

Clarifications needed in NITI Aayog's 'Strategy for New India'

What is the issue?

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There is a need for more clarity in some of the recommendations in NITI Aayog's 'Strategy for New India @ 75'.

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What are the areas needing clarification in the Strategy?

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- **Ground Reality** - The strategy affirms that "policymaking will have to be rooted in ground realities" rather than economic abstractions.

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- However, stakeholders who were consulted while preparing the strategy have to give feedback to understand the improvement in the process of consultation.

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- **Shape important than Size** - While, employment and labour reforms, have rightly been given the highest priority, only overall growth is emphasised by NITI Aayog.

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- However, the shape of growth matters more than size and the employment-generating capacity of the economy is crucial to citizens than the overall GDP growth rate.

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- The growth of industry and manufacturing is essential to create more employment, and to provide bigger opportunities to Indians who have been too dependent on agriculture so far.

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- Here, too, the shape of the manufacturing sector matters more than its size and more labour-intensive industries are required for job creation.

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- **Clear goal setting** - The goal for the manufacturing sector in the strategy is to grow from 16% to 25% of the GDP.

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- But if it grows with more capital-intensive industries, it will not solve the employment problem.

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- Therefore, the goal must be clearly set in terms of employment, and policies and measurements of progress set accordingly.

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- Indian statistical systems must be improved quickly to measure employment in various forms, formal as well as informal.

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- **Focus on Employment** - And also to increase the tax base, initially financial investments must be increased to strengthen India's production base.

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- Tax incentives must be given to favour employment creation, and not more capital investment.

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- **Formalise small clusters** - To fill the gap of middle level institutions in India's industrial infrastructure, clusters and associations of small enterprises should be formalised.

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- Professionally managed formal clusters will connect the informal side of the economy with its formal side, i.e. government and large enterprises' supply chains.

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- **Reorientation of Labour laws** - The strategy recommends complete codification of central labour laws into four codes by 2019.

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- While this will enable easier navigation for investors and employers through the Indian regulatory maze,

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- A fundamental reorientation of the laws and regulations which fit the emerging social and economic realities is required

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- The contours in the Strategy for universal social security system must be sharpened and labour union laws must be strengthened to ensure more fairness.

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- Workers must be seen as a source of competitive advantage as India has an abundance of labour and relatively scarce capital.

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- Thus development must be by the people (more participative), of the people (health, education, skills), and for the people (growth of their incomes, well-being, and happiness).

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- How well India is doing at 75 must be measured by the qualities of development, as experienced by its citizens, along these three dimensions and not only through the growth of GDP.

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Source: The Hindu

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