

# Institutions and Public Policy

## Reflections on CBPS@25

“And hast thou slain the Jabberwock?  
Come to my arms, my beamish boy!  
*O frabjous day! Callooh! Callay!*”  
*He chortled in his joy.*

-- From Jabbarwocky, by Lewis Carroll

Public Lecture

By

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### Introduction

It is serendipitous that in this silver jubilee year, on this frabjous day, the Director has thought it fit to give me the privilege of speaking in what is planned to be a series of public lectures. When CBPS was set up a quarter of a century ago, I—none of us—could have imagined this celebration. I am grateful, and take it as an opportunity to reflect on my experiences of cbps@25—with the advantage of hindsight. I am conscious that memory can play tricks. It is easy to remember that good and pleasant and underplay that not so good. What I say then, needs independent validation. Let the listener beware!

Is CBPS today an ‘institution’? And how does it relate to public policy?

To my mind, *an institution is a code of behavior that stems from a vision for the way ahead*. It includes agreed goals, specific roles, including modes of interaction and conflict resolution, and the like, for people within the institution. It *could, but need not necessarily be*, embedded in an organisation; just think of *institutions* like the Durga Puja in West Bengal, Onam in Kerala or the spontaneous celebrations of Republic Day across the country. When this code is embedded in an organisation it is a legal person. CBPS is a code of behavior in a registered Society whose vision is to ‘*create and share knowledge towards an empowered, equitable, just and democratic society*’. It has grown way beyond the initial focus on the state budget as a tool of understanding government priorities.

This series of lectures also focuses on public policy. By *public policy*, I understand the action—or lack of it—of a government responding to a felt problem of the ‘public’, like disaster relief, or health care provision, or maintaining law and order. It *is the action of governments*, not individuals or companies, though these may influence the course of any action. The public is omnibus term. It can mean different things in different contexts. In an election, it refers to those with voting rights. In a disaster, it refers to those affected. It could refer to a specific group with specific problems, like child malnutrition. Above all, *it deals with problems that markets, where buying and selling takes place, do not address or address inefficiently*. And because *it addresses* what are known as ‘wicked’ problems, *a solution that is tonic today may become toxic tomorrow*. *Public Policy is an ongoing process*. And to work properly, it needs continuous, informed debate in society from all citizens. That is where organisations like CBPS come in: they can provide evidence-based recommendations for discussion.

What insights can we tease out of a quarter century of existence of this institution that is celebrating a Silver Jubilee?

Permit me to examine how and why CBPS began, how it grew institutionally in its *first* chosen field, of budget analysis—public finance/economics, more generally. What is it

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about CBPS that relates to policy in some form, since policies in this field are made by governments? What can we learn from 25 years of its functioning? What of the future?

### The Beginnings

In 1994, after twenty years in the traditional/formal academic world, I resigned my professorship. The teaching was satisfying, but the research there meant publications that few read. This does not have much meaning after attaining professorhood! As the psychologist Kurt Lewin noted, there is nothing so practical as a good theory. And the theory of standard academic institutions was anything but practical—or so I understood it.

To have some meaning, the professorship in me insisted that the insights gained, the theories formulated, from research work had to be fed back in an understandable way into society, to try and contribute to immediate, local improvement, empowerment, in our country of desperately poor people. Without such feedback the theory, while logically true, remained without validation. Policy research *must at least contribute to informed debate in society*, even if we shy away from the lofty Marxian aim of “the point is to change it”. Rigid departmental and disciplinary boundaries and rivalries did not help in gaining the understanding required to recommend policy actions<sup>2</sup>.

Mainstream economics was moving inexorably towards a supply side, market supported, growth worshipping worldview, drowning out other, heterodox, unconventional approaches<sup>3</sup>, particularly those that considered issues of income and wealth distribution. Given initial conditions (*ceteris paribus*), the free market would provide optimal solutions. The works of Arrow and Debreu and others showed this rigorously<sup>4</sup>. But these are mathematical truths, similar to models in physics. In that discipline, they wait for experimental verification. Einstein’s theory of 1905 was verified by Eddington in 1919. In mainstream economics, validation is assumed. The assumptions made are for an ideal world, not the inequitable one we live in. While the most consummate economists will not make policy pronouncements on its basis, most others assume that what works in theory will work in the real economy.

Yes, *rigour in research is important*. So is validation, which is missing. I felt, *in mainstream academic economics, it was often leading public policy to rigour mortis because its assumptions, accepted as given truths, were not from this world*. The wicked problems that iniquitous societies confronted required something neoliberal economics rules out: government intervention. This of course does not guarantee ‘success’. This is where public policy came in. Second best solutions were what mattered.

What was needed was an eclectic multidisciplinary approach, open to all methods, quantitative and qualitative, and with inputs from people about their needs, desires, and

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dreams. And from that learning from fieldwork, to modify, alter, expand our conceptual framework for further work. Research had to be a meaningful, open conversation. My experience with Professor Amulya Reddy and the ASTRA in the Indian Institute of Science, and my stint in the bureaucracy as Economic Adviser dealing with small industries, convinced me this was necessary<sup>5</sup>.

In this search for meaning and relevance, Poornima Vyasulu, apart from putting food on the table at home, played an important and critical role. Together with other professionals, she helped to put together, and concretise, our ideas into an organisation. This led to the founding of CBPS, which was registered in February 1998. We, the dreamers who registered CBPS<sup>6</sup>, hoped that it would help bridge this large academic research—practical application gap.

In this long process of cogitation, I was given a platform by TIDE--Technology Informatics Design Endeavour. Without that support, there would have been no CBPS. It gave me the breathing space needed to consider funding and such issues. My thanks to Professor Rajagopalan, who later served as President of CBPS<sup>7</sup>.

That I, rather than Poornima, was appointed Director, I can only put down to the inherent patriarchy of our society.

### The Early Years: Institutional Development

From the beginning, we worked to create an organisational code that was fraternal, with an equitable working environment built on trust, in which our work would be a serious conversation. We were determined to ensure trust, cooperation and accountability in open, democratic ways. Guided by our Board, we ensured all employees had the same rights and privileges -- for example, when traveling, all travelled together, weather in sleeper, first class or bus. We all worked together in our 600 sq. ft. office on the first floor of SV Complex on 55 KR Road. All were recognised by contributions to work done. When opportunity for seminars abroad came, the relevant scholar, not the senior most, was deputed.

To ensure that our research met the minimum standards of quality, we set up an Advisory Committee that for many years was chaired by Dr K S Krishnaswamy. Based on the work being reviewed, various experts would be invited. Until Dr KSK gave his ok, nothing went out. This applied equally to the research assistant and the Director.

I found that it was *finding and working with people in teams that was the big challenge*, not so much funding. Projects and funds from a variety of sources came in during those initial years. Getting good people to work on relevant projects was much more difficult. And the good young people would, after a year or two, move on. The cycle of recruitment, training, repeats.

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The young people who started their careers in CBPS have gone on to do great work elsewhere. To mention a few--Anaka, now an Assistant Professor in the University of Nevada, Reno; Sandeep, in the University of New South Wales; Subhashansha is a Trade Economist in the UK government. Arundhuti Gupta moved on and established—and nurtured—Mentortogether. Siddharth is joining the research team in the London School of Economics. Meenakshi Rajeev left us to become a Professor in ISEC. Indira became a Professor in the Loyola Institute of Business Administration. Arun, after many years in banking, is now teaching in RV University. There must be others too. I do not know if any of them joined the civil services.

I am proud that CBPS has been a nurturing organisation.

### On Budgets and Policy: The institutional foundation

The 73rd and 74th constitutional amendments had just about become operational by 1995. Public finance/macroeconomics has long been a core interest of mine. I had been studying the recently adopted structural adjustment programme in response to the fiscal crisis<sup>8</sup>. I became convinced that no pro-poor sustainable transformation in the long run was possible unless the decentralisation in the constitutional amendments was seen, and implemented, *as an integral part of the economic reforms*<sup>9</sup>. Many saw the two as distinct subjects, especially as the economic reforms needed no constitutional amendments. My view is that these constitutional amendments, deepening federalism, *are a necessary condition* for the success of reforms if that meant less inequity in our society<sup>10</sup>. The increasing inequality in India today can be read as some evidence that my hypothesis cannot be out rightly rejected.

The Ford Foundation, in this area of study, gave us a startup grant. It also connected us with the Washington based International Budget Project—now Partnership. The exchange of views with so many civil society organisations in many countries, such as Fundar in Mexico, both deepened our understanding, and helped spread our work to other countries. I, and CBPS, benefitted from this exchange.

This support enabled us to concentrate on subnational budgets, especially at the level of the newly constitutional local self governments—municipalities in urban areas and panchayats in rural areas. The colonial dichotomy of rural/urban is all pervading. Even when it comes to local governance, they were differences in these areas. (Contrast this with Brazil, where apart from the national government and provincial governments, the Constitution provides for local governments in municipalities—without our rural/urban schizophrenia.) We collaborated with others working in the field<sup>11</sup>. We worked on municipal and panchayat (at all three levels), when there was no Right to Information. Our results were shared with both elected representatives and local officials through workshops in their offices. We made films to share and communicate our ideas. The response to the workshops was amazing, and humbling as well.

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There was resistance from local civil servants to our involving the elected representatives—a symbol of what is unique in our way of decentralising. The roots of this decentralisation go back to the *Royal Commission on Decentralisation of 1907*, where the phrase, ‘institutions of local self government’ (under the supervision and control of a civil servant) was first used in the context of Indian policy making.

The ILO entrusted us with a project on rural industrialization. This was at a time when decentralised manufacturing production in China was leading to an export boom. Our work showed the importance of moving on from silos like KVIC, DC(SSI), and a whole lot of other bureaucratic regulations and controls. The research, which required field work, (piloted by Indira and Arun), gave us the start, and the quality was such that we got follow up projects from Ford, MacArthur, ActionAid, ILO, UNDP (in collaboration with the Planning Commission) and the Google Foundation.

Poornima worked with the Karnataka government on training the newly elected women gram panchayat representatives. A whole series of training videos were prepared working with Deepa Dhanraj. Poornima pioneered the application of GIS mapping to primary health centres with local elected women in Chamrajanagar. CBPS made films to share our work with those who shared their data—the villagers. We also learned that all this is not enough. We didn’t know how to institutionalise these practices.

The Karnataka Expenditure Reforms Commission had a huge mandate. We undertook some studies on the pricing of utilities like drinking water. These were challenging theoretically and we also learned a great deal about how government departments implemented schemes. These insights only strengthened my conviction on the importance of local governance.

CBPS made contributions to the preparation of the human development reports of several states and the all India one. In the process, our work on estimation of district income, a key indicator in the Human Development Index, provided for training material in many states. The methodology was published by the Planning Commission and UNDP.

All this work led to my realisation that the state level budgets do not help much when working with people at the local level. Budgets do not show outcomes, which is what citizens want. There is no ‘budget system’ below state level. There were not even proper accounts; all we found were expenditure vouchers. And even this data was not easy to access. We were fortunate in having the support of senior officials like Ms Anita Kaul who helped us in getting access. And in the fact that she took our findings seriously and acted upon them by making departmental changes.

Now a CAG designed simplified system is in place. I believe CBPS made a contribution. In particular, in working with the International Budget Project (now Partnership) and

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other groups (like Disha, in Gujarat, Vidhayak Sansad in Bombay and also Actionaid) across the country, we made budget analysis one tool that local citizens, elected representatives and civil society could use in pursuing their various goals. One result of this extensive collaboration was the collective need felt for a partner in Delhi that could network and support those working in the states. This birthed the Centre for Budget and Governance Accountability ([www.cbgaindia.org](http://www.cbgaindia.org)).

A major review of CBPS was undertaken in December 2009. We brought together those we had worked for and to whom we had made policy recommendation, those who funded us, government officials, and academics, including, if I remember right, at least two from abroad—Professor Anil Deolalikar (who had reviewed our proposal to Google Foundation, and Dr Felipe Manteiga, just retired from USAID after a stint in India. The review included a visit to Chickmagalur to visit a worker’s cooperative that was working successfully with traditional products, environmentally friendly technologies and modern designs.

Poornima made the concluding presentation. It was the last thing she did.

After this tenth year review<sup>12</sup>, I decided to move on from directordom. Jyotsna, till then with the Commonwealth Secretariat in London, took over the responsibility. Today CBPS is much bigger, and building and nurturing teams is more difficult. The current generation is very different from mine. But this has been Jyotsna’s challenge.

CBPS today is professionally and transparently managed. It is 'manned' by young people--the majority being women. Gender equality is in the DNA of CBPS. It is no wonder that issues of patriarchy and equity are now central to the work being done. It is a delightfully vibrant *institution*.

### Ruminating on the work

Looking back, I see that all this work on budgets and policy within the CBPS, strengthened its institutional character—contributing to informed debate in society in a democratic manner and focusing on equity. People come and go; institutions endure.

This work is not glamorous. It requires friendly collaboration in the team, including the administrative side<sup>13</sup>. It requires hard and sustained work in difficult conditions in district, municipal and panchayat offices across the country. Mainstream academics often scoff at our working on such 'mundane, insignificant issues' where there is no data comparable to the Census or the National Sample Surveys. It is the kind of work about which the academic institutions of the day would say: “Publish in a reputed foreign journal, and then...”

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But the results we see are important for making policy decisions. Our analysis of available government information yielded new insights, often appreciated by officials in the field. It is no rocket science, but is sound grounded research. It showed us the importance of moving on from the ‘input’ information that budgets gave us to the ‘outcome’ of the expenditure and a follow up direction of work. CBPS became *an institution contributing to informed debate and discussion on development issues, in part through the budget analysis/policy that was its forte.*

## The Next Stage of Evolution

It is on this foundation that Jyotsna has built, by adding domain knowledge from sectors like education, health, and bringing in cross cutting concerns like gender and sustainability, to the existing information from budget analysis to begin a discussion on outputs and results. From treating the budget as the central focus of our work, CBPS moved on to using budget information as a tool, to deepen analysis of various development schemes and programmes. This has led to a richer policy debate.

I hesitate to discuss this phase of work for two reasons. One, I was no longer an active participant in the research process. Two, this work is available in the web, and this seminar has an agenda devoted to its recent results. You can all assess it first hand.

But I cannot resist a few comments as an interested observer. In responding to the needs of changing times, CBPS, under Jyotsna’s directorship, has formalized, and institutionalised, what were informal, Director driven methods of working. Thus, on leave, on travel, on internal functioning, on recruiting young researchers, on accounts and audit, there are now clearly defined polices, all approved by the Board and available on the web. CBPS now has a Deputy Director. A flexible administrative structure is in place. The organisation is ready for the next phase of evolution, and to face new challenges.

Secondly, CBPS is now a much larger organisation. This poses a challenge to organising work, to building teams, when everyone has to work on multiple projects and be part of different teams. Young researchers may leave in the middle of a project. It becomes necessary to train, and acclimatise a new person in a very short time. This is a challenge that has been well met. But it continues to be a challenge as the organisation moves into the digital world.

Thirdly, CBPS has established itself nationally. Apart from projects with the Karnataka government, there are projects from other states, Odisha, Bihar, Chhattisgarh, Rajasthan, Telengana and Andhra, and of course with the Union government. The organisation has grown, not just in size, but in research depth. From building a SAM matrix for Karnataka—a difficult task in the best of times—to a macro model of the Chhattisgarh economy for planning purposes; from applications of gender responsive



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budgeting to reply paid postcards with simple lessons for school children in Bihar during the Covid pandemic. The studies of the impact of the epidemic on informal workers who came from other states was another major one for policy insights.

The launch, in this Silver Jubilee year, of the Young Scholars programme, aimed at those with undergraduate degrees, is a welcome step in the difficult process of identifying the next generation. It is an indicator of the direction CBPS will take in the coming years.

From the toddler I knew, CBPS is now a mature young adult.

### My Learnings from this experience

The budget is like the skeleton in the human body. You can study it as anatomy, as parts that constitute it. And as physiology which looks at the parts and their relationships. Or you can use it for detailed studies of lungs, hearts, bones etc that keep the body alive and functioning, and the inter-relationships between them that keep it healthy. Budget work, to be useful, has to move beyond the skeleton and work with the body—which is all of the government departments that deal with public goods—the domain of public policy. The Finance Department is the custodian of the skeleton. The other organs are distributed across the government departments.

We started with the first. We learned about accounting, codes, classifications, conventions and so on, essential for any understanding of what these numbers mean<sup>14</sup>. Governments present a rosy picture in the budget estimates at the beginning of the financial year, to show they are keeping their promises, but what emerges in the actuals, after audit, is often very different. We learned the importance of the audit process, and how the Comptroller and Auditor General works with the Public Accounts Committee of Parliament. If there is any delay in the presentation to Parliament of the CAG reports from the President's Office, the data often become out of date, and accountability becomes academic. If the party that implemented some scheme loses in an election, it becomes the opposition, and has no interest in publicising its failures highlighted by the CAG. Little of this is taught in public finance classes. We learned this, and more, from these studies in CBPS.

From the physiology, we learned of the constitutional links between budgets at Union and State levels, through the system of financial transfers of tax revenues—and more. We found—to my surprise—no such link between State and local government (panchayat and municipality) budgets. Funds are indeed spent at local levels, but there are no local budgets. It is not possible to get detailed local level programme information from official documents, even when available. The coding/classification system has its limits. Field work is essential. This is a hard, resource intensive and time consuming job<sup>15</sup>. The lesson: money spent in districts is local expenditure indeed, but *the decisions*

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*are not made locally by the elected representatives.* It is the Union/State governments to have this power. This is a weakness in our federal structure that our analysis laid bare.

This federal structure became *my* focus. For example, the administrative system is such that even when money is available, it often remains unspent. These unspent balances at district levels are shown as ‘savings’ in the department accounts at the state level. *The unstated, implicit assumption is that the saving has been achieved by greater efficiency in the execution of schemes;* this is far from the truth. The rigid departmental structure forces adherence to nationally designed schemes which needed tweaking the rules (and hence implementation) made impossible.

The Finance Department—for good reasons—often released money at the end of the year, making spending according to rules impossible. Some Deputy Commissioners tried to get around this through Personal Deposit Accounts. This dodge, or loophole, was soon closed. In the world of supply side economics, the *Finance Department’s concern is the fiscal deficit, which it a must control.* Scheme implementation is that of the ‘spending departments’ within government. The organs and incentives are at cross purposes. More on this below.

What is needed is building the capacity to absorb money available<sup>16</sup>. There is no point demanding more if it remains unspent for institutional reasons. But this requires a realigning of incentives, which is where local governments can come in. It requires recruiting staff for schools, health centres, for forest guards, for anganwadis. It is essential that these field level staff are paid well, as government servants with all the safeguards. It is scandalous that ASHAs, the backbone of the response to the pandemic, are treated as volunteers. It is heartrending when nurses and doctors do not receive their salaries for months. This the ‘institutions of local self-governance’ are not allowed to do, because the constitutional amendment give this power to State legislatures. And in state after state, decentralisation is being rolled back.

Architects tell us that form must follow function. Birds need wings to fly. Fish need gills to swim. Flowers need bees for pollination. And for local government to function, they need federalism to work. Inter governmental consultations must be regular—and genuine. The elected representatives are systematically marginalized; they serve as decorations in functions. Political parties treat these positions as some kind of apprenticeship. Power remains with MPs and MLAs. This is a legacy of colonialism that has been carefully and deliberately retained.

What *the constitutional amendments have achieved, is decentralisation,* in which decisions are shifted from one pole at the top, to another in the middle of the (hierarchal) administrative chain. The lower end is the bottom of the totem pole. It does what it is told, how it is told. This is not federal democracy. The principle of subsidiarity,

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that decisions must be taken at the relevant level, and not at higher levels, needs to be honoured. How can we make this happen?

### A (Delirious?) Ruminations

May I may spend a moment on my personal reflections on this body of work—personal because not all who worked with me may share these views?

Budgets reflect the philosophy of the government. Today their foundation is in supply side economics (the neoliberal worldview). In this vision, the State/Government has a limited role. It has no business to be a player in the market. Its objective is to facilitate economic growth by enforcing the law—contracts—protecting ‘property’ rights—providing the private sector with incentives to invest and grow. This means a low tax regime. This would generate employment for people and income for their consumption needs, which would be provided in the market for a price by the private sector. The government would guard against malpractices by enforcing the law, thus ensuring competition exists to control prices. Since the government has a minimum role in the economy, it must control its expenditure and live within its means. Thus its deficit is important. The fiscal deficit is a key indicator to watch as a signal for government efficiency. By convention this has been fixed at 3%. This sets limits to ‘fiscal space’. And it has been enshrined in law through the Fiscal Responsibility and Budget Management Acts at the Union and the State levels.

For those of us who studied economics in an earlier generation, the concept of fiscal deficit—and its supreme importance—seems strange. Our macroeconomics<sup>17</sup> taught us that when there was structural unemployment, it was due to the difference between aggregate and effective demands. If effective demand was short, it could be increased by government spending, for which the government would resort to ‘deficit financing’. Now that concept has been defenestrated. Government has no business to spend and run a deficit. If then there is a shortage of demand, resort to Quantitative Easing (QE) in which the central bank created money and placed it in the accounts of private banks, to enable them to lend for investment. That would lead to growth, which is the solution to all the problems<sup>18</sup>. In this, the government has no role: the market does.

For this, the Central Bank (Reserve Bank of India) must be independent of the Government. Through a Memorandum of Understanding the automatic refinancing of Treasury Bonds issued by the Government has been ended. To advise the Governor, an independent (of the RBI) Monetary Policy Committee has been put in place. There must be a check on the Governor!

*If, on the other hand, the government objectives were employment generation, inequality reduction etc, rather than growth at any cost, then the fiscal deficit as a concept/indicator would lose its importance. Because in this context, it is the appropriate*

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role of government, its tax and expenditure policies, that gain importance. GDP growth is no longer the objective, employment, wage levels etc are. Fiscal space is no longer a constraint because government can resort to taxation/deficit financing<sup>19</sup>. It can introduce capital gains, wealth, and inheritance taxes. There is a huge literature on this, but this literature is not on the curriculum of our universities.

The anatomy of budgets would not need to change—except perhaps marginally, but the physiology of the budget would.

*The budget is a political tool, embodying policy decisions. It reflects the political will of the government presenting it, and of the parliament/assembly approving it. The constitutional amendments are couched in the language of decentralisation but have been used to reduce federal functioning. Power remains with the state government—elected officials and civil servants. Those elected to local office have been rendered ornamental. And now, via, among other things, the Goods and Services Tax, even States are slowly losing their autonomy. Many have written about the centralizing tendency of the Union government; federalism is being weakened.*

This fact we observed in district after district in various States, the local self-governments exist, but they are powerless. They meet on Independence Day, sing the national anthem and share sweets. The meetings are *proforma*. There is often no agenda. No detailed agenda notes are prepared. Little discussion takes place because the elected officials have no information. Resolutions passed serve to legitimize decisions taken elsewhere.

Why cannot a panchayat hold a budget session in April, where details of all funds for all sources are consolidated in a Statement of Accounts, expenditures planned presented, debated, and discussed? Their ‘approval’ may not have the force of law, but it would have the advantage of legitimacy in the eyes of citizens. The constitutional amendments encourage this. The District Planning Committee has constitutional status. But...

*There is no point bemoaning the "lack of political will" for something we deem important, like climate change, social protection, or professional panchayat functioning because the Union/State budget tells us what the political will is. It is political will that enables government to cut taxes when many think rates should be increased<sup>20</sup>. The argument of lack of political will distracts us from the important work of organising for change and nurturing local voice, from agency.*

The institutional conduct of officials—political and civil--matters. There must be a shared morality, an understanding that ‘some things are just not done’. Without constant vigilance, the moral fibre begins to fray. As Pratap Bhanu Mehta noted in his review of the demonitisation judgment by the supreme court—the conduct of officials is what also

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matters<sup>21</sup>. Constitutional morality has been/is being eroded. This is the challenge of tomorrow. CBPS has to face this.

### **By way of conclusion**

An early decision that the board took was that we would not accumulate property. The organisation does not have a staff car, guest house etc. We have functioned happily from rented premises. The scrupulous adherence to all laws, fair treatment of all employees, and the acceptance of work done by those who commissioned them over these years has meant that CBPS got its renewal under the newly amended FCRA. This scrupulousness, I am sure, will continue.

The external environment in which organisations like CBPS work—so called civil society—has become more complex. There is no dispute that such organisations need to be accountable. Many countries have laws for this purpose. India is no exception. These laws however, have in recent years, become much more stringent. Compliance is more difficult; there is no scope for mistakes as the law has explicit provisions on this.

There are multiple laws, often covering the same ground. While a tax law is required if such organisations desire tax free status, there are many others. CBPS is registered under the Societies Registration Act. It has the required sanction under the relevant sections of the Income Tax Act. It is registered, and has approval, under the Foreign Contribution and Regulation Act. There are others. CBPS fully intends to comply with all laws, in letter and spirit.

Yet, on this occasion, I would like to ask if these can be implemented with a light touch, not with the assumption of guilt. Should all organisations, from temple trusts to research institutions to drama societies, of all sizes, be treated alike? Equal treatment of unequals may/will lead to suboptimal results. I think we have an opportunity to re-examine, in the light of 75 years of post Independence experience, this regulatory structure.

In particular, I would plead for the inclusion of research organisations like CBPS—and there are many others doing excellent work—as a specific category, with its own rules and with ways of innovative funding that gives them security to take up long term projects. Research is a long term activity. The benefits of the research of today may appear in unexpected places many years later. It cannot be fairly assessed in three year project cycles, which force a short term view due to compulsion about concerns of survival. The well known “log frame matrix” that funders and others use is simply a square peg in a round hole, though I think of it as a Procrustean bed.

I do not have a solution. I ask only for thoughtful debate.

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This is the challenge for the coming years. I hope many of you will be around for the golden Jubilee.

And finally, where does this journey of CBPS go? An old Hindi song says it all.

आ चल के तुझे मैं ले के चलूँ  
इक ऐसे गगन के तले  
जहाँ गम भी न हो आँसू भी न हो  
बस प्यार ही प्यार पले...

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<sup>2</sup> I had excellent colleagues, with whom I still work, and wonderful students, but the institutional direction was not headed the way I thought was right.

<sup>3</sup> Recently written about in depth, in the context of the University of Cambridge, by Ashwani Saith. See his Cambridge Economics in the Post-Keynesian Era: The Eclipse of Heterodox Traditions. Springer Nature, November 2022. See also J.K. Galbraith, 'General Keynes', [https://www.nybooks.com/articles/1984/11/22/general-keynes/?utm\\_medium=email&utm\\_campaign=NYR%2003-02-23%20Uglo%20Grant%20Hagan%20Glickman&utm\\_content=NYR%2003-02-23%20Uglo%20Grant%20Hagan%20Glickman+CID\\_6f1e6da8b5fe84f062d284a96d798c33&utm\\_source=Newsletter&utm\\_term=John%20Kenneth%20GalbraithGeneral%20Keynes](https://www.nybooks.com/articles/1984/11/22/general-keynes/?utm_medium=email&utm_campaign=NYR%2003-02-23%20Uglo%20Grant%20Hagan%20Glickman&utm_content=NYR%2003-02-23%20Uglo%20Grant%20Hagan%20Glickman+CID_6f1e6da8b5fe84f062d284a96d798c33&utm_source=Newsletter&utm_term=John%20Kenneth%20GalbraithGeneral%20Keynes)

<sup>4</sup> Though well established, and the theoretical basis for cost/benefit analysis, the Theory of the Second Best is no longer taught as part of even the Masters curriculum in economics departments.

<sup>5</sup> I gratefully acknowledge the mentorship I received from Amulya Reddy and T.S. Kannan, my boss when I was an economic adviser in Delhi. Sadly, many of the people who played key roles in the development of both me and CBPS, are no longer with us.

<sup>6</sup> Five of the eight signatories to the Memorandum of Association were women.

<sup>7</sup> I wish to recognise the contribution of very many people—too many to be individually named now. The Director has compiled a list of all former employees and society members. They should be happy today to see an adult CBPS. To them my thanks with gratitude.

<sup>8</sup> Structural Adjustment: Economy, Environment, Social Concerns. Macmillan, Delhi, 1995. And the non-technical version for the general public, Crisis and Response: An Assessment of Economic Reforms, Paperback, 103 Pages, Published 1996 by Madhyam Books

<sup>9</sup> I deliberately use the pronoun 'I' here, as the responsibility of prioritizing and setting the agenda at the time was mine. It is not to diminish in anyway the huge contribution made by the other colleagues.

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<sup>10</sup> Discussed in my Panchayats, Democracy and Development, Rawat Publishers, Jaipur 2003.

<sup>11</sup> For example, with Janaagraha and the Public Affairs Centre in the Bangalore PROOF campaign, 2002.

<sup>12</sup> See, 'The Way Ahead' 2010, CBPS.

<sup>13</sup> I must acknowledge the many important contributions made by Thyagarajan, Usha and Ramesh in particular. Without their quiet, unobtrusive support nothing would have been possible.

<sup>14</sup> I still have a sense of wonder that I completed a Masters in Economics at the Delhi School of Economics, without ever having seen a budget document. And sadly, it was no different from the young graduates of this century.

<sup>15</sup> There are many reports that came out of this work. These, and more recent studies—and films—are freely available in the archives section of [www.cbps.in](http://www.cbps.in)

<sup>16</sup> It was in this area that we prepared a note for subcommittee on local self-governments, chaired by L.C. Jian, of the National Commission to Review the Working of the Constitution, chaired by former Chief Justice, Justice M.N. Venkatchalliah.

<sup>17</sup> Weather of the Keynesian variety which looked at the aggregate/effective demand gap, or the Michael Kalecki version on degrees of monopoly. The policy recommendations are similar.

<sup>18</sup> As the financial crisis of 2008 showed, the QE did not yield the desired result. The money it put in the private banks ended up in the stock markets of many countries, and gave huge returns to those who held these assets. Profit from misery is no exaggeration.

<sup>19</sup> The Modern Monetary Theory, with proponents like Bill Mitchell and Stephanie Kelton, is in the news now in the US, but faces strong opposition from mainstream economists.

<sup>20</sup> CBPS Director Jyotsna Jha in Mint: <https://www.livemint.com/opinion/columns/its-time-to-consider-a-wealth-tax-that-may-lesser-indian-inequality-11672679510626.html>

<sup>21</sup> <https://indianexpress.com/article/opinion/columns/pratap-bhanu-mehta-demonetisation-verdict-farce-tragedy-8356806/>