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# Redefining Vulnerability and State–Society Relationships during the COVID-19 Crisis: The Politics of Social Welfare Funds in India and Italy

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## Introduction

There is a general consensus that COVID-19 is rapidly and radically transforming the democratic relationship between state and society. Focusing on political and legal arrangements, some argue that the virus gives a fillip to authoritarian tendencies by eroding constitutional checks and balances, while others suggest that it will reshape the state and its constitution owing to new understandings of mutual interdependence and solidarity.

We make a different argument here: Democracy is also being transformed by significant changes in the state's fiscal arrangements and its political economy. We do so based on scrutiny of a specific type of fiscal vehicle that crystallizes and regulates state–society relationships: Special-purpose social welfare funds. These are collected pursuant to state law to tackle the vulnerability of specific social categories, such as unorganized migrant labor in the construction sector in India or the underdevelopment of certain regions in Italy. We argue that these funds are a site through which social actors, and especially the state, define social vulnerability, and more generally welfare. Since the COVID-19 crisis directly raises questions of health and welfare, these funds constitute an important vehicle through which state–society relationships are currently being renegotiated.

<sup>\*</sup> The arguments of this chapter build on Desai and Randeria, “Unfreezing Unspent Social Special Purpose Funds for the Covid-19 Crisis: Critical Reflections from India,” *World Development*, 136 (2020), [www.sciencedirect.com/science/article/pii/S0305750X20302655](http://www.sciencedirect.com/science/article/pii/S0305750X20302655). This work was supported by a Swiss National Science Foundation Spark grant, “The Puzzle of Unspent Funds: The Institutional Architecture of Unaccountable Governance,” no. 190372.

Correspondingly, we aim to recast debates over the political consequences of COVID-19 away from constitutionalist analyses focused on the USA and Europe at large, which are limited in their view of state–society relations, and toward lessons from the fiscal sociology of the state, drawing on examples from India and Italy. In particular, we contend that the coronavirus crisis both reveals and accelerates a certain form of governance in which the state’s purported care for specific vulnerable groups is used to generate fiscal liquidity, whose subsequent financial or political profits the state can appropriate to further a variety of political goals. We trace how a large pool of unspent funds, originally held for the social welfare of certain vulnerable groups in Italy and India, are reappropriated and placed in the service of combating a new vulnerability – COVID-19. We argue that in doing so, the state captures funds raised on behalf of vulnerable social groups by reframing social welfare – as well as the social contract more generally – in ways that no longer address their specific vulnerabilities. The state has the latitude to do so because of the weak political leverage of the marginalized beneficiary communities and regions, as well as the deficient political and legal accountability for the use of these funds. The capture of these funds is likely to further entrench and institutionalize these two political trends.

Our argument is fourfold, corresponding to the sections of the chapter. First, we contend that the COVID-19 crisis can productively be understood in political terms as the renegotiation of the place and meaning of “vulnerability” as a basis of state–society relations. Second, drawing on our examples from India and Italy, we demonstrate that certain social welfare funds have remained significantly underspent in “ordinary” times – to the tune of several billion dollars in each country. These states are now reappropriating these funds to combat COVID-19. Third, we argue that, in reappropriating these funds to mitigate the consequences of COVID-19, the state executes two political maneuvers: (1) It redefines “vulnerability” from a context-specific category pertaining to certain marginalized groups and regions, to a general and inchoate political term; and (2) it does not tackle the underlying institutional causes of decades of underspending, but simply bypasses them by using executive fiat and emergency powers. Combined, these maneuvers reveal state practices that turn social vulnerabilities into a pool of financial liquidity under the guise of combating them. Accordingly, the piled-up funds are reappropriated and released under emergency provisions, when political stakes are high and the state’s immediate political goals may be under threat. Instead of cynically using the idea of an (external) enemy to justify its expansion of force, the state

here revisits the idea of a vulnerability to expand its fiscal clout. Fourth, this concern does not seem limited to the Indian and Italian cases under consideration. On the contrary, among the sprawl of new social welfare funds that are being created in the wake of COVID-19, many are likely to be vulnerable to the same political maneuvers as outlined above.

### Vulnerability and “Critical Events”

The COVID-19 pandemic is a “critical event” that invites us to rethink notions of the state, of society, and of the relationships between the two.<sup>1</sup> Accordingly, many North Atlantic political theorists have attempted to apply their longstanding theoretical tools to the crisis. Giorgio Agamben has resuscitated the exception-as-the-rule to warn of the state’s use of the pandemic to justify an authoritarian lurch.<sup>2</sup> Jean-Luc Nancy and Slavoj Žižek, on the contrary, have seen in the pandemic the humbling of the state (which has been reduced to a “grim executioner”). They further see in the pandemic the potential to trigger a reconfiguration of social relations centered on a politics of mutual vulnerability.<sup>3</sup> Boaventura de Sousa Santos, in turn, reminds us that solidarities have limits – racism is on the rise again, and the burden of the virus falls heavily on the silenced and marginalized, such as refugees and migrants confined to camps.<sup>4</sup>

Such efforts are useful, as they direct our attention not only to the consequences of specific declarations of emergency or the quashing of protest, but also to the specific ways in which the pandemic reconfigures state–society relationships. The authors identify *vulnerability* as an axis on which the critical event and its political transformations unfold. The ontology, directionality, and sociality of vulnerability are some of the political stakes of the crisis. While Agamben’s concern remains the vulnerability of the body to state violence and its effects on society, Nancy and

<sup>1</sup> V. Das, *Critical Events: An Anthropological Perspective on Contemporary India* (Oxford University Press, 1995).

<sup>2</sup> G. Agamben, “Chiarimenti,” *Quodlibet* (March 2020), [www.quodlibet.it/giorgio-agamben-chiarimenti/](http://www.quodlibet.it/giorgio-agamben-chiarimenti/).

<sup>3</sup> J.-L. Nancy, “Eccezione virale,” *Antinomie* (February 27, 2020), <https://antinomie.it/index.php/2020/02/27/eccezione-virale>. S. Žižek, “Monitor and Punish? Yes, Please!” *The Philosophical Salon* (March 16, 2020), <http://thephilosophicalsalon.com/monitor-and-punish-yes-please/>.

<sup>4</sup> B. de Sousa Santos, “Virus: All That Is Solid Melts into Air,” *Critical Legal Thinking* (March 19, 2020), <https://criticallegalthinking.com/2020/03/19/virus-all-that-is-solid-melts-into-air/>.

Žižek are concerned with social transformations premised on the vulnerability of bodily life to a nonhuman virus.

We extend these insights in two ways. First, we refer to the obvious: Transformations of state–society relationships through such critical events are not easily reducible to oppression or solidarity. The play of vulnerability is varied, contested, and complex. The state is never simply a grim executioner or an oppressor, nor society simply its obverse. The state, too, partakes in the play of vulnerabilities. But its part cannot be understood solely in the idioms of constitutional theory or practice. It is situated in a *political economy of state and society*.<sup>5</sup> While crises such as COVID-19 may be political moments in which states appeal to political solidarity, the political economy of the crisis demonstrates whether and how economic and political elites may play the rules in such a way as to extract rents from solidaristic policies. Second, it follows that transformations of state and society cannot simply be mapped from and in western Europe and North America. They demand a sensibility that is both situated and transnational – attuned to capital flows and development practices across the North and South, as well as to the specific practices of states within them.<sup>6</sup>

We study *unspent social special-purpose funds*, and their mobilization by the state under emergency conditions to combat the pandemic, to examine the political economy of reconfigurations of state–society relations around a redefinition of vulnerabilities. “Social special-purpose funds” refer to, first, funds that have been collected directly pursuant to state law, for a specific social purpose that would otherwise be the domain of discretionary state policy. Such funds may be collected through hypothecated taxes, but also through alternative channels. Second, these funds are held in some vehicle that reflects their social purpose (such as a public or private trust, or a corporation) rather than simply being absorbed into ordinary administrative budget lines. By “unspent,” we refer to instances where a significant proportion of these funds remains both uncaptured by other interests and undisbursed during the fiscal year to the beneficiaries for which they were earmarked.

We examine the pandemic’s impact on the use of these funds in India and Italy, examples we deliberately choose from across the global South and North. Both societies reflect strong economic disparities – along class

<sup>5</sup> See e.g. Das, *Critical Events*, pp. 156–74.

<sup>6</sup> S. Randeria, “The State of Globalization: Legal Plurality, Overlapping Sovereignties and Ambiguous Alliances between Civil Society and the Cunning State in India” *Theory, Culture & Society*, 24 (2007), 1–33.

and geographic lines in particular – and have reacted to COVID-19 with a massive expansion of their fiscal deficits to prop up their social welfare systems. Both countries have also accumulated significant amounts of underutilized social welfare funds. In India, we look at funds collected through hypothecated taxation and other, indirect modes of fund collection, for the benefit of construction laborers and mining-affected communities; in Italy, we turn to large pools of EU cohesion funding (of which the country is one of the main recipients). In both contexts, these curiously underutilized funds are being repurposed to hastily disburse monies to cope with the unprecedented socioeconomic effects of the pandemic. At the same time, the two cases vary in productive ways. They are embedded in distinct political economies and institutional contexts, involve different types of actors (e.g. the EU in Italy, and large private construction and mining firms in India), and articulate varying conceptions of vulnerability.

Our argument combines two strands of theoretical literature on state–society relations. The first is the political sociology of emergency, mentioned above, in which those relations are transformed by the state’s exercise of emergency powers. The second is fiscal sociology, in which the constitution and relationships between state and society are revealed through the *fisc*: “The budget is the skeleton of the state stripped of all misleading ideologies.”<sup>7</sup> Studying the executive remobilization of certain funds affords insights into some of the institutional features of the state, through the perspective of “complex social interactions and institutional and historical context.”<sup>8</sup>

### Explaining Unspent Funds: Causes and Cases

Why do these funds remain unspent? Lack of spending might reflect a series of predicaments, including: Weakness of institutional design and implementation; unresolved issues of governance (such as delayed fund transfers within the exchequer); challenges in identifying beneficiaries in the absence of a robust mechanism to do so, or administrative difficulties with the mechanics and practices of disbursing funds. The latter issue includes, for example, difficulties in finding private or subnational actors willing to cofund a project as required by fund rules in Italy, or

<sup>7</sup> J. A. Schumpeter, *The Economics and Sociology of Capitalism*, Richard Swedberg (ed.) (Princeton University Press, 1991), p. 100.

<sup>8</sup> J. L. Campbell, “The State and Fiscal Sociology” *Annual Review of Sociology*, 19 (1993), 163–85, 164.

identifying migrant workers within India, who move from one construction site or brick kiln to the next. Such ad hoc explanations are undoubtedly relevant to each individual case. However, as Venelin Ganey points out, insights from fiscal sociology suggest that flows of money through the public *fisc* should be understood as political phenomena that constitute forms of statecraft.<sup>9</sup> Indeed, the scale and persistence of unspent funds suggest that case-by-case explanations are insufficient. Instead, we propose that unspent funds tell us something important about vulnerability, the state, and society.

We do so through a discussion of three cases – two in India and one in Italy – which each hold billions of US dollars’ worth of unspent funds. In India, the “Building and Other Construction Workers’ Cess” fund (BOCW) identifies construction workers as a vulnerable group, whose numbers have risen manifold due to the post-1970s boom in the Indian construction sector, but who remain outside the purview of weak *de jure* and even poorer *de facto* labor protection. Most of India’s labor laws apply only to registered factories, plantations, and mines. Around 450 million workers, i.e. some 90 percent of the country’s labor force, work in the informal sector without employment security and social protection. The BOCW is meant to provide a range of long-term benefits, including medical care, childcare, and pensions, to the largely unorganized labor in the building sector. It does so through a 1 percent tax on the cost of construction, to be paid by the employer at the site to the relevant regional government. The funds are administered and disbursed by a BOCW board appointed by the respective regional governments. It is a “body corporate” with equal representation between the state government, employers, and workers.

Across India, BOCW boards currently hold an unspent balance of INR 520 billion (US\$6.88 billion), reflecting a range of challenges including lack of institutional and political pressure to expend, and low levels of registration of workers (which is ironic, given the effectiveness of the Indian state’s biometric registration and citizen monitoring programs more generally, such as the Aadhar card). Following the COVID-19 pandemic, the central government has taken the political step of pressuring the fund’s administrators to disburse some of its unspent balance as

<sup>9</sup> V. I. Ganey, “The Annulled Tax State: Schumpeterian Prolegomena to the Study of Postcommunist Fiscal Sociology,” *Communist and Post-Communist Studies*, 44 (2011), 245–55.

direct cash transfers to the existing class of beneficiaries, who have survived on philanthropic aid in the absence of provision of food by the state or wages by employers during the lockdown. This repurposing of existing funds constituted approximately one-third of the Indian government's COVID-19 welfare package targeted at the poor and vulnerable, following the announcement of India's lockdown. Currently the bureaucracy is scrambling to identify and register those eligible. At the same time, the construction industry has asked for the BOCW tax to be waived as building activity has come to a standstill under the lockdown.

The "District Mineral Foundation" (DMF) identifies mining-affected communities as a special vulnerable group. It provides money for local development projects for these communities, as the massive expansion of mining activity, following liberalization of the sector in the 1990s, led to huge socioeconomic dislocations and environmental damage. The money is collected by way of 10 percent royalty on mining leases from the companies holding them. Here too the total unspent funds amount to INR 250–350 billion (US\$3.31–4.63 billion). Constituted as some form of a public trust, each DMF is supposed to have a governing body, although its legal form and composition varies across India. So far DMF trusts have been established in only about half of the districts with relevant extractive activity. Following the onset of the COVID-19 pandemic, the central government promulgated regulations pursuant to its emergency powers, allowing local administrators to redirect 30 percent of the unspent DMF balances toward pandemic relief, irrespective of whether or not the money is spent on mining-affected areas or communities.

In Italy, we focus on European Structural and Investment Funds (ESIF) – funds of EU origin that are governed in the main by EU rules. They are designed to promote cohesion and mitigate disparities in social welfare between different regions, especially those with a GDP-per-capita of less than 75 percent of the EU average. The state mobilizes these funds to address the vulnerabilities that result from the dislocations caused by single-market integration, on the basis that these dislocations are local or regional. ESIF fund expenditures such as labor market programs aimed to reduce unemployment and increase human capital and social integration. The funds are organized into either national or regional Operational Programmes (OPs), which delineate investment priorities, and specific objectives and activities. OPs are governed by a "Managing Authority" – which can take a range of legal forms, so long as they follow EU financial management principles. ESIF

monies are allocated and spent on seven-year cycles; the current one runs from 2014–2020. If they are unspent, they are returned to the EU budget.

At an EU level, underspending is a persistent problem. A *Financial Times* investigation in 2010–2011 found that only around 10 percent of ESIF had been spent, more than halfway through the 2007–2013 cycle.<sup>10</sup> As regards the current spending cycle, €37 billion still has to be spent before it ends in 2020. Italy has one of the lowest levels of spending and the lowest level of allocation of ESIF monies available to it among the EU-27 (as of June 2019), having allocated only 73 percent of its available funds. In past cycles, Italy has expended much of its ESIF at the last minute; and delays in the use and allocation of funds constitute an important part of the politics of spending. The later in the spending cycle it gets, the higher the risk that funds have to be returned to the EU. Under this time pressure, the greater the chance that state authorities might gain political leverage and discretion in the use of ESIF monies.

In response to COVID-19, several key principles and mechanisms governing the allocation and use of funds have been reversed, which has shifted institutional balances toward national governments. EU Member States are now allowed to use ESIF monies for measures that are usually not supported by the European cohesion policy, such as strengthening health systems. They are also able to move existing and future resources between programs, between funds, between regions, and even between priorities. And even though ESIF are aimed at the least developed regions of the EU, Member States can now move resources for the fiscal year 2020–2021 to richer regions that have been hit hardest by the crisis. Italy has received 9.67 percent of these funds.

### Redefining Vulnerability and Capturing Unspent Funds in Emergency Times

We suggest that states have participated in the politics of redefining vulnerability within society by changing types of remedial expenditure in response to the pandemic. In the BOCW case, vulnerability is temporally transformed from long term to short term as monies are deployed not for pensions for construction workers, for instance, but for immediate cash transfers to workers left in dire straits during the lockdown. The social identity of the vulnerable group thus also shifts, from people

<sup>10</sup> P. Spiegel, “EU Structural Funds Investigation: An Update” *Financial Times* (February 3, 2011), [www.ft.com/content/a1eefebf-5fdb-3d6a-a948-575d15575a1f](https://www.ft.com/content/a1eefebf-5fdb-3d6a-a948-575d15575a1f).



vulnerable to harms specific to working on building sites (e.g. requiring health care for accidents due to lack of safety measures and protective gear on construction sites; compensation for the family in case of death or permanent injury to a construction worker), to labor migrants in need of immediate cash under the lockdown (to which their profession is epiphenomenal). Similarly, in the DMF case, the identity of the vulnerable group is transformed from a specific social group (the mining-affected community) to a broad-based concern for the health of the general public. In the Italian ESIF case, vulnerability itself is transformed from a set of social characteristics to health and economic ones; the geography of vulnerability is in turn transformed from a differentiated map of poorer and richer areas, to a map that is at once pan-European (since ESIF can be transferred to richer regions also), and national (as Member States take on greater control over the allocation of unspent ESIF monies across a broad range of sectors). This flexibility is given by the EU to Member States, and in Italy the redistribution is likely to be pronounced. Northern Italy and parts of its central regions account for more than 75 percent of Italian GDP. Five “less-developed” southern regions (Campania, Puglia, Basilicata, Calabria, Sicily) received 71 percent of Italy’s ESIF in 2014–2020. However, wealthier northern regions were worse affected by COVID-19 – and are thus likely to be the main beneficiaries of a redistribution of unspent ESIF to pandemic-impacted areas.

More broadly, states have redefined “vulnerability” from a contextual phenomenon specific to certain marginalized groups and regions, to a more general and inchoate phenomenon. Accordingly, administrators now have greater discretion to deploy these otherwise special-purpose funds as they see fit. The emergency reappropriation of these funds also demonstrates institutional conditions by which the state works to transform vulnerability from a status into a set of discretionary resources that it controls. In other words, through these institutional conditions, states generate *liquidity* from vulnerability, and capture political or fiscal rents from that liquidity.

In India, the special-purpose vehicles in which we find unspent social funds are generally public–private *institutional hybrids*, which exist to recognize and remedy a particular social vulnerability (e.g. mining-affectedness or the informality of labor relations in the construction industry). These hybrids blend very different areas of law and policy – trusts, public administration, corporations, social policy – which entail very different institutional forms and practices. These forms may fit

together poorly, or produce a great deal of ambiguity in terms of the types of activities they can fund, as well as when, how, and for whom money is spent at all. For example, DMFs are *inter alia* both an administrative instrument (established by regulation in furtherance of social policy objectives) and a public trust.

Unspent funds heighten the institutional contradictions in these special-purpose vehicles. Unspent funds are, by definition, the *absence* of a decision made by those responsible for social funds. The special-purpose vehicles we discuss do not impose a positive duty on functionaries to spend, but leave it at the discretion of administrators or trustees whether or not to spend in order to meet the fund's overall policy objectives. This is coupled to a series of restrictive provisions on expenditure designed to make it difficult to disburse the money. For example, requiring workers to have registered with the BOCW board to gain benefits in practice places a significant burden on illiterate construction workers in the informal sector, who are not only far away from their home villages but also migrate from one building site to another across the country, and thus find it impossible to deal with the necessary paperwork to maintain eligibility.

In the absence of effective political pressure, accountability mechanisms, or any sanctions for keeping funds dormant, administrators have little incentive to get the money flowing. For the BOCW, until the COVID-19 crisis there had been limited efforts on the part of the boards to actively register eligible construction workers – despite some pressure from actors such as national trade unions, who petitioned the Supreme Court. The order by the apex court to spend the funds remained unimplemented. It is thus unclear from where the practical pressure to expend, as well as scrutinize the mode of decision-making and delivery of funds, may come. Instead, we see buck-passing for nondecision from bureaucrat to bureaucrat and stakeholder to stakeholder.

The emergency use of these funds further entrenches the ambiguities that give rise to the institutionalization of nonspending. In the case of emergency redirection of DMF funds, by allowing them to be used for the general purpose of combating COVID-19, the central government has subsumed the interests of mining-affected communities to the general good, the definition of which is left to the discretion of the District Collector, the most powerful bureaucrat at the local level. In doing so, however, the claims of the affected communities that were the designated beneficiaries of these funds – and the specific hardships that the DMF was meant to remedy – are politically eroded. And the redirection of funds

may further preclude mining-affected community members from holding officials to account for failing to uphold their interests.

In the EU, the institutional structure of ESIF is also complex and hybrid as it cuts across scales. Everything from beneficiary identification to anti-corruption mechanisms, monitoring and evaluation, and the funds themselves runs through a complex assemblage of institutions. (The EU's regulation that sets out the different institutional competencies for the management of ESIF – 1303/2013 – runs to 150 pages.) OPs are broken down into regional operational programs (ROPs) and national operational programs (NOPs), with distinct Managing Authorities. The competencies of and communication between these institutions is rarely smooth. Accordingly, the emergency mobilization of ESIF monies – and concomitant provision of executive flexibility at the national level – can be understood as a way to suspend or bypass the existing mechanisms for the distribution of these funds.

Italy currently has the largest amount of unallocated ESIF monies in absolute terms among EU Member States. Its room for maneuver is therefore significant. The Italian government announced that it was planning to reallocate around 20 percent of available funds. Statements by both Italian and EU administrators further point to the current crisis as an opportunity to rethink EU funding instruments more generally, and to introduce greater flexibility in ESIF spending. This would entail greater discretion for Member States beyond the life of the current crisis – which might be in tension with the basic objective of ESIF as supra-national instruments.

To summarize: Vulnerable population groups are promised welfare through the EU budget or the collection of hypothecated taxes in India. Thus, special-purpose funds can be seen as a state response to meet the expectations of dispossessed citizens. The massive accumulation of unspent funds reflects how the state's promise to meet these expectations is continually deferred. COVID-19 has finally forced states to cash out some of this deferred promissory note. Yet the emergency use of unspent funds works through existing institutional mechanisms, while only suspending the *de jure* or *de facto* conditions that blocked spending. Money continues to be collected on the back and in the name of particular vulnerable groups. However, DMF trusts remain unestablished for the most part, with the funds often sitting “temporarily” in central government coffers and administrators having no incentives to disburse it. The BOCW has yet to improve its worker registration process (although there

is significant variance between states: Kerala's board, for instance, has comprehensively registered workers and expended all of its funds). And so on.

Suspending rather than eliminating these conditions keeps alive the special purpose of that vehicle to a limited degree – the District Collector spends money in mining-affected districts, the BOCW boards target construction workers, EU Member States respond to vulnerable regions. Thus, emergency use implies that the state continues to recognize a special political class of vulnerable beneficiaries with rights and entitlements, but bears little practical obligation to meet them.

State actors thereby *liquidate* those rights and entitlements. The accumulated unspent monies are available to spend at some point in the future – for example, as all-purpose rainy-day funds, or election season war chests. They may be appropriated under residual or emergency powers of the state, or through political pressure (for example, just to get money out of the door, as the end of the seven-year lifespan of an ESIF round approaches). Alternatively, we see in India that the monies might be appropriated *indirectly* through monetization practices. In the name of fighting COVID-19, the government of the mineral rich eastern Indian state of Odisha borrowed up to US\$1.5 billion (INR 170 billion) at a low interest rate, from a balance of unspent funds to mitigate the environmental effects of mining on local communities. This specific vulnerability was thus turned into cheap liquid capital for the state's general coffers.

Moreover, in the context of COVID-19, this liquidation is tied to life. Having recognized the special vulnerabilities of groups long enough to turn them into resources – vulnerabilities which are exacerbated by the pandemic, as the plight of migrant construction laborers demonstrates – the state then redeploys these resources in the pursuit of a recast notion of vulnerability, thereby determining which lives are to be saved, and which are dispensable.

### COVID-19 and Social Welfare Funds

Our cases demonstrate a set of political and institutional effects of the emergency mobilization of unspent social welfare funds under COVID-19. Politically, it changes what “vulnerability” – and more broadly what “welfare” and “social” – might mean. The emergency mobilization of these funds is thus a vehicle by which the state extracts political and economic gain from vulnerabilities while simultaneously redefining both the temporality and scope of welfare with all-too-limited public debate or scrutiny. Institutionally, it not only reshapes state–citizen relations but

does so in ways that recast the democratic accountability of the state more broadly. Emergency appropriation of funds is, of course, limited by the general accountability deficit of exceptional executive action. But this deficit is amplified as the appropriation of these funds reconfigures the identity of legitimate or relevant stakeholders, their modes of participation (*de jure* and/or *de facto*) in the allocation of the funds, and their standing to hold decision-makers to account for that allocation. Participatory mechanisms of decision-making may become a casualty of such emergency redirection of unspent funds, as may monitoring by civil society.

This mode of negotiating the state–society relationship is ever more salient, as special-purpose funds proliferate globally in response to COVID-19, some of which are marked by the political maneuvers we identify. In India, the central government introduced a major new fund to combat the effects of COVID-19, “Prime Minister’s Citizen Assistance and Relief in Emergency Situations” (or “PM-CARES”), which received approximately US\$858 million (INR 65 billion) within its first week of operation. It is run out of the Prime Minister’s office but structured as a public charitable trust that is able to receive direct philanthropic donations. On this basis, the office claims that the trust is not publicly auditable, nor do the donations have to be disclosed. Its funding sources, governance, and accountability for expenditure are thus already controversial, with public commentators discussing it in terms of Prime Minister Narendra Modi’s mode of rule.<sup>11</sup>

We have argued that such critical scrutiny of social special-purpose funds is crucial. But it should not be limited to decrying these funds as cynical ways of peddling influence (in terms of their contributions) or as slush money (in terms of their expenditure). Even if overt misfeasance does not take place, our analysis of unspent funds suggests that we must pay attention to the relationship between the lack of scrutiny of such funds and the different beneficiary classes the fund declares over time.

The state–society relationship that emerges from this view is one in which vulnerable social groups engage with the “cunning state” – a state which strategically proclaims its weakness (here, in its capacity to spend

<sup>11</sup> V. Bhandari, “Indian Companies Are Contributing Lavishly to PM-CARES – Even amid Layoffs and Pay Cuts,” Scroll (May 9, 2020), <https://scroll.in/article/961383/indian-companies-are-contributing-lavishly-to-pm-cares-even-amid-layoffs-and-pay-cuts>; P. Jebaraj, “How Different Is the PM CARES Fund from the PM’s National Relief Fund?” *The Hindu* (May 10, 2020), [www.thehindu.com/news/national/coronavirus-how-different-is-the-pm-cares-fund-from-the-pms-national-relief-fund/article31546287.ece](http://www.thehindu.com/news/national/coronavirus-how-different-is-the-pm-cares-fund-from-the-pms-national-relief-fund/article31546287.ece).

social welfare funds) while selectively mobilizing its strength (here, its capacity not only to collect but also to absorb and reallocate those funds when the conditions are ripe); a state which promises to meet the expectations of dispossessed citizens but defers this promise *ad infinitum* by collecting monies without disbursing the funds to the supposed beneficiaries.<sup>12</sup> In short, this is a state that captures resources raised in the name of its vulnerable citizens. At the same time, it renders itself unaccountable to these citizens (as well as to the capitalists and others that have contributed to the funds) for fund management and distribution – by redefining “vulnerability” and “welfare” in ways that sideline their voice.

<sup>12</sup> Randeria, “The State of Globalization.”