

Summary of the CUTS Thought Leadership Lecture organised by CUTS International and NITI Aayog Chair, University of Rajasthan at Jaipur, Wednesday 8th March, 2017

'Juggling big data and measuring impacts of demonetisation – Many hats of the CEA'

'The Economic Survey 2016-17 has been able to utilise many sources of big data for aggregating policy trends in the country. These trends have contributed to key policy suggestions in themes like domestic migration, trade, economy, universal basic income etc.' said Dr. Arvind Subramanian, Chief Economic Advisor, Government of India.

Dr Subramanian was engaging with a young and enthusiastic crowd as part of the CUTS Thought Leadership Lecture organised by CUTS International in partnership with the NITI Aayog Chair, University of Rajasthan here at Jaipur on Tuesday, 8th March, 2017.

The lecture session was chaired by Dr. Vijay S. Vyas, Professor Emeritus, Institute of Development Studies (IDS) and former Member of the Prime Ministers Economic Advisory Council. It was moderated by Mr. Arun Maira, former Member of the erstwhile Planning Commission and President, CUTS International with Mr. Pradeep S Mehta, Secretary General, CUTS International delivering the opening and closing remarks.

To start with, Dr. Subramanian described his work profile as the Chief Economic Adviser within the Government of India. As an example, he recalled working on a report on the Goods and Services Tax (GST). While many were concerned at the time that the overall tax rate may be raised by the GST to around 25 per cent, he and his team presented that it may be less at around 15 per cent. This allowed for political stakes to be lowered and politicians to move forward on the bill. Importantly from this experience, Dr. Subramanian revealed that we must guard against vanity; thus, we should work towards making contributions to public policy rather than thinking our ideas will change everything in the country.

A critical part of his role is the ability to persuade fellow bureaucrats and people in power; essentially "speaking truth to power" and not to live in a post-truth world. The art of persuasion is important for economists, especially those who work with quantitative information for most of their career. However, in fields like public policy, an economist's skills in presenting the data in a simple and comprehensible way is invaluable.

Next, Dr. Subramanian spoke briefly on the recent Economic Survey 2016-17. One interesting aspect he highlighted about this Economic Survey was that it was the first time they used 'big data', including satellite imagery to illustrate their findings. This was used for instance for issues in migration and trade. A satellite image was shown of the flow of migration through railways across India and that up to nine million Indians migrated within India every year, a number about double than previously thought. On trade openness, India has caught up to and surpassed China in terms of trade to GDP ratio; a significant achievement for which India is not always acknowledged.

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As one of the more ambitious aspects of the Economic Survey, Dr. Subramanian explained some key factors of Universal Basic Income (UBI). It consists of three main factors: 1) everyone gets an income; 2) it is unconditional; and 3) it empowers people through cash transfers. The purpose of an Indian UBI, as opposed to developed nations' approach to address inequality, is to get people out of poverty; an idea Dr. Subramanian felt worth considering in the Survey.

Although it could cost four to five per cent of GDP, which is not plausible for India at this moment without cuts in other parts of the budget, a UBI could help better target poverty alleviation programmes in the country. Of course, core programmes in health and education should not be cut as they are also essential to address the perils of poverty. Importantly, noted Dr. Subramanian, there needs to be a movement from the bottom-up to push politicians to support such key programmes, because currently he sees the political environment not providing such a crucial push.

As Dr. Subramanian was keenly interested in hearing from the young audience, and particularly from women on International Women's Day, the topic of UBI was returned to. Some were concerned that just giving money to everyone would not make people get jobs or be productive, essential for reducing poverty. This was responded by pointing out that the notion that giving money to poor people is wasteful has not been proven; in fact, the opposite by many studies. Although, it was acknowledged that while a UBI in principle would give income to all, in practice some exclusion to high-income sections of the population may be necessary.

A question was posed on start-ups and the government's role considering the high number of failed start-ups in India. Dr. Subramanian felt that the government should have a lighter footprint on the matter and, in fact, if indeed the majority of start-ups were failing it is because as an entrepreneurial enterprise they're likely to be risky and more prone to fail. Thus, if a majority of Indian start-ups did succeed that would probably mean that the system for entrepreneurship was not working properly.

Finally, Dr. Subramanian noted that it is still too early to tell the impact of demonetisation on the formal Indian economy. However, as for the informal economy, we unfortunately don't have macro-level data to know the exact impact and won't likely have such information even for another six months. The government is hoping that while the cash crunch was hard on the poor, the current increase in cash flow will reduce the challenges faced by India's poor. He also gave three parameters on which demonetisation can probably be measured on – the increase in number and amount of tax payers, the growth of GDP, and the progression of the digital economy.

The event ended with Dr. Subramanian highlighting how important it is to engage with young people when discussing the growth and opportunities of the Indian economy, as he tries to attend such meetings throughout India like the CUTS Thought Leadership Lecture at Jaipur. Indeed, in this spirit Dr Subramanian concluded by inviting all of the students to take a selfie with him to post on social media.