



CURRENT AFFAIRS



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The government's effort at Public investment led growth : An Analysis

Context : The Union Budget starts with a self congratulatory announcement that India's domestic output (GDP) is likely to grow 9.2% this year (2021-22) over the last year- the highest among the world's large economies . Even though the fact which is unsaid that India's output contraction the previous year (2020-21) was among the worst in the world

Introduction

Generally , During this budget the government tries to expose all the positive elements of the budget and on some issues where the government seems to fail , the facts were either unsaid or unexposed . This year's budget seeks to boost public investment by 35.4 % at current prices over last year to raise its share in GDP to 2.9 % from 2.2 % last year. It means through the public investment government will inflow the money in the economy so that the economy could boost . For this purpose the government will provide grants in aid for state investments and it is hoped that public investment in the states will increase 4 % of GDP. It is hoped that this budget will trigger a virtuous investment-led output and employment would also be increased in the public sector . . The basic object of such activities is to reduce the fiscal deficit so that the government could control inflation also . But again this question remains whether the government has sufficient funds for the investment or not ? Whether government will collect this fund by more divestment or by increasing the taxes or by adding some new taxes

What are the current problems which should be addressed or tackled by the government: The Hindu Analysis

- Unemployment is the big problem of the country. Because of the Covid pandemic many people had lost their employment. This employment declined by 3 % of the GDP in private consumption. And the demand for labor from the infrastructure sector is limited. But the government is silent on this issue . In this Budget government did not disclose the measures through which country will be overcome from this crisis even though the Government does not have any data regarding unemployment of last year . This employment crisis would call for more money allocation in MGNREGA . But its is surprising and hopeless that government slashed the allocation for MGNREGA by 25 % over last year
- Industrial slowdown is another big challenge. The share of the manufacturing sector in the Indian economy has been stagnating at around 15 % of GDP for a long time . Annual Industrial growth is also declining continuously from 13.1 in 2015-16 to minus 7.2 % in 2020-21 . . This data is shocking . Despite the slogan of **Atma Nirbhar Bharat**, our economy is an import dependent economy, especially in China . India's import have shot up
- India launched a PLI (Production linked incentive) scheme for numerous technology intensive products . The success of this scheme is doubt full because the area of domestic consumption in such industries (like mobile) is limited
- India raised make in India initiative in 2014-15 to raise the share of manufacturing sectors in GDP to 25 % but the government could not succeed. Government should find out the barrier in the path of increment in manufacturing sector in India

Conclusion : The Hindu Analysis

It is argued that India has improved its ranking in Ease of Doing Business from 142 in 2014 to 63 by 2019-20 . But the improved ranking failed and the industrial sector is continuously heading towards a slowdown . Last year , the World Bank scaped the index as it was flawed globally and reportedly politically motivated .

Even Though government will take the bold step for the public investment but the time will tell how far government succeeded in this regard

Dr. Anshul Bajpai

INDIA AS AN RESEARCH AND DEVELOPMENT DRIVEN ECONOMY

Innovation requires building institutional frameworks and research infrastructure. Building research infrastructure should be envisioned for an ecosystem rather than an institution. The initial funding to build large research infrastructure needs to come from the public exchequer. Government funding is the initiator of public ideas into workable solutions in science and technology LED innovation.

Legal framework: The Hindu Analysis

- Proper legal frameworks are needed for university driven innovation to mature.
- After consultation and modification parliament needed to pass the production and utilisation of public funding intellectual property bill 2008.
- Making PUPFIP a law will help remove the university's lack of clarity on intellectual property rights to commercialise inventions.

Education and learning: The Hindu Analysis

- Education is extrinsic, passive and curriculum-led.
- Learning is intrinsic, active and curiosity LED.
- Well defined curriculum paves the way for greater learning outcomes.
- When the two faces of education and learning work together it can lead to solving some of the world's greatest problems.

Innovation and entrepreneurship: The Hindu Analysis

- Ok, we need to establish the white ecosystem to nudge students towards innovation and entrepreneurship, while traditional engineering education has failed to do so.
- We need an ecosystem where students can engage with corporate, startups, industry experts, partners, investors, accelerators etc.

Way forward

- The university curricula need to get away from focusing exclusively on awarding degrees to providing vocational training to develop students skills.

- Focusing on innovation must not take over miles away from problems in fundamental sciences or other streams.
- Funding for applied sciences should not be at the cost of fundamental science.
- The market caps of many technology driven companies ranked in the top 20 of global GDP alongside the nation States.
- Universities can play a significant role in fostering the economy of all nations.
- Need to sustain public funding to build world-class research and development infrastructure and hiring the best faculty in our universities system.

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Plutus IAS