

THE MORAL AND INTELLECTUAL CRISES IN ECONOMIC POLICIES

Relevant for: Indian Economy | Topic: Effects of Liberalization on the economy, changes in industrial policy and their effects on industrial growth incl. Economic Reforms

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A textile loom in Malegaon, Maharashtra | Photo Credit: PRASHANT NAKWE

News from Davos and Delhi in the third week of January has framed the moral and intellectual crises affecting Indian economic policies. In the first instance, speaking at a session at the World Economic Forum in Davos on India's road to a \$10 trillion economy, the Chairman of Tata Sons said, "For me, the three things most important are growth, growth, and growth." In the second instance, a report from Delhi said that 150 homeless people had been removed from beneath a flyover by police who had been directed to clear the city of beggars ahead of various G-20 events to be held in the city. The "beggars" who included many workers like Munna employed by establishments in the vicinity were being taken to a shelter far away. "I work in this locality, so how will I be able to earn anything if I am moved so far away," Munna complained.

Our moral crisis is the pathetic attempt to cover up the declining employment elasticity of India's shining growth. Job creation has not kept pace with the demand for jobs. Moreover, most jobs hardly pay enough and have no social security. While statistical debates continue about the numbers of jobs being created, to pin the unemployment problem on either the present National Democratic Alliance or the preceding United Progressive Alliance government, it is widely acknowledged that the Indian economy is not generating enough good jobs. What has not been accepted though, as yet, is that the paradigm of economic growth and globalisation, which Davos has been a megaphone for, and which Indian governments have followed, is a cause of the problem.

Conventional economics says that the productivity of the agriculture sector must be improved by using more capital-intensive methods and moving people out of agriculture and rural areas, into cities and into manufacturing and modern services (such as information technology). Employment is also crunched because the organised manufacturing and service sectors are also employing fewer people per unit of capital in order to improve their own labour productivity.

The Indian economy's problem, many economists say, is the large size of its "informal" sector and the small scale of its enterprises. Whereas, around the world and in India too, innovations in business models are changing the forms of large enterprises and creating more informality of employment. Employment in the formal sector is also becoming informal with outsourcing, contract employment, and gig work. Concepts of "economies of scale" are changing to

“economies of scope”, and enterprise forms from concentrated to dispersed units.

India’s formal sector cannot create enough good jobs. The form of the Indian economy must be changed. Further confusion in India’s employment policies is evident with the concern of economists about there being too few women in the workforce. In the official narrative, too few Indian women venture out of their homes to earn money. With more women in the workforce the economy would grow faster, say economists. This distorted view of the economy ignores reality. More Indian women have been working outside their homes to earn money than any other country perhaps. For centuries, they have worked in large numbers on farms, as caregivers and domestic workers in others’ homes, as municipal sweepers, and weavers and producers of handicrafts in small enterprises. They are also employed as teachers and as Anganwadi and ASHAs (Accredited Social Health Activists) providing essential services to communities.

The essential services that women provide to society (including mothering and family care) are not considered productive work for the economy. Their work is not valued and they are paid too little. Instead, they are being pulled into the limited jobs the formal economy offers to increase GDP. Pushing more women into the formal economy will improve the “female participation rate” in the formal economy and may add to GDP too. However, it will not solve the basic problem — which is that the formal sectors of India’s economy cannot generate enough good jobs to meet the needs of India’s 1.4 billion population, now the largest in the world. Young men need jobs too. Unlike women who may be respectably engaged in home care, the men idle. Increasing numbers of young and underemployed males are leading to more crime and violence, and sexual assaults of women in Indian cities.

Growth of GDP is like a disease. It kills the economy’s natural and social hosts. Natural resources are converted into commodities to feed the economic machine. Nature is reengineered for more GDP growth — more dams, more roads, and even more tourists in the Himalayas. Nature is reacting: ‘Don’t push me around so much,’ it says, ‘or you will suffer.’ Society is reacting too. Capitalism needs to reinvent itself.

The paradigm of “growth, growth, growth” treats human society and nature as a means to its goals of producing more wealth for investors and more GDP. Human work and intelligence are commodities for producing value for investors in capitalist enterprises. A platform service hiring motorcycle riders to deliver packages on time cares only about the efficiency of the work. Riders are extensions of their motorcycles paid only for on-time delivery. Their human needs (for safety, health and sufficient income) only increase the cost of doing business. These are not concerns of the platform owner; the state must take care of them.

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Growth of GDP is not the purpose of human civilisation. India’s leaders must find a path to reach “poorna swaraj” — social, political, and economic freedoms — for all Indians. Economic growth must create equal opportunities for all to learn and earn with dignity and not harm the natural environment that sustains all life. Increasing GDP with more investments is easier than changing the shape of the economy to make it more inclusive while increasing its size. A new paradigm of economic science and policy is required, the development of which has become essential for humanity’s survival in this millennium. India should lead the way in the G-20 and beyond.

Arun Maira is the author of A Billion Fireflies: Critical Conversations to Shape a New Post-pandemic World

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