



Mains Practice Question

Q. India has to change its growth-focused policies to people-centric ones in order to stop the economy's downturn. Discuss (250 words)

21 Dec, 2022 GS Paper 3 Economy

Approach

- Start your answer by briefly explaining the drawbacks of growth focused policies.
- Discuss the need for people centric reforms.
- Discuss some measures needed to stop economic downturn.
- Conclude accordingly.

Introduction

- NITI Aayog projects that India's requirements of fresh water will be double the availability by 2030. On one hand, cities are getting more polluted, with life dislocated by floods. On the other, trees are being cleared and water bodies filled to build urban infrastructure. On one hand, regulations are changed to attract foreign and domestic investors to stock markets.
 - Further, India's complex, socio-economic environmental system is under even greater stress. The country must improve on many fronts simultaneously.

Body

- **Need for People Centric Economic Policy:**
 - India will cross China's population next year, therefore, we must anchor our strategy in human capital and formal jobs rather than fiscal or monetary policy.
 - Further, India ranks very low in international comparisons of human development (education and health), even below its poorer subcontinental neighbors.
 - It is the most water-stressed large economy in the world, its cities are the most polluted.
 - India's economic growth is not generating enough jobs for its burgeoning population of youth, the employment elasticity of India's growth is amongst the worst in the world.
 - We cannot muddle along with a failing paradigm any longer. A new, human-centric and ecologically sensitive paradigm of progress is necessary.
 - Therefore, more incentives must be given to those at the bottom to grow their own wealth so that there will be enough to go around. The ideal policy must be envisioned from the perspective of the poorest citizens in a human-centered development paradigm.

People Centric Measures Needed to stop Economic Downturn:

- There is need to Introduce sector-specific policies to a new, human-centric and ecologically sensitive paradigm of progress.
- India's policies must be refocused on creating more jobs with better incomes by producing more locally for its market needs. The country's market potential would be realized once people at the bottom earn and save more.
 - **Increase Personal Disposable Income:**
 - There is need to increase the personal disposable incomes and create the 'ease of

living' of citizens by improving the quality and accessibility, and reducing costs, of a range of public services

- **Focus on Labor Incentive Sectors:** The manufacturing and construction sectors could achieve the largest acceleration in sector GDP growth. In the coming decade, manufacturing productivity has the potential to rise enormously. Further, the construction sector has the potential to contribute to GDP as well as create employments.
- **Agriculture:** India also has the potential to generate high-value agricultural exports, with growth driven predominantly by livestock and fisheries, pulses, spices, fruits and vegetables, horticulture, and dairy, among others.
 - Possible reforms include changing the **Agricultural Produce Marketing Committee Act** to ensure barrier-free interstate trade and amending the Essential Commodities Act to deregulate the supply and distribution of agricultural commodities.
 - India has an opportunity to develop **high-value agricultural ecosystems, healthcare services** for the domestic consumption and the world, and high-value tourism.
- **Healthcare:** In healthcare, India's potential to increase access to quality healthcare and attract medical tourism will require ramped-up spending and investment from the public sector.
 - India currently spends about 3.5% of GDP on healthcare, but it needed to be increased to double in line with benchmarks. India could also increase healthcare productivity by enabling new business models, including telemedicine.
- **Examples of People Centric Policies:**
 - There is a 'Kerala model', a 'Gujarat model', and a 'common man's model' implemented by the Aam Aadmi Party (AAP) in Delhi.
 - **Kerala model:**
 - Local, participative governance has been a distinction of Kerala's model. and the State has been well ahead of the rest of the country, matching China in its Human Development Indicators in education, health, and women's inclusion.
 - **Common Man's Model:**
 - Delhi's AAP government has adopted a people-centric model of government. It has established School Management Committees with parental involvement. Teacher training budgets have increased five-fold.
 - The performance of Delhi's government schools is not only higher than the national average, it now exceeds the performance of private schools in Delhi. Public health expenditures have more than doubled. 'Mohalla clinics' have been set up in poor colonies to provide accessible and affordable health care.

Conclusion

Further, Safer, higher-quality urban environments, cleaner air and water, more convenience-based services, and more independent work in the new ideas-based economy are all opportunities to create millions of productive jobs in service sectors. Therefore, India has the opportunity to introduce a robust planning to ensure people centric growth.