

**Action Taken Report of the Registered Ph.D. Candidate, Mr. Kalyan Ram
(AOOEC1100120), Economics Department, Jadavpur University, Kolkata**

**Title of the Ph. D thesis- Some Aspects of Corruption and Crime in India: A Macro –
Theoretic Study**

List of comments (chapter wise) on the dissertation by one of the external examiners and list of actions taken by the researcher are as follows:

Action Taken Report

Comments on chapter 2	Action taken
1. Provide some recent references on the framework based on Keynes and Kalecki.	1. Recent References using Keynes-Kalecki Framework (a) Noemi Levy-Orlik (2023). “The role of money and financial institutions in Kalecki and Keynes”, Journal of Post-Keynesian Economics, 46(4), pp.527-544. (b) Hein, A. (2020). “General Issues in Kaleckian Distribution and Growth Models: On the Macroeconomics of Gender Wage Gap” Review of Political Economy, 32(4)
2. The extent of tax evasion is exogenous. Since θ is exogenously given, one can also interpret θ simply as inefficiency of tax collection. The result (Proposition 2.1) does not change.	2. If the tax collectors are fully efficient, there cannot be any tax evasion. Tax evasion is, therefore, an index of the efficiency of the tax collection system.
3. The equation for dY and dP are merely comparative statics of $Y=C+I+G$ model. These are not growth models in the sense of growth theory.	3. In the Keynesian theory, which is the basis of all the three chapters of the dissertation, there is no distinction between the short run and the long run. The comparative static exercises, therefore, give the growth rates from one given period to the next.
4. The result stated in Proposition 2.2 seems to be critically dependent on the assumption that all consumption goods of the rich and the capitalists are entirely produced within the organised sector. If one allows a small degree of production linkage between the unorganised and the organised sector (such as outsourcing, which is empirically evident) this result will not hold.	4. It should be noted that the model regards the unorganized sector as the net buyer of the organized sector products.

Comments on chapter 2	Action taken
<p>5. Although you have justifiably assumed away cross-border flow of capital you may mention that in open economies flight of capital from high-tax to low-tax jurisdictions is now the most popular method of international tax evasion. Shell companies are the most common examples of it.</p>	<p>5. We definitely make note of this point.</p>

Comments on chapter 3	Action taken
<p>1. In the analysis preceding Proposition 3.1 the writing needs to have better clarity. As it is, the details of the lengthy equations are hard to follow except the broad macroeconomic balance conditions.</p>	<p>1. Given the problem at hand, I could not make it simpler.</p>
<p>2. Perhaps the biggest issue of NPAs is the social opportunity cost. If the rich capitalists can corner all the cheaper credit, small businessmen will have to borrow at a higher interest rate and will earn far less profits.</p>	<p>2. It is true that the small borrowers are rationed. However, that issue has not been considered here. This is because the focus of this paper is on how the capitalists rob the public sector banks by giving donations to the highly placed government and bank officials.</p>
<p>3. Comment why you are not discussing the problem of moral hazard (or adverse selection) here, which is a big deal in loan markets.</p>	<p>3. Bank officials have to abide by certain lending norms. This takes care of the moral hazard problem. However, here, the capitalists bribe government and bank officials at the highest level to borrow in order to steal a part of it. That is the reason why the issues of moral hazard and adverse selection have not been considered here.</p>
<p>4. Give economic intuitions for lengthy algebras of Pages 45-48.</p>	<p>4. The lengthy algebra of pages 45 – 48 simply show how much loan the banks extend to the small investors and how it shrinks with the increase in the stock of non-performing assets due to loan default by the large borrowers.</p>

Comments on chapter 3	Action taken
<p>5. Think about how Proposition 3.3 can be rewritten in terms of regulatory reforms. If possible, write something about bankruptcy law, bank oversight and corporate governance issues.</p>	<p>5. Proposition 3.3 states that the capitalists give donations to the government officials at the highest level so that the Reserve Bank of India (RBI) becomes a party to the conspiracy to discredit the public sector banks. Therefore, the only solution to the problem is to get rid of the capitalists so that the government officials become true representative of the masses and work in the interest of the masses.</p>

Comments on chapter 4	Action taken
<p>1. Here too economic intuitions should be given in a clearer way.</p>	<p>1. I accept this point.</p>
<p>2. In this chapter, it is argued that the unorganised sector producers find it hard to raise credit. This is a good point. I commend the student for raising this issue.</p>	<p>2. I thank the reviewer.</p>
<p>3. The researcher should give some evidence for the involvement of criminal entities as middlemen and subjecting the small producers to extortion. Which aspects of the middleman's work are criminal?</p>	<p>3. The evidence should have been given. However, involvement of criminal elements and extortion of the small producers are widely talked about.</p>
<p>4. A more important and interesting question is if bribery, corruption and extortion all are impoverishing the unorganised sector why hasn't the unorganised sector disappeared? Why isn't there serious competition to be criminals (or extorting middlemen)? If anything, the unorganised sector has expanded. Clearly there is some offsetting forces are at work as well. These interesting questions can be part of your future research. But they can be mentioned here.</p>	<p>4. I should discuss why the unorganized sector is still there despite extortion. I accept this point.</p>