy

The Kerala Knowledge Economy Mission (KKEM), an initiative of the Kerala Development and Innovation Strategic Council (K-DISC), aims to turn Kerala into a Knowledge Society that produces, consumes, and transacts knowledge for the benefit of its own social and economic development in order to create jobs for the educated. The Kerala Knowledge Economy Mission's four-year goal is to give 20 lakh people productive work in various industries and occupations. The Knowledge Economy Mission is to advance new knowledge that can be used to address current and future social issues, promote sustainable development, and stimulate intellectual development.(,2023)

5. Conclusion

The State of Kerala's administration has been working to advance and promote the idea of a knowledge economy there. Kerala is renowned for prioritizing education and human development, and the Government has realised the need to switch to a knowledge-based economy to promote long-term development and progress. The Kerala government has been making significant investments in education, emphasizing raising educational standards and encouraging skill development. Programs like the Kerala State Education Programme (KSEP) are designed to improve student talents and give them the necessary tools for the knowledge economy.

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Effectiveness of local governance in rural development: A study of MGNREGS in Kerala

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1.1. Introduction

Rural development is a widely discussed topic in decentralized planning and local governance. It is a process to enhance the capacity of people and living conditions of rural population especially living below poverty line (Modi, Role of Panchayati Raj Institutions in Rural Development:, 2019). According to Uma Lele, rural development is an improvement in the living standards of low-income population in rural areas and making process of self-sustaining (Mibang, 2019). It is a process of enabling grass root level development (Mibang,2019). It is a multidimensional concept as it involves agriculture development, industrial development, infrastructure development and the development of human resources (Vinayak Banakar, 2018). Rural development is the main goal of decentralization which could be attained through the participation of people in developmental activities. The basic needs of common people can easily be identified in the grama sabhas and could be addressed with the implementation of welfare schemes. Rural development can be possible through the improvement of living conditions of the rural poor. It is a strategy of improving the social and economic life of rural poor as its main objective is to reduce poverty (Vinayak Banakar, 2018). Local self-governments are working as an instrument machinery for implementing the development programmes of the State (Modi, Role of Panchayati Raj Institutions in Rural Development:, 2019).

Basically, decentralization is the process of transferring the power and authority from the high level of governments to the lower level of governments. The decentralisation came in to effect with the passage of 73rd and 74th constitutional amendments which made a significant breakthrough in our political system in the form of fund and power devolution. Panchayat raj is a system of local

Rural development can be possible through the improvement of living conditions of the rural poor

Gramapanchayat is the basic unit of decentralised system of local governance and the development plan of each gram panchayat is formulated by considering the basic needs of people in the particular locality.

governance in which gram panchayats are the basic unit of local administration and stand for the rural welfare. As the grama panchayats are bottom level institutions and can easily identify the needs of rural people, the programmes and policies could be formulated on the basis of priority and needs of society.

"Article 243G of the Constitution empowers panchayats to function as institutions of local self-government for the purposes of preparing plans and implementing schemes for economic development and social justice in their respective areas for various matters, including those listed in the 11th Schedule which is merely illustrative and indicative" (Alok V.N, 2011). Transformative development in rural India is possible only through "Sabka saath, sabka vikas, sabka vishwas and sabka prayas" for which grama panchayat prepare a plan with the participation of stakeholders and local resources. Panchayats have been authorized institutions to plan for the development of panchayat. The path of development should be line with the certain targets in Sustainable Development Goals. Therefore,. However, it is tedious task to identify the marginalised section of society and deprived households and implement the poverty eradication programmes on the basis of their priority and needs. Grama sabha is the fulcrum of the decentralized governance system in which common people can be involved in the decision-making process of local self-government. Rural development is highly connected with the development of the common people especially the people living below the poverty line. It is imperative for improving the quality of life and economic well-being of the people living in relatively isolated and sparsely populated rural areas. All developmental activities done at the local level benefit the rural population and rural areas. The department of Rural development is implementing several schemes in association with the grama panchayat for the amelioration of rural population. The main aim of these programmes is to reduce the poverty as well as creating employment opportunities in the rural areas, thereby improving the wellbeing of rural population. The major schemes include Livelihood Projects, Mahatma Gandhi National Rural Employment Guarantee Scheme, Pradhanmantri Awas Yojana-Gramin, Saansad Adarsh Gram Yojana and District Rural Development Agency (DRDA) are sponsored by ministry of rural development. It is very clear that rural development and local governance are interconnected to each other. Panchayat are the basic unit of local

Sustainable Developments Goals are furthermore localized today and the panchayats are given more responsibility to achieve those goals in rural areas.

governance system which is duly responsible for rural development (Kumar Dhananjay, 2017). Grama panchayat is the basic unit of decentralised system of local governance and the development plan of each grama panchayat is formulated by considering the basic needs of people in the particular locality. The development plan of each grama panchayat includes different sectors like agriculture, industry, irrigation, education, public health, water and sanitation. In a decentralised democratic society like Kerala, local governance plays a pivotal role in the development of rural area and boosting the standard of living of poor people in village areas. The coordination between two departments such as rural development and panchayat raj need to be more strengthened in such a way that several programmes focusing on the rural development gets implemented in a time bound manner. Effective implementation of these programmes has to be ensured within the framework of rural development. Strategies and interventions by each panchayat for implementing these programms are widely different in terms of functions and functionaries. Grama panchayats are the local governments in rural areas responsible for ensuring rural development (Dhananjay, 2017). Therefore, the researcher intends to study the effective mechanism of local governance in Kerala to strengthen the rural development.

1.2 Importance of the study

Sustainable Development Goals (SDGs) can be attained only through comprehensive rural development for which Local Self Governments (LSGs) are responsible for ensuring rural development (Sarkar, 2021; Ramya, 2014). Improved living conditions and quality of life of the rural poor helps to obtain SDGs (Adamowicz, 2020; Singhal, 2016). However, majority of them are suffering from different types of deprivations like educational deprivations, health deprivations and deprivations in standard of living (Chathukulam, 2021; Chandran, 2020; Alkire, 2018). The decentralized governance mainly intends to provide the basic amenities of a common man thereby achieving rural development. Rural development is highly connected with the development of the common people and it is imperative for the improvement of quality of life and standard of living of the people living in sparsely populated rural areas (Economic Review, 2021-2022). 'No poverty' is one of the Sustainable Development Goals (SDGs) that could be attained at the grassroot level (Ministry of Panchayat Raj, 2021). Sustainable Developments Goals are furthermore localized today and the panchayats are given more responsibility to achieve those goals in rural areas. Sustainable

For achieving the aim of rural development, gramapanchayats need to associate with various departments concerned for developing the integrated strategy of utilising the locally available resources through different flagship programmes like MGNREGS.

Development Goals (SDGs) are taken through the different themes which can be realised through the local self-governments. Poverty free and enhanced livelihood village is one of such themes that the local governments need to play an active role for attaining the targeted aim. Panchayats are very close to the people and they can easily identify the development needs of people. Therefore, the eradication of poverty and enhanced livelihood village is the sole responsibility of local self-governments. The Ministry of panchayat raj had initiated the people's campaign as "Sabki Yojana Sabka Vikas" being launched in all states from 2021 to 2022 for ensuring people's participation and preparing the grama panchayat development plan (Economic Review,2021-22). Grama panchayats are the constitutional body to prepare the development plan in rural areas with a comprehensive plan of utilising the local resources and various flagship programmes like MGNREGS (Ministry of panchayat raj, Ministry of Rural Development, 2019). Creation of income as well as purchasing power along with ensuring the livelihood security among the rural people is the essential part of rural development. Ministry of rural development is implementing several schemes in our economy for rural development and grama panchayats take the cognizance of these schemes (Ministry of panchayat raj, Ministry of Rural Development, 2019). For achieving the aim of rural development, grama panchayats need to associate with various departments concerned for developing the integrated strategy of utilising the locally available resources through different flagship programmes like MGNREGS. In the panel data analysis of different states in India for the years from 2006 to 2021, rural household coverage under MGNREGS in Kerala is 27.2% ((Turangi, 2022).

1.3 Objectives of the study

- To understand the plan fund utilisation of local bodies in rural Kerala
- To examine the contribution of state plan fund towards rural development
- To assess the performance of MGNREGS as a major rural

The lowest fund utilisation is recorded in three local bodies during the period 2019-20.

The share of state annual plan fund for rural development has been showing a declining trend since 2017-18 even though a marginal increase occurred in the last two financial years.

development programme under the purview of grama panchayats

1.4 Data source and methodology

The entire study is based on secondary data such as ministry of panchayat raj, Grama Panchayat Development Plan, Ministry of Rural Development, and latest economic reviews.

1.5 Annual plan expenditure of local self-governments in Kerala

Plan fund utilisation of local self-governments is one of the indicators for measuring the rural development. Article 243 G of the constitution empowers panchayats to function as catalyst for implementing the schemes for economic development (Alok, 2014). Plan fund utilisation of local bodies in village area such as grama panchayats, block panchayat and district panchayats for the last five years since the financial year 2017-18 have been given in Table 1.

From the Table 1, grama panchayats are found to be highest in terms of fund utilisation among the three local bodies in Kerala during the period 2022-23 even though there is some decline occurred during the period from 2021-22 to 2022-23. The lowest fund utilisation is recorded in three local bodies during the period 2019-20.

1.6 Plan fund towards rural development in Kerala

Annual plan fund for rural development as a percentage of total state plan fund during the period from the financial year 2002-03 to 2022-23 is given the Table 2.

From the table, it is very clear that the share of state annual plan fund for rural development has been showing a declining trend since 2017-18 even though a marginal increase occurred in the last two financial years.

1.7 Strengthening rural development through local governance: lessons from MGNREGS in Kerala

Grama panchayats are the constitutional body to prepare the development plan in rural areas with a comprehensive plan of utilising the local resources and various

MGNREGS is one of the major programmes which aim to provide livelihood security of households by providing employment to rural households (Economic survey, 2022-23).

Table 1. Plan Fund utilisation of rural local bodies in Kerala (%)

Year	Grama panchayat	Block Panchayats	District Panchayats
2017-18	90.65	80.4	71.06
2018-19	88.56	89.35	80.64
2019-20	63.24	60.39	45.94
2020-21	99.9	101.11	98.52
2021-22	92.9	92.97	82.77
2022-23	90.42	86.73	76.77

Source: Author's compilation

Table 2. Plan Fund towards the rural development in Kerala

Year	Annual plan fund (State)	Rural Development	State plan as % of state's total plan
2002-03	3953.36	168.08	4.251573
2003-04	3712.24	229.89	6.192757
2004-05	3907.18	312.1	7.987858
2005-06	4230.93	287.12	6.786215
2006-07	4785.31	314.19	6.565719
2007-08	5690.4	292.43	5.139006
2008-09	7142.54	296.34	4.148944
2009-10	8780.47	425.87	4.850196
2010-11	10024.57	342.62	3.417802
2011-12	11758.89	422.31	3.59141
2012-13	14736.92	622.59	4.224696
2013-14	14901.29	656.56	4.406061
2014-15	15567.26	570.05	3.661852
2015-16	21310.69	1247.4	5.8534
2016-17	24470.72	1225.1	5.006391
2017-18	29896.79	3424.27	11.45364
2018-19	26047.32	1591.44	6.109803
2019-20	24445.2	1204.74	4.928329
2020-21	36214.23	1902.16	5.252521
2021-22	39281.84	1382.68	3.519896
2022-23	37699.53	1789.87	4.747725

Source: Kerala Budget, 2023-24

flagship programmes like MGNREGS (Ministry of panchayat raj, Ministry of Rural Development, 2021-22). MGNREGS is one of the major programmes which aims to provide livelihood security of households by providing employment to rural households (Economic survey, 2022-23). In fact, the MGNREGA Act 2005 emerged in the context of growing divergence between economic growth and rural job creation (Desai,2015). Panchayat raj institutions have a critical role in the effective implementation of MGNREGA in rural areas. It is also called as mother of all local development schemes as it helps to strengthen the panchayat raj system in the country (Vijayanand,2021). The programme started in Kerala in 2006 in the rural areas of Palakkad and Wayanad districts and later extended to other districts (Nair,2009). There are around 27 lakh people depend upon this programme in Kerala and the govt launched a welfare fund for MGNREGS workers. These workers are also found to be major participants in grama sabha (State finance commission,2016). Another interesting fact is that this programme gave an opportunity to strengthen the decentralization and implemented through grama panchayats (Vijayanand,2021).

1.7.1 Financial status of MGNREGS in Kerala in the financial year 2021-22

The total plan outlay in Kerala during the period 2021-22 is recorded as Rs.4057 crores, out of which around Rs.2944 crores have

Table 3. Plan fund utilisation for MGNREGS in Kerala

District	Plan Outlay (Rs. Cr)	Total expenditure FY 2021-22 (Rs. Cr)	% of expenditure against State plan
Kannur	238.81	211.67	88.64
Kozhikode	456.96	364.75	79.82
Wayanad	177.66	141.60	79.70
Kottayam	192.76	152.68	79.21
Ernakulam	213.37	162.10	75.97
Malappuram	230.42	174.46	75.72
Idukki	260.98	193.16	74.01
Thrissur	251.14	183.73	73.16
Alappuzha	371.19	269.89	72.71
Kasargod	192.66	139.34	72.32
Kollam	364.99	254.41	69.70
Palakkad	385.45	266.65	69.18
Thiruvananthapuram	540.74	329.37	60.91
Pathanamthitta	179.90	101.10	56.20

Source: https://nregs.kerala.gov.in/en/financial-progress/

From the district wise analysis of plan fund utilisation for MGNREGS in Kerala, it is seen that highest utilisation is recorded in Kannur district which is nearly 89% whereas the lowest fund utilisation is shown in Pathanamthitta district which is only 56%.

Table 4. Employment status of MGNREGS in Kerala

Year	Number of active job cards	Number of households got job	% of households got job
2021	2022610	1476515	73
2022	2194783	1643096	74.86
2023	2189182	1512037	69.07

been spent indicating that fund utilisation for MGNREGS against plan fund is nearly 73%. District wise analysis of fund utilisation for MGNREGS against state plan fund has been given in the Table 3.

From the district wise analysis of plan fund utilisation for MGNREGS in Kerala, it is seen that highest utilisation is recorded in Kannur district which is nearly 89% whereas the lowest fund utilisation is shown in Pathanamthitta district which is only 56%. In this context, researcher also want to examine the employment status of MGNREGS in Kerala, which shows that how many of the households having the active job cards got employment for the last three years. The employment status of MGNREGS in Kerala for the last three years has been given in the Table 4.

From the Table 4, it is clear that there was a significant reduction to the employment given to the household in the last two years. It was around 75% in 2022 which later declined to 69% in 2023. There is also interdistrict variation of MGNREGS job distribution in the last three years which has been clearly figured in the Table 5.

It is found that even though the registration process and issuing of job cards in MGNREGS had been done, lapse from the part of panchayats in providing the job to registered workers remains unaddressed, which is more reflected in the Malappuram district. While comparing the two financial years 2022 and 2023, it is found that all districts show the significant reduction of employment status and wide variation among the districts in terms of employment distribution.

1.8 Major findings of the study

Grama panchayats plays a pivotal role in the development of rural and boosting the standard of living of poor people in

Table 5 Percentage of households got job through MGNREGS in Kerala

District	2021	2022	2023
Alappuzha	81.08	82.92	80.09
Pathanamthitta	77.55	77.13	72.31
Thiruvananthapuram	76.88	79.18	74.69
Kottayam	75.58	73.07	64.62
Palakkad	74.8	74.97	71.67
Kozhikode	74.43	77.89	69.43
Kasargod	74.16	77.82	70.07
Idukki	72.2	74.86	67.67
Kannur	71.79	75.02	66.89
Wayanad	70.94	74.44	69.9
Thrissur	69.9	70.59	64.12
Kollam	69.35	73.27	66.86
Ernakulam	68.71	68.56	62.95
Malappuram	61.75	63.38	58.87

Source: Author's compilation

villages. However, from the analysis of plan fund utilization of grama panchayats in Kerala, it is seen that there was a huge gap between budgeted amount and expenditure amount in 2019-20 which indicates the clear case of underutilization and also showing the same trend since 2021-22. Even though significant growth has been made in the allocation of state plan fund towards rural development which is recorded as 4.7% to 7.07% from the year 2022-23 to 2023-24, it is still below than that of the financial year 2017-18 which is recorded as 11.45%. Fund utilization of MGNREGS against state plan is found highest in the Kannur district (88.64%) and lowest is recorded in Pathanamthitta district (56.20%). In the district wise analysis of MGNREGS employment distribution, the Alappuzha holds the highest position in terms of providing the employment to households by the scheme, recorded as 81.08% which is far higher than the state average (73%) in 2021, declined to 80.09% in the year 2023. Malappuram district shows the lowest position which means only 62% of households got employment through MGNREGS in 2021, further reduced to 59% in 2023. It is found that even though the registration process and issuing of job cards had been done, lapse from the part of panchayats in providing the job to registered workers remains unaddressed. The lack of proper coordination among the villagers, panchayat members and government officials in the implementation of rural development schemes is cited as another significant challenge.

1.9 Conclusion

From the analysis of plan fund utilization of grama panchayats in Kerala, it is evident that there was a huge gap between budgeted amount and expenditure amount in 2019-20 which indicates the clear case of underutilization and also showing the same trend since 2021-22. There was a wide interdistrict variation in the pattern of fund utilization for rural development initiatives like MGNREGS in Kerala. It is also found that employment distribution through MGNREGS is not uniform across the districts in Kerala. It is the need of the hour to further strengthen the grama panchayats in preparing the inclusive and comprehensive development plan by utilizing the locally available resources and well execution of centrally funded flagship programmes like MGNREGS.

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GIFT GULATI INSTITUTE OF FINANCE AND TAXATION

Whether the disparity of decent work exists among the marine fishers in Kerala?

Shalini Mathews and Anitha V

Background

Fishers, across the wide range of commercial marine fishing operations, commonly face prolonged working hours with the working rhythm determined by various factors like the sea and the catch, remote work, exposure to dangerous weather conditions, exposure to dangerous sea creatures, and no legal cover (Wagner, 2011). When evaluating the working conditions of commercial fishers globally using the four pillars of the decent work, namely employment, social protection, basic rights, and social dialogue, it is found that in the realm of employment, in small-scale fishing operations, interactions between employers and employees (typically fishing vessel owners) are flexible and is based primarily on oral agreements (FAO, 2016). Fisher's pay is based on a percentage of their catch and is prone to significant swings. It provides a compelling incentive to put in extra hours and carry on fishing in hazardous weather. In this method, the net revenues are split between the owner of the fishing vessel and the fishers according to a predetermined, frequently hierarchical formula and that too after deducting the vessel operating costs. Because of this structure, fishers are considered "self-employed" (FAO, 2016; Howard, 2012).

In the area of social protection, many developing nations do not guarantee universal non-contributory social protection, despite the fact that fisheries and aquaculture are two major industries. Since there is a large amount of informality even in those nations that guarantee it, the majority of fishers cannot make use of it (Conway et al., 1999; FAO, 2016; Pollnac et al., 1998).

When compared to the fishers from across the globe, the marine fishers of Kerala have an upper hand with regard to social security that forms part of social protection and social dialogue. In this context, the study aspires to probe the magnitude of decent work enjoyed by the fishers of motorized and mechanized sectors.

Despite the fact that there are labour regulations in place, fishers frequently find it difficult to exercise their rights and make use of them and this can be attributed to the nature of their work (FAO, 2016). Due to gaps in the rules, regulations, and policies that different countries have created to protect the interests of employees, fishers are frequently at a disadvantage. Because the boats are frequently at sea for extended periods of time, monitoring the conditions in which fishers operate and ensuring that laws are followed can be very challenging (ILO, 2016; ILO, 2017).

In informal small-scale fisheries, there are even fewer members of fish workers' groups. This makes it difficult for workers to influence governance and policymaking processes and increases their reliance on middlemen and the unregulated loan market (FAO, 2016). Due to all of the aforementioned issues, there is a dearth of decent labour, and the fishermen are particularly affected (ILO, 2017).

When examining the aforementioned worldwide observations, based on the decent work framework, among Kerala's marine fishers, it becomes apparent that the information included under the employment domain clearly encompasses the marine fishing situation in the state (GoI, 1997; Parappurthu & Ramachandran, 2017). In terms of social protection, the Department of Fisheries in Kerala, led by the Ministry of Fisheries and its affiliated institutions, offers both promotional and protective measures to fishers (Kurien & Paul, 2001). Due to the extremely dangerous nature of fishing, there have been numerous fatalities in Kerala's marine fishing industry. The most frequent causes of accidents for fishers working in the mechanised sector include falling overboard, capsizing of boats, and health problems (SIFSS, 2017). While the most frequent mishaps experienced by fishers in the motorised sector are surf crossing, running over the net and boat capsizing (SIFSS, 2017). The aforementioned facts highlight the threats faced by Kerala's marine fishers at their workplace.

There isn't a single, comprehensive law that covers all aspects of fishing labour for fishers throughout India. They are thinly dispersed throughout numerous pieces of legislation, including the State Marine Fishing Regulation Acts, the Minimum Wages Act of 1948, the Unorganized Workers Social Security Act of 2008, the Child Labor Act of 1986, the Juvenile Justice Act of 2015, etc. (Roshan, 2016). Actually, unlike other unorganised sector workers, fishers in Kerala and the rest of India are not eligible for benefits like employee state insurance, provident fund, gratuity, bonus, etc. (NCEUS, 2009).

A sample size of 306 was identified for the purpose of the study using simple random sampling method. Decent work index was constructed based on the six dimension indices that constitute decent work.

Fishers of motorized and mechanized sectors are confined to the medium level of attainment of decent work. It can be noted that a majority of the fishers (97.3 per cent from the motorized sector and 99.5 per cent from the mechanized sector) showcased a medium level of decent work.

The fishermen's collective action, which transcended caste, creed, and political allegiances, became a reality in 1980 with the founding of the Kerala Swathanthra Matsyathozhilali Federation. These groups persistently fought for the adoption of various social security policies that were meant for the fishers.

Consequently, from the viewpoint of these classifications, it is perceived that, the employment and rights at work in Kerala are on par with the global tendencies and hence, marine fishers in Kerala benefit from social protection and social dialogue. Thus it is implied that the decent work deficit prevails among the commercial marine fishers and the extent to which it has impacted the lives of fishermen is vague. Thus, the article intends to examine the extent of decent work enjoyed by the fishers of motorised and mechanised sectors.

Data collection and methods used for analysis

Among the three southern coastal districts, Thiruvananthapuram had a proliferation of motorised vessels but a dearth of mechanised fleet operations (Marine Fisheries Census, 2010). Due to the operation of numerous motorised fleets and less mechanised fleets, Alappuzha also demonstrated this significant difference. However, a proliferation of fleets from both the sectors could be found only in Kollam (Marine Fisheries Census, 2010). Therefore, Kollam was considered as the focus of this study.

The Kerala Marine Fisheries Census 2010 (Part II) was the only source of information on the overall number of full-time fishers in the Kollam district, and it estimated the total as 13,558. The craft-wise distribution of full-time fishers in the Kollam district who were actively engaged in fishing was needed for the study, but it was not available for reference. The following method was used to calculate the requisite but unavailable population size. It was provided that, 13,558 full-time fishers were the correct number of the population of fishers who were actively engaged in the two sectors. As portrayed in Table 1, an attempt was made to figure out the sector-wise distribution of full-time fishers in each sector. The average crew size of each sector was assimilated from various authentic studies gathered from CMFRI, and it was multiplied by the number of crafts.

Table 1 highlights that there was a disparity between the full-time fishers (12,851) and the stipulated total population size of full-time fishers (13,558). This discrepancy may be explained by the fact that shore seine fishing was practised by both the motorised and non-motorized sectors, resulting in average crew sizes of 44 and 40, respectively.

The decent work index for the motorized sector stood at 0.67, and that for the mechanized sector was 0.60.The fishers of the motorized sector enjoy an upper hand with regard to index position when compared to the fishers of the mechanized sector.

Due to this mismatch, the craft proportion was taken into consideration rather than the population in order to evaluate the decent work dimensions of the fishers and to estimate the sample size of fishers. Only trawlers from the mechanised sector were observed to be in action at the time of the pilot research in the Kollam district. According to the Kerala Marine Fisheries Census 2010 (Part II), of the crafts operating in the Kollam district, trawlers of mechanised crafts (950) and motorised crafts (546) were taken into consideration for the study. The sample size was computed using the craft percentage at a 5 per cent level of significance, i.e., 306 crafts (112 motorised crafts and 194 mechanised crafts). The following steps were followed in order to compile the final craft-wise sample size of fishers from the mechanised and motorised sectors.

Initially, in order to identify fishers from the motorised and mechanised sectors, information on the number of fish landing centres based on the operation of the fishing vessel was first obtained from Kerala Marine Fisheries Statistics (2015) and Marine Fisheries Census (2010), as shown in Table 2. Secondly, information on craft owners based on landing centres was acquired from the Matysa Bhavan and various fisheries stations in Kollam. The craft size was calculated from all the landing centres based on the type of craft, displayed in Table 3.

Thirdly, senior crew members were selected as respondents for the survey using simple random sampling by the lottery method, with the assistance of craft owners (one crew member from each vessel (112 from the motorised sector and 194 from the mechanised sector). The interview schedule was designed to assimilate information from the fishers at the fish landing centres, including Thankassery, Wadi, Moothakara, Jonapuram, Quilon port, Pallithottam, Sakthikulangara, and Neendakara. The primary sector full-fishers (fishery labour) employed in commercial marine fishing operations in the motorised and mechanised segments in the Kollam district of Kerala served as the study's analytical unit

The decent work index construction was based on its theoretical literature, assigning equal weight to all its dimensions (Bonnet et al., 2003). A set of statements was formulated for each dimension on a 5-point Likert scale, and it was amalgamated into indices using the common formula (Actual value - Minimum value) / (Maximum value - Minimum value) put forth by UNDP. The value of each index ranged between "0" and "1," with "0" denoting the lowest value and "1" denoting the highest value. The decent

It can be noted that the decent work index of motorized sector fishers is higher than that of mechanized sector fishers and the Z test illustrates that the difference is at 1 per cent level of significance.

work index was created by calculating and combining the average values of all six indices. The decent work dimension indices as well as decent work index were segregated into three categories i.e., Low (below Mean - SD), Medium (Mean - SD to Mean + SD) and High (above Mean + SD).

Analysis and findings

The notion of decent work was examined at the micro level in terms of security (Anker, 2002; Standing, 2002). At the micro level, decent work includes dimensions like labour market security, employment security, income security, work security, skill reproduction security and representation security.

The Kerala Marine Fisheries Census 2010 (Part II) was the only source of information on the overall number of full-time fishers in the Kollam district, and it estimated the total as 13,558. The craft-wise distribution of full-time fishers in the Kollam district who were actively engaged in fishing was needed for the study, but it was not available for reference. The following method was used to calculate the requisite but unavailable population size. It was provided that, 13,558 full-time fishers were the correct number of the population of fishers who were actively engaged in the two sectors. As portrayed in Table 1, an attempt was made to figure out the sector-wise distribution of full-time fishers in each sector. The average crew size of each sector was assimilated from various authentic studies gathered from CMFRI, and it was multiplied by the number of crafts.

Table 1 highlights that there was a disparity between the full-time fishers (12,851) and the stipulated total population size of full-time fishers (13,558). This discrepancy may be explained by the fact that shore seine fishing was practised by both the motorised and non-motorized sectors, resulting in average crew sizes of 44 and 40, respectively. Due to this mismatch, the craft proportion was taken into consideration rather than the population in order to evaluate the decent work dimensions of the fishers and to estimate the sample size of fishers. Only trawlers from the mechanised sector were observed to be in action at the time of the pilot research in the Kollam district. According to the Kerala Marine Fisheries Census 2010 (Part II), of the crafts operating in the Kollam district, trawlers of mechanised crafts (950) and motorised crafts (546) were taken into consideration for the study. The sample size was computed using the craft Percentage at a 5 per cent level of significance, i.e., 306 crafts (112 motorised crafts and 194 mechanised crafts). The following steps were followed in order to compile the final craft-wise sample size of fishers

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The decent work index construction was based on its theoretical literature, assigning equal weight to all its dimensions (Bonnet et al., 2003). A set of statements was formulated for each dimension on a 5-point Likert scale, and it was amalgamated into indices using the common formula (Actual value - Minimum value) / (Maximum value - Minimum value) put forth by UNDP. The value of each index ranged between "0" and "1," with "0" denoting the lowest value and "1" denoting the highest value. The decent work index was created by calculating and combining the average values of all six indices. The decent work dimension indices as well as decent work index were segregated into three categories i.e., Low (below Mean - SD), Medium (Mean - SD to Mean + SD) and High (above Mean + SD).

Composite decent work index

Based on the nature of fishing, the primary survey disclosed that among the surveyed fishers (306), in the motorized sector, all the respondents (100 per cent) embarked on single day fishing trips. About 9.8 per cent of the respondents in the mechanised sector preferred to embark on fishing for just one day, whereas 90 per cent of the respondents went on multi days fishing expeditions. The decent work index for the motorized sector stood at 0.67, and that for the mechanized sector was 0.60. The fishers of the motorized sector enjoy an upper hand with regard to index position when compared to the fishers of the mechanized sector. This can be attributed to the favourable position enjoyed by fishers of the motorized sector with regard to employment, skill reproduction and representation indices (Table 4).

The Z-test is used to analyse the disparity in the index score among the fishers of motorized and mechanized sectors, and the test result is depicted in Table 4. It can be noted that the decent work index of motorized sector fishers is higher than that of mechanized sector fishers and the Z test illustrates that the difference is at 1 per cent level of significance. Thus the null hypothesis (H0), 'There exist no significant differences among the decent work dimensions of fishers engaged in commercial fishing operations' stands rejected.

Concluding remarks

The decent work index thus arrived at imparts an insight into the level of decent work prevalent among the fishers of both sectors. It can be noted that a majority of the fishers (97.3 per cent from the motorized sector and 99.5 per cent from the mechanized sector) showcased a medium level of decent work (Table 5). The index portrayed that, the fishers of both sectors relished a medium level of decent work (Table 6).

Table 1: Procedure of sample collection step 1 (in numbers)

Type of craft	Total crafts	Average crew size	Approximate population
Non-motorized	299	4	1,196
Motorized 546	5	2,730	
Mechanized			
(a) Trawlers950	7	6,650	
(b) Gill netters	5	9	45
(c) Ring seiners	35	62	2,170
(d) Liners	3	20	60
	Total		**12,851**

Source: Marine fisheries census 2010, CMFRI publications 2009 & 2011

Table 2: Procedure of sample collection step 2

Name of landing centre	Mode of craft operated	Intensity of crafts (based on no. of crafts operated)
Thankassery	Motorized	High (120)
Wadi	Motorized	High (130)
Moothakara	Motorized	Low (23)
Jonapuram	Motorized	Medium (70)
Quilon port	Motorized	Medium (40)
Pallithottam	Motorized	Low (20)
Sakthikulangara	Mechanized	High (500)
Neendakara	Motorized, Mechanized	123 (High), High (450)

Source: Secondary data (Marine census 2010, Kerala Marine Fisheries Statistics (2015)

Table 3: Procedure of sample collection step 3

Name of landing centre	Mode of craft operated	Sample craft size
Thankassery	Motorized	26
Wadi	Motorized	28
Moothakara	Motorized	5
Jonapuram	Motorized	15
Quilon Port	Motorized	8
Pallithottam	Motorized	5
Needakara	Motorized	25
Sakthikulangara	Mechanised	102
Needakara	Mechanised	92

Source: Marine census 2010, Kerala marine statistics (2015)

Table 4: Estimation of dimension indices and decent work index based on the nature of fishing

Indices	Motorized				Mechanized				Z-test (p-value)
	Min.	Max.	Mean	SD	Min.	Max.	Mean	SD	
Labour market security	0.55	0.95	0.68	0.08	0.25	0.90	0.63	0.08	-4.1 (<0.01)
Employment security	0.42	0.88	0.63	0.10	0.25	0.92	0.53	0.11	-7.5 (<0.01)
Income security	0.40	0.75	0.57	0.07	0.40	0.80	0.55	0.07	-3.3 (<0.01)
Work security	0.42	0.96	0.76	0.08	0.46	1.00	0.73	0.08	-3.0 (<0.01)
Skill reproduction security	0.35	0.95	0.71	0.08	0.35	0.95	0.63	0.10	-7.2 (<0.01)
Representation security	0.50	1.00	0.70	0.08	0.17	0.75	0.51	0.11	-12.6 (<0.01)
Decent work	0.54	0.82	0.67	0.05	0.50	0.79	0.60	0.05	-11.1 (<0.01)

Source: Estimated from primary data, 2018

Table 5: Percentage distribution of respondents on the basis of decent work index

Classification of decent work Index	Nature of fishing	
	Motorized	Mechanized
Low	---	0.5
Medium	97.3	99.5
High	2.7	----
Total	100.0	100.0

Source: Estimated from Primary Data, 2018

Table 6: Level of attainment of decent work dimension indices

Indices	Nature of Fishing	Level of decent work dimensions (Per cent)		
		Low	Medium	High
Labour market security	Motorized	-------	97.3	2.7
	Mechanized	4.5	93.3	2.2
Employment security	Motorized	2.7	91.0	6.3
	Mechanized	54.1	45.9	-------
Income security	Motorized	13.4	84.0	2.6
	Mechanized	76.3	23.2	0.5
Work security	Motorized	22.4	77.6	-------
	Mechanized	31.9	68.1	-------
Skill Reproduction security	Motorized	0.9	74.1	25.0
	Mechanized	0.5	88.5	11.0
Representation security	Motorized	2.7	93.7	3.6
	Mechanized	15.4	83.6	1.0

Source: Estimated from primary data, 2018

■

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End Notes

1 The International Labour Organization (ILO) has besought a methodical explanation of the quality of work by means of its concept of decent work, which was officially floated in 1999 (Burchell et al., 2013).

2 Mechanized sector embraces trawlers that rely on powerful engines for propulsion and fishing.

3 Motorized sector incorporates crafts that makes use of out-board motors for propulsion of the fishing craft.

4 It specifies shortage of commensurable employment opportunities, denial of rights at work, scarce social protection and shortcomings in social dialogues (ILO, 2001).

5 Fisher denotes the crew member on-board the craft at sea, apart from Srang, driver and owner-worker.

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Revamping planning practices for the underprivileged: An examination of special component plan

Anilkumar U P

In India, the planning process holds a key role in building bridges between the national development goals and the aspirations of the poor. Planning in India in general and Kerala in particular has always emphasized social justice, which is connected to all other set targets. The economic development of the poor helps to utilize the nation's human resources better and the reduction of inequality as well.

Planning process in India: An overview

The planning process in India has undergone a significant evolution since its inception, playing a pivotal role in shaping the nation's economic and social trajectory. Rooted in the post-independence era, India's planning process has traversed through distinct phases, responding to dynamic socio-political and economic factors. In the pre-Independence periods and the early years of independence (1947-1950s), the nation embarked on a path of economic development through a centralized planning framework. Influenced by socialist ideals and inspired by the Soviet Union's Five-Year Plans (FYP), India's first Prime Minister, Jawaharlal Nehru, introduced the First Five-Year Plan in 1951. This period saw a focus on agrarian reforms, infrastructure development, and the establishment of key public sector enterprises (Dasgupta, 2002).

The second phase of planning in India witnessed a shift towards import substitution and industrialization (1960s-1980s). The Second and Third Five-Year Plans emphasized heavy industries and aimed to reduce dependency on imports. However, by the late 1960s, the limitations of this approach became evident, leading to a balance of payments crisis (Siddiqui, 2014). This crisis marked the beginning of economic reforms and a move towards a more market-oriented approach. The early 1990s marked a watershed moment in India's planning process with the initiation of economic liberalization and globalization (1990s-2000s). The introduction of the New Economic Policy in 1991 signalled a departure from the traditional planning model, focusing on deregulation, privatization, and opening up of the economy. This phase witnessed a greater emphasis on private sector participation, trade liberalization, and integration into the global economy (Narayana, 2008).

The planning process in India evolved further in the 21st century with a renewed

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focus on inclusive growth and sustainable development (2000s-Present). The Eleventh and Twelfth Five-Year Plans emphasized social sectors such as education, health, and poverty alleviation. Additionally, the United Nations' Sustainable Development Goals (SDGs) provided a global framework, aligning with India's development priorities.

Components of planning process

Planning typically involves several key components that help to structure and guide the decision-making process. These components can vary depending on the specific context, but the common elements of any planning for development includes, goals and objectives, analysis and assessment, stakeholder engagement, strategy and action plan, allocation of resources, time lines and milestones, monitoring and evaluation, collaboration and coordination, risk assessment and contingency planning, communication and implementation.

In the plan process it is necessary to define clearly the desired outcomes and objectives that aims to achieve which provides direction and purpose for the planning efforts. Once the objectives and outcomes are finalised, it is needed to understand the context in which the planning will take place through the assessment of the current situation, the challenges and opportunities after the careful collection and analysis of relevant data. Identification of the development gap involves conducting research, evaluating existing programs or policies, and consulting with stakeholders. The consultation with of key stakeholders provides their input, perspectives and feedback helps to ensure diverse viewpoints, needs and concerns are taken in the planning process. Developing a strategic framework or roadmap which include defining strategies, priorities, and specific action plans to guide implementation that outlines the overall approach to achieve the goals and objectives is also necessary in the planning process.

Resource allocation is another important component in the planning process. Resources include financial, human, and material resources, required for the implementation process. After considering the resource availability, budgeting of resource will be done based on the optimum utilisation of resources. Establish a timeline with specific milestones and deadlines to track progress and ensure accountability through breaking down the planning process into manageable phases or stages helps monitor progress and make necessary adjustments along the way. Planning process also include to develop mechanisms to monitor the

When planning for the development of disadvantaged sections of society, it is essential to recognize their specific needs, challenges, and barriers. Special care and attention are necessary to ensure that development initiatives are inclusive, equitable, and effective. An inclusive approach seeks their participation, listen to their perspectives, and involve them in decision-making.

implementation of the plan and evaluate its effectiveness. This involves setting up indicators and benchmarks to measure progress, collecting data, and regularly assessing outcomes and impacts. Monitoring and evaluation provide feedback to refine and improve the planning process. Foster collaboration and coordination among various stakeholders and entities are also involved in the planning process. This may include government agencies, community organizations, private sector entities, and other relevant parties. Effective communication and coordination help ensure that efforts are aligned and complementary. Clear communication to all relevant stakeholders and ensure their understanding and support which mitigate potential risks, challenges, and uncertainties by assigning responsibilities, establishing accountability mechanisms, and mobilizing necessary resources. In this context, this article attempts to examine the planning process for the development of Scheduled Castes, one of the disadvantaged communities

Planning needs special care when plans for the less privileged

When planning for the development of disadvantaged sections of society, it is essential to recognize their specific needs, challenges, and barriers. Special care and attention are necessary to ensure that development initiatives are inclusive, equitable, and effective. An inclusive approach seeks their participation, listen to their perspectives, and involve them in decision-making. Their active involvement helps ensure that their voices are heard and that the solutions developed are relevant and responsive to their needs.

When planning for the poor, the first step involves to conduct a comprehensive needs assessment to understand their unique challenges, barriers, and aspirations. This may involve gathering data, conducting surveys, and engaging in consultations with community members and relevant stakeholders. Secondly, the development of targeted interventions that address their specific needs. Recognize that a one-size-fits-all approach may not be effective and that tailored strategies are necessary. Consider factors such as gender, age, disability, caste, ethnicity, and socioeconomic background to design interventions that are inclusive and address the specific challenges faced by different groups.

Moreover, the plan process needs to emphasise to ensure equitable access to basic services such as education, healthcare,

The broad objective of SCP ensures that resources are channelled directly into projects and programs that directly benefit SCs, helping to bridge the gap between them and the rest of the population.

clean water, sanitation, and housing and address the barriers that prevent them from accessing these services, such as affordability, distance, cultural norms, and discrimination. Social Protections programs that provide a safety net for disadvantaged communities. This may include targeted cash transfers, social insurance, healthcare subsidies, and other social assistance programs that help alleviate poverty, reduce vulnerabilities, and promote social inclusion.

Investment in building the capacity of disadvantaged communities by providing skills training, vocational education, and entrepreneurship development needs high priority and for empowering individuals from less privileged communities with marketable skills and knowledge are essential to enhance their employability and economic independence. Besides, some other dimensions such as affirmative action measures including reservation in education and employment, women specific schemes for gender equality, awareness creation and sensitisation, effective monitoring and evaluation etc to be considered into the planning process, it is possible to develop more targeted, inclusive, and impactful strategies that address the specific needs and challenges faced by disadvantaged sections of society, leading to more equitable and sustainable development outcomes.

Planning for the disadvantaged: The case of special component plan

The Special Component Plan (SCP) for Scheduled Castes (SCs) is a pioneering policy initiative in India aimed at uplifting and empowering marginalized communities. Its evolution traces back to the Constitution of India, which recognized the historical discrimination faced by SCs and mandated their socio-economic advancement. The SCP was first introduced during the Fifth Five-Year Plan (1974-79) to address the glaring socio-economic disparities experienced by SCs.

The idea of SCP could be presumed to have originated from the idea of the Tribal Sub Plan. The first attempt to introduce SCP was started in the 1978-79 Annual Plan period, although in a token form. The idea of the Special Component Plan was introduced in the Sixth Five Year Plan (1980-85) because earlier plans were lackadaisical in giving much importance to the problems of Scheduled Castes. The broad objective of SCP ensures that resources are channelled directly into projects and programs that directly benefit SCs, helping to bridge the gap between them and the rest of the population. The broad vision of SCP includes:

- Social Empowerment through the removal of all the still existing inequalities, disparities and other persisting problems besides providing easy access to basic minimum services;

- Economic Empowerment through employment-cum-income generation activities with an ultimate objective of making them economically independent and self- reliant;
- Social Justice through elimination of all types of discrimination against the socially disadvantaged groups with the strength of constitutional commitments, legislative support, affirmative action, awareness drive among target groups and change in the mind-set of people.

For the effective implementation of SCP, the following imperatives are to be followed:

1) Funds at least in proportion to SC population in the State and UT and Centre should be set apart first from the total plan outlay for formulating Special Component Plan.
2) A separate SCP plan document must be prepared by the nodal department giving the details of the schemes and programmes with physical and financial targets to be implemented during the annual plan.
3) A separate budget head and sub-head to be allotted to the SCSP funds for various sectors for effective monitoring of the schemes and expenditure of the fund.
4) The SCSP earmarked funds should be backed by 100% budget provision and sanctions and release of funds in time to the implementing agencies.
5) The funds allocated to SCP in the Annual Plans should not be diverted and allowed to lapse.
6) The other line departments should cooperate in the proper implementation of the schemes of SCP.
7) The thrust should be given to income generating and asset creation programmes.
8) Scheme benefits should go directly to individuals, families to include female headed households, settlements/ colonies/habitats, recognized institutions or organisations among the SC community.

To what extent these imperatives are followed in the plan process needs to be examined.

SCP allocation during 12th and 13th five-year plan periods

Table 1 shows the allocation to special component plan in the 12th (2012-17) and 13th (2017-22) in the state of Kerala.

During the 12th and 13the five-year plan periods, Rs. 233455 crore have been allotted for the welfare of SC which constitutes 9.81 per cent of the total state plan outlay. Since allocation to SCP is in proportion to the population of SC in the state, the annual average growth of state plan outlay and the annual average growth of SCP show similar trend. (Fig 1 and 2) In the 12th FYP the growth rate shows an increasing except the 2015-16 but in the 13th FYP, generally the growth rate of state plan outlay declines and during 2020-21, the COVID year, it shows

Table 1. Allocation of Scheduled Caste Sub-Plan funds to Scheduled Caste Development Department and local governments, Kerala, 2012-13 to 2021-22 (BE) Rs in crore

Year	State Plan outlay	Total SCP	Percent to total State Plan outlay	Department Outlay SCDD	Percent SCDD	Outlay to LBs	Percent (LB)
2012-13	14010	1374.38	9.81	549.75	40.00	824.63	60.00
2013-14	17000	1667.7	9.81	839.5	50.34	828.2	49.66
2014-15	20000	1962	9.81	1034.42	52.72	927.58	47.28
2015-16	20000	1968.5	9.84	1040.92	52.88	927.58	47.12
2016-17	24000	2354.4	9.81	1315.5	55.87	1038.9	44.13
2017-18	26500	2599.65	9.81	1427.6	54.92	1172.05	45.08
2018-19	29150	2859.62	9.81	1570.36	54.91	1289.26	45.09
2019-20	30610	3002.84	9.81	1649	54.91	1353.84	45.09
2020-21	27610	2708.54	9.81	1487.39	54.91	1221.15	45.09
2021-22	29027	2847.55	9.81	1626.4	57.12	1221.15	42.88
Total	237907	23345.18	9.81	12540.84	53.72	10804.34	46.28

Source: Compiled from budget documents

Fig 1. Annual average growth rate of state plan outlay (2012-22)

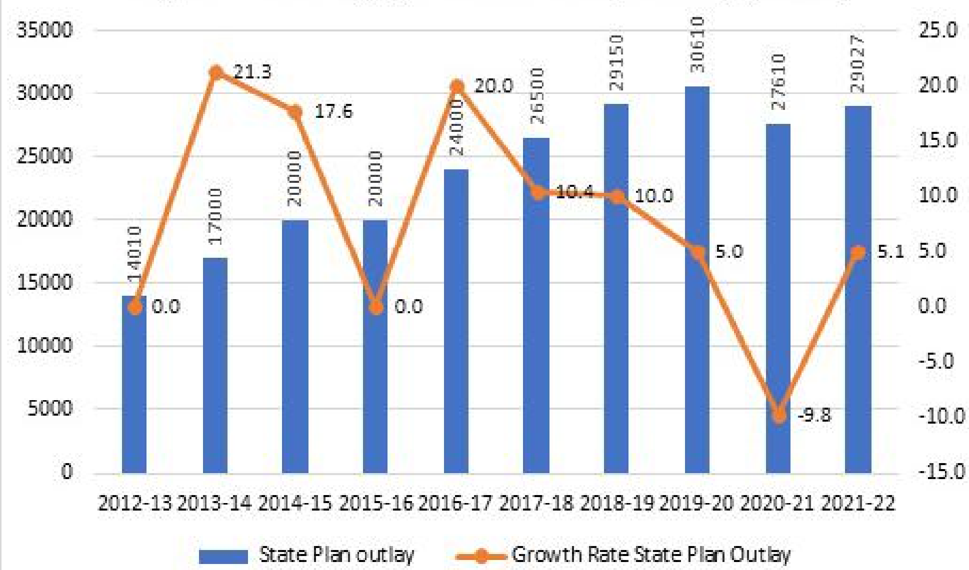


Fig 2. Annual average growth rate of SCP outlay to SCDD (2012-22)

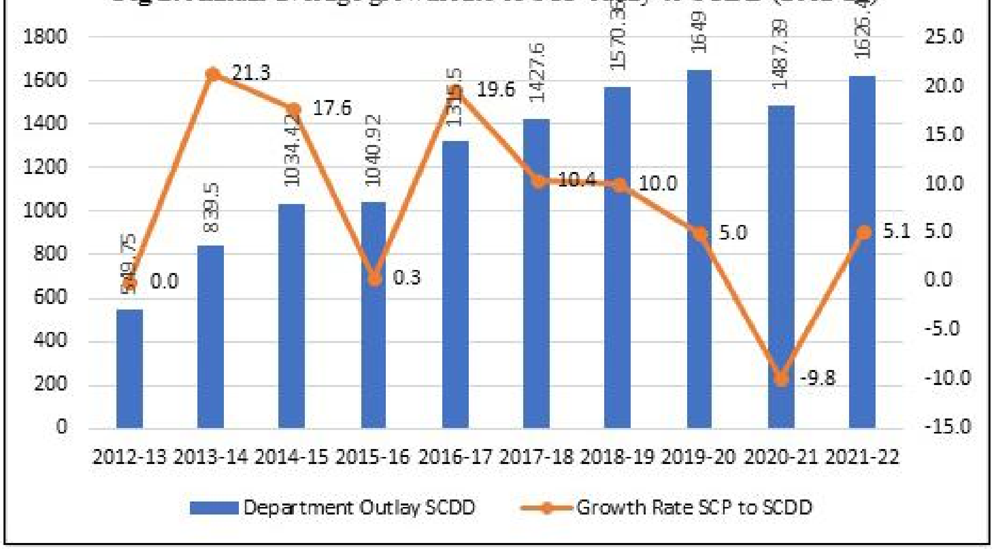
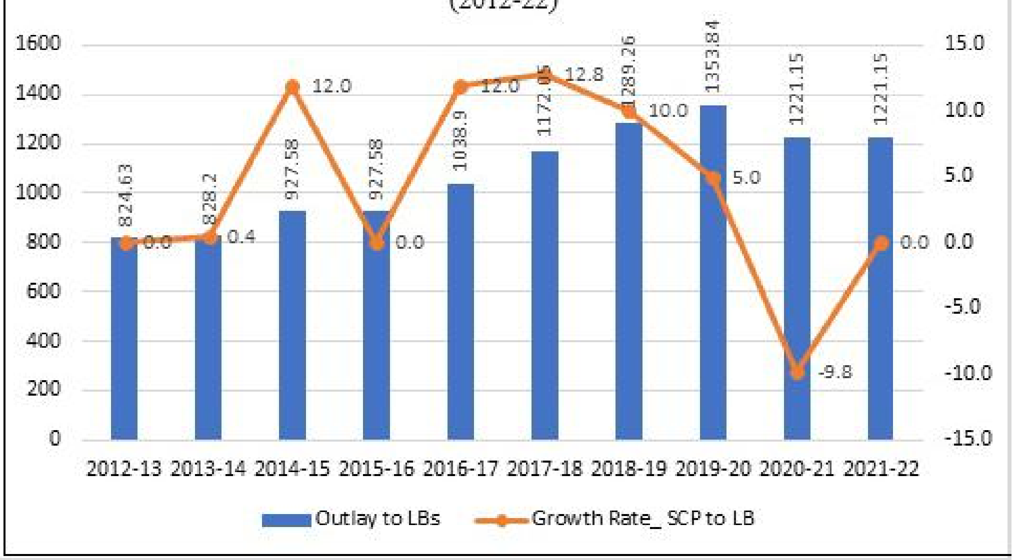


Fig 3. Annual average growth rate of SCP outlay to Local Bodies (2012-22)



a negative growth rate of -9.8. The total amount allocates to SCP is distributed to two agencies such as Scheduled Castes Development Department (SCDD) and local self-governments and the allocation and the annual growth rate of SCP allocation to local self-governments is shown in Fig 3.

Table 2 shows the sector wise allocation of SCP in the 13th FYP. The analysis of the sectors into which primarily the allocation goes gives a clear picture of the current planning process. Generally, the schemes for SC development are arranged under 12 sectors as shown in the Table 2. Though Table 2 provides the sector wise details of 13th FYP, it was same in the period of 12th FYP. The housing sector includes 3 sub scheme components such as house to houseless and completion of partially constructed houses, housing scheme for the homeless SCs (LIFE MISSION) and Pradhan Manthri Awas Yojana-Gramin-(PMAY-40% Sate share). The sector education also has 3 sub scheme components such as management of Model

Table 2 : Sector wise allocation of SCP in the 13th plan period. BE (Rs in crore)

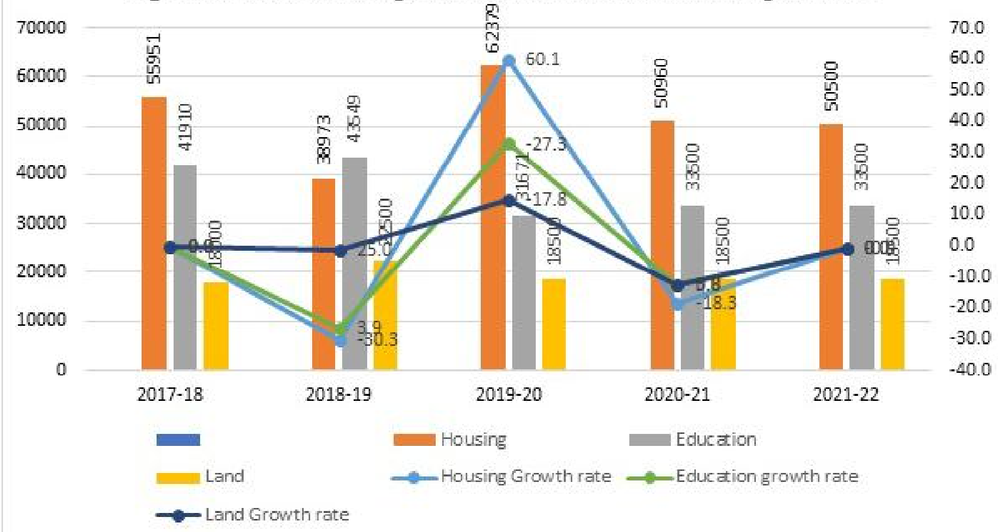
Sl. No	Sector	2017-18	2018-19	2019-20	2020-21	2021-22	Total	% against total
1	Housing	55951	38973	62379	50960	50500	258763	33.95
2	Education	41910	43549	31671	33500	33500	184130	24.16
3	Land	18000	22500	18500	18500	18500	96000	12.60
4	Pooled Fund/ Corpus Fund	7988	10100	10100	6100	6100	40388	5.30
5	Women and Girl Child	6500	7600	8100	8200	9539	39939	5.24
6	Skill and Employment	4700	7974	7550	8250	8250	36724	4.82
7	Habitat Development		10000	10000	7879	7000	34879	4.58
8	Vulnerable communities	1700	5000	5000	5000	5000	21700	2.85
9	Health		5000	6000	5000	5000	21000	2.76
10	Support to Federation and Cooperation	2650	3165	2700	2700	2700	13915	1.83
11	Infrastructure	2586	2175	1650	1400	1400	9211	1.21
12	Social Justice	775	1000	1250	1250	1250	5525	0.72
	Total	142760	157036	164900	148739	148739	762174	100.00

The allocation of SCP funds including sector wise allocations in the 13th FYP shows that the sectors and the amount allocated to each sector are seen almost same which shows a stagnation in the planning process. This stagnation is visible in three areas such as allocation to SCDD,

Residential Schools, assistance for Education of SC Students and additional State assistance to post matric students. The sector women and girl child has two components such as financial assistance for marriage and Valsalyanidhi and the sector skill and employment has also two components such as assistance for Training, Employment and Human Resource Development and Deendayal Anthyodaya Yojana (DAY NRLM) (40% Sate share). The sector infrastructure has four sub components such as Works and Buildings, Modernization and e-governance initiatives in SC Development Department, Construction of Boy?s hostel (50%Sate share) and Working Women?s hostel in all districts. All other sectors don't have sub components (Table 2).

The general trend of the allocation shows that major share of the total allocation goes to housing sector (34 %) followed by education (24 %) and land (13 %) which means more than 70 per cent of the total allocation goes to these three sectors. Four

Fig 4. Allocation to Housing, Education and Land schemes during 13th FYP



Because of the allocation without considering the special needs of the less privileged people, their speedy development to bridge the development gap between them and the developed sections of the society becomes an unattainable goal.

sectors such as Pooled Fund/ Corpus Fund (5.3 %), Women and Girl Child (5.3 %), Skill and Employment (4.8 %) and Habitat Development (4.6 %) nearly get around 5 per cent of the total allocation. Two sectors, vulnerable communities (2.9 %) and health (2.8 %) have nearly three per cent of the total allocation and other two sectors such as support to federation and corporation (1.8 %) and infrastructure (1.2 %) get below two per cent of the allocation and social justice sector gets below one per cent (0.7 %). The allocation and the growth rate of major three sectors such as housing, education and land is given in Fig.4.

The stagnation in the planning process

The allocation of SCP funds including sector wise allocations in the 13th FYP shows that the sectors and the amount allocated to each sector are seen almost same which shows a stagnation in the planning process. This stagnation is visible in three areas such as allocation to SCDD, allocation to Local Self Governments and sector wise allocation by SCDD.

The SCP allocation is seen to be a simple routine process in which 9.81 per cent of the total plan allocation of the state which is based on the population of the SCs in the state. This is the only condition considered for the allocation of plan fund which literally dismisses the question of adequacy of fund for their development. In this stage of allocation, no fruitful discussions were not seen conducted to assess the adequacy of fund after considering their current socio-economic status. The funds are earmarked without considering any other parameters such as the number of houseless and land less, unemployment, skill gaps etc. Whatever funds have been allocated as plan funds in a financial year, SCs will be allocated 9.81 per cent of it. This blind allocation itself is a symbol of stagnation in the planning process because it prevents the need of mapping the developmental requirements and assessing the financial obligations and resources.

The second stagnation is seen in the SCP allocation to local self-governments. The total SCP allocation for the year is shared between SCDD and local self-governments which is based on an average ratio of 55: 45 respectively. This 45 per cent will be again shared to 1200 local self-government institutions (except Edamalakkudy Panchayat) and the share of each local bodies is shown in Appendix IV or LSGD budget appended to the state budget. The SCP allocation to local bodies and its redistribution to various local self-governments is seem merely a mechanical process without considering the local level needs and requirements. Because of the

The planning process is still rallied around the conventional reporting of the officials and pre-budget discussion exercises and lacks the use of innovative technological tools and software for the planning process. The lack of broad based, in-depth and fruitful stakeholder consultations especially with the beneficiary class prevents the smooth flow of inputs such as the needs and the aspirations of the community also causes for the stagnation of planning process.

allocation without considering the special needs of the less privileged people, their speedy development to bridge the development gap between them and the developed sections of the society becomes an unattainable goal.

The third stagnation is seen in the sector wise allocation of funds. In the 12th and 13th FYP periods the SCDD has distributed their allocation primarily to 12 sectors which is shown in Table 2. The sectors and the allocation to each sector are seen fairly permanent and if we examine the schemes formulated under each sector, are also the same since the last decade. Even the unforeseen calamites could not shake these sectoral fabrics of planning process. For example, during the COVID time (2020-22), there was no planned initiatives for the SCs using the SCP funds and even the total allocation and the sectoral allocation for the years 2020-21 and 2021-211 were almost same.

This stagnation in planning for the disadvantaged is occurred due to various reasons. Lack of clear and measurable objectives, insufficient data, inadequate planning tools, lack of stakeholder engagement etc are the major reasons of this stagnation. Though SCP was envisioned to fill the development gap between them and the developed communities, clear goals with milestones were not fixed yet which leads to confusion and indecision in the planning process. Inadequate or unreliable data is also contributing to hinder the ability to make informed decisions, leading to delays in the planning process. The planning process is still rallied around the conventional reporting of the officials and pre-budget discussion exercises and lacks the use of innovative technological tools and software for the planning process. The lack of broad based, in-depth and fruitful stakeholder consultations especially with the beneficiary class prevents the smooth flow of inputs such as the needs and the aspirations of the community also causes for the stagnation of planning process.

Besides stagnation, plan to equip the less privileged sections to enjoy the fruits of emerging opportunities is also seen lagging. It is a hard but a loud statement that at least in this point of time, the present planning authorities are not considering the new innovations and evolvements in the development era when they plan for the poor. This is evident when we analyse the ideas of knowledge economy and artificial intelligence.

Planning for the era of knowledge economy

The government of Kerala has been declared to develop a knowledge-based economy to fulfil the future development agendas. Knowledge economy is an economic system where the generation and exploitation of knowledge play a predominant role in the production and distribution of goods and services. In a knowledge economy, the traditional factors of production (such as labor, land, and capital) are supplemented, and sometimes even replaced, by the production and utilization of knowledge, information, and expertise.

The indigenous communities such as SC and ST, can harness the knowledge economy to promote their rapid economic development in a sustainable and culturally sensitive manner. They can use knowledge economy for their rapid economic growth in so many ways such as preservation and promotion of traditional knowledge which can be a valuable asset in various industries, including agriculture, herbal medicine, and sustainable resource management, cultural tourism and heritage industries through guided tours, cultural events, and the sale of traditional crafts and artworks, natural resource management and sustainable practices which include responsible forestry, agriculture, fisheries, and eco-tourism initiatives that respect the environment and traditional territories, intellectual property rights and cultural heritage protection through patents, trademarks, and copyrights for traditional knowledge and cultural expressions, community based tourism and eco-tourism by highlighting the unique cultural and natural heritage of the indigenous community etc. Here the question is, are our existing planning processes concerned about the optimum use of knowledge economy for the economic development for SC/ST? Whether such understanding is reflected in the annual plan process?

The effective use of knowledge economy for community development is closely interlinked with some other sectors such as education, infrastructure, innovation and development, access to finance, entrepreneurial ecosystem, government initiatives, community awareness and their cultural factors etc. The education and the curriculum need to be aligned with the requirements and demands of the knowledge economy to equip the students adequately with the essential skill sets and such a special drive for SC/ST youth is absent in the planning process. Both the physical and technological infrastructure including roads, hubs, innovation parks, high speed internet connectivity etc are yet to be provided in most of the SC/ST hamlets to enjoy the fruits of knowledge economy. The complex and lengthy bureaucratic processes and the outdated or restrictive regulations could impede the establishment and growth of knowledge-based industries among the scheduled communities. The limited access to venture capital and other forms of funding and the lack of comprehensive support mechanisms, such as incubators, accelerators, and mentorship programs, might hinder the growth of knowledge-intensive start-ups among them. More over there must be a need for increased awareness and acceptance of the benefits of a knowledge-based economy

In the sectors such as agriculture, education, industries, governance, economic growth, job creation, skill development, planning, regulation etc, the use of AI has become an unavoidable technological advancement. In this situation how can bring and place the development of disadvantaged sections of the society into the ongoing AI enabled future of our country has become a million-dollar question.

among these communities to remove some of the cultural and behavioural attitudes towards risk-taking to engage in knowledge-intensive activities. To achieve these the government might need to enact and enforce policies that encourage and support the growth of the knowledge economy including fiscal and non-fiscal incentives, like tax breaks and subsidies, but such an attempt exclusively for the disadvantaged classes is not seen in the planning process.

Planning for the era of artificial intelligence

Artificial Intelligence (AI) refers to the development of computer systems or machines that can perform tasks that typically require human intelligence. The era of AI has been exponentially developing in India in various vital sectors of development. India has a burgeoning AI ecosystem with a rising number of startups, research institutes, and companies working on AI-driven solutions across various industries and the National AI Strategy has been developed to promote research, development, and application of AI technologies. In the sectors such as agriculture, education, industries, governance, economic growth, job creation, skill development, planning, regulation etc, the use of AI has become an unavoidable technological advancement. In this situation how can bring and place the development of disadvantaged sections of the society into the ongoing AI enabled future of our country has become a million-dollar question. To what extent the planners are concerned about the lives of disadvantaged sections of the society in an AI enable social life and how can we prepare the poor people to enjoy the benefits of the life management solutions provided by the AI ecosystem?

Using AI for the upliftment of poor people requires thoughtful implementation and a focus on addressing specific needs and challenges faced by them. There are several ways AI can be applied for the betterment of the economically disadvantaged. In education AI can ensure personalised learning providing tailored instruction to students by considering their individual learning styles and paces. The level of digital literacy among SC/ST is not yet sure even to the planners. To provide employment opportunities for the poor people, AI-driven job platforms can be developed to match job seekers with suitable opportunities based on their skills, preferences, and available openings. AI-driven digital payment systems can be implemented in to facilitate secure and convenient financial transactions for those without access to traditional banking services. Moreover, in the fields of health care, disaster management, access to information etc AI can be used effectively to empower less privileged sections of the society. Such thought process and initiatives are not reflected in the planning process for SC/STs.

Conclusion

Planning as the back bone of any development process requires a careful thought process especially when plan for the development of the less privileged sections of the society. Unfortunately, in the existing system of planning for the poor, need based and resource-based planning is rarely seen due to various reasons such as lack of clear and measurable objectives, insufficient data, inadequate planning tools, lack of stakeholder engagement etc which eventually leads planning into a stagnation mode. In the case of SC development, this stagnation is visible in the allocation and distribution of funds both to institutions and schemes. Additionally, the plan process is not equipped to deal the unforeseen incidents like pandemic and the emerging development and technological trends such as knowledge economy and artificial intelligence. In this context, the planning process of the state for the development of disadvantaged communities needs to be critically reviewed and revamped to achieve the national developmental goals and constitutional promises as ensured to them.

■

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Agripreneurial skills among farmers: A bibliometric analysis

Shacheendran V

Introduction

Agri-preneurship is a form of entrepreneurship that derives inputs from agriculture and allied sectors. In short, it means an entrepreneurial venture taken up in the field of agriculture and allied activities. The agri-preneurship activity can be undertaken as an extension to the agriculture activity or can be set on as a new profession. The major aim of undertaking agri-preneurship activities involves improvement in agricultural productivity as well as income and wealth creation. An entrepreneur whose main business is agriculture or related to agriculture is referred to as an agripreneur. In other words, the entrepreneur who runs agripreneurial ventures is termed an agripreneur.

Agri-preneurship has too many benefits as it contributes to the economy in multi-dimensions. It creates numerous job opportunities for the community, ensures food security, enables optimum utilization of resources, raises the standard of living of people, etc. agri-preneurship paves way for several business projects ranging from marketing agricultural produce in varied forms, food processing, value-added products, dealing with agricultural implements and so on.

A transformation from farmer to agripreneur is essential to boost agripreneurial activities and at the same time, it is the need of the hour for the agriculture sector. There should be a change in the mindset of the farmers to adapt to the role of an agripreneur; because agripreneurship is not all about increasing the production. Farmers should equip themselves to identify the opportunities in this field and seize them, trace the clients and deliver them the values of superior quality. Therefore, the farmers

Agri-preneurship plays a assumes great significance in the upbringing of agro-industries and in raising the living standard of the farming community through proper utilization of agricultural produce and the establishment of profitable agripreneurial ventures.

The present study is undertaken to identify the research trend and knowledge base of agripreneurial skills literature. The data for the study is obtained from the Dimensions database and analyzed using VosViewer software. The bibliometric analysis tools such as citation analysis, co-citation analysis, bibliographic coupling network analysis, and term co-occurrence analysis are employed in the study.

should possess certain agripreneurial skills for carrying out agripreneurial activities and to fetch prosperity in this regard.

The present study deals with the bibliometric analysis of agripreneurial skills literature to unveil the trend of research in this area and to present the knowledge base of agripreneurial skills among farmers.

Literature review

Agri-preneurship is a discipline that is being explored more in recent times. Several pieces of research have been carried on in this area for the relevance it has in the economy. Agri-preneurship is the major means of creating employment opportunities and thereby leads to the overall economic development of the country. The employment opportunities created by the agripreneurial ventures take the form of self-employment and employment for the community as well. The agri-preneurship offers several untapped avenues, but a lack of investment hinders the growth of this sector (Jimoh & Ogunsanwo, 2018). The factors contributing to the success of the agri-ventures mainly comprise the skills possessed by the agripreneurs such as marketing skills, psychological skills, behavioral skills, technical skills, communication competency, and cognitive skills (Elakkiya and Asokhan, 2021).

The farm and non-farm-related activities undertaken by the farmers ignite a positive attitude among them towards agripreneurial ventures (Vik and Mcelwee, 2011). Besides the agripreneurial skills possessed by the farmers contribute to the farmer's performance in a positive way (Lanka and Lanka, 2014). In developing the entrepreneurial intent among farmers, their orientation and competencies in terms of entrepreneurship play a significant part (Ibrahim and Lucky, 2014).

Identifying and seizing the opportunities, developing and implementing business strategies, and building and strengthening networks and contacts are major entrepreneurial skills possessed by the farmers(Morgan et al., 2010). Rezai, Mohamed, and Shamsudin(2011) state that innovative, risk-taking, profit-oriented, visionary, managerial skills and self-confidence are the major entrepreneurial skills required by the farmers and these skills can be improved through imparting proper training to the farmers. Thus, the farmers require more entrepreneurial training than

The present study attempted to understand the trend in research and knowledge base in the field of agripreneurial skills with the aid of bibliometric analysis. The study made use of bibliographic data of 94 articles on agripreneurial skills. The analysis such as citation analysis, co-citation analysis, bibliographic coupling network analysis, and term co-occurrence analysis performed with a different unit of analysis helped to meet the study objectives.

managerial skills(Jones, 2015). Bolarinwa and Okolocha (2016) state that, farmers should try to excel in carrying out their farm operations by possessing and updating the right skills. But, farmers do not engage in the practice of updating their skills(McElwee,2006). Entrepreneurial training has to be imparted to the agripreneurs to build their capacity concerning need for achievement, leadership capability, self-confidence, ability to take risk, management orientation, and anxiety to gather information (Ahmed, Hasan, & Haneef, 2011).

Balasaravanan and Vijayadurai (2012) carried out a study in the Regulated Markets in Thanjavur district focused on examining entrepreneurial characteristics among the farmers and understanding the level of entrepreneurial behavior among the farmers. It was found that innovation is low among the small and marginal farmers. And on the other hand, the level of leadership ability and ability to assume risk is also found low and requires the improvement in the entrepreneurial behavior, particularly among the marginal farmers.

Methodology

A bibliometric analysis approach to agripreneurial skills has been adopted to meet the objective of the study. The citation analysis, co-citation analysis, bibliographic coupling network analysis, and term co-occurrence analysis are performed with the bibliographic data to assess the trend of research in the area of agripreneurial skills as well as to capture the knowledge base in this area.

1. Data extraction

The bibliographic data on agripreneurial skills for the study was retrieved from the Dimensions database by employing the keyword Agripreneurship skills. Since the database contained only a few works on this topic, the search was not limited to any publication year. However, the initial search fetched 254 full data documents. To meet the purpose of the paper the search was limited to article publication type and it generated 94 articles that were sorted based on the citations. The bibliographic data on the 94 articles were extracted from the Dimensions database. The publication matrix of the documents on agripreneurial skills based on the search in the Dimensions database is given in figure1.

2. Data analysis

The data extracted from the Dimensions database are analyzed through VosViewer

The study throughs light on agripreneurial skills literature and acts as a foundation for the researchers who intend to explore this field. A researcher, who starts his career in this field cannot ignore the literature quoted in the study on account of several bibliometric analyses. The study highlighted the most influential authors, impactful works, and dominant sources of agripreneurial skills literature.

software to gather the research trend and knowledge base on agripreneurial skills. In addition to this, the data from Scopus Preview is also employed to have an advanced understanding of the concerned literature. Citation Analysis, Co-citation Analysis, Bibliographic Coupling Network Analysis, and Term Co-occurrence Analysis are performed through VosViewer to obtain the study results.

Analysis and discussions

Citation analysis

It is employed to estimate the relevance and impact of an article, author, institution, etc. based on the number of times the work, author, or the institution is cited by others. Here in the study, citation analysis is performed in two ways. One with documents as the unit of analysis and the other with authors as a source of the unit of analysis.

1. Document citation analysis

The document citation analysis is performed with the minimum number of citations of the documents limited to 2. It generated 32 documents satisfying the minimum citation criteria. However, of the 32 documents, only 13 items were found to be connected to the network. Hence, it went final analysis.

The document citation analysis of 13 documents reveals that the documents by Dias (2019), Aleka (2011), and Lourenco (2014) are the most relevant ones.

2. Author citation analysis

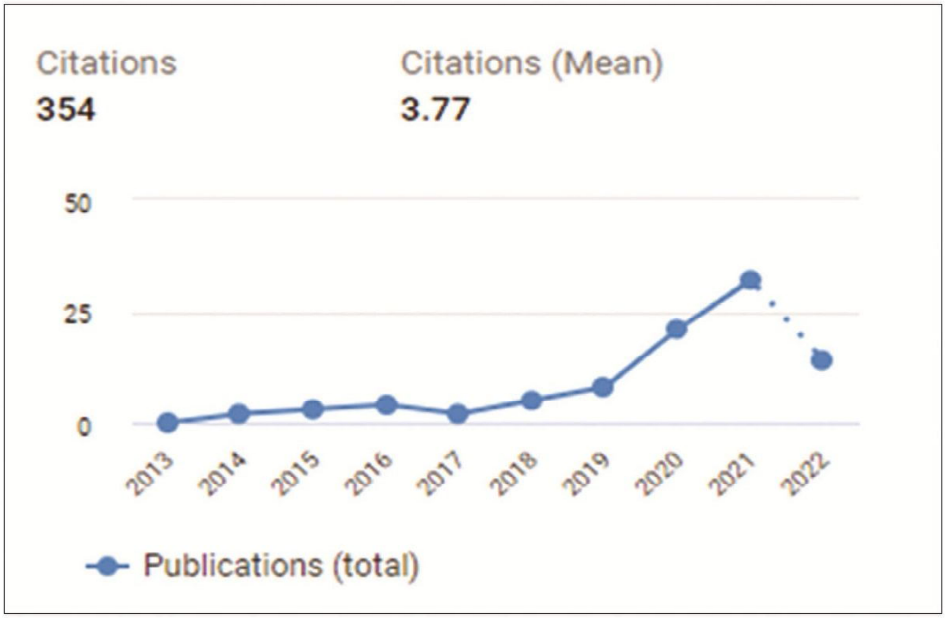
Author Citation Analysis is performed to find out the most prominent authors in the area of agripreneurial skills. The minimum number of documents of an author for the Author Citation Analysis is fixed as 1, and it produced 276 authors meeting this criterion. However, the largest set of connected items included only 112 items and hence they were chosen for the final analysis.

The Author Citation Analysis resulted in 11 clusters covering 112 items. Table 1 depicts the 5 most prominent authors in the area of agripreneurial skills. Manyong, Victor tops the table with 4 documents and 60 total link strengths.

Co-citation analysis

Co-citation analysis is used to ascertain the relationship between the articles and sources that which articles or the sources cited other pairs of articles or sources.

Figure 1. Publication Matrix



Source: Dimensions Database

Figure 2. Network Visualization of Document Citation Analysis

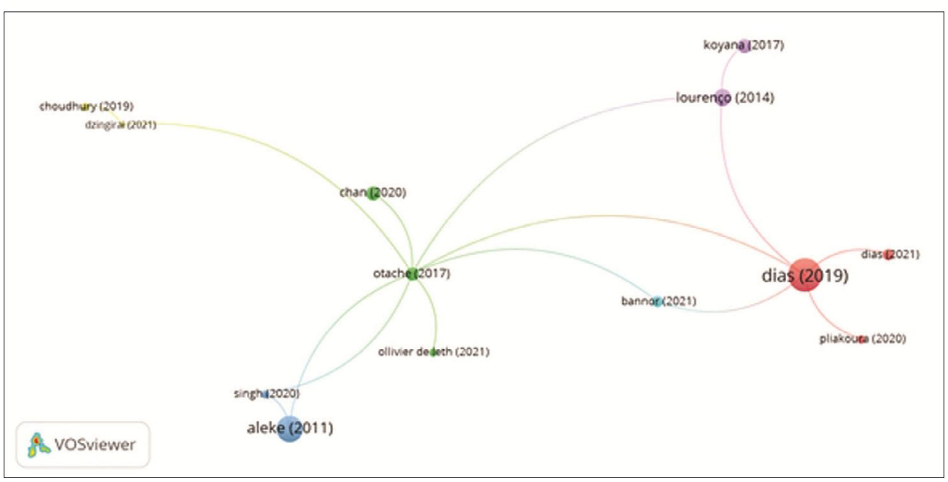


Figure 3. Network Visualization of Author Citation Analysis

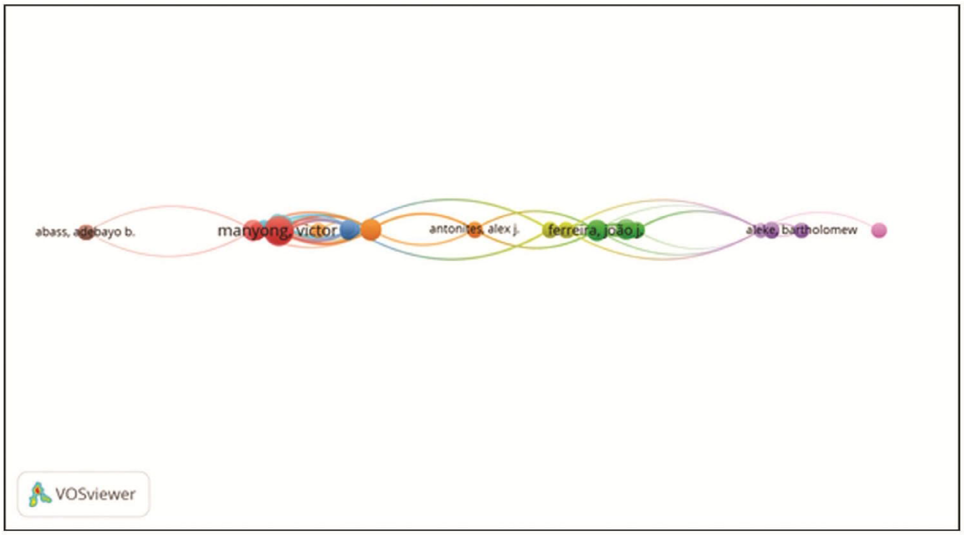


Table 1. Author Citation Analysis

Authors	Documents	Total Link Strength
1. Manyong, Victor	4	60
2. Ferreira, Joao	2	27
3. Adeyanju, Dolapo	2	22
4. Mburu, John	2	22
5. Kontogeorgos, Achilleas	2	7

Source: VosViewer

Agri-preneurship plays a assumes great significance in the upbringing of agro-industries and in raising the living standard of the farming community through proper utilization of agricultural produce and the establishment of profitable agripreneurial ventures. The present study is undertaken to identify the research trend and knowledge base of agripreneurial skills literature. The data for the study is obtained from the Dimensions database and analyzed using VosViewer software. The bibliometric analysis tools such as citation analysis, co-citation analysis, bibliographic coupling network analysis, and term co-occurrence analysis are employed in the study.

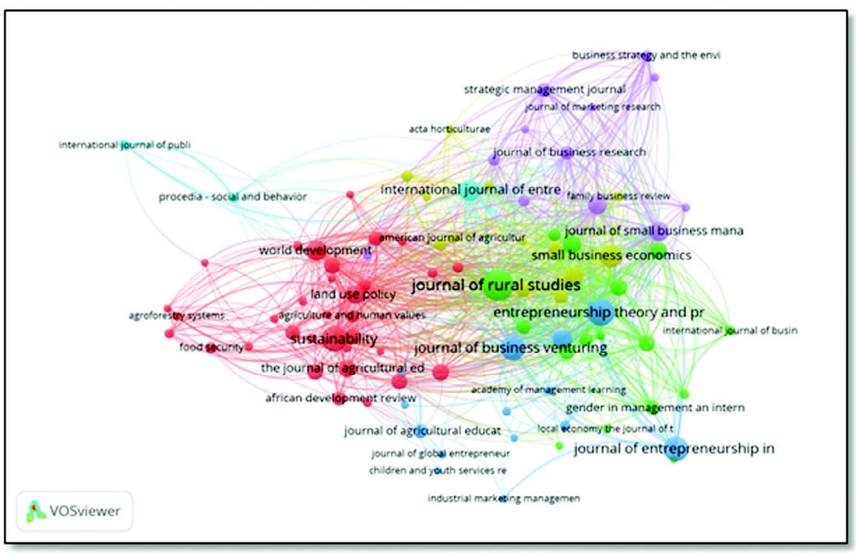
1. Co-citation analysis of cited sources

Here co-citation analysis is performed with cited sources as the unit of analysis. The minimum number of citations of a source is fixed as 5 and of the 977 sources, 92 sources meet the criteria. Thus, these 92 sources are used for co-citation analysis (Figure 4).

Table 2 deals with the result of the co-citation analysis of cited sources. It shows the top 5 sources based on co-citations. The journal matrix of the sources in detail is given in table 3.

Table 3 shows the journal matrix of the top 5 sources obtained based on bibliometric co-citation analysis. The

Figure 4. Network Visualisation of Co-citation Analysis of Cited Sources



The present study attempted to understand the trend in research and knowledge base in the field of agripreneurial skills with the aid of bibliometric analysis. The study made use of bibliographic data of 94 articles on agripreneurial skills. The analysis such as citation analysis, co-citation analysis, bibliographic coupling network analysis, and term co-occurrence analysis performed with a different unit of analysis helped to meet the study objectives.

Table 2. Co-citation Analysis of Cited Sources

Journal	Citation
1. Journal of Rural Studies	79
2. Entrepreneurship Theory and Practice	58
3. Sustainability	50
4. Journal of Entrepreneurship in Emerging Economies	47
5. Journal of Business Venturing	46

Source: VosViewer

Table 3. Journal Matrix

Journal	Publisher	TP	TC	Cite Score	SNIP	SJR
1. Journal of Business Venturing	Elsevier	217	3167	14.6	4.534	5.829
2. Entrepreneurship Theory and Practice	Wiley-Blackwell	163	2235	13.7	3.353	3.353
3. Journal of Rural Studies	Elsevier	905	5946	6.6	2.075	1.292
4. Sustainability	Multidisciplinary Digital Publishing Institute (MDPI)	36485	181699	5.0	1.31	0.664
5. Journal of Entrepreneurship in Emerging Economies	Emerald	142	660	4.6	1.491	0.577

TP= Total Publications TC= Total Citations SNIP= Source Normalised Impact per Paper SJR= SCImago Journal Rank

Source: Author's Construct from Scopus Data

The study throughs light on agripreneurial skills literature and acts as a foundation for the researchers who intend to explore this field. A researcher, who starts his career in this field cannot ignore the literature quoted in the study on account of several bibliometric analyses. The study highlighted the most influential authors, impactful works, and dominant sources of agripreneurial skills literature

journal matrix is retrieved from Scopus Preview and the cite score is computed based on the total publications and total citations received by the documents during 2018-21. The SCImago Journal Rank (SJR) and Source Normalised Impact per Paper (SNIP) also pertains to this period. Here Journal of Business Venturing tops the table with a cite score of 14.6 though it comes 5th in the co-citation analysis.

2. Co-citation analysis of cited references

The minimum number of citations of a cited reference is fixed as 2. Of the 2293 cited references, 203 references meet the threshold, and thus these are used for the analysis.

The analysis generated 6 clusters covering 207 items. Table 4 exhibits the 5 most cited references based on the co-citation analysis. The work of Pindado et.al., 2017 tops the table with the highest citations.

Bibliographic coupling

It is applied to know the similar relationship between documents. Coupling happens when two works or documents reference a common third work in their bibliographies. Thus it is used to ascertain the most coupled document. Here authors are taken as the unit of analysis for the bibliographic coupling network analysis. The minimum number of documents of an author is set as 2. Of the 276 authors, 14 meet the criteria. However, the largest set of connected items was found in 12 items. Hence, they are used for the analysis.

Table 5 exhibits the 5 most coupled authors based on bibliographic coupling network analysis. Manyong, Victor is the most coupled author.

Term Co-occurrence analysis

It is performed to understand the terms that are highly used in the area of agripreneurial skills. For the analysis title and abstract field of the bibliographic data are retrieved. The minimum number of occurrences of the term is fixed as 10. Of the 2592 terms, 39 terms met the threshold. However, only 23 terms went to the final analysis.

Entrepreneurship, role, challenge, Nigeria, and Knowledge are the 5 most commonly and frequently used terms in agrepreneurial skills literature.

Conclusions

The present study attempted to understand the trend in research and knowledge base in the field of

Figure 5. Network Visualisation of Co-citation Analysis of Cited References

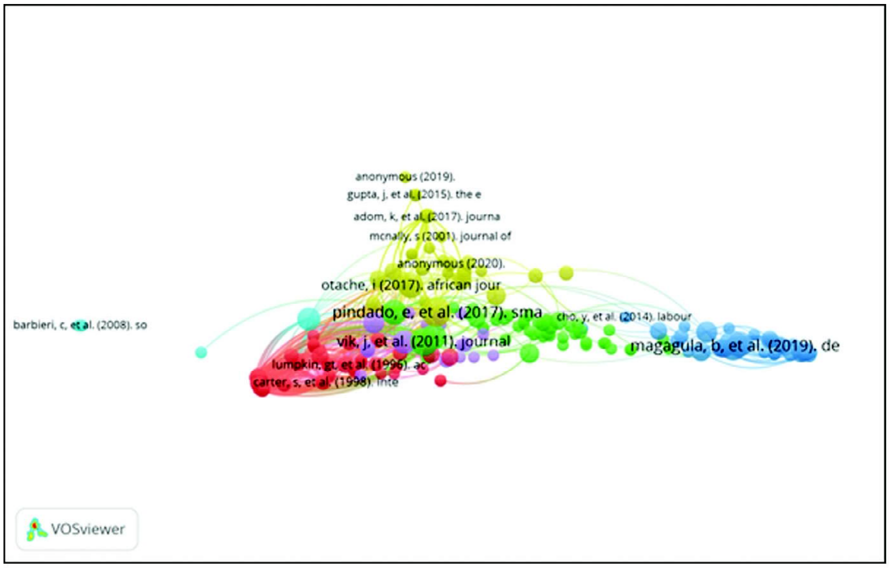


Table 4. Co-citation Analysis of Cited References

Authors	Source	Citations
1. Pindado et.al., 2017	Small Business Economics	11
2. Magagula et.al., 2019	Development in Practice	11
3. Vik et.al., 2011	Journal of Small Business Management	10
4. Otache, 2017	African Journal of Economic and Management Studies	8
5. Mcelwee, 2006	Journal of Developmental Entrepreneurship	7

Source: VosViewer

Figure 6. Network Visualisation of Bibliographic Coupling Network Analysis

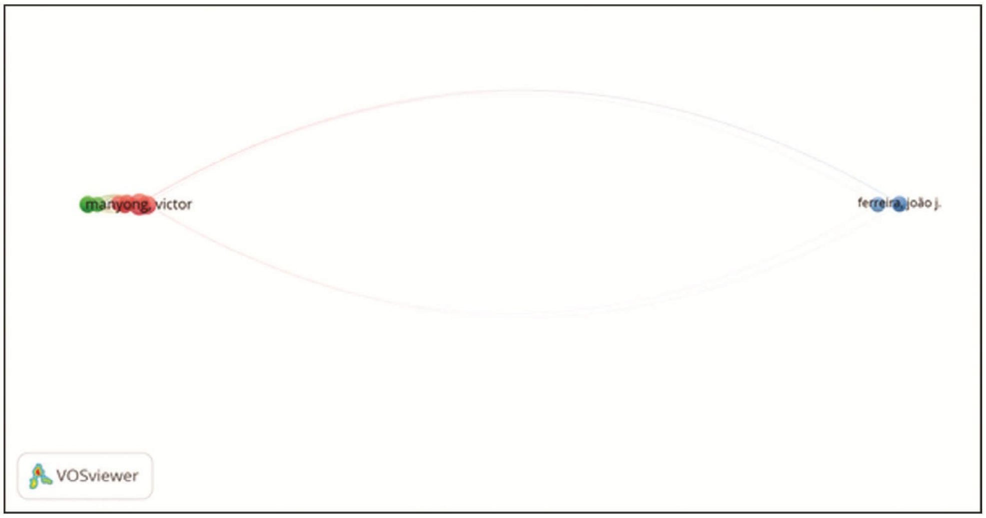


Table 5. Bibliographic Coupling Network Analysis

Authors	Documents	Citations
1. Manyong, Victor	4	39
2. Bamba, Zoumana	3	30
3. Abdoulaye, Tahirou	2	28
4. Ferreira, Joao	2	77
5. Rodrigues, Ricardo Gouveia	2	77

Source: VosViewer

Figure 7. Network Visualisation of Term Co-occurrence Analysis

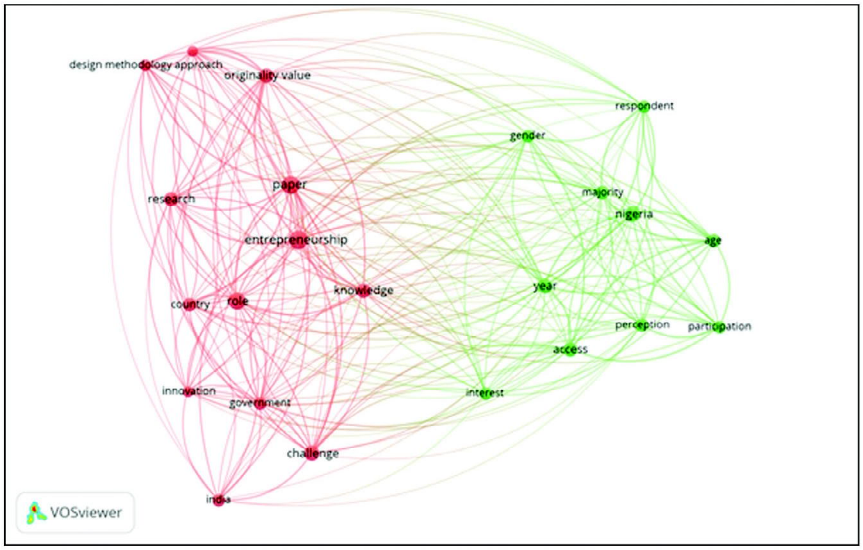


Table 6. Term Co-occurrence

Terms	Occurrences
1. Entrepreneurship	28
2. Role	23
3. Challenge	19
4. Nigeria	18
5. Knowledge	17

Source: VosViewer

agripreneurial skills with the aid of bibliometric analysis. The study made use of bibliographic data of 94 articles on agripreneurial skills. The analysis such as citation analysis, co-citation analysis, bibliographic coupling network analysis, and term co-occurrence analysis performed with a different unit of analysis helped to meet the study objectives.

The study throws light on agripreneurial skills literature and acts as a foundation for the researchers who intend to explore this field. A researcher, who starts his career in this field cannot ignore the literature quoted in the study on account of several bibliometric analyses. The study highlighted the most influential authors, impactful works, and dominant sources of agripreneurial skills literature.

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Why monetary transmission remains weak in the current rate cycle?

Aswathy Rachel Varughese

Reserve Bank of India's (RBI) Monetary Policy Committee (MPC) in its October bi-monthly policy, unanimously decided to keep the key policy rate, the repo rate unchanged at 6.5 percent while maintaining the 'withdrawal of accommodation stance'. The MPC had a hawkish incline in the policy announcement given heightened uncertainties on global growth, geo-political tensions, consequent upside risk to inflation, and uneven monsoon spell. Apart from the deliberations on growth and inflation, RBI specifically emphasized accelerating monetary transmission by the banks for the intended results. Even as the MPC hiked the repo rate by 250 basis points (bps) since May 2022, the indicators underscore a delayed transmission, impacting the price stability efforts of the central bank. RBI flagged that the transmission remains incomplete in tune with the substantial hike in the repo rate, implying the banks have not yet subsequently revised lending and deposit rates in tandem with the repo hike (RBI, 2023.). Further with a resonance of hawkish pause, the central bank reiterated its determined fight against inflation and the need to keep liquidity conditions under check. Given the sluggish transmission, RBI reiterated the need for managing short-term liquidity concerns through Open Market Operations (OMOs). The announcement pushed up 10-year Government bond yields by 12 bps at 7.34%, a 7-month high post-monetary policy meeting on 6th October (Trading Economics, 2023). Therefore, the present article discusses the pattern of monetary transmission during the current repo rate tightening cycle and examines the factors driving a slower transmission.

Apart from the deliberations on growth and inflation, RBI specifically emphasized accelerating monetary transmission by the banks for the intended results. Even as the MPC hiked the repo rate by 250 basis points (bps) since May 2022, the indicators underscore a delayed transmission, impacting the price stability efforts of the central bank.

The duration (in months) and quantum of hike (in bps) are not as deep as in previous rate cycles. However, with escalating geopolitical tensions, energy and commodity prices, and climate change challenges, there is an upside risk to inflation, which may further elongate the tightening cycle

With renewed macroeconomic uncertainties, especially at the global level, and surging prices domestically monetary tightening is desirable. A tightening interest rate is primarily for achieving price stability as inflation exceeds the target levels. The key factor influencing the price stability objective is the extent of policy transmission or how RBI's rate changes are passed through in the economy. In a banking-dominated financial system, monetary policy impulses are transmitted largely through the banks, wherein high-interest rates generally get translated into higher costs of borrowing for the public by way of higher lending rates. However, the current banking system is passing through a paradoxical phase, wherein lending and deposit rates stay lower than desired level despite key policy rates staying at elevated levels with a hawkish tilt.

The duration (in months) and quantum of hike (in bps) are not as deep as in previous rate cycles. However, with escalating geopolitical tensions, energy and commodity prices, and climate change challenges, there is an upside risk to inflation, which may further elongate the tightening cycle

Monetary transmission during the current tightening cycle

The current tightening cycle kick-started in May 2022 amid increased input costs due to prolonged supply chain disruptions, volatile oil prices, and climate change factors. Consequently, the inflation trajectory reversal, increased pent-up demand, and roll-back of stimulus post-pandemic marked the beginning of the current rate cycle in tandem with the global monetary tightening. As per Table 1, the duration (in months) and quantum of hike (in bps) are not as deep as in previous cycles. However, with escalating geopolitical tensions, energy and commodity prices, and climate change challenges, there is an upside risk to inflation, which may further elongate the tightening cycle (Table-1).

Indicators such as Marginal Cost of Lending Rates (MCLR), the Weighted Average Domestic Term Deposit Rate (WADTDR), and the Weighted Average Lending Rate (WALR) indicate the strength of the monetary transmission in an economy. The marginal cost of borrowing determined by prevailing deposit rates influences the MCLR calculation and is a crucial determinant of the lending rate. With a cumulative hike of 250 bps in repo rate, Public Sector Banks (PSBs) responded with 145 bps whereas Private Sector Banks increased 132 bps in MCLR during the current hiking cycle. However, the private banks' MCLR aligns more with the policy rate than PSBs (Figure 1).

Table 1: Previous interest rate tightening cycles in India

Date	Duration of hike (months)	Quantum of hike (bps)	Rate at the beginning of the cycle	Rate at the end of the cycle
October 2005-October 2008	36	300	6.00%	9.00%
March 2010-March 2012	24	325	4.75%	8.00%
September 2013-August 2014	11	75	7.25%	8.00%
June 2018-January 2019	7	50	6.00%	6.50%
May 2022- Current	17	250	4.00%	6.50%

Source: RBI

Marginal Cost of Lending Rates (MCLR), the Weighted Average Domestic Term Deposit Rate (WADTDR), and the Weighted Average Lending Rate (WALR) indicate the strength of the monetary transmission in an economy. These indicators underscores weak transmission hitherto in the economy.

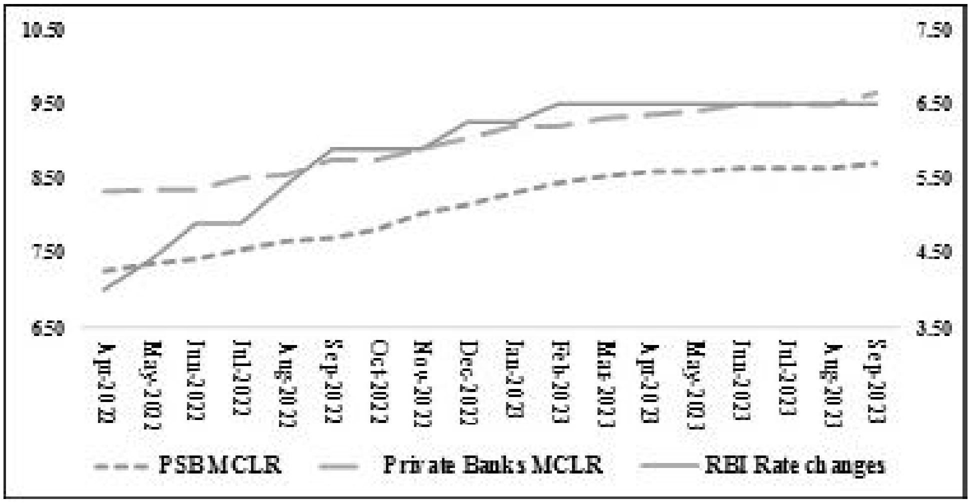
During the current cycle, while the cumulative hike accounts for 250 bps, the WALR on fresh and outstanding loans increased by only 196 bps and 110 bps, respectively for all Scheduled Commercial Banks (SCBs). The rates are evidently higher for private banks than SCBs, implying transmission is faster among private banks than PSBs in lending rates. Although PSBs hiked WALR for fresh loans by 203 bps, the rates are higher for private banks with 163 bps (Figure 2). During the easing interest rate cycle, the private banks were slow in reducing the rates, which may be the plausible reason for the trend. Similar is the case with outstanding loans, wherein the hike amounts to 104 bps and 102 bps for PSBs and private banks respectively (Figure 2).

Private banks hike the lending rates faster than deposit rates vis-à-vis public sector banks in tandem with policy hikes

Similarly, the adjustment in deposit rates is necessary to keep the asset-liability balance in the banks. The Weighted Average Domestic Term Deposit Rate (WADTDR) on fresh and outstanding deposits is revised higher. However, the deposit rates are not revised as higher as lending rates, notably by the private banks. PSBs are vigorously hiking the deposits in tune with policy rates for fresh deposits. For outstanding deposits, the

Marginal Cost of Lending Rates (MCLR), the Weighted Average Domestic Term Deposit Rate (WADTDR), and the Weighted Average Lending Rate (WALR) indicate the strength of the monetary transmission in an economy. These indicators underscores weak transmission hitherto in the economy.

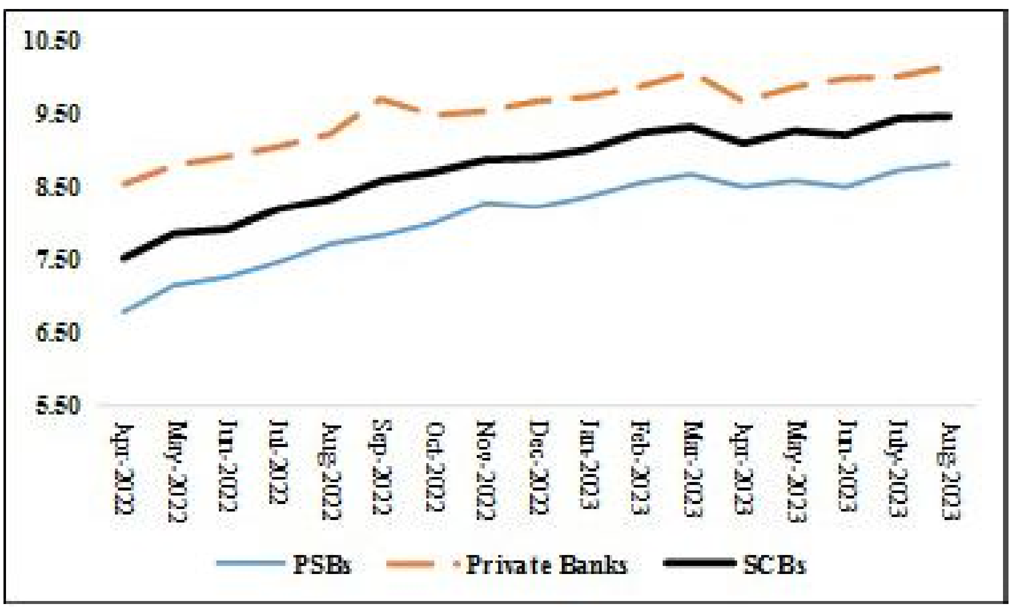
Figure 1: Banking system's response to change in repo rate



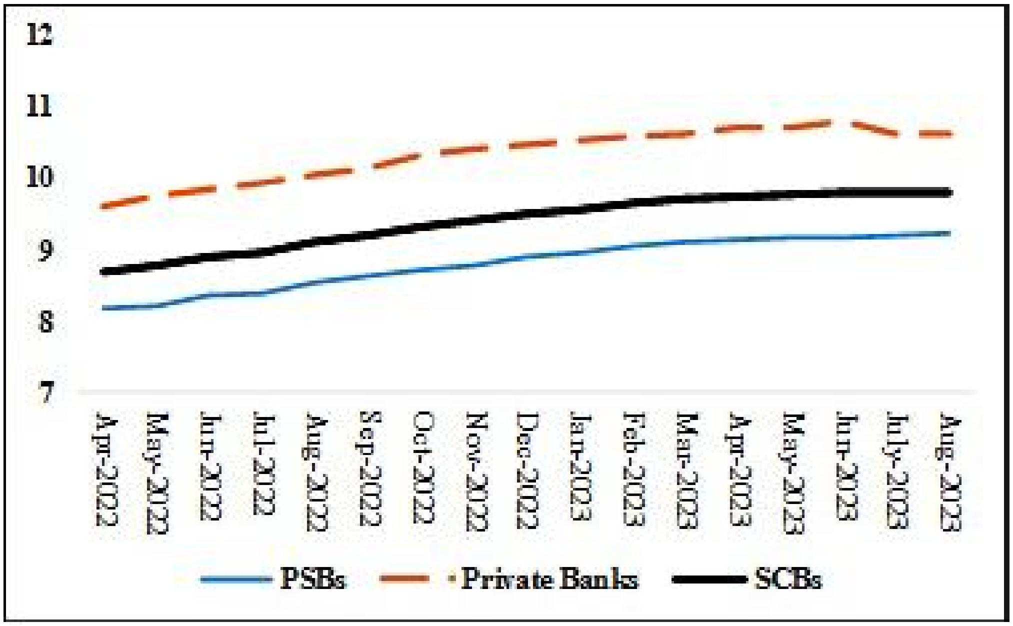
Source: RBI

Figure 2: WALR on fresh (a) and outstanding loans (b) (In percentage)

(a)



(b)



Source: RBI

rates are in consonance across all banks. The banks hiked WADTDR on fresh deposits to 233 bps wherein, PSBs hiked 242 bps and private banks by a mere 195 bps, Figure 3.

Poor transmission of monetary policy or less effectiveness of repo as a monetary policy tool has been in question for a long time. Generally, monetary transmission occurs faster during the tightening cycle than during easing cycles, as loans are mostly at variable rates and can be re-priced faster. However, even with the hiking cycle transmission appears slow which is paradoxical.

Asset liability mismatch and liquidity conditions are driving the pace of monetary transmission.

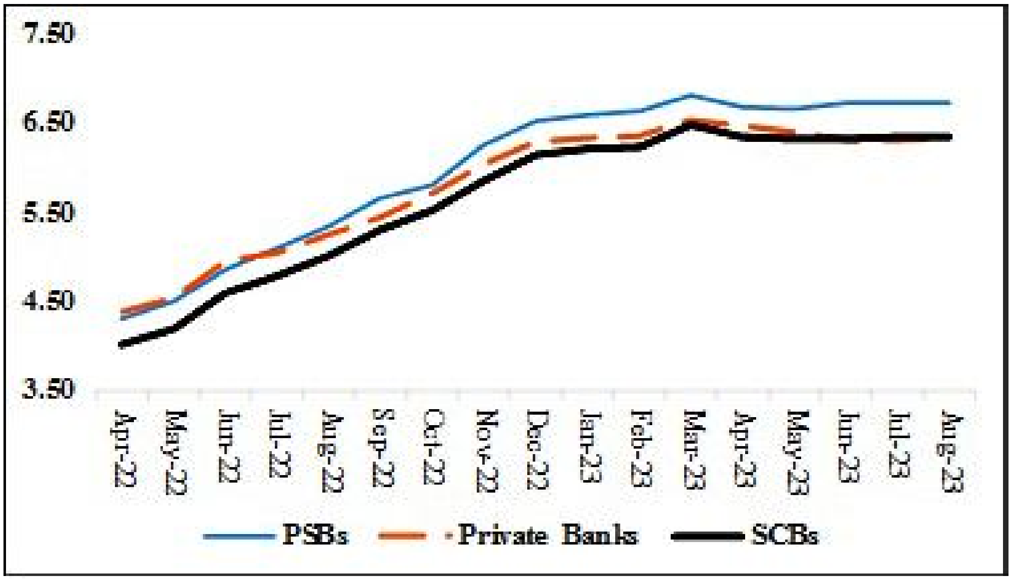
Factors influencing monetary transmission

Given the complexities involved in the transmission mechanism, an array of factors influences the pass-through. The gap in deposit and lending rates is an important factor influencing transmission. Overall, lower deposit rates in the banking system than desired in the tightening cycle had restricted a considerable hike in the MCLR and kept the lending rates lower than expected even when RBI hiked its policy rate. This case is true for PSBs as against private banks.

The asset-liability mismatch of the banks is a crucial factor limiting policy transmission. Scheduled Commercial Banks' credit growth outpaced deposits,

Figure 3: WADTDR on fresh (a) and outstanding deposits (b) (In percentage)

(a)



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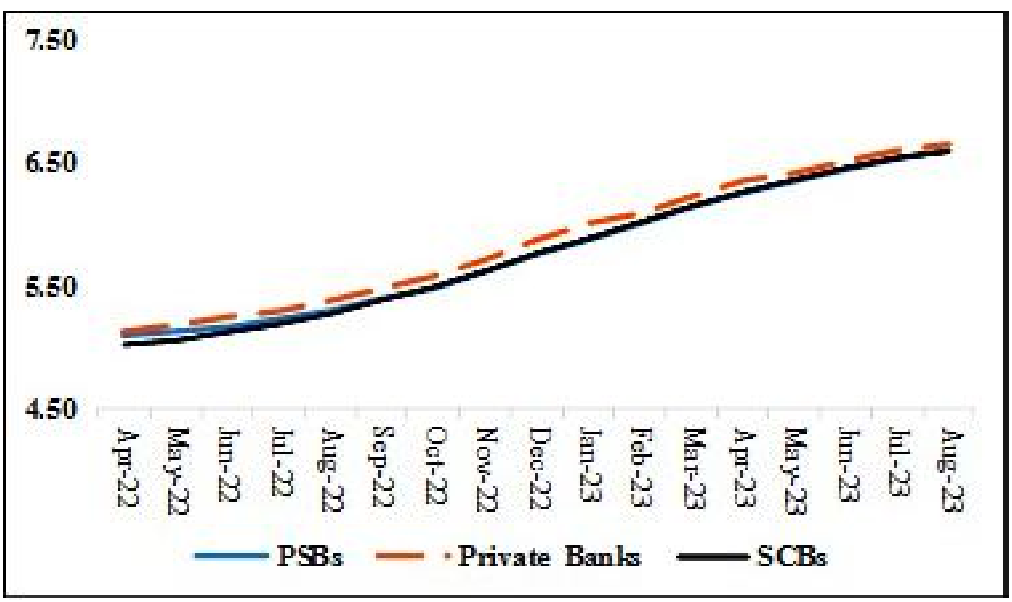

Source: RBI

Private banks hike the lending rates faster than deposit rates vis-à-vis public sector banks in tandem with policy hikes

increasing by 16% year on year (y.o.y) in Fiscal Year 2024's (FY 24) first quarter while deposits grew by 12.6% y.o.y. The deposit growth in banks is mainly driven by term deposits rather than the increase in Current and Saving Accounts (CASA), creating increased liability for the banks. Parallely, a sharp rise in lending rates in line with key policy rates may hamper the credit volume, disturbing the asset-liability balance. The surplus liquidity in the banking system until mid-September due to high Currency in Circulation (CIC), an uptick in government spending following the surplus transfer by the RBI, and capital inflows hampered the rate transmission. However, recently, liquidity fell into deficit, hovering around Rs. 3.4 trillion owing to advance tax payments and Goods and Service Tax (GST) payments despite the reversal of the Incremental Cash Reserve Ratio (I-CRR), indicating a transient tightening in liquidity conditions (RBI, 2023.). The liquidity conditions may revert, implying a widening as the festival season begins. Therefore, RBI was emphatic on the OMO armors to be on the anvil for keeping a tab on liquidity conditions while keeping key policy rates intact. Banks' asset quality is closely associated with transmission, meaning less Non-Performing Assets (NPA) ideally make transmission faster due to reduced financial stress (Mint, 2023). As of June 2023, the Gross NPA of banks reduced by 25.6% y.o.y due to lower slippages, steady recoveries and upgrades, and write-offs (FSR, 2023). Despite the improvement in NPAs, the transmission remained slow, which is contradicting.

RBI's October policy was on expected lines regarding maintaining the policy stance and key rate. Growth and inflation estimates were retained at the same level and 6.5% and 5.4% respectively, for FY24, from its August policy projections. The current policy reiterated the 4% target band as inflation and highlighted on being vigilant towards the same. It emphasized on carefully monitoring the overlapping price shocks and its persistence. Although RBI expected price moderation in the near term, the outbreak of recent geo-political risks add to the woes.

Way forward

RBI may not change its stance in the near term primarily for two reasons. Firstly, there is enough room to complete the

Asset liability mismatch and liquidity conditions are driving the pace of monetary transmission.

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transmission as shown by all the important indicators. The other important reason is that persisting uncertainties over price surges have not ebbed away. The policy statement reiterated continued vigilance on inflation, invariably aligning its rate to 4%. Growth and inflation estimates have also been retained at 6.5% and 5.4% respectively, for the current financial year (Figure 4).

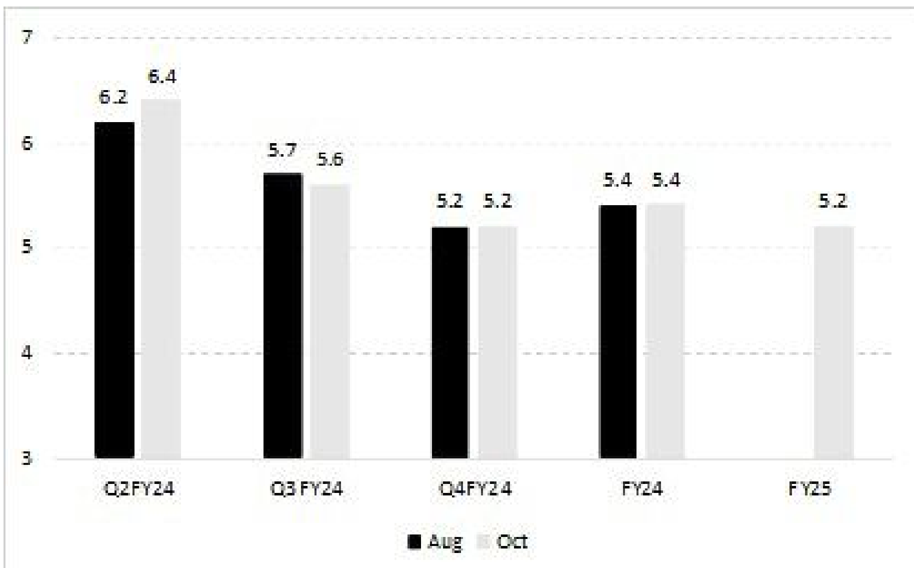
However, the quarterly inflation trajectory has been slightly revised. Q2 projection has been revised upward by 20 bps to 6.4%. On the other hand, Q3 projections have been revised downward by 10 bps to 5.6% estimated in August 2023 while Q4 projection has been retained at 5.2%. For FY25, CPI is expected to moderate to 5.2% as per RBI estimates, Figure 4. The policy statement reiterated that 4% is the target band for inflation and MPC will be vigilant towards achieving the same (RBI, 2023.). The upside risks highlighted are lower sowing and building price pressure on pulses and oilseeds. Apart from this, a lower reservoir level might deter Rabi sowing in the future. The central bank expected a near-term moderation in inflation before the outbreak of Israel-Hamas tensions, however, the correction in food and energy prices remains skeptical under the changing macro-geo-political landscapes. Continued stress in price levels cannot be ruled out. Factors such as lower area sown under the pulses category, reduction in reservoir levels, El-Nino conditions are associated with food price trajectory and volatile energy prices pose upside risks to inflation (Table-2).

Economic growth projections have been retained at the same level, with Q2 at 6.5%, Q3 at 6.0%, Q4 at 5.7% and Q1FY25 at 6.6%, Table 2. Amidst global turmoil, the policy remained bullish on economic growth, citing its resilience. However, the major downside risks are tightening global financial conditions and geopolitical tensions. Stronger government capex and domestic financial stability are the positive factors driving growth.

There is enough headroom for transmission and the upside risks to inflation are not eliminated, consequently RBI is vigilant on those risk factors. The

There is enough headroom for transmission and the upside risks to inflation are not eliminated, consequently RBI is vigilant on those risk factors. The need to continue the sharp vigil on price stability, the current hiking cycle may be elongated further.

Figure 4: Changes in inflation forecast, August vis-à-vis October policy (In Percentage)



Source: RBI

Table 2: Growth outlook unaltered (In Percentage)

Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25
6.5	6.0	5.7	6.5	6.6

Source: RBI

need to continue the sharp vigil on price stability, the current hiking cycle may be elongated further.

Conclusion

While keeping policy rates untouched and mentioning the weak transmission so far, RBI emphasized OMOs to manage short-term shifts in liquidity conditions. Softening of core inflation is referred as a silver lining in the policy document which may lead to a durable fall in the inflation going ahead. Therefore, the RBI's average forecast of inflation for FY25 stands at 4.5%. However, apart from interest rates, RBI must manage other variables for a comprehensible monetary policy response. Liquidity management is crucial for RBI to manage short-term hick-ups while transmission remains weak.

■

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GST updates

Relfi Paul

GST collection hits Rs.1.62 trillion in september, 2023

The Central and state governments collected Rs.1,62,712 crore GST in September, marking the fourth highest monthly collection since the inception and a 10% annual growth from the year-ago period. Of the Rs. 1.62 lakh crore, CGST component was Rs 29,818 crore, SGST Rs 37,657 crore, IGST Rs 83,623 crore (including Rs. 41,145 crore collected on import of goods) and cess Rs 11,613 crore (including Rs 881 crore collected on import of goods). After IGST settlement, the central government received Rs.63,555 crore while states received Rs.65,235 crore. Proceeds from the GST cess levied on items like high-end automobiles stood at a robust Rs.11,613 crore.

The gross GST collection for the first half of the FY 2023-24 ending September, 2023 (Rs. 9,92,508 crore) was 11 per cent higher than the gross GST collection in the first half of FY 2022-23 (Rs. 8,93,334 crore). The average monthly gross collection in FY 2023-24 was Rs. 1.65 lakh crore, 11 per cent higher than average monthly gross collection for the first half of FY 2022-23 where it was Rs. 1.49 lakh crore (Figur -1).

It is clear that the revenue growth has been aided to a considerable degree by improved administrative efficiency as well as a structural shift: micro enterprises taking GST registration, broadening the tax base and increasing the formalization of the economy. While streamlining the indirect tax system has helped in stabilizing revenue collections, its potential is constrained by the vulnerability in India's consumption revival after the pandemic in the face of high inflation.

Kerala registers 12% growth in GST revenues in September, 2023

Kerala has registered 12% year-over-year growth in GST revenue in September, 2023.Union Finance Ministry figures released on October 1 put the GST revenue collection of Kerala in September 2023 at Rs.2,505 crore. It was Rs.2,246 crore in September 2022. The collection for a given month pertains to the consumption of goods and services in the previous one. Kerala has recorded steady growth in GST revenues in the first and second quarters of the 2023-24 fiscal compared to the corresponding period last year. In the first quarter of the 2023-24 fiscal, Kerala had recorded 12% growth in GST revenues in April 2023, 11%

growth in May and 26% growth in June compared to same months in 2022. In the second quarter, State had recorded 10% growth in GST revenues in July and 13% growth in August compared to the same months in 2022. And as per the latest figures, 12% in September. The collection for July 2023 stood at Rs.2,381 crore against Rs.2,161 crore. The collection for August 2023 stood at Rs.2,306 crore. It was Rs.2,036 crore in August 2022 (Table-1).

The figures published by PIB also indicated an 8% growth in 'post-settlement State GST during the period April-September this year compared to 2022-23. Post-settlement GST is cumulative of GST revenues of the State and the SGST portion of the IGST settled to it. For Kerala, this has risen from Rs.14,594 crore during April-September 2022-23 to Rs.15,827 crore during the same period this financial year.

Figur - 1

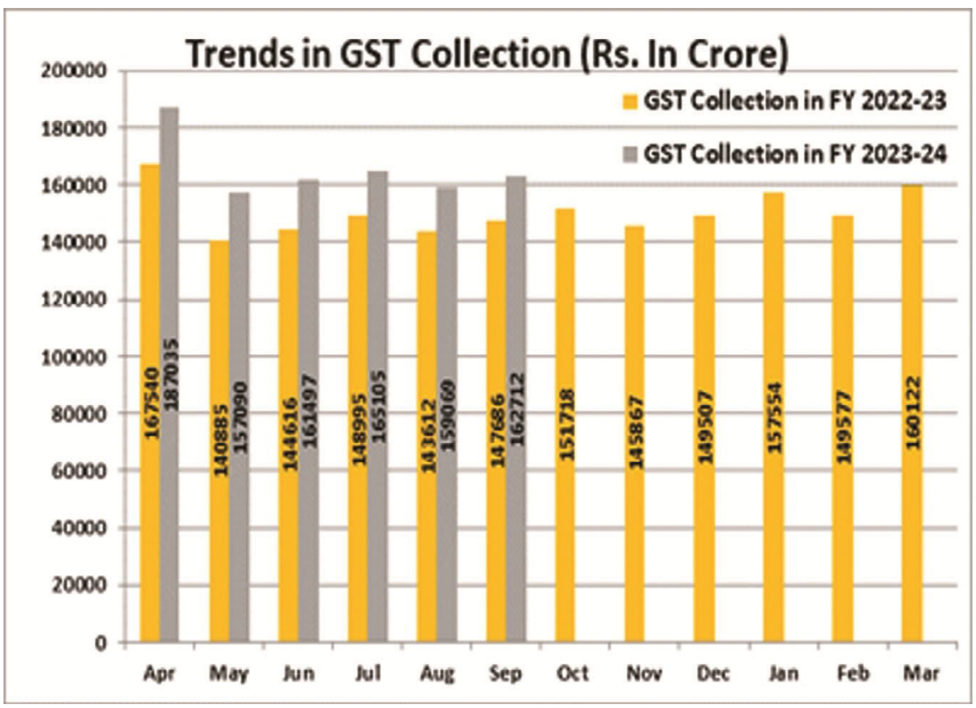

Table - 1

July 22	July 23	Growth	Aug.22	Aug.23	Growth	Sep.22	Sep.23	Growth
2161	2381	10%	2036	2306	13%	2,246	2,505	12%

Source: PIB Press Release dated 1.7.23, 1.8.23, and 1.9.23

Recommendations of 50th and 51st GST council meetings

The meeting of 50th GST Council was held under the Chairpersonship of the Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman in New Delhi on 11th July 2023. The meeting was also attended by Union Minister of State for Finance Shri Pankaj Chaudhary besides Finance Ministers of States & UTs and other senior officers of Central & State governments. The meeting, inter-alia the following recommendations relating to changes in GST tax rates, measures for facilitation of trade and measures for streamlining compliances in GST were made:

I. Changes in GST tax rates:

A. Recommendations relating to GST rates on goods

1. It has been decided to reduce the rate on uncooked/unfried snack pellets, by whatever name called, to 5% and to regularise payment of GST on uncooked /unfried snack pellets during the past period on "as is basis".
2. It has been decided to exempt IGST on Dinutuximab (Quarziba) medicine when imported for personal use.
3. It has been decided to exempt IGST on medicines and Food for Special Medical Purposes (FSMP) used in the treatment of rare diseases enlisted under the National Policy for Rare Diseases, 2021 when imported for personal use subject to existing conditions. Similarly, IGST exemption is also being extended to FSMP when imported by Centres of Excellence for Rare Diseases or any person or institution on recommendation of any of the listed Centres of Excellence.
4. It has been decided to clarify that supply of raw cotton, including kala cotton, by agriculturists to cooperatives is taxable under reverse charge mechanism and to regularise issues relating for the past period on "as is basis".
5. It has been decided to reduce GST on imitation zari thread or yarn known by any name in trade parlance from 12% to 5% and to regularize payment of GST related to this matter during the past period on "as is basis".
6. It has been decided to amend the Entry 52B in compensation cess Notification to include all utility vehicles by whatever name called provided they meet the parameters of length exceeding 4000 mm, Engine capacity exceeding 1500 cc and having Ground Clearance of 170 mm & above and to clarify by way of explanation that 'Ground clearance' means Ground clearance in un-laden condition.
7. It has been decided to reduce GST rate on LD slag from 18% to 5% to encourage better utilization of this product and for protection of environment.

8. It has been decided to regularise the matters relating to trauma, spine and arthroplasty implants for the period prior to 18.07.2022 on "as is basis" in view of genuine interpretational issues.

9. It has been decided to reduce the GST rate on fish soluble paste from 18% to 5% and to regularise payment of GST on fish soluble paste during the past period on "as is basis".

10. It has been decided to regularise the matters relating to desiccated coconut for the period 1.7.2017 to 27.7.2017 on "as is basis" in view of genuine interpretational issues.

11. It has been decided that on pan masala, tobacco products etc, where it is not legally required to declare the retail sale price, the earlier ad valorem rate as was applicable on 31st March 2023 may be notified in order for levy of Compensation Cess.

12. It has been decided to include RBL Bank and ICBC bank in the list of specified banks for which IGST exemption is available on imports of gold, silver or platinum and update the list of banks /entities eligible for such IGST exemption as per Annexure 4B (HBP) of Foreign Trade Policy 2023.

13. Consequential changes in notifications may be carried out in view of new Foreign Trade Policy 2023.

14. It has been decided to regularise the issues relating to GST on plates and cups made of areca leaves prior to 01.10.2019.

15. It has been decided to regularise the issues relating to GST on biomass briquettes for the period 01.7.2017 to 12.10.2017.

B. Recommendations relating to GST rates and other changes on services

1. Changes in GST rates of services 1. It has been decided that GST exemption on satellite launch services supplied by ISRO, Antrix Corporation Limited and New Space India Limited (NSIL) may be extended to such services supplied by organisations in private sector also to encourage start-ups.

2. As a trade friendly measure, it has been decided that GTAs will not be required to file declaration for paying GST under forward charge every year. If they have exercised this option for a particular FY, they shall be deemed to have exercised it for the next and future FYs unless they file a declaration that they want to revert to reverse charge mechanism (RCM).

3. It has also been decided that the last date of exercising the option by GTAs to pay GST under forward charge shall be 31st March of preceding FY instead of 15th March. 1st January of preceding FY shall be the start date for exercise of option.

4. It has been decided to clarify that services supplied by a director of a company to the company in his private or personal capacity such as

supplying services by way of renting of immovable property to the company or body corporate are not taxable under RCM. Only those services supplied by a director of company or body corporate, which are supplied by him as or in the capacity of director of that company or body corporate shall be taxable under RCM in the hands of the company or body corporate under notification No. 13/2017-CTR (Sl. No. 6) dated 28.06.2017.

5. It has been decided to clarify that supply of food and beverages in cinema halls is taxable as restaurant service as long as (a) they are supplied by way of or as part of a service and (b) supplied independently of the cinema exhibition service. Where the sale of cinema ticket and supply of food and beverages are clubbed together, and such bundled supply satisfies the test of composite supply, the entire supply will attract GST at the rate applicable to service of exhibition of cinema, the principal supply.

II. GoM on casinos, race courses and online gaming:

The Group of Ministers (GoM) related to taxation on casinos, horse racing and online gaming has submitted its report in June, 2022 and it was placed before the 47th GST Council meeting wherein, it was decided that the GoM may relook into all the issues. After consultation among members, the GoM placed its updated report before the 50th GST Council. It has recommended that since no consensus could be reached on whether the activities of online gaming, horse racing and casinos should be taxed at 28% on the full-face value of bets placed or on the GGR, the GST Council may decide. In this context, the GST Council has deliberated on the issues and has recommended the following:

- Suitable amendments to be made to law to include online gaming and horse racing in schedule III as taxable actionable claims.
- All three namely Casino, Horse Racing and Online gaming to be taxed at the uniform rate of 28%.
- Tax will be applicable on the face value of the chips purchased in the case of casinos, on the full value of the bets placed with bookmaker/ totalisator in the case of Horse Racing and on the full value of the bets placed in case of the Online Gaming.

III. Measures for facilitation of trade:

1. The Council has recommended the Rules governing appointment and conditions of President and Members of the proposed GST Appellate Tribunal for enabling smooth constitution and functioning of GST Appellate Tribunal. The Council also recommended that provisions of Finance Act, 2023 pertaining to GST Appellate Tribunal may be notified by the Centre with effect from 01.08.2023, so that the same can be brought into operation at the

earliest. Further the council has recommended the Chief Secretary of Maharashtra to be nominated as one of the members of the Search cum selection committee as per Section 110(4)(b)(iii) of CGST Act 2017. Regarding the number of State Benches, it was decided to start them in a phase wise manner.

2. The Council has recommended that the relaxations provided in FY 2021-22 in respect of various tables of FORM GSTR-9 and FORM GSTR-9C be continued for FY 2022-23. Further, for easing compliance burden on smaller taxpayers, exemption from filing of annual return (in FORM GSTR-9/9A) for taxpayers having aggregate annual turnover upto two crore rupees, to be continued for FY 2022-23 also.

3. The Council has recommended to clarify through a circular that Input Services Distributor (ISD) mechanism is not mandatory for distribution of input tax credit of common input services procured from third parties to the distinct persons as per the present provisions of GST law, and also to clarify issues regarding taxability of internally generated services provided by one distinct person to another distinct person. The Council has also recommended that amendment may be made in GST law to make ISD mechanism mandatory prospectively for distribution of input tax credit of such common input services procured from third parties.

4. Circular to be issued to provide clarity on various issues pertaining to the GST liability as well as the liability to reverse input tax credit in cases involving warranty replacement of parts and repair services during warranty period without any consideration from the customers, clarifying inter alia that no GST is chargeable by the manufacturer on such replacement of parts and/ or repair service and also, no reversal of input tax credit is required to be made by the manufacturer.

5. Circular to be issued to clarify various refund related issues:

   a. Consequent to amendment in rule 36(4) of CGST Rules 2017 with effect from 01.01.2022, refund of accumulated input tax credit (ITC) under Section 54(3) of CGST Act, 2017 for a tax period to be restricted to ITC on inward supplies reflected in FORM GSTR2B of the said tax period or any previous tax period.

   b. Consequent to Explanation having been inserted in rule 89(4) of CGST Rules vide Notification No. 14/2022- CT dated 05.07.2022, the value of export goods, to be included while calculating "adjusted total turnover" in the formula under rule 89(4), will be determined as per the said explanation.

c. Clarification regarding admissibility of refund in cases where export of goods, or the realization of payment for export of services, as the case may be, is made after the time limit provided under rule 96A of CGST Rules, 2017.

6. Circular to be issued to provide clarification regarding TCS liability under Sec 52 of the CGST Act, 2017 in cases where multiple E-commerce Operators (ECOs) are involved in a single transaction of supply of goods or services or both.

7. To ease compliance burden of the taxpayers, clause (f) of rule 46 of CGST Rules, 2017 to amended to provide for requirement of only name of the State of the recipient, and not the name and full address of the recipient, on the tax invoice in cases of supply of taxable services by or through an ECO or by a supplier of OIDAR services to an unregistered recipient.

8. Issuance of the following circulars in order to remove ambiguity and legal disputes on various issues, thus benefiting taxpayers at large:

a. Clarifying that the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing, are required to issue e-invoices under rule 48(4) of CGST Rules. for the supplies made to Government Departments or establishments / Government agencies / local authorities / PSUs, etc., registered solely for the purpose of TDS,

b. Clarification regarding the manner of calculation of interest amount liable to be paid under section 50(3) of CGST Act, 2017 in respect of wrongly availed and utilized IGST credit, clarifying inter alia that in cases of wrong availment of IGST credit, the balance of input tax credit (ITC) in electronic credit ledger, under the heads of IGST, CGST and SGST taken together, has to be taken in consideration while calculating such interest liability as per rule 88B of CGST Rules, 2017.

c. Clarifying that mere holding of securities of a subsidiary company by a holding company cannot be treated as a supply of services and therefore, cannot be taxed under GST

9. As per the recommendations of the Council in its 48th meeting, Circular No. 183/15/2022-GST dated 27th December, 2022 was issued to provide for the procedure for verification of input tax credit in cases involving difference in Input Tax Credit availed in FORM GSTR-3B vis a vis that available as per FORM GSTR2A during FY 2017-18 and 2018-19. To provide further relief to the taxpayers, the Council recommended for further issuance

of a circular to provide for similar procedure for verification of input tax credit in cases involving difference in Input Tax Credit availed in FORM GSTR-3B vis a vis that available as per FORM GSTR2A during the period 01.04.2019 to 31.12.2021.

10. Special procedure to be provided under section 148 of CGST Act, 2017 to enable manual filing of appeal against the orders passed by proper officers in respect of TRAN-1/ TRAN-2 claims of the registered persons, filed in pursuance of the directions of Hon'ble Supreme Court in case of the Union of India v/s Filco Trade Centre Pvt. Ltd.

11. Rule 108(1) and rule 109(1) of CGST Rules, 2017 to be amended to provide for manual filing of appeal under certain specified circumstances.

12. Council recommended to extend the amnesty schemes notified vide notifications dated 31.03.2023 regarding non-filers of FORM GSTR-4, FORM GSTR-9 & FORM GSTR10 returns, revocation of cancellation of registration and deemed withdrawal of assessment orders issued under Section 62 of CGST Act, 2017, till 31.08.2023.

13. In view of the prevailing law and order situation in the State of Manipur, the Council recommended to extend the due dates for filing of FORM GSTR-1, FORM GSTR-3B and FORM GSTR7 for the months of April, May and June, 2023 for the registered persons of State of Manipur till 31.07.2023

IV Measures for streamlining compliances in GST:

1. In accordance with the recommendations of GoM on implementation of E-way bill requirement for movement of Gold/ Precious stones under chapter 71, the Council has recommended to insert rule 138F in CGST Rules, 2017, as well as in SGST Rules, 2017 of the States, who want to mandate the requirement of generation of e-way bills for intra-State movement of gold and precious stones under Chapter 71 within their States.

2. In accordance with the recommendations of the GoM on Capacity based taxation and Special Composition Scheme approved by the Council in 49th meeting, the Council has made the following recommendations:

   i. Issuance of notification under section 148 of CGST Act, 2017 prescribing a special procedure to be followed by the manufacturers of tobacco, pan masala & other similar items inter alia for registration of machines and for filing of special monthly returns;

   ii. Insertion of section 122A in CGST Act, 2017 providing for special penalty for non-registration of machines by such manufacturers;

   iii. Provisions of section 123 of Finance Act, 2021, amending section 16 of IGST Act, to be notified with effect from 01.10.2023 and notification to be issued under section 16(4) of IGST Act. 2017 to provide for restriction of IGST refund route in respect of exports of tobacco, pan masala & other similar items as well as mentha oil.

3. Amendment in CGST Rules, 2017 regarding registration: The Council has recommended the following amendments in CGST Rules, 2017 to strengthen the registration process and to effectively deal with the menace of fake and fraudulent registrations in GST:

   a. Amendment in rule 10A to provide that the details of bank account, in name and PAN of the registered person, to be required to be furnished within 30 days of grant of registration or before filing of statement of outwards supply under section 37 of CGST Act in FORM GSTR-1/ IFF, whichever is earlier.

   b. Amendment in rule 21A(2A) to provide for system-based suspension of the registration in respect of such registered persons who do not furnish the details of valid bank account under rule 10A with the time period prescribed under the said rule.

   c. Insertion of 3rd proviso in rule 21A(4) to provide for automatic revocation of such system-based suspension upon compliance with provisions of rule 10A.

   d. Amendment in rule 59(6) to provide that where a registered person has not furnished details of a valid bank account under rule 10A, the said registered person may not be allowed to furnish the details of outward supplies in FORM GSTR-1 or using IFF. .

   e. Amendment in rule 9 and rule 25 to do away with the requirement that the physical verification of business premises is to be conducted in the presence of the applicant and also to provide for physical verification in high risk cases even where Aadhaar has been authenticated.

4. Pilot to be conducted in U.T. of Puducherry for risk-based biometric-based Aadhaar authentication of registration applicants. The State of Andhra Pradesh also expressed its intent to join this pilot.

5. Procedure for Recovery of Tax and Interest in terms of Rule 88C(3): On the recommendations of the GST Council in its 48th meeting held on 17.12.2022, rule 88C was inserted in the CGST Rules, 2017 with effect from 26.12.2022 for system based intimation to the registered person in cases where the output tax liability in terms of FORM GSTR-1 of a registered person for any particular month exceeds the output tax liability disclosed by the said person in the return in FORM GSTR-3B for the said month by a specified threshold. The

Council has now recommended insertion of Rule 142B in the CGST Rules, 2017 and insertion of a FORM GST DRC-01D to provide for manner of recovery of the tax and interest in respect of the amount intimated under rule 88C which has not been paid and for which no satisfactory explanation has been furnished by the registered person.

6. Mechanism to deal with differences in ITC between FORM GSTR-2B and FORM GSTR-3B: The Council has recommended a mechanism for system-based intimation to the taxpayers in respect of the excess availment of ITC in FORM GSTR-3B vis a vis that made available in FORM GSTR-2B above a certain threshold, along with the procedure of auto-compliance on the part of the taxpayers, to explain the reasons for the said difference or take remedial action in respect of such difference. For this purpose, rule 88D and FORM DRC-01C to be inserted in CGST Rules, 2017, along with an amendment in rule 59(6) of CGST Rules, 2017. This will help in reducing ITC mismatches and misuse of ITC facility in GST.

7. To improve discipline in filing of annual returns, FORM GSTR3A to be amended to provide for issuance of notice to the registered taxpayers for their failure to furnish Annual Return in FORM GSTR-9 or FORM GSTR-9A by due date.

8. Rule 64 and FORM GSTR-5A of CGST Rules, 2017 to be amended to require OIDAR service providers to provide the details of supplies made to registered persons in India his return in FORM GSTR-5A. This will help in tracking due payment of tax on reverse charge basis by such registered persons in India in respect of supplies received from OIDAR service providers.

9. Explanation 3 to be inserted after Rule 43 of CGST Rules, 2017 to prescribe that the value of supply of goods from Duty Free Shops at arrival terminal in international airports to the incoming passengers to be included in the value of exempt supplies for the purpose of reversal of input tax credit.

10. Sub-rule (3A) to be inserted in Rule 162 of CGST Rules, 2017 to prescribe the compounding amount for various offences under section 132 of CGST Act, 2017..

11. The Council has recommended insertion of Rule 163 in CGST Rules, 2017 to provide for manner and conditions of consent-based sharing of information of registered persons available on the common portal with other systems. The Council has also recommended issuance of a notification under section 158A of CGST Act, 2017 for notifying "Account Aggregators" as the systems with which information is to be shared by the common portal.

12. The Council has recommended insertion of a clause (ca) in subsection (1) of section 10 of the IGST Act, 2017 to clarify the place of supply in respect of supply of goods to unregistered persons.
13. The GST Council has recommended to form a State level coordination Committee comprising of GST officers from both State and Central GST administrations for knowledge sharing on GST matters and coordinated efforts towards administrative and preventive measures.
14. The 2nd interim report of the GoM on IT System Reforms was also discussed by the Council. The GoM has recommended various measures to curb frauds in GST through System based measures for strengthening registration process in GST, more use of third-party data for risk management and controlling flow of fake Input Tax Credit down the supply chain.

Source: PIB Press Release dated 11.07.2023

Recommendations made in the 51st meeting of GST council

The 51st GST Council met under the Chairpersonship of Hon'ble Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman via video conferencing in New Delhi on 2nd August 2023. In this meeting, the Council recommended certain amendments in the CGST Act, 2017 and IGST Act, 2017, including amendment in Schedule III of CGST Act, 2017, to provide clarity on the taxation of supplies in casinos, horse racing and online gaming. The Council also recommended to insert a specific provision in IGST Act, 2017 to provide for liability to pay GST on the supply of online money gaming by a supplier located outside India to a person in India, for single registration in India for the said supplier through a simplified registration scheme and also for blocking of access by the public to any information generated, transmitted, received or hosted in any computer resource used for supply of online money gaming by such supplier in case of failure to comply with provisions of registration and payment of tax.

The Council also recommended that valuation of supply of online gaming and actionable claims in casinos may be done based on the amount paid or payable to or deposited with the supplier, by or on behalf of the player (excluding the amount entered into games/ bets out of winnings of previous games/ bets) and not on the total value of each bet placed. The Council recommended that CGST Rules, 2017 may be amended to insert specific provisions for valuation of supply of online gaming and supply of actionable claims in casino accordingly. The Council also recommended issuance of certain notifications/ amendment in notification related to the issue. It was also decided by the Council that effort will be made to complete the process of making amendments in the Act at the earliest and bring the amendments into effect from 01.10.2023.

Notifications & Circulars issued during July, August and September 2023

Notification No. 18/2023, No. 19/2023 No. 20/2023, No. 21/2023 - Central Tax dated 17.07.2023 issued to extend due date for furnishing FORM GSTR-1, FORM GSTR-3B and FORM GSTR-7 for the tax periods April, May and June, 2023 for the State of Manipur.

Notification No. 22/2023 - Central Tax dated 17.07.2023 issued to extend amnesty for GSTR-4 non-filers The Central Government vide the said Notification extended the amnesty scheme for GSTR-4 non-filers till 31.08.2023.

Notification No. 23/2023 - Central Tax dated 17.07.2023 issued to extend time limit for application for revocation of cancellation of registration till 31.08.2023.

Notification No. 24/2023 - Central Tax dated 17.07.2023 issued to extend amnesty scheme for deemed withdrawal of assessment orders issued under Section 62 till 31.08.2023.

Notification No. 25/2023 - Central Tax dated 17.07.2023 issued to extend amnesty for GSTR-9 non-filers till 31.08.2023.

Notification No. 26/2023 - Central Tax dated 17.07.2023 issued to extend amnesty for GSTR-10 non-filers till 31.08.2023.

Notification No. 27/2023 - Central Tax dated 31.07.2023 issued to notify the provisions of section 123 of the Finance Act, 2021.

Notification No. 28/2023 - Central Tax dated 31.07.2023 issued to notify the provisions of section 137 to 162 of the Finance Act, 2023.

Notification No. 29/2023 - Central Tax dated 31.07.2023 issued to notify special procedure to be followed by a registered person pursuant to the directions of the Hon'ble Supreme Court in the case of Union of India v/s Filco Trade Centre Pvt. Ltd., SLP(C) No.32709-32710/2018.

Notification No. 30/2023 - Central Tax dated 31.07.2023 issued to notify special procedure to be followed by a registered person engaged in manufacturing of certain goods as specified in the Schedule appended.

Notification No. 31/2023 - Central Tax dated 31.07.2023 issued to amend Notification No. 27/2022 dated 26.12.2022.

Notification No. 32/2023 - Central Tax dated 31.07.2023 issued to exempt the registered person whose aggregate turnover in the FY 2022-23 is up to two crore rupees, from filing annual return for the said FY.

Notification No. 33/2023 - Central Tax dated 31.07.2023 issued to notify "Account Aggregator" as the systems with which information may be shared by the common portal under section 158A of the CGST Act, 2017.

Notification No. 34/2023 - Central Tax dated 31.07.2023 issued to notify to waive the requirement of mandatory registration under section 24(ix) of CGST Act for person supplying goods through ECOs, subject to certain conditions.

Notification No. 34/2023 - Central Tax dated 31.07.2023 issued to appoint common adjudicating authority in respect of show cause notices in favour of against M/s BSH Household Appliances Manufacturing Pvt Ltd.

Notification No. 36/2023 - Central Tax dated 04.08.2023, issued to notify special procedure to be followed by the electronic commerce operators (ECOs) in respect of supplies of goods through them by composition taxpayers.

Notification No. 37/2023 - Central Tax dated 04.08.2023 issued to notify special procedure to be followed by the electronic commerce operators (ECOs) in respect of supplies of goods through them by unregistered persons.

Notification No. 38/2023 - Central Tax dated 04.08.2023 issued to make amendments (Second Amendment, 2023) to the CGST Rules, 2017.

Notification No. 39/2023 - Central Tax dated 17.08.2023 issued to amend Notification No. 02/2017-Central Tax dated 19.06.2017.

Notification No. 40/2023 - Central Tax dated 17.08.2023 issued to appoint common adjudicating authority in respect of show cause notice issued in favour of M/s United Spirits Ltd.

Notification No. 41/2023 - Central Tax, Notification No. 42/2023 - Central Tax and Notification No. 44/2023 - Central Tax dated 25.08.2023 issued to extend the due date for furnishing FORM GSTR-1, FORM GSTR-3B and FORM GSTR-7 for April, May, June and July, 2023 for registered persons whose principal place of business is in the State of Manipur.

Notification No. 43/2023 - Central Tax dated 25.08.2023 issued to extend the due date for furnishing FORM GSTR3B for quarter ending June, 2023 for registered persons whose principal place of business is in the State of Manipur.

Notification No. 45/2023 - Central Tax dated 06.09.2023, issued to make amendments (Third Amendment, 2023) to the CGST Rules, 2017.

Notification No. 46/2023 - Central Tax dated 18.09.2023, issued to appoint common adjudicating authority in respect of show cause notice issued in favour of M/s Inkuat Infrasol Pvt. Ltd.

Notification No. 47/2023 - Central Tax dated 25.09.2023, issued to amend Notification No. 30/2023-CT dated 31.07.2023.

Notification No. 48/2023 - Central Tax dated 29.09.2023 and Notification No. 02/ 2023 - Integrated Tax dated 29.09.2023, issued to notify the provisions of the Central Goods and Services Tax

(Amendment) Act, 2023 and Integrated Goods and Services Tax (Amendment) Act, 2023 respectively

Notification No. 49/2023 - Central Tax dated 29.09.2023, issued to notify supply of online money gaming, supply of online gaming other than online money gaming and supply of actionable claims in casinos under section 15(5) of CGST Act.

Notification No. 50/2023 - Central Tax dated 29.09.2023, issued to amend Notification No. 66/2017-Central Tax dated 15.11.2017 to exclude specified actionable claims.

Notification No. 51/2023 - Central Tax dated 29.09.2023, issued to make amendments (Third Amendment, 2023) to the CGST Rules, 2017 in supersession of Notification No. 45/2023 dated 06.09.2023.

Notification No. 06/2023 - Central Tax (Rate), Notification No. 06/2023 - Integrated Tax (Rate) and Notification No. 06/2023-Union Territory Tax (Rate) dated 26.07.2023 issued to provide opt out option for GTA from RCM/FCM and extension time limit to furnish Annexure – V and Annexure VI.

Notification No. 07/2023 - Central Tax (Rate) , Notification No. 07/2023 - Integrated Tax (Rate) and Notification No. 07/2023-Union Territory Tax (Rate) dated 26.07.2023 issued to provide exemption for satellite launch services offered by private sector organizations.

Notification No. 08/2023 - Central Tax (Rate), Notification No. 08/2023 - Integrated Tax (Rate) and Notification No. 08/2023-Union Territory Tax (Rate) dated 26.07.2023 issued to relieve GTAs from filing yearly GST declarations under forward charge.

Notification No. 09/2023 - Central Tax (Rate) , Notification No. 09/2023 - Integrated Tax (Rate) and Notification No. 09/2023-Union Territory Tax (Rate) dated 26.07.2023 issued to amend rates on certain items.

Notification No. 11/2023 - Central Tax (Rate), Notification No. 14/2023 - Integrated Tax (Rate) and Notification No. 11/2023 – Union Territory Tax (Rate) dated 29.09.2023, issued to amend Notification No. 01/2017- Central Tax (Rate), Notification No. 01/2017- Integrated Tax (Rate) and Notification No. 01/2017- Union Territory Tax (Rate) dated 28.06.2017 respectively.

Notification No. 01/2023 - Integrated Tax dated 31.07.2023 notify all goods or services which may be exported on payment of integrated tax and on which the supplier of such goods or services may claim the refund of tax so paid

Notification No. 03/2023 - Integrated Tax dated 29.09.2023 issued to notify the supply of online money gaming as the supply of goods on import of which, integrated tax shall be levied and collected under sub-section (1) of section 5 of the Integrated Goods and Services Tax Act, 2017.

Notification No. 04/2023 - Integrated Tax dated 29.09.2023 issued to provide Simplified registration Scheme for overseas supplier of online money gaming.

Notification No. 10/2023 - Integrated Tax (Rate) and Notification No. 10/2023-Union Territory Tax (Rate) issued to implement consequential changes related to the New Foreign Trade Policy, 2023.

Notification No. 11/2023 - **Integrated Tax (Rate**), Notification No. 12/2023 - Integrated Tax (Rate) and Notification No. 13/2023 - Integrated Tax (Rate) dated 26.09.2023 issued to implement the decisions of 50th GST Council.

Notification No. 01/2023 – Compensation Cess (Rate) dated 26.07.2023 to amend No. 1/2017-Compensation Cess(Rate) to implement the decisions of 50th GST Council.

Circular

Circular No. 192/04/2023-GST dated 17.07.2023 issued for Clarification on charging of interest under Section 50(3) of the CGST Act, 2017, in cases of wrong availment of IGST credit and reversal thereof.

Circular No. 193/05/2023-GST dated 17.07.2023 issued for Clarification to deal with difference in Input Tax Credit (ITC) availed in FORM GSTR-3B as compared to that detailed in FORM GSTR-2A for the period 01.04.2019 to 31.12.2021.

Circular No. 194/06/2023-GST dated 17.07.2023 issued for Clarification on TCS liability under Sec 52 of the CGST Act, 2017 in case of multiple E-commerce Operators in one transaction Page 14 of 18.

Circular No. 195/07/2023-GST dated 17.07.2023 issued for Clarification on availability of ITC in respect of warranty replacement of parts and repair services during warranty period.

Circular No. 196/08/2023-GST dated 17.07.2023 issued for Clarification on taxability of share capital held in subsidiary company by the parent company.

Circular No. 197/09/2023-GST dated 17.07.2023 issued for Clarification on refund-related issues.

Circular No. 198/10/2023-GST dated 17.07.2023 issued for Clarification on issue pertaining to e-invoice.

Circular No. 199/11/2023-GST dated 17.07.2023 issued for Clarification regarding taxability of services provided by an office of an organisation in one State to the office of that organisation in another State, both being distinct persons.

Circular No. 200/12/2023-GST dated 01.08.2023 issued clarification regarding GST rates and classification of certain goods based on the recommendations of the GST Council in its 50th meeting held on 11.07.2023

Circular No. 201/13/2023-GST dated 01.08.2023 issued clarifications regarding applicability of GST on certain services.

New studies on Kerala

Young Scholars' Forum, GIFT
Led by Meghna Jayasankar

Economics

Scopus Indexed

1. Manoj, P. K. AFFORDABLE HEALTHCARE AND AFFORDABLE HOUSING: NEED FOR AN INTEGRATIVE APPROACH FOR THE HOLISTIC GROWTH OF THE DIGITAL ECONOMY OF KERALA, INDIA.

Despite the significant achievements of Kerala in diverse socio-economic variables, especially in the healthcare and allied fields, recurring instances of epidemics have been haunting the State. Though the global pandemic COVID-19 has subdued, health issues still continue. The latest instance is the Nipah virus outbreak in 2023, for the fourth time since 2018. This causes undue hardships to the public as it affects their livelihood. Besides, it severely affects sectors like tourism as tourists get repelled due to such epidemics. Given the high out-of-pocket (OOP) costs to the patients due to the low government health expenditure (GHE) even in a State like Kerala with high hospital and allied health infrastructure, shows the looming need for more affordable healthcare services through public private partnership (PPP) mode or other such alternatives. Equally vital is the need for putting in place an affordable housing system that ensures 'Affordable Housing for All' (AHFA) as housing is a key determinant of good health. In fact, AHFA is a national goal of the Govt. of India (GOI), and so also Universal Health Coverage (UHC). Given the mutual relation between housing and health, the paper suggests an integrative approach to attain AHFA and UHC goals. More extensive ICT integration by the Govt. of Kerala (GOK) is noted in this paper. Kerala having already set its goal to transform itself into a 'Knowledge Society' it should now go for an integrative approach to refine its housing and healthcare sectors, the paper suggests.

2. Thamizhvel, D., & Shambu, K. K. (2023). Diverse Factors Affecting Success of Women Entrepreneurship And Strengths Of Women Entrepreneurship Based On Government Edps In Kerala. Journal of Namibian Studies: History Politics Culture, 36, 317-336.

The study aimed to assess the various factors affecting the success of women's entrepreneurship and various strengths gained based on the operation of Government EDPs in Kerala. The study is an empirical study and it was conducted with the objective of establishing the primary aspects that are influencing the success rates of women entrepreneurs when they are managing their firms.

The usage of Cochran Sample size formula was used to estimate the sample size for the study. The study consisted of 6,965 women entrepreneurs operating in North Kerala. The sample size was evaluated based on the dependability of the data-collecting equipment led to the determination that the optimal size of the sample should be 231. The sample size was selected based on the usage random sampling technique among which stratified random sampling was used based on the nature of the population involving women entrepreneurs in the study area. The exploratory factor analysis using the SPSS-20 was performed to extract the diverse factors that are affecting women entrepreneurship in the study area of Kerala.

3. Antony, J. K., & Biju, K. C. Socio-Economic Status of Coir Workers in Kerala.

The coir industry is an agro-based and labour-intensive traditional industry that originated in the state of Kerala which provides livelihood to nearly 3.7 lakh people and contributes significantly to poverty eradication by providing employment opportunities to semi-skilled and unskilled people in rural areas of which 80% of them are women. Hence it is important to understand the socioeconomic conditions of coir workers in Kerala. The broad objectives of this study are to examine the socio-economic status of coir workers, to analyze the income and consumption pattern of coir workers, and to identify the problems of coir workers and some suggested measures to resolve them in Kerala.

4. Saritha, C. K., & Manoj, P. K. (2023). Social inequalities in IT sector: Evidence from Kerala State in India. Environment and Social Psychology, 8(2).

In Kerala's economy, the information technology (IT) sector adorns a place of pride, Kerala being a state in India with the topmost literacy and a large share of the technically qualified population. Kerala's IT sector contributes significantly to

employment creation and foreign exchange earnings (FEEs) by way of software exports. As the long-term sustainability of any sector depends on equity and distributive justice among its employees, this study critically analyses the inequality among the IT sector employees at Info Park in Kerala State in India. A sample survey methodology has been used in this study. Analytical tools like Gini co-efficient have been adopted in the study. The study has revealed clear inequalities among the IT sector employees in their career progression. Women, lower castes, certain religious minorities, etc., are the major sufferers, especially the SC/STs. The share of Muslims among the IT sector employees is low, and the inequality is the least. Based on the study findings, the paper suggests strategies for the sustained growth of IT sector.

5. Tourist's level of awareness and attitude about destination ecotourism development: a case study of Munnar, Kerala, India

Ecotourism differs from mass tourism as it includes recreational activities focusing on environmental conservation, education, and cultural experiences. This research aimed to study the attitude and awareness levels of tourists in Munnar towards environmentally sustainable tourism. Primary data were collected from the tourists adopting a convenient sampling method. The survey results demonstrate that people have a positive attitude and are aware of the importance of environmentally friendly tourism. The findings also show that tourist awareness and attitudes toward Munnar's ecotourism and conservation are highly and strongly associated. Studying traveller understanding and attitudes toward sustainable tourism would be highly beneficial to local governments and ecotourism destination operators in responding to environmentally sustainable tourism and adapting to the need for better tourism practices.

6. Nuchian, N., Biju, A. V. N., & Reddy, K. An investigation on social impact performance assessment of the social enterprises: Identification of an ideal social entrepreneurship model. Business Strategy & Development.

This study examines the characteristics of ideal social entrepreneurship by assessing their social impact. The use of the contemporary design and triangulation approach allows for validating information gathered from different sources. Data were collected from in-depth interviews, focus group interviews, and documentary analysis, and MAXQDA (a qualitative analysis software package) was used for data management, coding, and retrieval. The performance assessment logic model was used to assess the social performance of social enterprises. The findings show that selected social ventures have created a remarkable social value that explicitly resulted in economic empowerment, community improvement, career growth, and political empowerment of its intended beneficiaries and also found a significant variation in the linkage between social performance indicators, such as inputs, activities, outputs, outcomes, and impact, across the five selected case studies.

7. Gayathry, C. S. (2023). Strengthening Women's Empowerment Self-Help Groups and Economically Weaker Sections in Palakkad District, Kerela. Rivista Italiana di Filosofia Analitica Junior, 14(1), 1013-1023.

In recent years, empowering women and uplifting economically weaker sections have emerged as pivotal factors in promoting inclusive and sustainable development. Palakkad district in Kerala, India, is no exception to the challenges posed by gender-based disparities and economic inequalities. To address these issues, Women's Empowerment Self Help Groups (SHGs) have been established as an innovative and community-based approach. The study explores into the functioning, impact, and effectiveness of Women's Empowerment SHGs in Palakkad district, with the aim of shedding light on their contributions to enhancing the lives of women from economically weaker backgrounds.

8. Islam, M. U., & Kazi, R. (2023). Migration, caste, and transnationalism: impact on Kerala's Syrian Christianity. GeoJournal, 1-10.

This article explores the impact of "in-house" and migrant-generated transnational practices on Syrian Christianity in Kerala, India. It examines the interplay between local and transnational influences, including caste structures, historical social reform movements, and pressures of upward mobility, that have shaped the religious landscape of Syrian Christians in Kerala. The research points out that the transnational migratory context has induced a shift in the doctrinal orientation among Syrian Christians. Syrian Christians increasingly lean towards a theological doctrine that blends materialistic values and spirituality. This research contributes to a deeper understanding of evolution and religious development within Syrian Christianity offering insights into the broader discourse on the interplay of religion, migration, and cultural change. This study highlights the need for a broader framework to trace the processes covering transnational religious connections and migration-influenced religious change, beyond the optic of mere economic and social remittances.

9. Srikanth, C., & Dey, S. Gender Roles in Women's Labor Force Participation.

This study introduces a theoretical framework of women's labor force participation (LFP) decision as a manifestation of two opposing forces-the labor market's push in favour of, and social institutions' pull away from participation. The sociocultural diverse southwestern Indian state of Kerala is chosen as the ideal setting to test this framework. Using data from two rounds of the Kerala Migration Survey (KMS)-2013 and 2018, the study finds that higher levels of education prevent women's LFP. The study also finds evidence of male backlash. Moreover, the effect of the dominant culture of the region on women's LFP is particularly strong in Malabar where the social norms of the Sunni Muslims permeate across religions. The study also finds evidence for how an economic crisis adversely affecting the Muslim community causes its male members to be more favorable towards women's LFP.

Other Journals

1. Mal, S. (2023). Evaluation of socio-economic status in Malabar Coast in India: An in-depth analysis of socio-economic factors shaping society. World Journal of Advanced Research and Reviews, 19(2), 1281-1287.

The Malabar Coast in India comprises of two distinct regions, the North Malabar Coast and the South Malabar Coast. The North Malabar Coast is located in the state of Kerala and stretches from Kasargod in the north to Kannur in the south. The South Malabar Coast is located in the states of Kerala and Tamil Nadu and stretches from Kannur in the north to Kanyakumari in the south. The North Malabar Coast is known for its scenic beauty, greenery, and pristine beaches. It is also home to several wildlife sanctuaries and historic sites, such as the Bekal Fort and the Ananthapura Lake Temple. All over the study I mainly worked on the socio-economic status of Malabar Coast and used some method after that I mainly found.

the Malabar Coast has the highest literacy per capita income, and highest sex ratio. For more accurately I considered urban population of different district to measure the status of urban population from one district to another. After the analysis, we find out the entire area has more or less equal distribution of urban population that indicate less regional disparity and high development.

2. Baiju, K. C., & Das, P. Identification of Skill Gap of Labourers Employed in Home-Based Informal Enterprises in Kerala, India.

India is one of the emerging economies in the world, having a high incidence of demographic dividend, constituting more than 50 per cent of its population belongs to the working-age group of 15-59 years, making larger social and economic implications. Home-based enterprises as a source of employment for labourers in the manufacturing and service sector continued to be the most important subdivision of economic activity for the employment of labourers in India HBEs are potential micro-units at the local level, that are to be strengthened by bridging the skill gap for enhancing their income and employment potential. The present study looks into: 'What are the skill sets of the labourers employed in the selected Home-Based Enterprises (HBE), and what mismatches are there with the requisite level?' The need for using digital and online tools for the promotion of HBEs for realising sustainable development goals is highlighted in the study

3. Prameela, P., & Kanniammal, D. K. (2023). Perceived Challenges of Growth in Micro Enterprises in Post-Pandemic with Special Reference to Palakkad District. CARMELIGHT, 20, 23-27.

Numerous difficulties have been encountered by women entrepreneurs in maintaining their Enterprises. Due to the financial hardship, their vulnerability increased during the COVID-19 lockdown in India. They are encountering a number of challenges because of many reasons. Therefore, the purpose of this study is to analyse the perception of women micro-entrepreneurs towards Perceived Challenges of Growth in Micro Enterprises in Post Pandemic.

4. Vinesh, P. M., Arundas, N. H., & Thekkandathil, A. (2023). Establishing the Scope of the Live Fish Trade in Kerala with Insights from Stakeholders.

The fishery sector of Kerala has registered an average consistent growth of 5% during the past three decades and is blessed with huge resources and caters to the export markets of US, Europe and Asian destinations. At the same time the neighbouring states contribute huge amounts of fish to the markets of Kerala. It was also learned that a huge amount of stale fish are making their way to the fishery market of Kerala from neighbouring states, which raises quality concerns among consumers. The concept of live fish has become important at this point. This study examines the live fish trade marketing practices of three districts in Kerala such as Alappuzha, Ernakulam, and Kottayam. Currently, there are approximately eleven local live fish markets in these districts. January and February were the slowest months for live fish trade, followed by May and September. The study concludes that there is immense potential for live fish trade in the states which requires policy interventions from the government.

5. Public Distribution System (PDS) and Food Security in Rural Kerala: A Study of Manjeswar Taluk, Kasaragod District

Kerala has the unique distinction of being the forerunner among states in establishing a universal Public Distribution System, ensuring equity and social justice. The introduction of the Targeted Public Distribution System (TPDS) in 1997, replacing the universal food distribution system, was a major policy shift in

the wake of globalization. While the TPDS provided subsidized food grains to BPL

families, several equally deserving APL families were thrown out of the scheme.

The AePDS has radically transformed the rationing system in Kerala. The present study examined the efficiency and effectiveness of the Aadhar Enabled Public Distribution Mechanism (AePDS) established in 2015. Through the study, the authors attempted to unravel the accessibility of PDF, service delivery satisfaction, and efficacy of the electronic system developed for the purpose. A select number of authorized ration dealers from Manjeshwar Taluk of Kasaragod district were studied. The study was completed by selectively incorporating quantitative as well as qualitative data. The authors conducted in-depth interviews with ration card

holders, shop owners, and taluk-level officials of the AePDS.

6. Nair, S. B., & Aithal, P. S. (2023). An Assessment of Green Marketing Tools and Strategies for Increasing the Consumption Pattern of Khadi Textile Products Among Millennials in Kerala. International Journal of Management, Technology and Social Sciences (IJMTS), 8(3), 340-355.

Green or ecological marketing is technically a method of producing and advertising goods and services based on their positive effects on the long-term environment and societal advantages. The commodities created are thought to be environmentally friendly and safe for consumption, hence they are referred to as Green Products. Yoga and natural food intake are examples of healthy living practices that Kerala consumers are exposed to. In those areas, consumers are already aware and would be willing to accept green products such as handlooms and Khadi not just in Kerala but both nationally and globally. These are "Green Products" because they are environmentally sustainable. This study aims to explore the relationship between various features of green marketing techniques and how they affect the consumption rate of Khadi textile products in the districts of mid-Kerala.

Environment

Scopus Indexed

1. Varughese, Aswathy & Mathew, Varughese. (2023). Climate change, flooding woes and mass exodus of inhabitants: an analysis of Kuttanad wetland ecosystem in Kerala, India. GeoJournal.

Although the ecological and economic services rendered by the wetland ecosystems are innumerable, the exposure of inhabitants to hazardous climatic events is on the rise. For instance, the Kuttanad wetland ecosystem in Kerala, India, faces uneven rainfall patterns, leading to recurrent flooding. The present study examines people's vulnerability to elevated flooding risk in the region, factors responsible for migration in the wake of climate change, and their adaptive capacity to such events. The primary survey-based study follows the theoretical framework of vulnerability and adaptive capacity. Physical asset loss, sinking houses, elevated health risks, and loss of livelihood are factors identified for increased vulnerability to flood risks. The exacerbating vulnerability translates into the mass migration of local inhabitants. The Probit regression underscores the role of households' socio-economic background in migrating from the region, seeking safe havens. Marginalized social groups and people reliant on the local environment are most vulnerable. As per the study, the absence of pre- and post-flood measures affects the adaptive capacity of the inhabitants. Given the gravity of flooding risk, the study suggests channelized policy measures that are quintessential to improving their resilience and adaptive capacity.

2. Mathodi, Vandana & John, Shiekha & Maya, kk & Padmalal, D.. (2020). Environmental impact of quarrying of building stones and laterite blocks: a comparative study of two river basins in Southern Western Ghats, India. Environmental Earth Sciences. 79. 10.1007/s12665-020-09104-1.

Before settling on a project, an Environmental Impact Assessment is carried out to determine the project's environmental, social, and economic implications. EIA is a tool that guides them to take appropriate decisions for proposed projects. An early stage of prediction of environmental impacts at its planning and design of the project can be facilitated to find out suitable ways to reduce the adverse impacts so that the project can be shaped to suit the local environment. The present work highlights the assessment of the Environmental impact associated with a stone quarry and arrays the mitigation measures about the impacts of a stone quarry in Neyyattinkara Taluk in Thiruvananthapuram District. The EIA aims to study a radial distance of 10km of rock mining to study various environmental thematics, such as Air, Noise, Water, Soil, and socio-economic. Opencast semi-mechanized mining will be adopted to extract Building stones of the required size. Various mitigation measures have been specified for abating air, water, and noise pollution. By identifying the mitigation measures the impact due to the quarry activity can be minimized.

3. Sreekala, S., Geena, P., & Jyothi, S. N. (2023, September). Environmental impact assessment of a quarry in a Taluk of Southern Kerala, India. In AIP Conference Proceedings (Vol. 2764, No. 1). AIP Publishing.

Before settling on a project, an Environmental Impact Assessment is carried out to determine the project's environmental, social, and economic implications. The present work highlights the assessment of the Environmental impact associated with a stone quarry and arrays the mitigation measures about the impacts of a stone quarry in Neyyattinkara Taluk in Thiruvananthapuram District. The EIA aims to study for a radial distance of 10km of rock mining to study various environmental thematics, such as Air, Noise, Water, Soil, and socio-economic. Opencast semi-mechanized mining will be adopted to extract Building stones of the required size. Various mitigation measures have been specified for abating air, water, and noise pollution. By identifying the mitigation measures the impact due to the quarry activity can be minimized.

4. Soman, D. D. The Recreational Potential and Livelihood Security Offered by Parambikulam Tiger Reserve, Kerala, India. Kerala, India.

Valuing the recreational potential of a Protected Area aids in public policy making and decisions on the management of resources by balancing the pertinent costs and benefits. The paper addresses the strategic role of cultural services, specifically, the recreational service in the livelihood of the primary stakeholders, i.e., the tribal communities, taking a Tiger Reserve in Kerala as a case study. The analyzed forest dependency of the resident community depicted the highest dependency for income and employment generation through ecotourism activity. The Participatory Forest Management in the Reserve is a success story, whereby, the primary stakeholders generate a steady source of income and livelihood security. The study attempts to bring out the recreational value of the Reserve using the Individual Travel Cost Method using a structured questionnaire survey to elicit sustainable management and proper allocation of resources and suggests the tourism development model and the livelihood improvement model in the Tiger Reserve.

Other Journals

1. Thomas, T., & Bella, K. M. J. ENVIRONMENTAL ACCOUNTING AS A SUSTAINABLE DEVELOPMENT STRATEGY AMONG RUBBER INDUSTRIES IN KERALA.

The task of protecting the surroundings from organized burning calls for an ecological management machine that has collaborated with different government systems. An accounting records system is considered as one of the maximum sizeable components of administration information gadget that performs a key function in helping to protect the environment towards contaminant corporations. Accounting may additionally provide correct statistics and progress for control by means of assessing the costs. The plantation zone has a crucial position in the economic development of India because it gives some of the basic uncooked substances which are important for commercial development. As a way as natural rubber is concerned, it is a strategic uncooked cloth. It caters to a huge range of industries manufacturing a selection of products. Rubber enjoys an important place among the industrial crops. India has handiest restricted areas suitable for rubber plantation. The state of Kerala bills for about 94 percent of the land beneath rubber cultivation. The financial accounting device reports will estimate business unit activities, and the profitability and monetary efficiency of enterprise gadgets might be considered as vulnerable and strong factors. Despite the fact that at the path to recuperation, environmental accountings first aim need to be to close the understanding hole. This research paper is an attempt to explore environmental Accounting as a sustainable improvement approach in rubber industries in Kerala.

2. John, S. A REVIEW OF ENVIRONMENTAL EDUCATION CONCEPTS IN 9 TH STANDARD TEXT BOOKS OF KERALA. Sustainable Development Goals in SAARC Countries: Key Issues, Opportunities and Challenges, 132.

After the introduction of National Curriculum Framework (2005) followed by Kerala Curriculum Framework (2007), the textbooks in all subjects of the state curriculum incorporates Environmental Education. While infused in different subject curricula, it is often marked that Environmental Education content is not blended properly. The current study aims is to identify the environmental ideas that have been incorporated into the SCERT of Kerala's 2016 textbooks for the 9th standard. Using a mixed approach style of content analysis, the textbooks of various topics were examined to identify the infused environmental themes. The study's findings showed that there were gaps in knowledge regarding the inclusion of environmental themes in Kerala's current textbooks for the 10th standard. Thus, the findings serve as a wake-up call for curriculum developers, textbook writers, instructors, and aspiring secondary teachers to identify the disconnect between the curriculum, textbook, and lessons on the application of the curriculum with infused environmental themes.

3. Krishnakumar, N. M. (2023). ASSESSMENT OF FLORAL DIVERSITY IN THE HERBAL AND SPICES GARDEN AT RAJAGIRI COLLEGE OF SOCIAL SCIENCESVALLEY CAMPUS, KAKKANAD, ERNAKULAM DISTRICT. Biodiversity Challenges and Threats? Current Scenario

The present study was undertaken to document the diversity of flora in the herbal and spices garden of Rajagiri College of Social Sciences-Valley Campus, Kakkanad, Ernakulam district, Kerala. The documentation of floral diversity helps to recognize the overall ecological conditions and understanding of the economic, medicinal and traditional importance of plant diversity. Documentation of floral diversity is the first step ahead before the next step of the conservation of these natural resources. The present investigation identified a total of 117 plant species including herbs and spices represented by 110 genera belonging to 47 different families. Among the herbs and spices in Rajagiri Valley Campus, the Apocynaceae family ranks first (10 plant species) followed by

Leguminosae (8 plant species), Lamiaceae (8 plant species), Asteraceae (Compositae) (7 plant species) and Zingiberaceae (6 plant species). Other families represent a small share of the total number. There are four plant species coming under the Rare, Endemic, Endangered, and Threatened (RET) category namely Aporosa cardiosperma (Gaertn.) Merr. (Family: Phyllanthaceae), Coscinium fenestratum (Goetgh.) Colebr. (Family: Menispermaceae), Holostemmaada-kodien Schult. (Family: Apocynaceae) and Pterocarpus santalinus L. f. (Family: Leguminosae)

Books

1. Prasad, S., & Archana, G. R. (2023). FOLIAR MYCOBIONTS ON MEDICINAL PLANTS FROM SACRED GROVES OF ARUVAPPULAM AND PRAMADOM PANCHAYAT OF PATHANAMTHITTA DISTRICT OF KERALA STATE. Biodiversity Challenges and Threats? Current Scenario, 1.

Black mildews are a group of fungi that are thought to be host-specific which produce black colonies on the host surface and infect mostly leaves, soft stems, and petioles. The infection requires a humid environment and the development of infection produces various vegetative and reproductive structures. The present study involves the collection, identification, and documentation of foliar mycobionts on medicinal plants collected from sacred groves of Aruvappulam and Pramadom Panchayat of Pathanamthitta district of Kerala State. In this study, the detailed microscopic examination of the fungi namely? Asterina congesta Cooke on Santalum album L., Asterina jambolana Kar & Maity on Syzygium species, Meliola ichnocarpivolubili Hansf. on Ichnocarpus frutescens (L.) R.Br., Meliola strychni- multiflorae Hansf. On Strychnos nux-vomica L., Meliola strychni Mibey on Strychnos nux vomica L. and Questieriella strychni Hosag. on Strychnos nux vomica L. The collections were identified and deposited in the fungal herbarium of S. G. College, Kottarakara.

Scopus Indexed

1. Mondal, S., Kumar, V., & Sahoo, P. (2023). Multidimensional Deprivation in Rural India. Economic & Political Weekly, 58(33), 37.

The paper investigates the spatial pattern of multidimensional deprivation in rural areas by developing a multidimensional deprivation index and examining its relationships with the poverty ratio and per capita income across the states in India. The analysis reveals that the states located in the central part of the country suffer a greater degree of deprivation. It further demonstrates that, with some exceptions, the MDI has a strong and positive correlation with the poverty ratio while it is inversely related with the per capita income in most of the states. The findings, therefore, draw attention towards the need for targeted spatial interventions, within the social sector policies, to overcome the persistent regional disparities at the subnational level.

2. George, G. P., & Kuruvila, A. (2023). Price Behaviour of Coconut and Coconut Products in Markets of Kerala: An Economic Analysis. Indian Journal of Economics and Development, 19(1), 45-57.

The present study examined the price behavior of coconut and coconut products, namely copra and coconut oil, in Kerala in the pre- and post-liberalization periods. The overall price of all the products showed an increasing trend and variability over the years. The seasonal and cyclical nature of coconut production was evident in both periods, with coconut prices showing pronounced irregular variations compared to coconut oil and copra. The study found that the intra-annual volatilities in the prices of copra and coconut increased, while it decreased for coconut oil. Also, after the trade reforms of 1995, there was an overall decrease in the instability of prices. The provision and use of timely market intelligence would aid the farmers in overcoming the implications of price fluctuations in coconut.

Other Journals

1. Misha, V. AWARENESS AND SATISFACTION OF WOMEN FISH VENDORS ON THE ORGANISATIONAL SUPPORT IN KERALA.

India is blessed with a large and diverse array of fishing resources, and in recent years, the use of these resources has grown steadily. The socio-economic development of our nation depends heavily on the fishing industry because it increases food production, creates employment opportunities, improves nutrition, and generates foreign exchange. The Indian fisheries and aquaculture industry has established itself as a crucial sector, not only for the country's food supply and nutritional security, but also for agricultural exports. Kerala is a coastal state that is surrounded on the west by the Arabian Sea, which has a diverse marine flora and fauna. In the fishing industry, women work in a variety of roles including post-and pre-harvest fisheries, inland, aquaculture, and ornamental fishing, fish selling, sorting, drying, prawn peeling, clam collecting, and seafood processing facilities. But they are facing a lot of problems such as basic facilities, lack of finance, transportation, storage facility and so on. Fisher women are readily preyed upon by money lenders and other unorganised lending sectors due to their illiteracy. Different social security and welfare programmes have been offered to fisher women by the Kerala government. Their living standards are intended to be raised by these actions. The present study is an attempt to understand the awareness and satisfaction of women fish vendors on the organizational support in Kerala.

2. Benny, V. Evaluation of Problems Faced by Farmers in the Food Processing

The food processing sector encourages the demand for agricultural crops and raw materials used for value addition, raising the income of the farmers and, in turn, promote economic growth and the development of the nation. Kerala is one of the major states in the food processing sector of India. In this processing process, the farmers are providing necessary raw materials to producers for timely production. This research attempts to identify the problems faced by farmers regarding their inability to provide necessary raw materials for the food processing sector of Kerala by studying 240 farmers. Factor analysis is used to identify the factors affecting farmers' inability to provide raw materials for production, and structured equation modelling is used to measure the effectiveness of the model used for this research. The empirical findings suggest the government should provide more credit at lower interest rates, as well as credit subsidies and quality seeds, standard fertilizers and pesticides at reasonable prices to farmers.

3. Akhilesh, M. (2023). CHALLENGES AND OPPORTUNITIES OF PADDY FARMING IN PALAKKAD. EPRA International Journal of Research and Development (IJRD), 8(10),42-48.

Paddy cultivation in Palakkad confronts declining cultivation area and production, coupled with productivity fluctuations. These trends pose significant threats to food security and farmer livelihoods. This research delves into the challenges encountered by paddy farmers in Palakkad and identifies opportunities within the sector. Focusing on Vallapuzha Panchayath, it aims to provide insights for growth in this vital agricultural domain.

4. KERAYALAR, K., & JOB, E. ECONOMIC ANALYSIS OF PADDY PRODUCTION IN KERALA STATE. Madras Agricultural Journal, 80(jun-jun), 1.

The study relates to changes in area, production and yield of paddy over a period of years in Kerala State. The area under the crop had declined by 17.47% in the state during the period 1975-76 to 1984-85. The State as a whole has got only 35.69% of the area under high-yielding varieties. Compared to the year 1975-76, production in the state had declined by eight percent. There is a fall in production in all the districts except two where a marginal rise in production noticed. The mean yield of paddy had increased by only 10% during the period under reference. The disparity in yield is more conspicuous at taluk levels.

5. Nama, N., Panda, S., Das, L., Mondal, S., & Pal, P. K. Identification and Causes of Resorting of Rubber Cultivation.

Rubber growing system is gradually emerging as a promising sector in Tripura and being substitutive to the traditional crop production system. In this context, to study the rubber growing system of Unakoti, is carried out, and selected 60 numbers of rubber growers from the target area as respondents. It was observed that the most common reason for resorting rubber is unsuitability of land and its topography for other crops (mean score 1.82) followed by other reasons. It was also observed that respondent's strength of resorting causes have positive correlation with the earliness to the rubber cultivation; whereas media communication in respondent's family had a significant negative correlation. After resorting of rubber, it was clear that in case of all respondents (100%), overall happiness in the family, food security and health security has been improved.

Banking and Finance

Scopus Indexed

Other Journals

1. Akhildev, P., & Prasad, R. R. ROLE OF MICRO-FINANCING IN DEVELOPING SELF-HELP GROUPS (SHGS) AMONG WOMEN IN KERALA.

Micro Finance has developed as a need-based initiative for self-help groups among women in Kerala and the rest of India, which will help to improve day-to-day lives in all of the communities across our country. One of the most successful interventions for the development activities by the RBI and NABARD to reduce unemployment is microfinance for unorganized educated and uneducated women. This article offers an essential evaluation of the numerous empirical studies conducted in many Indian states, and it will aid microfinance researchers in creating self-help groups among women to empower them through credit-linked financial services. The research showed that the emergence of self-help groups with the aid of microfinance will lead to the growth of self-employment opportunities, the relief of poverty, the development of socioeconomic activities, and more. It will also lessen the unemployment of both educated and illiterate rural people in the state of Kerala.

2. Akhila, K. H., & Nedumaran, G. (2023). Perception and Willingness of Customers to Adapt Green Banking in Kerala. Shanlax International Journal of Management, 11(1), 43-50.

One of the pressing concerns facing the globe today is environmental conservation. It puts pressure on all sectors of the economy, including financial services, to implement outgreen projects that offer environmentally friendly services. Banking and financial institutions can take proactive measures, such as minimizing their extensive use of paper and establishing the notion of "green banking" at their multi-branch institutions. This study examines how consumers regarding these practices. This study focuses on the expanding environmental issues surrounding green banking initiatives, the environmental perspective on green banking, and the types of banking activities started to safeguard the environment. In 2002, the banking industry adopted the ground-breaking idea of "green banking." A new idea in our economy is green banking. This essay's goal is to chart the development of green banking practices in the banking industry. It aims to investigate how individuals perceive and react to the green practices used by banks. This involves promoting banking services that are ecologically sustainable. The cause-and-effect relationship between customers' perceptions of using green banking is included in the research work. We therefore make use of explanatory research. The questionnaire was created by the researcher and completed by a sample size of 75 people. This study uses chi-square analysis and a Graphical diagram to examine variations across the various groups, with a focus on the elements, products, conceptual framework, and perception of green banking as well as the willingness of customers to adopt it

Health

Scopus Indexed

1. Sreekumar, S. (2023). Understanding Dalit equity: a critical analysis of primary health care policy discourse of Kerala in the context of 'Aardram'mission. International Journal for Equity in Health, 22(1), 165.

The Government of Kerala in 2017 launched the Aardram Mission with the aim to revamp public health delivery in the State. A key strategy under the mission was its focus on comprehensive primary health care to achieve equitable health care

delivery through the Family Health Centre (FHC) initiative. Given this, the current study aims to examine the primary healthcare policy discourse for their perspectives on caste-driven inequities. Though equity was a major aspirational goal of the Mission, related policy discourse around equity failed to acknowledge caste as a potential axis of health marginalization in the State. The dismissal of caste manifested in three major ways within the policy discourse. One, is the 'invisibilisation' of caste-driven inequities through strategies of (un)conscious exclusion of Dalit issues and 'obliteration' of caste differences through the construction of abstract and homogenous groups that invisibilise Dalits

2. Mohanty, S. K., Maiti, S., Sharma, S. K., Dwivedi, L. K., & Saggurti, N. (2023). Assessing the impact of measurement error in household consumption on estimates of catastrophic health expenditure in India. Humanities and Social Sciences Communications, 10(1), 1-12.

The National Sample Survey (NSS) collects reliable data on morbidity, health care, and health spending through its annual multi-subject and multi-round health surveys. Evidence from these surveys has been extensively used for research and policy. While these surveys collect comprehensive information on morbidity, hospitalization, and health expenditure, information on household consumption expenditure (which is used to explain the economic gradient in health outcomes) is collected through a single question. Literature suggests that having a single question on consumption expenditure results in measurement errors. In this paper, we examine the effect of measurement errors of household consumption expenditure on estimates of catastrophic health expenditure (CHE) in India using data from the 68th round of the consumption survey (2011-12) and the 71st round of the health survey (2014), carried out by the National Sample Survey (NSS). The consumption survey canvassed a detailed schedule on consumption and interviewed 101,651 households, whereas the health survey interviewed 65,932 households from across the country.

Descriptive statistics, estimates of CHE, and logistic regression models were used in the analysis. We used both the budget share approach and the capacity-to-pay approach for estimating CHE. The NSS health survey was found to have underestimated monthly per capita consumption expenditure (MPCE) in India by 32%, with the level of underestimation being significant across the states. Using the budget share approach, the CHE of India in 2014-15 was estimated at 23.4% without adjusting for the underestimation of consumption and 21.1% after adjusting for it. Similarly, using the capacity-to-pay approach, CHE was estimated to be 13.4% without adjustment and 10.4% with adjustment. The estimates differed considerably across the states. In general, it was observed that the use of a single question on consumption overestimated CHE in India. The pattern was similar regarding the intensity of CHE. The predictors of CHE were similar using both the methods, but the unadjusted estimates of CHE showed significantly higher predicted probabilities of incurring CHE across household characteristics. It is recommended to include disaggregated questions on household consumption in the future rounds of the NSS-based health surveys. Researchers using NSS data need to be aware of the effect of measurement errors of consumption expenditure on estimates of catastrophic expenditure. Adjusting for the underestimation of MPCE may improve the estimation of CHE in India.

3. Kurup, V. K., Rangasami, P., Vishnu, R., & Shiju, K. K. (2023). Family Related Vulnerability: Vulnerability of Tribal Children in Families Living under Parental Care in Kerala. Tuijin Jishu/Journal of Propulsion Technology, 44(4), 1319-1327.

Neglected and Abandoned Children are the most vulnerable group in any society. Family-related vulnerabilities are inherently varied due to the diverse lifestyles and cultures across different tribal groups. The present study is a pilot study focused on assessing family-related vulnerabilities of children from a tribal village in Wayanad, Kerala. The research data was collected from a sample of 45 children from three tribal hamlets using interviews and the Score Vulnerability Assessment Tool. Results of the study showed that the difference in family-related vulnerability to life conditions among male and female children is negligible, where most male sand female children fall in the moderate to severe range of exposure. The findings disclose that 87% of children in the sample used some kind of substance ($p<0.05$), with a significant score for the high rate of alcohol and substance abuse.

What is new(s) from GIFT

A. Webinar

GIFT organised the book release **"India's Federal Setup: A Journey through Seven Decades" authored by Shri R Mohan, Honorary Fellow GIFT on 07-July 2023.** The book was **released by Hon'ble Chief Minister of Kerala Shri Pinarayi Vijayan** and **received by Dr Shashi Tharoor, Hon'ble Member of Parliament.** The book release was followed by a discussion by Prof. T M Thomas Isaac, Prof. M A Oommen, Shri John Mary. Prof. K J Joseph welcomed the participants.

Webinar on "Southern India: Parliamentary Representation, Resource Sharing and Provision of Responsive Public Services Post" - 2026" organised by GIFT on 26 July 2023

Prof. D Narayana, Honorary Fellow GIFT presented the paper. Shri R Mohan, Honorary Fellow GIFT chaired the session and discussed the paper. Prof. K J Joseph welcomed the participants.

Abstract: There is apprehension that delimitation post-2026 might affect the southern states adversely both in representation and resource sharing. This paper argues that delimitation may not be a major problem although the population share of the five southern states fell from 25 per cent in 1971 to 21 per cent in 2011 and that of Uttar Pradesh and Bihar rose from 23 per cent to 26 per cent. It is presumed that the share of southern states must have fallen further beyond 2011. We argue that this fall might not take place because in-migration might compensate for the low and falling total fertility rate in the South. The experience of Maharashtra and Gujarat confirms it as their share in the Indian population has hardly changed over the last 50 years (14.320 per cent in 1971 and 14.668 per cent in 2011) despite low fertility. The solution to the population problem is migration as the experience world over suggests. The major problem is the widening income disparities between the southern states and the rest of India. In 1980-81, the per capita incomes of Karnataka and Kerala were around 65 per cent higher than that of Bihar whereas in 2019-20, they are over five times that of Bihar. The share of southern states in the GDP which was 20 per cent in 2000-01 has risen to 29 per cent by 2020-21. The widening incomes translate into serious imbalances in the distribution of resources because some variant of income distance has been a major indicator used in determining the horizontal shares of states by the Finance Commissions in recent years. This indicator has been used to measure the fiscal capacity differences. With the widening incomes use of this measure is bound to cause uneasiness in the southern states, especially when fiscal autonomy of the sates has been constrained with the introduction of Goods and Services Tax (GST). The solution to the falling population growth is migration which is already taking place with large flows into south India. But

counting of migrants in Census is often beset with problems. A conscious effort to offer subsidized accommodation could work wonders attracting families instead of single male, and expenditure multipliers would come into operation leading to a win-win situation. One possible way out of the lack of fiscal autonomy is to allow for some tweaking of the GST structure. Fix a low base rate of GST to be shared equally between the Centre and the states and allow states to fix an increment in State GST entirely flowing into the states. This will also serve the purpose of meeting fiscal needs beyond the comparable public services as desired by the states. As an example, consider Kerala with a higher share of elderly population requiring more tertiary health care services compared to Bihar or Uttar Pradesh. The additional cost of tertiary care can be met by the additional SGST. Similarly, higher spending on tertiary education as the average duration of education improves in the southern states compared to Uttar Pradesh or Bihar. Doesn't fiscal federalism mean transferring resources from the richer states to the poorer ones for the provision of basic public services simultaneously allowing for meeting the differing needs of states at higher stages of development?

KEA Curriculum Workshop Series -GIFT, in collaboration with Kerala Economic Association (KEA) organised a hybrid National Level workshop on Curriculum Reforms and Economic Education: Issues and Challenges on 27 July 2023. Speakers were Prof. M A Oommen, Patron KEA and Distinguished Fellow GIFT, Prof Surjit Mazumdar, Centre for Economic Studies and Planning, Jawaharlal University, New Delhi and Dr Alex Thomas, Azim Premji University, Bangalore. Prof K N Harilal, President, KEA welcomed the gathering.

Webinar on "Local cultural cleavages and prosocial behaviour: Evidence from household electricity theft" organized by GIFT on 17 August 2023

Dr Sitakanta Panda, Assistant Professor at IIT Bhubaneswar presented the paper. Prof. Kaushik Gangopadhyay chaired the session and discussed the paper. Prof. K J Joseph welcomed the participants.

Abstract: How does the local socio-cultural structure affect prosocial behaviour? The multidisciplinary literature on evolution of prosocial behaviour postulates that the collectivistic societies vis-à-vis the individualistic ones witness more prosocial and civic behaviour. Not stealing electricity from public power stations is an example of prosocial behaviour. Electricity theft is a major economic problem afflicting energy consumption in low-income and developing countries. In this paper, we examine the role of collectivism-individualism cleavages as an indicator of local political economy and social structure in explaining one set of prosocial and civic behavior - of not stealing electricity from local public power grids. Analysing the data of the India Human Development Survey 2012, we find in all three contexts - national, rural, and urban - that a household head's reporting that s/he lives in a collectivistic village/neighbourhood vis-à-vis in an individualistic one increases the predicted probability of his/her also reporting that his/her family consumes electricity illegally. We also find that reporting of living in localities with higher consumption inequality and local crime incidence (vis-à-vis relatively more equal and less-crime-reported localities) are associated with an increased likelihood of that household's stealing electricity. This finding is robust to specifications with rural-urban, male-female and social group heterogeneities and alternative explanations. Other factors such as levels of public trust in state government and local government bodies also play a significant role. This study unravels a new channel for explaining electricity theft in developing country contexts and therefore has critical implications for designing public policies motivating prosocial behaviour.

KEA Curriculam Workshop Series - GIFT, in collaboration with Kerala Economic Association (KEA) organised a Lecture by Prof Anjan Mukherji, Professor Emeritus, Jawaharlal Nehru University, New Delhi on Economic Curriculam for Undergraduates with Special Attention to Microeconomics and Mathematics: Some Reflections on 22 September 2023.

B. Teaching and Training programmes

1. Post Graduate Diploma in GST (PGDGST)

PGD-GST Examination for 2022-23 Batch Learners

The 5th Batch of PGD-GST course examinations was conducted in three centres. (Thiruvananthapuram, Ernakulam and Kozhikode) during June and July 2023. The examination for 5 papers was conducted on five consecutive Sundays. A total 150 learners from the 2022-23 batch and 18 learners from previous batches had appeared for the examination. The paper valuation was made during August 2023 and the results were announced on September 2023. Out of 168 students, 11 obtained distinctions, 99 obtained first class, and 30 passed. The Training certificate, Mark sheets, and Diploma certificates are in the process of preparation. It is proposed to conduct the convocation during October 2023.

Admission 2023-24

The training for the sixth batch (academic year 2023-24) of PGD-GST was started in July 2023. The training consists of theoretical and practical sessions to equip the students to understand and comply with various provisions in the CGST/ SGST/IGST Acts, Rules & Forms, and Accounting. A total of 210 students have joined the course The training sessions are conducted all weekend (Saturdays and Sundays). During July, August, and September, a total of 60 hours of the training programme have been completed.

Course Co-ordinator: Dr. N Ramalingam

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

2. PhD programme

The activities in PhD programme during July, August and September 2023 are listed below.

New PhD Batch Admission

In response to the GIFT call for application for PhD admission, a total of 46 applications were received out of which 5 candidates were JRF holders. Among the non-JRF applicants, 19 applicants were shortlisted after conducting written test based on CUSAT guidelines 2023. Total 24(5 JRF and 19 non-JRF) applicants were called for the interview. The interview was held off line/ online on 3rd and 4th August,2023. 10 candidates were considered for admission for the PhD programme. All the ten candidates joined for admission on September 15,2023.

PhD scholar activity

Aswathy MA, along with Prof D Narayana presented a paper titled "Distributive Politics of Central Government with the Union Health Budget" in the ISEC Seminar series on July 11th, 2023.

Meghna Jayasankar presented a paper titled "An analysis on forecasting major cryptocurrencies using four major methods" at International Conference on Finance and Corporate Finance (ICFMCF) at IIT Delhi, on 4th July 2023

Steffy Antony attended a workshop organized by the Centre for Public Finance, MSE; 'Summer Training Programme in Public Economics', from 01/07/2023 to 14/07/2023.

Lekshmi Prasad attended Advance Graduate Workshop 2023 at Azim Premji University, Bangalore from July 3 to 14, 2023.

Shijo Thomas presented a paper titled " Determinants of Digital Financial Inclusion: The Role of Digital Infrastructure and Financial Literacy" in IIT Roorkee conference on Digitalization and Inclusive Banking: Vision for the next 25 years on 3-4 August 2023.

Arun Paul presented a paper titled" should digital taxation be in sync with OECD-G20 Two pillar framework? An analysis of equalization levy in India and its aftermath" at GJIMT punjab, pPnjab technical university on 22-23 July

Course Coordinators: Prof. K J Joseph and Dr Anoop S Kumar

3.Training on GST Audit to the officials of the Kerala GST Department, Government of Kerala

To strengthen the audit structure of the State GST Department, the Government of Kerala has developed, through a restructuring process, 140 audit teams to audit the taxpayers in the 15 tax districts of Kerala working in Seven Zones *(G.O. (MS) No. 55/2022/Taxes dated 02-08-2022).* Each team consists of two Assistant Commissioners/ State Tax officers and three Assistant State Tax Officers with the total manpower of 700 officials. These officials will be headed/supervised by the Deputy Commissioners at the Division level in the districts and supervised by Joint Commissioners at the zonal level. The Additional Commissioner Audit is the head of the Audit Wing at the State Head Quarters.

In this background, enhancing the knowledge, skills, and attitude (KSA) of the 700 officials in the areas of legal and procedural matters, including the selection of audit files based on risk parameters, audit visits, verification of accounts and financial statements, including computerised accounting, conduct of audits in a friendly environment, notice drafting, etc., are indispensable. Two-phased training was scheduled for January 2023. In the first phase, handpicked officials out of the total 700, i.e., 80 (40 in one batch), were trained as master trainers from February to April 2023. The master trainers were trained by national-level experts and experienced IRS officials.In the second phase, all 630 officials (630 officials) were trained in 7 different centres in Kerala from June to September 2023. The entire training programme is organised and conducted by GIFT.

C.Publications

1. Kerala Tax Reporter (KTR)

June, July and August 2023 issues of KTR published Online and offline.

https://www.gift.res.in/ktr

2.Innovation and Development

A Routledge journal from GIFT, Volume 13, No. 3 (2023) published, Editor in Chief, K J Joseph.

For details, please visit https://www.tandfonline.com/toc/riad20/current

3. Weekly update on Finance, Taxation and the Indian Economy

This is an attempt by the Young Scholar' Forum in GIFT, led by Smt. Shency Mathew to update on important developments on Finance, Taxation and the Indian economy. Twelve issues of Weekly updates published during July to September 2023 which are available in GIFT Website. Latest issue: 24-30 September 2023.

For details, please visit https://www.gift.res.in/index.php/publish/publish_list/14/Weekly-Updates-on-Finance

Gulati Institute of Finance and Taxation (GIFT), formerly Centre for Taxation Studies (CTS), is conceived as a premier national Institute to promote theoretically grounded empirical research with an interdisciplinary perspective to aid policy making at the national and sub-national level and GIFT offers a Ph D programme in Social Sciences focusing on Public Economics. Recognized by the Indian Council of Social Science Research (ICSSR) and affiliated to Cochin University of Science and Technology. It conducts two other programmes: Post Graduate Diploma in Goods and Service Taxation (PGD-GST) and Research Capacity Building Programme (RCBP), besides offering training for capacity building of different stakeholders, including Government officials. GIFT brings out two publications: *Kerala Economy* (Quarterly) and *Kerala Tax Reporter* (Monthly).

The Governing Body and Executive Committee of GIFT consist of scholars of eminence and senior administrators representing both the Central and the State Governments. Shri K. N. Balagopal, Minister of Finance, Government of Kerala, is the Chairperson of the Institute.

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