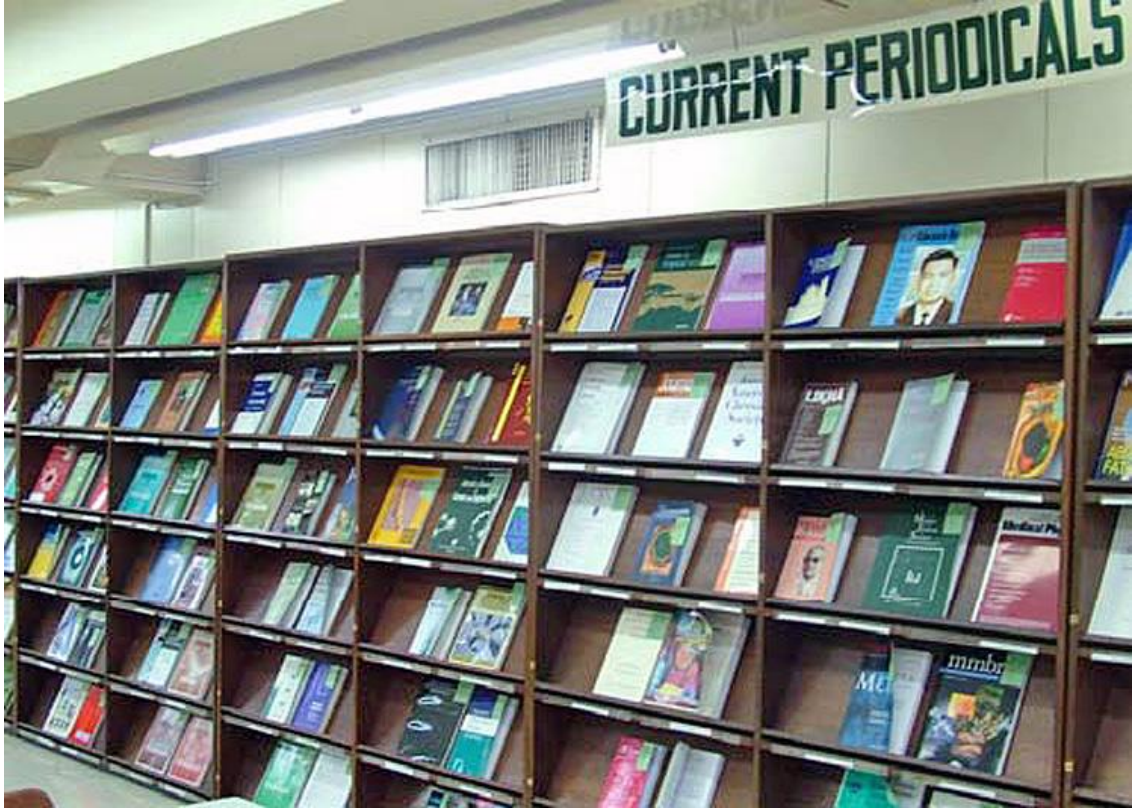




नीति आयोग  
NITI AAYOG



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## ECONOMICS

1. Das, Ranjan S and Dash, Pramit

### [Bridging Accessibility Gap](#)

Yojana: May 2022

Ranjan S Das is Innovation Lead, Atal Innovation Mission and Pramit Dash is Director, NITI Aayog

Atal Innovation Mission (AIM), aims to promote a culture of innovation and entrepreneurship in the country by developing new programmes and policies for fostering innovation in different sectors of the economy, provide platform, and collaboration opportunities for different stakeholders. Its objective is to serve as a platform for promotion of world-class innovation hubs, grand challenges, startup businesses, and other self-employment activities, particularly in technology- driven areas.

2. Veronica Guerrieri, Guido Lorenzoni, Ludwig Straub and Iván Werning

### [Macroeconomic Implications of COVID-19: Can Negative Supply Shocks Cause Demand Shortages?](#)

American Economic Review: Vol. 112, No. 5, May 2022

Motivated by the effects of the COVID-19 pandemic, we present a theory of Keynesian supply shocks: shocks that reduce potential output in a sector of the economy, but that, by reducing demand in other sectors, ultimately push aggregate activity below potential. A Keynesian supply shock is more likely when the elasticity of substitution between sectors is relatively low, the intertemporal elasticity of substitution is relatively high, and markets are incomplete. Fiscal policy can display a smaller multiplier, but the insurance benefit of fiscal transfers can be enhanced. Firm exits and job destruction can amplify and propagate the shock.

## ENVIRONMENT

3. Mishra, Avinash and Dutta, Madhubanti

### [Sustainable Economic Growth](#)

Yojana: May 2022

Avinash Mishra is Adviser and Madhubanti Dutta is Young Professional, NITI Aayog

Climate change is one of the major challenges on the developmental aspect, which negatively impacts every process of growth. As part of our efforts to achieve environmentally sustainable economic growth, we must be committed to reducing the effects climate change. Since the countries of South Asia are rapidly growing and particularly vulnerable to changes in climate, and situation has a significant impact on them. If we can't meet the climate issues now, there's a good risk that the rest of the world won't be able to either. Without significant measures to reduce greenhouse gas pollution, the planet is expected to warm much more rapidly than previously predicted.

## FINANCE

4. Das, Abhiman and Kumbhakar, Subal C

### [Bank Merger, Credit Growth, and the Great Slowdown in India](#)

EPW: Vol. 57, Issue No. 20, 14 May, 2022

The banking crisis that played out post 2008–09 is considered a key factor responsible for economic slowdown in India. Several alternative explanations for the banking crisis are presented in the paper. We find that the crisis was primarily exposure-driven and was due to lack of an appropriate credit appraisal process. While the exposure was bank ownership-driven, the rate or incidence of non-performing assets accumulation was ownership-neutral. We also examine the government's strategy of bank consolidation using the stochastic frontier approach—an econometric tool that is popularly used for a neoclassical production, cost function, etc, along with an efficiency component. Our empirical analysis shows that the merger decisions were not necessarily on efficiency grounds. Post-merger benefits are minimal, and the deteriorating health of the public sector banks is likely to continue.

5. Tripathi, Nitya Nand, Naseem Ahamed, Syamala, Sudhakara Reddy  
[Do Private Sector Banks Manage Equity Capital Competently Compared to Public Sector Banks? - Evidence from India](#)  
EPW: Vol. 57, Issue No. 20, 14 May, 2022

Private sector banks hold equity capital in excess of the regulatory requirement (400 basis points more from 2006 to 2017). The impact of excess capital in banks is examined through a partial adjustment approach with unbalanced panel data for listed Indian banks from 2006 to 2017. Findings reveal that banks hold excess capital ratios, and private sector banks actively manage higher capital ratios than the public sector banks. The speed of adjustment for private banks is much higher than for public sector ones, and an inverse relationship between non-performing assets and change in equity capital is found.

## **HEALTH**

6. Vaidya Rajesh Kotecha  
[Holistic Healthcare](#)  
Yojana: May 2022

Traditional Medicine systems are as life and focus on the need to take care of health and well-being globally. The medical practitioners of the yore observed, rationalised, and devised certain systems of practices. These practices evolved into traditional system of medicine which is asset of knowledge, skills (ability to employ empirical knowledge), and practices based on theories, beliefs, and experiences of different cultures, whether they are explicable or not and used for the maintenance of health and for the prevention, diagnosis, improvement, or treatment of physical or mental illness.

7. Prasad, Urvashi and Kanpur, Sanyam  
[Connecting Rural Health Services](#)  
Kurukshetra: May 2022  
Urvashi Prasad is Director, DMEO and Sanyam Kanpur is M&E Lead (Consultant)  
NITI Aayog

The National Rural Health Mission envisaged architectural correction of the health system by building accountability to the community, management of human resources, convergence of efforts across departments, schemes and programmes, targeted innovations and interventions, flexible financing, as well as rigorous monitoring and evaluation for improvement of health indicators.

## **POLICY**

8. David Baqaee and Emmanuel Farhi

[Supply and Demand in Disaggregated Keynesian Economies with an Application to the COVID-19 Crisis](#)

American Economic Review: Vol. 112, No. 5, May 2022

We study supply and demand shocks in a disaggregated model with multiple sectors, multiple factors, input-output linkages, downward nominal wage rigidities, credit-constraints, and a zero lower bound. We use the model to understand how the COVID-19 crisis, an omnibus supply and demand shock, affects output, unemployment, and inflation, and leads to the coexistence of tight and slack labor markets. We show that negative sectoral supply shocks are stagflationary, whereas negative demand shocks are deflationary, even though both can cause Keynesian unemployment. Furthermore, complementarities in production amplify Keynesian spillovers from supply shocks but mitigate them for demand shocks. This means that complementarities reduce the effectiveness of aggregate demand stimulus. In a stylized quantitative model of the United States, we find supply and demand shocks each explain about one-half of the reduction in real GDP from February to May 2020. Although there was as much as 6 percent Keynesian unemployment, this was concentrated in certain markets. Hence, aggregate demand stimulus is one quarter as effective as in a typical recession where all labor markets are slack.

9. Mukherjee, Deeparghya

[India's Trade Policy and GVCs - A Comment on Recent Policy Changes for Selected Sectors](#)

EPW: Vol. 57, Issue No. 19, 07 May, 2022

As we prepare to adopt the new trade policy, this article studies the trends in the global value chain participation of six sectors from Indian manufacturing with an

emphasis on the nature of participation. It analyses the trends over the last few decades and connects them to the changes in the trade policy of the Indian government. It concludes by commenting on the viability of various policies to improve Indian competitiveness and employment over the medium term, cautioning that protectionism without improvement in productivity of the protected sectors (even as some GVCs get reorganised in a post-pandemic world) would prove counterproductive, thus puncturing India's ambitions of becoming a manufacturing hub or creating quality employment for its workforce.

10. Jawahar Bhagwat, A E Shaparov

[India's Arctic Policy - Signs of a Pivot to Arctic Energy and the Northern Sea Route](#)

EPW: Vol. 57, Issue No. 20, 14 May, 2022

The Arctic policy is a nascent step forward in the articulation of India's Arctic interests since the draft Arctic policy in 2020 and being accorded the observer status in the Arctic Council. However, the release of the policy without an accompanying plan indicates that India's larger engagement in the Arctic is still at the formative stage.

## **RURAL DEVELOPMENT**

11. Sahu, Pratha Pratim

[Transforming Rural Connectivity](#)

Kurukshetra: May 2022

Improved rural connectivity (e.g. roads, phones, internet, and social media) greatly contributes to the creation of an enabling environment for local communities that stimulates entrepreneurship like starting or expanding the existing local businesses. It ensures that local communities get more reliable and access to outside products, services, information, and social linkages.

12. B S Purkayastha

**[BharatNet: Bringing Broadband to Rural India](#)**

Kurukshetra: May 2022

India moves closer to its dream of reliable rural internet connectivity, with more than 1,77,000 Gram Panchayats modes services ready under the BharatNet project. This article focuses on the ambitious BharatNet project which aims to provide broadband /high speed internet connectivity to all the Gram Panchayats (GPs) in the country. The project is being implemented in a phased manner.

13. Tripathy, K.K and Sneha Kumari

**[PMGSY – Changing nature of India’s rural roads](#)**

Kurukshetra: May 2022

The PMGSY roads are known for their construction quality in the construction of rural roads vigorous quality control measures are followed, backed by independent quality checks and measurements. The inbuilt clause of five years of maintenance within the construction contract also helped in the maintenance of the newly created assets. Since all the eligible rural habitation have been connected, it is required, now to strengthen and widen its ambit further to include major link routes which connect habitation have been connected, it is required now to strengthen and widen its ambit further to include major link routes which connect habitation to agricultural and rural markets, higher secondary school and hospitals/health centres.

## **WAGES**

14. Ekaterina Jardim, Mark C. Long, Robert Plotnick, Emma van Inwegen, Jacob Vigdor and Hilary Wething

**[Minimum-Wage Increases and Low-Wage Employment: Evidence from Seattle](#)**

American Economic Journal: Economic Policy: Vol. 14, No. 2, May 2022

Seattle raised its minimum wage to as much as \$11 in 2015 and as much as \$13 in 2016. We use Washington State administrative data to conduct two complementary analyses of its impact. Relative to outlying regions of the state identified by the synthetic control method, aggregate employment at wages less than twice the original minimum—measured by total hours worked—declined. A portion of this reduction



reflects jobs transitioning to wages above the threshold; the aggregate analysis likely overstates employment effects. Longitudinal analysis of individual Seattle workers matched to counterparts in outlying regions reveals no change in the probability of continued employment but significant reductions in hours, particularly for less experienced workers. Job turnover declined, as did hiring of new workers into low-wage jobs. Analyses suggest aggregate employment elasticities in the range of  $-0.2$  to  $-2.0$ , concentrated on the intensive margin in the short run and largest among inexperienced workers.