The Economy This Week!

In recent news, we saw our PM respond to a press meet in the US. Modi appeared to have caved in to US pressure, taking questions from the media. This appears to be highly odd, given that he never bothered to appear in front of the media in India during his 9-year reign. Despite using the term ‘democracy’ 12 times in his translated response, the prime minister managed to dodge the particular problems presented by emphasising that his government’s social welfare schemes are available to everybody, regardless of faith, caste, or creed. He said that India could not be one of the world’s greatest constitutional democracies if human rights and discrimination were ignored. On the home front, states are struggling to improve basic social welfare systems. And if they do, and they happen to be ruled by opposition parties, they are improperly going broke. Instead, democracy county needs a reliable and healthy relationship between the centre and the states. We explore more in The Money Trail this week.

Meanwhile, the RBI has released a clarification on its recent circular, which allowed wilful defaulters and companies involved in fraud to go for a compromise settlement or technical write-offs by banks and Non-Banking Finance Companies. But does it really move away from what it promised?

Team CFA

A decent public health system is incompatible with inequality

What Thomas Piketty shows us in A Short History of Equality, with solid data over time, is that at the beginning of the 20th Century, direct taxes amounted to about 10% of the economy of the UK (and the US and other Western economies). These funds were largely allocated to military expenditure and colonial administration.

CEA is in a State of Denial

India’s Chief Economic Advisor (CEA) Anantha Nageswaran’s assertion last a few days back as reported by newspapers, that the concept of Universal Basic Income (UBI) was not necessary for India and ‘it may create ground for “perverse incentives” and dissuade people from seeking income-generating opportunities’ is wrong and far from reality in many ways.

Another Data leak!

The breach of India’s vast health data is absolutely shocking, but the govt’s response is even more appalling. Instead of trying to reassure the public or improve digital security, the govt is just trying to wash off its hands.

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