

Reviving the informal economy

The RBI, over the past one year, has taken significant steps to enhance liquidity in the economy. However, loan off take has been dismal as individuals resort to savings and business enterprises shy away from investing, given the Covid-led uncertainties in the economy.

While the extent of slowdown this year is lower than last year, fall in demand will be more pronounced in rural areas and the informal economy, thereby increasing inequalities of income, as the second wave has hit them harder.

In a recent report 'State of Working India 2021: One year of Covid-19', the Azim Premji University has made the following policy recommendations for the short and medium term:

- Two clear policy priorities have emerged from the crisis, allowing inter-state portability of entitlements and at least a temporary universalisation of PDS by eliminating targeting
- In addition to increasing enrollment under the PM Jan Dhan Yojana, the use of databases from existing programs (MGNREGA rolls, pension schemes, Ujjawala databases, ration cards, vendor ID card, licenses) must be explored to deliver cash
- MGNREGA allocation stands at Rs. 73,000 crore for 2021-22, only two per cent more than what was actually spent in 2019-20, a normal year. This was inadequate even without the second wave, and all the more so now
- A UEG programme could be started in a phased manner with the worst affected urban districts and with women workers only. We estimate that a national programme covering half of all urban casual wage workers would cost around Rs. 54,000 crores
- Public employment produces public goods and services that enhance the productivity of private investment and enables growth as well as job creation in the private sector
- We should move from a scheme-based to a legal entitlement-based approach that provides a universal social protection floor for the unorganised sector as envisaged in the second draft version of the Social Security Code Bill
- While fostering start-ups remains important to the economy, an equally if not more important policy aim should be to enable scale-up of existing micro-enterprises
- It is imperative that ASHA and Anganwadi workers are adequately compensated for the immense amount of work they do under difficult conditions
- There are compelling reasons for the Union government to undertake additional spending now

Notifications

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Cabinet approves MoUs entered into by ICoAI and ICSI
<https://pib.gov.in/PressReleasePage.aspx?PRID=1721505>

Cabinet approves Opening of a new Consulate General of India in Maldives
<https://pib.gov.in/PressReleasePage.aspx?PRID=1721500>

Ministry of Agriculture releases Third Advance Estimates of Principal Crops for 2020-21
<https://pib.gov.in/PressReleasePage.aspx?PRID=1721692>

Processed & organic certified jackfruit from Bengaluru exported to Germany
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