



A Budget Blueprint for difficult times

Context: COVID-19 has destroyed lives and incomes; it has also ruptured our social fabric. It has exacerbated the inequality between the haves and the have-nots, which can turn into a permanent scar if not remedied urgently.

MGNREGA Moment

1. Nearly 120 million people have asked for work under MGNREGA this financial year, the highest in the history of the programme.
2. The optimism about headline economic recovery in the last few months seems hollow when we realise that nearly 35 million people have requested MGNREGA work in the months of December and January, the highest in the last six months.
3. Such continued high demand for MGNREGA work at subsistence wages is a clear sign that there is no true economic recovery, let alone a 'V' or any other letter shaped.

Way Forward:

1. **Promote Export:** The external sector could be a potential saviour of India's economy as global trade grows from its post-COVID-19 lows. Over the past three decades, a surge in labour-intensive exports has been the predominant driver of growth in jobs and wages for millions of high- and low-skilled Indians.
2. **Large Scale Public Investment:** The other fiscal measure to aid the needy is to embark on a large-scale public investment programme that can stimulate economic activity, create jobs and revive demand, the two most pressing needs of the country today.
3. **Increase Public Health Expenditure:** The COVID-19 pandemic has exposed the multiple lacunae in India's public health infrastructure. We must increase public spending in the Health sector from 1% to 2.5-3% of GDP.

Basic Income: Any increase in the government's public investment will take time to translate into jobs and incomes for large numbers of the labour force. So, there is an immediate need for a basic income safety net for the bottom half of India's families for a six-month period.