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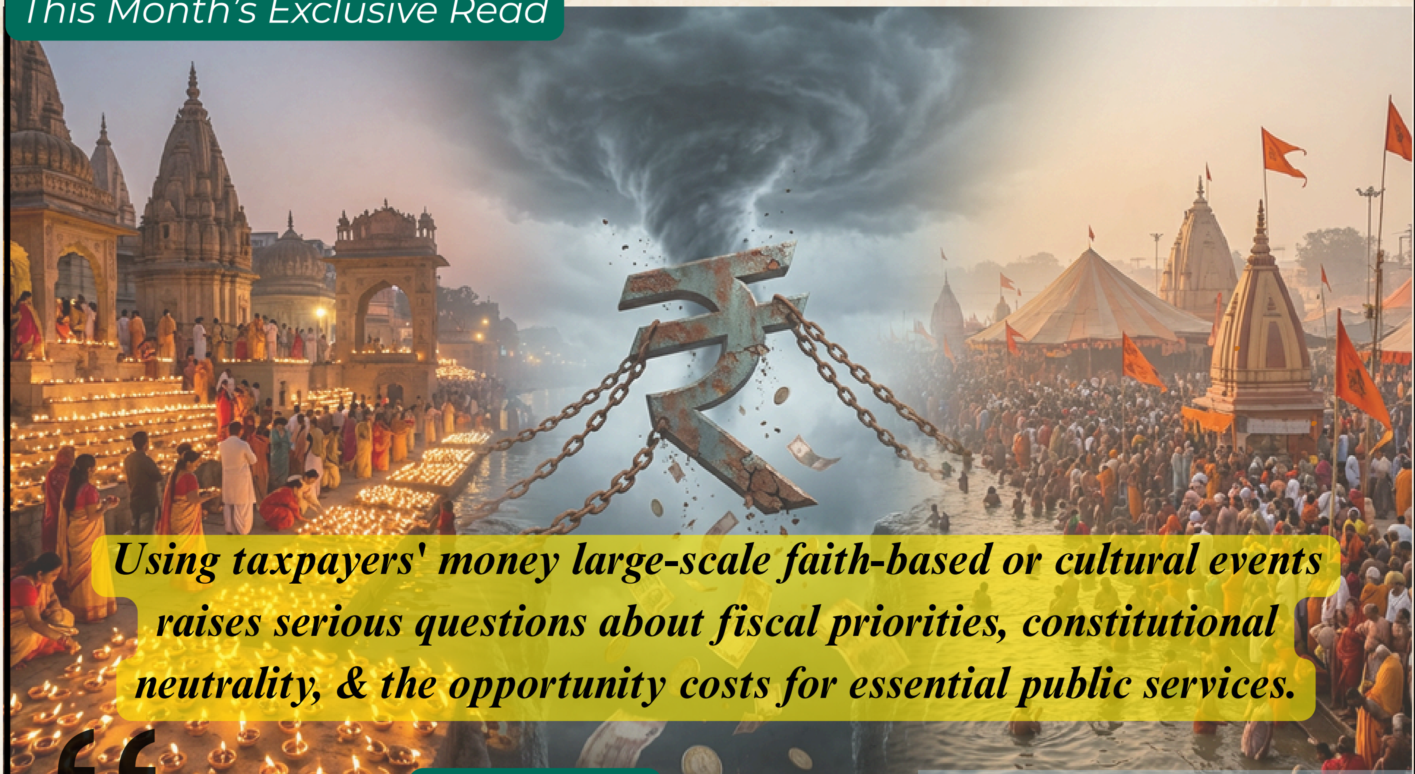
THE CIVIL LENS

Zooming in on what matters

An Initiative by the students of MA Public Policy (2025-27), IILM University, Greater Noida

This Month's Exclusive Read



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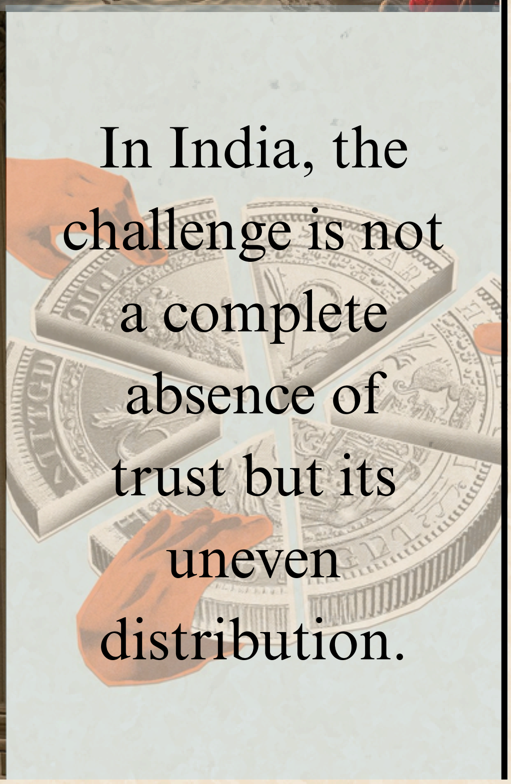
Beware of little expenses; a small leak will sink a great ship.

Benjamin Franklin

Read Inside



Read Next

The social life of money: why money means more than we think

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In an age where digital payments dominate everyday life, and UPI transactions run into billions each month, it is tempting to think of money as purely rational, neutral, and impersonal. Yet our everyday experiences tell a different story. We gift money at weddings in neat envelopes, maintain separate "pocket money," set aside savings with emotional meaning, and choose payment modes based not just on convenience but on context.

Economic sociologist Viviana Zelizer captures these complexities powerfully. In her influential work The Social Meaning of Money, she argues that money is not simply a medium of exchange; it is a profoundly social object shaped by relationships, norms, values, and history. Her insights help us understand why, even in a rapidly digitising economy, money continues to carry emotions, moral judgments, and cultural meaning.

The social meaning of money

Zelizer challenges the longstanding assumption in economics that money is universal, homogeneous, and interchangeable. Instead, she shows that people constantly differentiate between types of money based on social rules and expectations. Money, she argues, is always socially embedded. The way people use, receive, or allocate money cannot be separated from the social context in which they live.

By emphasising the cultural and relational dimensions of economic behaviour, Zelizer opens a window into understanding why money continues to function as a symbol of care, obligation, status, ethics, and hierarchy.

Earmarking: when money isn't just money

One of Zelizer's most important contributions is the concept of "earmarking." People often assign specific uses, meanings, or emotions to different kinds of money. Although rupees are technically interchangeable, we rarely treat them that way.

Her examples and our everyday experiences illustrate this vividly:

- People prefer cash for small or personal transactions
- Cheques or bank transfers are reserved for formal purposes
- Credit cards or UPI are used for online or time-sensitive payments
- "Gift money" or shagun carries emotional value
- "Pocket money" or allowances are morally restricted funds
- Salary kept aside for parents, children, or partners acquires its own emotional meaning

These practices show that money is not neutral. We continuously classify, regulate, and moralise it, often without realising it.

Money as a social relationship

Zelizer also argues that money is not merely economic; it is relational. People use money to build, signal, or negotiate social ties.

Money expresses gratitude, rewards loyalty, strengthens bonds, or marks respect. In families, couples, friendships, workplaces, and communities, monetary exchanges carry emotional significance. Paying for a friend's meal, gifting money during festivals, contributing to household expenses, or receiving symbolic allowances all reflect deeper social relationships.

Even in a digital age, payment modes like UPI notes ("For lunch!" "Thanks maa ♥ "), online gifting, and digital wallets continue to carry relational meaning. Money binds people together in ways that go far beyond pure calculation.

Money, culture, and gender

Zelizer's work also illuminates how gender norms influence the way people use and perceive money. She argues that women and men are often assigned different monetary roles:

- Women's money is frequently associated with care, savings, and household well-being
- Men's money is linked to status, provision, or public spending

These differences are not natural; they arise from cultural expectations. Even today, practices such as women's informal savings, self-help groups, household budgeting roles, or men's public financial authority reflect gendered monetary norms.

Understanding these inequalities is crucial for analysing financial inclusion, credit access, welfare schemes, and labour markets in India.

Relevance of her work today

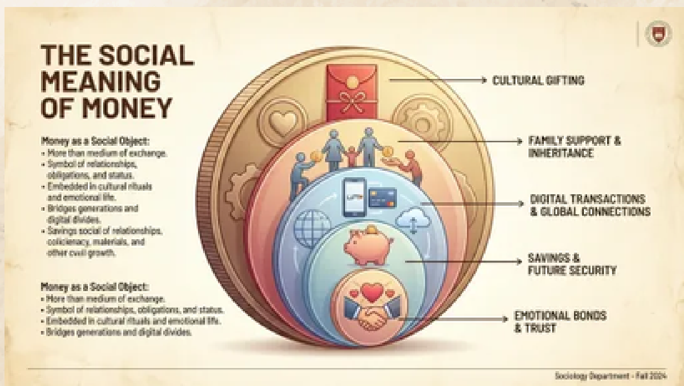
Zelizer's work revolutionised economic sociology by showing that we cannot separate the economy from social life. Her ideas remain especially relevant today as digital payments, fintech platforms, AI-driven financial tools, and behavioural economics reshape our interactions with money.

Her insights remind policymakers and economists that:

- Financial behaviour is deeply emotional and relational
- Social context influences how financial schemes are used
- Money retains cultural meaning even in a cashless economy
- Economic policies succeed only when they recognise social realities

From DBT transfers to household budgeting, from digital lending to wedding gifts, the "social life of money" continues to shape India's economic landscape.

Reading Money Through a Social Lens



Viviana Zelizer's contributions offer a compelling reminder: money is never just money. It is woven into our relationships, cultures, histories, and identities. By foregrounding the moral, emotional, and social dimensions of everyday financial behaviour, Zelizer challenges the traditional view of money as purely instrumental.

Her work invites us to understand contemporary economic life, especially in a transforming country like India, through a richer and more human lens. As the economy evolves, recognising the social meaning of money becomes essential for designing policies that resonate with real lives, relationships, and communities.

> *"People segregate, differentiate, label, decorate, and particularize money to meet their complex social needs."*
>
> -Viviana Zelizer

The price of integrity: ethics in the Indian economy

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India's economic story on paper has always been ambitious. From trillion-rupee budgets to futuristic infrastructure 'plans', the progress shines through numbers and announcements. However, behind these impressive figures lies a dilemma: are we growing morally as quickly as we are economically? Integrity may not appear on any balance sheet, but it determines the real health of any economy more than statistics ever could.

Yet, integrity in an economy is not merely a question of public spending or administrative intent. It is also shaped by who influences decisions, whose voices are amplified, and whose interests quietly prevail. In India's political economy, the line between business and governance has increasingly blurred. Corporate lobbying, while legal in many forms, often operates in opaque spaces where policy priorities are influenced more by proximity to power than public need. When large corporations shape tax structures, land acquisition norms, or environmental clearances, growth may accelerate, but fairness becomes negotiable. This imbalance raises a fundamental concern: development driven by influence rather than inclusion risks hollowing out public trust, even when headline indicators remain strong.

When budgets miss their purpose

Every year, huge amounts are allocated for social welfare, education, infrastructure, and rural development. But by the end of the fiscal year, a large chunk of that money remains unspent or vaguely redirected. This recurring pattern reveals not just an imminent inefficiency, but a deeper ethical confusion about what development really means. Take the railways, for instance, India's growing fascination with bullet train projects a vision of speed, luxury, and global stature. But this ambition overshadows the slower, more essential work of improving and implementing important safety systems like Kavach, which remain underfunded across much of the network. When grand projects take precedence over saving lives, the nation's integrity, not its infrastructure, becomes the real casualty.

This ethical imbalance is not confined to public infrastructure alone. It extends into markets, where selective access to information and regulatory leniency can tilt the playing field. Insider trading scandals, preferential lending, and selective bailouts reveal how markets can be distorted when accountability weakens. Crony capitalism—where economic success depends less on innovation and more on political connections—creates an illusion of efficiency while quietly undermining competition. In such an environment, small businesses struggle, entrepreneurship narrows, and inequality deepens. Growth achieved this way may be fast, but it is fragile, resting on networks of privilege rather than productivity.

The moral market

Private enterprises are not immune to the same drift. In boardrooms and markets, ethics often bend under the pressure of profit-making. Lobbying for favourable regulations, manipulating balance sheets, or cutting environmental corners may seem like isolated acts, but together they form a troubling culture of compromise. When morality starts to feel optional, the economy loses its credibility. Yet signs of change are beginning to appear. Investors and consumers are starting to value transparency as much as turnover. Ethical startups, green businesses, and companies adopting ESG principles are proving that trust can be profitable. Integrity, once dismissed as idealism, is quietly becoming good business practice.

The government–business nexus further complicates the ethical landscape. Public–private partnerships are essential for development, but without transparency, they risk becoming vehicles for rent-seeking. When regulatory institutions appear reluctant to scrutinise powerful corporate actors, confidence in market fairness erodes. Investors begin to question not just returns, but the integrity of the system itself. An economy where rules appear flexible for the influential but rigid for the ordinary citizen cannot sustain long-term legitimacy. Trust, once lost, is difficult to rebuild—and without trust, even the most ambitious growth strategies face resistance.

Beyond law and numbers

Laws, commissions, and anti-corruption drives can only do so much. Real accountability depends on whether honesty feels normal or exceptional in public life. A budget that reflects conscience rather than convenience tells a story about what a country stands for. When funds flow toward genuine welfare instead of headline projects, progress starts to feel personal and purposeful. Ethics cannot be forced through regulation; it has to grow through example. When leaders, institutions, and corporations uphold transparency not as a show but as a standard, integrity stops being a slogan and becomes part of the nation's trust capital.

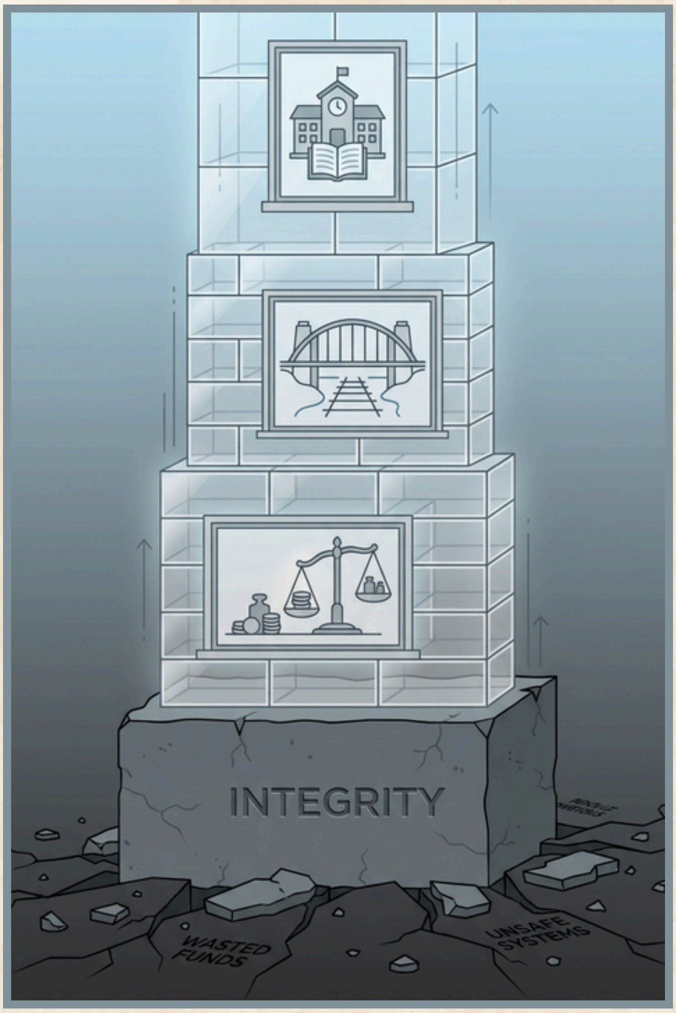
At the same time, a countercurrent is emerging. Ethical investing, once a niche concern, is gaining traction among younger investors and global funds. Environmental, Social, and Governance (ESG) frameworks, impact investing, and demands for corporate disclosures are pushing companies to internalise social and environmental responsibility. While these mechanisms are imperfect and sometimes performative, they reflect a growing recognition that unchecked growth carries moral and economic costs. Markets, much like democracies, function best when participants believe the system is fair—even if outcomes are unequal.

This brings us to the uncomfortable question at the heart of India's economic journey: *Can an economy grow fast without growing fair?* History suggests that growth divorced from ethics eventually slows under the weight of its contradictions—rising inequality, institutional distrust, and social unrest. Efficiency without accountability breeds cynicism; ambition without integrity breeds exclusion. India's challenge is not to choose between growth and ethics, but to recognise that one cannot sustainably exist without the other.

The real cost of growth

Integrity will always come at a price. It may mean slower projects, stricter audits, and fewer shortcuts. But the cost of ignoring it wasted funds, unsafe systems, and public cynicism is far greater. True prosperity lies not just in expansion, but in the principles that guide it. India's economic future will be judged not only by how fast it moves, but by how fairly it grows. The real measure of success is not the next budget announcement, but the moral intention behind how that budget is spent.

In the long run, integrity is not an obstacle to development; it is its foundation. Economies that reward transparency, protect competition, and restrain excessive influence are better equipped to adapt, innovate, and endure. India's economic story will ultimately be remembered not for the size of its budgets or the speed of its projects, but for the fairness of its institutions and the moral clarity of its choices. Growth may impress the world, but integrity determines whether that growth truly belongs to the people.



The Inflation Illusion: When Price Stability Doesn't Feel Stable

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Inflation is commonly defined as the rate at which the general level of prices for goods and services rises over a given period, leading to a reduction in purchasing power. Governments and central banks often rely on inflation data to assess economic stability. However, declining inflation figures do not necessarily imply that life has become more affordable for citizens. This gap between statistical comfort and lived discomfort is what can be described as the "Inflation Illusion."

In India, inflation is primarily measured through the Consumer Price Index (CPI), calculated by the Ministry of Statistics and Programme Implementation (MoSPI). The CPI is based on household consumption surveys and reflects average expenditure patterns relative to a base year. While this index effectively tracks price movements, it fails to fully capture how households experience affordability in real terms, especially when incomes do not rise at the same pace as expenses.

According to Trading Economics, food and beverages account for nearly 46 per cent of India's CPI, making it the most influential category in inflation calculations. Essential items such as cereals, milk, vegetables, and prepared food significantly shape inflation trends. Other major components include housing, health, education, transport, and fuel. Yet, the problem lies not in what is measured, but in what is averaged. CPI reflects an "average household," while real households experience inflation unevenly, particularly lower- and middle-income groups whose spending is concentrated on essentials.

The inflation rate in India declined sharply to 0.25 per cent in October, the lowest since 2012, before rising marginally to 0.71 per cent in November. On paper, this signals price stability and successful inflation management. In reality, however, prices have not fallen; only the *rate of increase* has slowed. Goods and services remain significantly more expensive than they were in the pre-inflation period. This is exactly where the illusion of affordability emerges.

Inflation data measures changes in prices, not changes in people's ability to pay. For fixed-income earners, daily wage workers, pensioners, and informal sector employees, incomes remain largely stagnant. Even if inflation moderates, real income, income adjusted for the cost of living, continues to erode.

Crucially, some of the most unavoidable expenses- education, healthcare, housing, and transportation- are structurally "sticky." These costs rarely fall even during periods of low inflation. As a result, households experience persistent financial stress despite reassuring inflation headlines.

Moreover, the transmission of monetary and fiscal policy remains uneven. While inflation control may stabilise macroeconomic indicators, high interest rates continue to constrain MSMEs, limiting job creation and wage growth. Thus, declining inflation without parallel income growth can suppress demand rather than revive it. When households cut consumption, the economy risks entering a cycle of weak demand, stagnant wages, and employment stress.

Beyond Inflation Numbers: Rethinking Policy Priorities

If inflation control becomes an end in itself, it risks obscuring deeper welfare concerns. Monetary policy must be complemented by employment-focused and income-sensitive interventions.

- Policy must balance inflation targeting with job creation, ensuring that purchasing power improves alongside price stability.
- Targeted welfare measures during inflationary phases should protect vulnerable groups whose incomes do not adjust automatically.
- Temporary consumption support, such as vouchers or direct transfers, can prevent real income erosion.
- Increased public investment can stimulate demand, generate employment, and restore confidence at the household level.

Ultimately, the success of inflation control should not be judged by numbers alone, but by whether people feel economically secure. Until declining inflation translates into rising real incomes and improved affordability, inflation will remain statistically manageable—but socially misleading.

GST 2.0: What It Means for States, the Centre, and India's Federal Future

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The government has restructured the 2017 GST reform, consolidating it into a two-tier system, along with a 40 per cent tax on ultra-luxury or sin items. Roughly 90% of products in the 28% slab will now be taxed at 18%, and nearly all items currently taxed at 12% will be reduced to 5%, benefiting low- and middle-income consumers. These reforms are expected to increase consumption. The reduction in tax burden on daily-use and luxury goods will likely increase disposable income and consumer spending, leading to higher corporate earnings and pushing India's GDP toward 6.5–7% over the next two years.

GST 2.0 has made a big difference in what people pay for everyday items. The new tax regime has surely given a boost to rural households and the middle class, but the growing burden of revenue losses now lies with the government. Though it may generate higher revenues in the long run, the problem right now is immediate. When the government reduces GST rates on many goods or merges tax slabs, it starts collecting less tax on each product sold. For example, if something was earlier taxed at 18% and is now taxed at 5%, the government's income from that item drops sharply.

Earlier, the central government collected extra money through a special tax known as the "compensation cess." This cess helped both the Centre and the states manage losses arising from GST and ensured steady revenue. Under GST 2.0, however, this cess is being reduced or removed, which means the government is losing a fixed and reliable source of income.

The launch of GST in 2017 had already led to a reduction in revenue collection for states, as many indirect taxes were merged into GST. To make up for this loss, the Centre had promised to compensate the states. Over time, however, the compensation rate was reduced, and during the COVID-19 pandemic, full compensation was not provided. At the same time, the Centre continued collecting the compensation tax from citizens, stating that it was needed to cover pandemic-related losses.

This created tension between the Centre and the states. Many states felt betrayed, as large amounts of promised compensation were not paid. With the introduction of GST 2.0, these concerns have returned. States fear that if they face losses again, compensation may be delayed or reduced once more. As a result, many believe that the social contract agreed upon in 2017 has been weakened, giving rise to serious concerns around fiscal federalism.

One important feature of GST 2.0 is the decision to keep tobacco and similar sin goods in the highest tax bracket. This reflects a dual intention of the government. On the one hand, high taxes on tobacco aim to discourage consumption, given its serious health risks. On the other hand, tobacco remains one of the few products that continues to generate substantial indirect tax revenue. At a time when GST rates on most goods have been reduced, keeping tobacco heavily taxed helps the government partly offset revenue losses elsewhere. However, this support is only temporary. Relying on a limited set of sin goods cannot provide a lasting solution to the broader revenue challenges created by GST 2.0.

Moreover, very high taxation on tobacco also has its limitations. It can encourage illegal and unregulated trade, which reduces actual tax collections and weakens health objectives. In addition, a large number of farmers and workers still depend on tobacco-related activities for their livelihood. This further shows that while taxing tobacco heavily may offer short-term relief, it cannot by itself address the long-term problem of revenue loss.

With GST 2.0, the government aims to pass on tax benefits worth nearly ₹2 lakh crore to consumers, hoping this will boost local demand and GDP growth in the coming years. However, this has also shifted the burden of revenue losses onto the states. Earlier, GST had multiple tax slabs, but GST 2.0 now operates with just two slabs 5% and 18%. This major restructuring has led to considerable revenue losses for states that earlier depended on higher tax brackets.

This brings us to a crucial question: can GST 2.0 truly balance consumer welfare, revenue stability, and Centre-State trust, or will the unresolved issue of revenue loss continue to strain India's cooperative federalism in the years to come?

Trade-Offs in Indian Global Bazaar

"In every country it always is and must be the interest of the great body of the people to buy whatever they want of those who sell it cheapest."

~Adam Smith, The Wealth of Nations

FACULTY COLUMN

Banking on Sustainability: ESG, Circular Economy, and Corporate Governance in India

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The accelerating urgency of environmental sustainability and responsible corporate behavior has foregrounded the integration of Circular Economy (CE) principles and Environmental, Social, and Governance (ESG) frameworks within the Indian banking sector.

This study explores the strategic alignment of CE and ESG practices in Indian banks, analyzing how corporate governance mechanisms facilitate or hinder this integration. As financial intermediaries and sustainability enablers, banks in India are uniquely positioned to catalyze the transition toward a circular economic model by embedding ESG considerations into credit policies, investment decisions, and risk assessment frameworks.

This research adopts a mixed-methods approach, combining a qualitative content analysis of annual and sustainability reports of major Indian banks with quantitative ESG performance metrics and governance indicators sourced from public disclosures and third-party ESG databases. The study further incorporates semi-structured interviews with banking professionals and ESG officers to contextualize institutional practices and regulatory compliance under frameworks such as the Reserve Bank of India's guidelines, SEBI's Business Responsibility and Sustainability Reporting (BRSR), and the Companies Act, 2013.

Findings reveal that banks with robust corporate governance structures—characterized by board diversity, independent oversight, and stakeholder engagement—demonstrate greater commitment to ESG integration and circular financing models. However, systemic gaps remain in standardizing ESG metrics, embedding circularity in loan portfolios, and ensuring board-level accountability for sustainability outcomes.

The study proposes a conceptual framework that interlinks CE principles, ESG adoption, and corporate governance efficacy, offering policy recommendations for regulators and strategic pathways for banks to act as responsible stewards of sustainable development in India.

STUDENTS AT CONFERENCE

Public policy today often feels hurried, research-neutral, and always under pressure to act. Yet policy permits almost everything we do, and paradoxically, cannot be understood by any single individual. It sits at the intersection of samaj, sarkar, and bazaar… complex, layered, and deeply human.

A recurring concern: the widening gap between classroom learning and real-time policy work. Curricula struggle to keep pace with reality. Syllabus updates lag.

What is clear, however, is the need for:

- Market alignment and industry relevance
- Core skills—listening, critical problem-solving, adaptability
- Blended knowledge that breaks silos between economics, policy, and technology
- Ethical grounding in a world where information is rarely perfect

AI is no longer optional. It must be integrated-thoughtfully- while keeping demographic divides in mind. Ethics and values matter more, not less, when content is infinite, and certainty is scarce.

In policy, judgment often matters more than certainty. Decisions are made amid ambiguity. Crisis communication requires emotional regulation. Patience, strategic stillness, and an understanding of institutional rhythm are as important as speed.

Understanding the system matters more than merely being inside it. The invisible legwork, the hours of briefing, the inner discipline… these are what sustain meaningful policy work.

Build depth before visibility. Policy rewards those who can sit with complexity, regulate emotion, and act ethically, even when the picture is incomplete.

Is Faith Costing India Its Future?

Economics, priorities, and the symbolic choices India makes

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"Public money is extremely precious, especially in a developing country like ours, where the gap between the rich and the poor widens daily.
Using taxpayers' money particularly for religious purposes, like organising the Kumbh Mela or a Deepotsava, is a luxury that we absolutely cannot afford. Such expenditures should be undertaken by private religious bodies for their respective communities." ~Rashmi Singh

India today presents a striking contrast. On one hand, there is visible investment in grand symbols that reflect cultural pride and collective identity. On the other hand, there remain villages dependent on ration cards, overstretched public hospitals, anxious youth entering an uncertain job market, and farmers whose livelihoods continue to depend more on the monsoon than on institutional support. These realities coexist, not because one negates the other, but because public choices allow them to.

Economics and Devotion: Can they go hand in hand?
Public finance is ultimately about allocation. Every major public project, whether it is economic, social, or symbolic, carries an opportunity cost. Resources committed to one objective are, by definition, unavailable for another. This principle applies as much to cultural or religious infrastructure as it does to roads, schools, or hospitals.

Consider Ayodhya. The Union government has repeatedly stated that the construction of the Ram Mandir was not financed by taxpayer money, emphasising that the temple itself was built through donations managed by the Shri Ram Janmabhoomi Teerth Kshetra Trust. That claim is technically correct, but it is economically incomplete. The temple did not rise of itself. Public expenditure accompanied it on a huge scale. Government-funded projects included the expansion of the Maharishi Valmiki International Airport, the redevelopment of Ayodhya railway station, the widening of highways, riverfront development, urban beautification, security infrastructure, and civic services. Estimates of public spending linked to Ayodhya's transformation run into several thousand crores of rupees, drawn from central and state budgets under various heads, including infrastructure, tourism, and urban development.

In economic terms, this distinction matters far beyond accounting labels. Whether funds are classified as "religious" or "infrastructure," the opportunity cost remains unchanged. What we often forget to talk about is the human cost embedded in such massive redevelopment projects. In Ayodhya, large-scale demolition accompanied the city's transformation. Homes, small shops, informal businesses, and decades-old livelihoods were cleared to make way for corridors, roads, and aesthetic redesign. While compensation was offered in several cases, displacement disproportionately affected lower-income households and informal workers, those least equipped to absorb relocation shocks. For many, the shift was not from one neighbourhood to another, but from economic participation to precarity. Redevelopment, in this sense, did not merely reallocate land; it restructured opportunity, widening the divide between those who could capitalise on the new economy of religious tourism and those who were pushed out of it. Yet these distributive consequences rarely appear in budget statements or project justifications, leaving the social costs of symbolic development largely unacknowledged.

A similar pattern is visible in the construction of monumental national symbols. The Statue of Unity in Gujarat, completed at a reported cost of over ₹3,000 crore, was justified as a tribute and a tourism engine. While it has generated visitor revenue, independent audits and parliamentary discussions have repeatedly raised questions about cost-benefit analysis, long-term maintenance expenditure, and the prioritisation of funds in a state facing persistent tribal deprivation and nutrition challenges. Again, even though the government celebrated its win, the public was left to question the fiscal trade-offs.

Another example to cite is how governments across political lines have routinely subsidised pilgrimages such as the Kumbh Mela, Amarnath Yatra, Hajj, and Char Dham Yatra, often citing safety, crowd management, and cultural obligation. The Supreme Court, in Prafull Goradia v, Union of India (2011), upheld the constitutionality of Hajj subsidies at the time, but also observed that such support must be evaluated against principles of secularism and equality. Notably, the Court later welcomed the phasing out of the Hajj subsidy, recognising that state support for religious practice, while legally permissible, raises serious questions of fairness and priority-setting.

What unites these cases is not religion, ideology, or intent. It is opacity. Symbolic projects frequently bypass the rigorous public interrogation applied to welfare schemes. The question is not whether a nation can honour its faiths. It can; it is very evident. The harder question is whether symbolic public spending is subjected to the same standards of transparency, justification, and comparative need as investments in health, education, and employment.

Understanding faith through public spending

In India, total tax revenues amount to roughly 11–12 per cent of GDP, a modest pool for a country of over 1.4 billion people. From this limited fiscal space, the share directed toward long-term human development remains strikingly small.

Public expenditure on education hovers around 3 per cent of GDP, well below the 6 per cent target repeatedly endorsed in national policy. Healthcare spending remains close to 1.3–1.5 per cent of GDP, among the lowest for major economies, resulting in one of the world's highest levels of out-of-pocket health expenditure, where households shoulder more than half the cost of care themselves. Nutrition outcomes, learning levels, and labour force participation continue to reflect these constraints. These are not marginal gaps; they are structural.

Against this backdrop, symbolic and sentiment-driven expenditures do not appear excessive because they dominate the budget, but because they move faster. They receive urgency, visibility, and political energy that systemic investments struggle to command. The gap does not necessarily need to be financial; it is often covered by the curtain of temporal and emotional. Schools wait. Primary healthcare centres wait. Skill ecosystems wait. But Symbols rarely do.

Now think, when a government can mobilise administrative machinery, land, security, and capital swiftly for projects that resonate emotionally, it raises an unavoidable question: is scarcity truly the constraint… or is attention?

What is the India we are choosing to build?

We cannot always ask the government to function without a vision in mind; that is not possible for the smooth functioning of a nation. But we can pose a question with respect to prioritisation. Prioritisation being inevitable and public resources finite, how would a government make a choice?

India's constitutional model of secularism has never demanded the exclusion of religion from public life. Instead, it rests on the idea of principled distance- the state may engage with faith, but must do so without preference, prejudice, or disproportion. In economic terms, this principle demands fairness in allocation. When public funds are involved, emotional legitimacy cannot substitute for measurable outcomes. The role of the state is not to arbitrate belief, but to ensure that belief does not distort budgetary balance.

This is where the cost of prioritisation becomes visible. Symbolic projects offer political clarity and emotional reassurance, particularly in periods of economic stress. They deliver immediate visibility and easily communicable success. Structural investments then operate on longer timelines, yield incremental returns, and attract less spectacle. Yet it is these systems that determine resilience.
As India looks toward the coming years, there is no doubt that culture will be celebrated and faith respected. It is whether public spending reflects a balanced vision of national progress, one that honours emotion without allowing it to eclipse necessity. Faith may remain personal and cultural. Budgets, however, are public and consequential. They reveal not only what a nation believes in, but what it is willing to prioritise.

The choice ahead is therefore neither cultural nor ideological. It is developmental. Symbolism can inspire, but development sustains. The coming year offers an opportunity to reassess not just what we build, but why, to invest not only in sentiment, but in citizens, and to ensure that national pride is matched by national preparedness.

Former Chief Justice A.M. Ahmadi once recalled a conversation involving Dr. Zakir Husain upon his assuming office as President of India. When a journalist congratulated him and described his election as a "victory for secularism," Dr. Husain reportedly disagreed. Secularism, he explained, would be meaningful only when his religion was irrelevant to his holding public office. The lesson remains instructive. Secularism is not affirmed through symbolism, but through neutrality. And the development of a nation, if one may ask, lies in the conscious allocation of resources.

Trust: the missing currency of the Indian economy

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India today presents a striking paradox. Official data suggest that the country is among the fastest-growing major economies in the world, with GDP growth estimated at 8.2 - 8.3 % in recent quarters. At the same time, households, businesses, and even state governments increasingly express scepticism toward the very institutions meant to anchor economic confidence - banks, courts, statistical systems, and policy bodies.

This gap between measured growth and perceived security leads to a deeper issue, i.e., the widening trust deficit in India's economic institutions. Trust is not a soft or emotional variable; it is a foundational economic asset. When citizens trust institutions, they save in formal systems, invest long-term, comply with taxes, and accept policy decisions. When they don't, informality, risk aversion, and economic disengagement follow.

Trust as an economic variable

Economists and policy institutions increasingly recognise trust as a measurable driver of economic outcomes. The OECD's Trust and Public Policy report (2021) defines trust as citizens' belief that institutions act competently, fairly, and predictably. The World Bank similarly argues that trust lowers transaction costs, improves compliance, and strengthens policy effectiveness (World Development Report 2022).

In India, the challenge is not a complete absence of trust but its uneven distribution. People often trust personal networks more than public systems, informal arrangements more than formal ones. This preference is not cultural irrationality, but it is shaped by repeated experiences of institutional inconsistency, opacity, and perceived exclusion.

Banking crises: a reinforced insecurity

Despite decades of financial inclusion efforts, distrust in formal banking remains widespread. According to the NABARD All India Financial Inclusion Survey (2017-18), a significant proportion of rural households continue to hold savings in cash or gold rather than banks, citing fear of loss and lack of confidence.

High-profile banking crises have reinforced this insecurity. The collapse of PMC Bank (2019), governance failures at Yes Bank (2020), and prolonged uncertainty surrounding Sahara depositors severely dented public confidence. While the Reserve Bank of India intervened in several cases, but the damage to depositor trust was already done.

Digitalisation has added another layer of anxiety. While UPI transactions crossed 100 billion annually (NPCI data, 2023), RBI reports show a steady rise in digital payment frauds, particularly affecting elderly users and first-time digital adopters. For many households, a single fraud incident can wipe out years of savings, turning technological inclusion into perceived vulnerability.

Distrust in banks leads to preference for physical assets (gold, land); reliance on informal credit networks; limited credit uptake by MSMEs; and lower household financial deepening.

Trust, once broken, is slow to rebuild, especially when financial loss is irreversible.

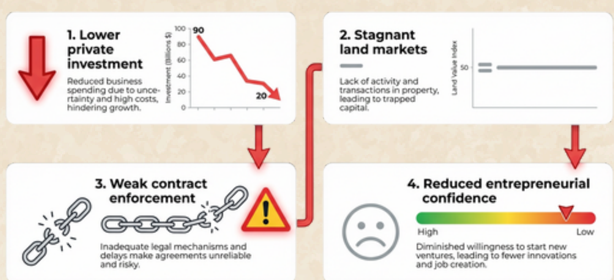
Courts and the cost of delayed justice

India's judicial system faces an overwhelming backlog. According to the National Judicial Data Grid (2024), over 5 crore cases are pending across courts. Civil disputes, particularly those related to land, contracts, and inheritance, often take decades to resolve.

This delay is not just a legal concern; it is an economic one. The World Bank's Ease of Doing Business indicators (before their discontinuation) consistently ranked India poorly on contract enforcement, with an average resolution time of nearly four years.

For ordinary citizens and small businesses, courts are seen as expensive, intimidating, biased toward the powerful and procedurally opaque. As a result, many avoid formal contracts altogether, preferring informal arrangements even at higher risk.

Economic consequences



Policy institutions and the question of credibility: NITI Aayog

The replacement of the Planning Commission with NITI Aayog was intended to modernise policy planning and strengthen cooperative federalism. However, questions around institutional credibility persist. Unlike its predecessor, NITI Aayog lacks statutory backing, operates largely as an advisory body and faces limited parliamentary scrutiny.

Scholars at the Centre for Policy Research (notably Yamini Aiyar) have argued that while NITI Aayog produces extensive reports, the absence of transparent methodological debate weakens public confidence. Several state governments have also questioned the fairness of performance rankings and index-based assessments. When planning institutions are perceived as politically aligned rather than technocratically independent, policy recommendations lose persuasive power.

As a result, states question fiscal and development data, centre–state coordination weakens, and policy signals become less credible for investors. Institutional legitimacy matters as much as technical expertise.

The GDP debate: when numbers fail to convince

India's official GDP growth figures, recently estimated at over 8%, present a strong macroeconomic narrative. However, this narrative increasingly clashes with lived economic experience.

Several economists, including former Chief Economic Adviser Arvind Subramanian and former RBI Governor Raghuram Rajan, have raised concerns about underrepresentation of the informal sector, weak private consumption growth and job creation not keeping pace with output growth. Data from the CMIE Consumer Pyramids Household Survey shows persistent employment volatility and declining real wages for certain segments, even during high-growth periods.

The issue is not that GDP data is "fabricated," but that growth metrics do not capture distributional stress, informal sector fragility, or employment quality. When citizens do not see growth reflected in incomes or job security, trust in statistics erodes.

Statistical credibility underpins investor confidence, policy legitimacy, and public cooperation.

GST, compliance, and the informal economy

The Goods and Services Tax was introduced to simplify India's tax system and expand the formal economy. While structurally sound, its implementation has faced trust challenges.

According to GST Council reports and MSME surveys:

- Frequent rule changes increase uncertainty
- Compliance costs disproportionately burden small businesses
- Refund delays strain cash flows

As a result, many firms underreport transactions or remain partially informal.

Tax compliance is closely linked to institutional trust. IMF research shows that taxpayers are more compliant when they believe taxes are used transparently and systems are fair.

In India, mistrust leads to cash-based transactions, under-invoicing and resistance to formal registration.
GST's effectiveness depends not only on design but on trust in enforcement and governance.

The behavioural economics of distrust

Behavioural economics explains why distrust persists even amid reforms. Concepts like loss aversion (Kahneman & Tversky) show that people weigh losses more heavily than gains. One institutional failure outweighs multiple successes.

These narratives shape economic choices across generations, making distrust a rational response to uncertainty.

Trust as the missing economic reform

India's economic challenge is not merely one of growth, but of credibility. Institutions cannot demand trust; they must earn it through consistency, transparency, and accountability.

Strengthening trust requires faster judicial resolution, robust banking regulation, transparent data methodologies, predictable policy frameworks and citizen-centric governance.

Trust is not a sentiment; it is infrastructure. Without it, even high growth cannot translate into broad-based prosperity. The next phase of India's economic transformation will depend less on headline numbers and more on whether institutions can restore confidence among the people they serve.

Rebuilding institutional trust

Rebuilding trust in India's economic institutions requires more than headline reforms; it demands institutional reliability. In the banking sector, this means stronger depositor protection mechanisms, faster resolution of failing banks under the Insolvency and Bankruptcy Code, and large-scale financial and digital literacy campaigns led jointly by the RBI and state governments. Judicial trust can be enhanced through time-bound case disposal, expansion of fast-track courts for commercial and land disputes, and greater use of technology to improve transparency and access. Policy institutions like NITI Aayog must strengthen credibility by opening their methodologies to public scrutiny, institutionalising parliamentary oversight, and deepening consultation with states to reinforce cooperative federalism. On the data front, restoring faith in GDP and employment statistics requires greater independence of statistical bodies, clearer communication of methodologies, and regular triangulation with alternative datasets. Finally, tax reforms such as GST must focus on stability rather than constant recalibration, with simplified compliance for MSMEs and timely refunds to signal fairness. Trust is not rebuilt through announcements, but through predictable rules, visible accountability, and the assurance that institutions exist to serve citizens rather than manage them.

Faster Judicial Resolution

Swift & efficient judicial processes strengthen rule of law and restore public confidence.

Robust Banking Regulation

Strong banking regulation ensures financial stability, transparency, and economic resilience.

Citizen-centric Governance

Governance that places citizens at the core enhances trust, inclusion, and service delivery.

Trust Infrastructure Solutions

Markets, power, and strategy: navigating globalization 2.0

PALAK DHIMAN,
MA Public Administration (2025-2027), IGNOU

From oil refineries to data hubs, the world is going through a series of transformations. Both developed and developing countries are at the centre of the teeter-totter, where both are balancing between inward and outward policy-making. The current geopolitics is centred around the core concept of economics, namely the scarcity of resources, the utilitarian concept (the more, the better), the tariff cobweb, and the opportunity cost.

The current global market (Trump 2.0 era) is characterised by maximising the resources of developed nations (specifically the United States of America) at the expense of developing or underdeveloped countries. Now the world is struggling with neo-colonisation (coined and popularised by Kwame Nkrumah), where developed countries colonise us through intellectual, institutional, and philosophical means. Also, this era is characterised as the "Neomahabharata" (where countries use weapons of tariffs and restrictions, aligning as per their convenience). Therefore, we surely are following the Non-alignment 2.0 philosophy, and India is slaying the balance between inward and outward policy-making.

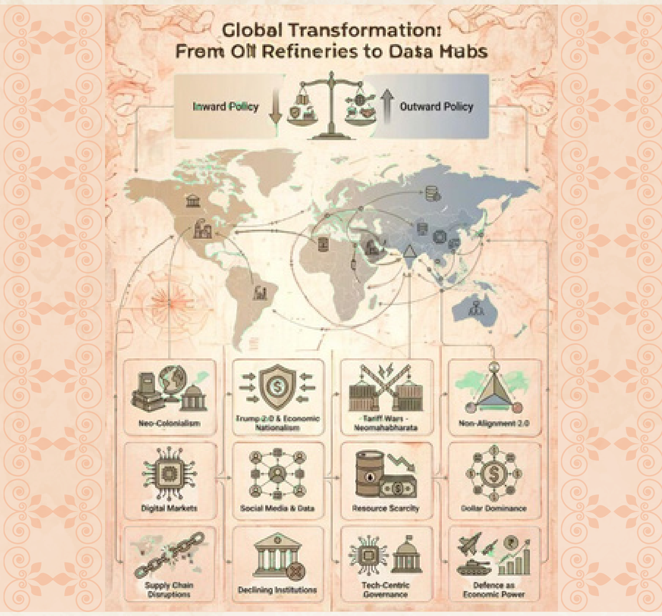
The gadget of the year is "social media platforms," where they are used as a means to instigate conflicts, sell privacy as profits for big giants, and build a narrative for the masses (maybe we are going back to a disintegrated world in this globalised era). Conversely, geopolitics is centred around the confluence of digital technology, nuclear armament, resource dominance, and a decorative view of sustainability.

The markets are moving away from traditional models to e-models of development, with both pros and cons. Countries are initiating the formation of groupings like G5 (convergence of India, Japan, the USA, Russia, and China), a paradigm shift from G7 to G5 countries. From an economic perspective, global groupings are increasingly shaped by comparative advantages in resources, as traditional alliances are being reconfigured and new partnerships formed based on efficiency and convenience. This interconnectedness reinforces the reality that the world now functions as a global village, where nations prosper together and face shared risks together.

Many existing global institutions, including the United Nations, are increasingly at risk of losing functional relevance, functioning more as symbolic forums than as effective mechanisms of governance. This calls for a more holistic approach to the global order. First, there is a need to reform and strengthen existing institutions by establishing coherent and enforceable codes of conduct and ethical frameworks that govern international trade and cross-border interactions. Second, the evolving digital and technological landscape necessitates the creation of new, technology-centric global institutions that can safeguard national data, protect privacy, and uphold state sovereignty while enabling cooperation at the global level.

The current issues, like the dominance of dollars, oil versus institutions, conflict in Arab countries, climate disasters, and market volatility, add up to a plethora of challenges for one global market. In the context of economics, policies like beggar-thy-neighbour, anti-dumping measures, and inflation from developed nations cause market distortions in underdeveloped and developing countries. Hence, we need proactive governance from economic institutions like the IMF and World Bank. With Industrial Revolution 4.0, the world is facing a conundrum of multi-sectoral challenges, and therefore, a multi-stakeholder model to counter these challenges is needed at this hour.

Trade disruptions and supply-chain issues have become the new normal, which directly impacts the varied global markets and causes price distortion in the market. Countries, like America, can overcome their challenges through muscle and money power, but countries from Africa face both direct and indirect challenges. Therefore, global markets are becoming "west-led markets."



As global power dynamics evolve, defence capability has emerged as a critical determinant of economic and strategic influence, with defence-advanced nations reinforcing their dominance through reciprocal global engagements. This reality makes collaboration across economic, technological, and defence domains not just desirable, but essential for achieving growth with stability. The future of global markets, therefore, lies beyond short-term convenience and transactional alignments.

As Wayne Chirisa aptly observes, "Strategic partnerships are not built on convenience, but on a shared vision, where strengths converge, innovation multiplies, and mutual value becomes the true measure of success." Embracing this ethos allows the global market to be reimagined as a shared responsibility, one grounded in cooperation, resilience, and collective progress.

A note from the desk of Editor-In-Chief

Economics is often introduced to us as numbers, graphs, and policies. But in reality, it lives far closer to us than we admit, in our job anxieties, our spending habits, our savings, and the futures we imagine for ourselves.

This issue of The Civil Lens turns its focus to the economy not as an abstract system, but as a lived experience. From the way Gen Z navigates financial uncertainty to the global tensions reshaping markets and trade, the pages ahead explore how economic decisions ripple into everyday life. We ask how young people adapt, why certain choices feel inevitable, and what these patterns reveal about the structures within which we operate.

At a time when inflation headlines compete with investment reels and job security feels increasingly fragile, understanding economics becomes essential — not just for policymakers, but for citizens. This issue attempts to bridge that gap by translating economic conversations into accessible, grounded perspectives, without stripping them of their complexity.

As Editor-in-Chief, I believe that engaging with economics is not about mastering jargon, but about asking better questions: Who benefits? Who bears the cost? And what kind of future are we collectively building?

I hope this issue encourages you to look at the economy not as something that happens to you, but as something you are already a part of.

~Ipsita Sachdev

Scan and submit your write-up!
Would love to hear from you :)

Public policy literacy as economic capital: assessing its impact on youth outcomes in India

SAURABH PANDEY, *Research Scholar,*
Amity Institute of Public Policy, Amity University Noida

Public policy literacy functions as a powerful form of economic capital for young people in a complex, policy-driven democracy like India. When youth understand how policies are made, funded, and implemented, they are better able to access schemes, influence decisions, and build careers in emerging governance and development ecosystems. The core question is whether this literacy measurably improves economic outcomes for young people and what the evolving landscape of youth policy training in India reveals about that relationship.

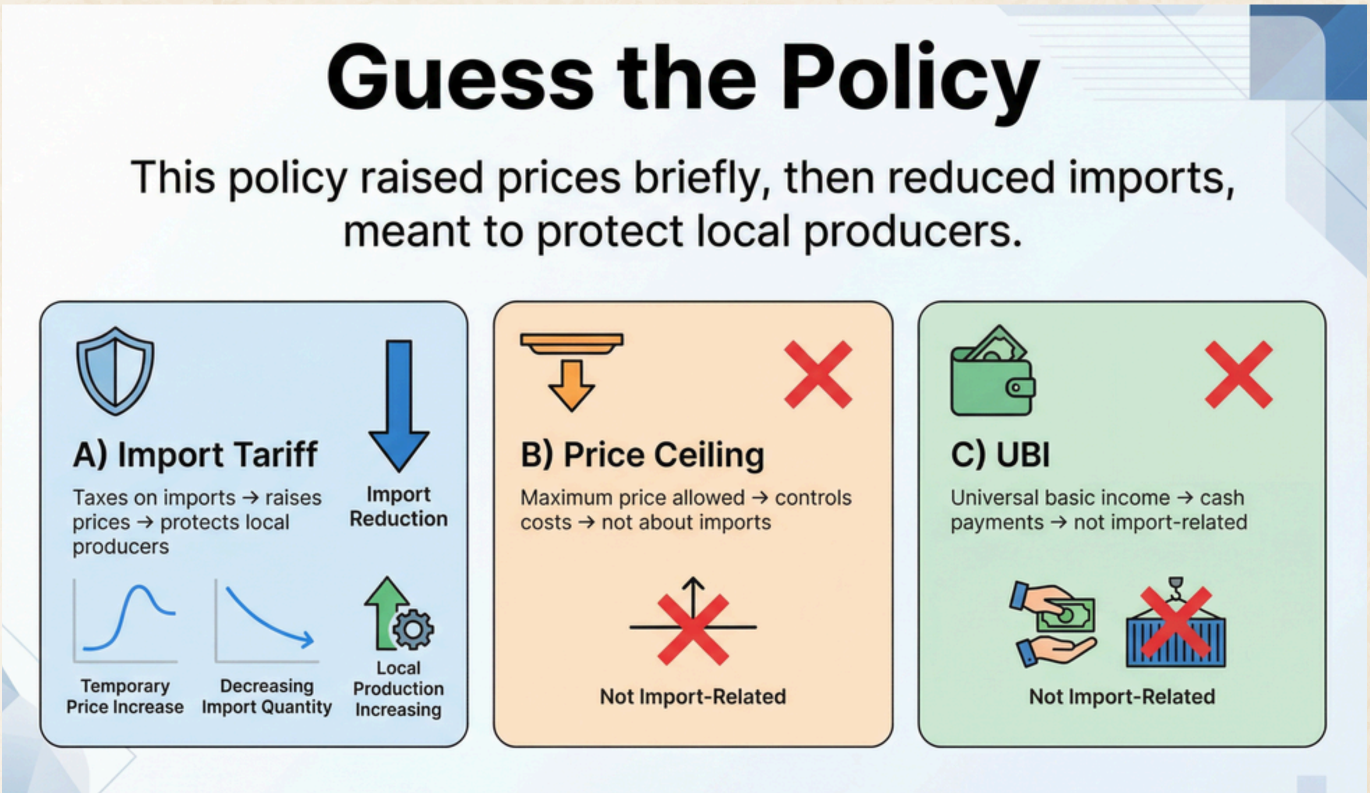
Public policy literacy can be defined as the ability to understand government objectives, read and interpret schemes and laws, decode budgets, track implementation, and hold institutions accountable. This literacy translates into economic outcomes for youth through at least three channels. First, it enhances individual capability to access entitlements in education, skills, credit, social protection, and entrepreneurship, reducing information asymmetries that typically favour brokers and local elites. Second, it opens new professional pathways in public policy analysis, development consulting, CSR, ESG, data governance, and social entrepreneurship, where demand for policy-literate graduates is increasing in universities, think tanks, and international organisations. Third, it strengthens collective bargaining and civic organising, enabling youth groups to influence local budgets, employment schemes, and urban planning in ways that shape their own labour markets and neighbourhood economies.

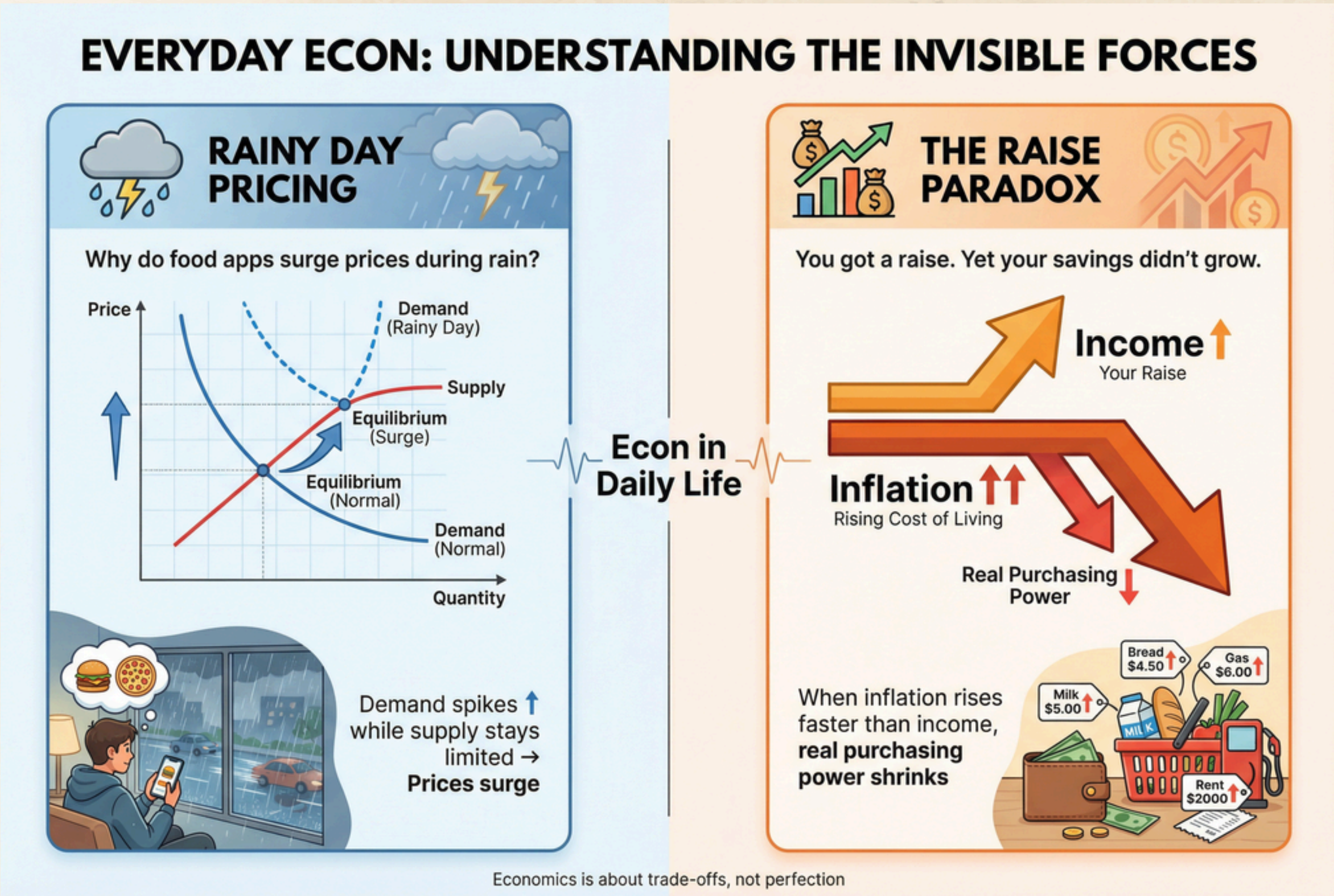
Although nationwide data on "policy literacy" as such is limited, broader statistics on youth skills and scheme access highlight how information and navigation gaps shape economic outcomes. India's youth (15–29 years) constitute over one-quarter of the population, yet youth labourforce participation hovers around 42 per cent, with unemployment particularly high among educated young people. The India Employment Report 2024 notes a persistent 30–40 per cent skill gap, indicating a mismatch between education, training,g and labour market needs, and economic gains when young people can actually find, understand, and use them. Since 2015, more than 1.4 crore individuals have been trained under Pradhan Mantri Kaushal Vikas Yojana (PMKVY), with over 1.1 crore receiving certification, yet employment outcomes remain uneven, with about 24.3 lakh of 56.9 lakh certified candidates in short-term training securing placements, roughly 43 per cent. For young women, targeted initiatives and skills programmes linked to scholarship schemes and credit lines have expanded self-employment and microenterprise opportunities, but official reviews still show lower participation in regions where awareness of schemes and procedures is weak. Survey evidence underscores that information and policy literacy are key bottlenecks. A nationwide "Young India and Work" survey cited by the World Economic Forum found that around 70 per cent of youth were unaware of government-run skill development programmes in their area, despite a strong interest in acquiring new skills.

Treating public policy literacy as economic capital also brings into focus stark inequalities in who gains this capital and how it is used. Most intensive policy training opportunities, such as elite policy schools, parliamentary fellowships, and urban internships, are located in English-medium spaces and networks linked to existing social capital, leaving out large segments of rural, Dalit, Adivasi, and minority youth. Without deliberate inclusion strategies, policy literacy programmes can become pathways for a small group to capture benefits—securing competitive fellowships, jobs, and influence while the majority remain excluded from both information and networks.

For public policy literacy to function as genuinely inclusive economic capital, it must be mainstreamed across higher education and youth platforms rather than confined to specialist programmes and metropolitan hubs. When youth learn to connect policy clauses with questions of who gains, who loses, and whose voices are excluded, they are more likely to use their policy knowledge to expand opportunities for others, not just themselves. Designed in this spirit, public policy literacy can become a transformative form of economic capital, helping young Indians not only survive in a policy-dense economy but also co-create fairer, more inclusive pathways of development in the decades ahead.

Economics Snip Bits





IILM Public Policy Festival 2025: Voice for India@2047

The IILM Public Policy Festival 2025, hosted at IILM University, Greater Noida, marked an important step in fostering youth-led engagement with contemporary public policy challenges. Organised by students of the Public Policy programme, the festival aimed to create an academic yet accessible space where students could engage directly with scholars, practitioners, and professionals working across governance, sustainability, and development sectors.

Set against the larger framework of India @2047, the festival focused on encouraging critical thinking around how young people can meaningfully participate in shaping the country's developmental trajectory. Through panel discussions aligned with the United Nations Sustainable Development Goals (SDGs), the event highlighted the intersection of policy theory, real-world practice, and grassroots realities.

The first panel discussion centred on SDG 9 — Industry, Innovation and Infrastructure, exploring the role of innovation-led growth, sustainable infrastructure, and institutional frameworks in driving long-term development. The panel featured Prof. (Dr.) Rajeshwari Narendran from the NTPC School of Business, who brought an academic and leadership-oriented perspective, emphasising the importance of organisational culture and leadership development in large public-sector institutions. She highlighted how innovation must be nurtured systematically to remain sustainable.

Dr. Dhanasree Jayaram, Assistant Professor of Geopolitics and International Relations at MAHE, offered a global and climate-policy lens to the discussion. Drawing from her work in climate governance and international diplomacy, she spoke about the interlinkages between infrastructure development, climate resilience, and international cooperation. Her intervention underscored the need for policy frameworks that balance growth with environmental responsibility.

The third panelist, Mr. Abhishek Sharma, who works in Corporate Social Responsibility at HCL, added a practitioner's perspective rooted in community engagement and digital inclusion. He discussed how corporate-led initiatives can complement public policy by supporting grassroots innovation, skill development, and youth-led solutions. His insights bridged the gap between policy design and on-ground implementation.

The second panel focused on SDG 11 — Sustainable Cities and Communities, addressing the challenges of urbanisation, inclusive planning, and community resilience. Ms. Chandni Bedi, a development sector practitioner with over two decades of experience, shared insights from her work across rural and urban contexts. She spoke about the importance of collaborative, people-centric models in addressing complex social problems and stressed the role of policy in enabling long-term, sustainable impact. Her background in environmental sciences and commitment to mindful leadership informed her emphasis on coexistence and community well-being.

Joining her was Prof. Shakeel Ahmed, Principal Scientist, whose scientific expertise added an analytical dimension to the discussion. He highlighted the importance of evidence-based planning, environmental sustainability, and data-driven decision-making in designing resilient urban systems. His contribution reinforced the need for scientific input in policy formulation, particularly in the context of climate change and urban development.

A key feature of the festival was the active participation of students, who engaged with panelists through questions and discussions that reflected both academic curiosity and practical concerns. The conversations extended beyond theoretical frameworks, encouraging students to think about policy as a dynamic process shaped by institutions, communities, and individual agency.

By bringing together voices from academia, the corporate sector, and the development field, the IILM Public Policy Festival 2025 demonstrated the value of interdisciplinary dialogue in understanding public policy challenges. More importantly, it reaffirmed the role of universities as spaces where young people can engage critically with ideas, develop leadership skills, and envision their place in shaping the future of governance and public decision-making.

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