



# The shape of growth matters

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## **The shape of growth matters-Some recommendations in NITI Aayog's 'Strategy for New India @ 75' are a cause for concern**

- While there are many refreshing improvements in NITI Aayog's 'Strategy for New India @ 75' from the erstwhile Planning Commission's plans, there are also concerns about some of the strategies recommended.
- The intent to change the approach to planning from preparations of plans and budgets to the creation of a mass movement for development in which "every Indian recognises her role and experiences the tangible benefits" is laudable.
- However, what matters is the quality of consultations. It will be worthwhile for NITI Aayog to get feedback from stakeholders on whether it has improved the process of consultation substantially or not.
- The strategy emphasises the need to improve implementation of policies and service delivery on the ground, which is what matters to citizens.

### **The meaning of growth**

- Employment and labour reforms, the second chapter in the strategy, have rightly been given the highest priority, which was not the case in the previous plans.
- Overall growth is also emphasised by NITI Aayog.
- 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.
- Here, too, it is not the size of the manufacturing sector that matters but its shape.
- Therefore, the goal must be clearly set in terms of employment, and policies and measurements of progress set accordingly.
- Indian statistical systems must be improved quickly to measure employment in various forms, formal as well as informal.
- The strategy highlights the urgency of increasing the tax base to provide

more resources for human development.

- It also says financial investments must be increased to strengthen India's production base.
- A big weakness in the Indian economy's industrial infrastructure is that middle-level institutions are missing.
- NITI Aayog's plan for industrial growth has very rightly highlighted the need for strong clusters of small enterprises as a principal strategy for the growth of a more competitive industrial sector.

### **Reorienting labour laws**

- The strategy on labour laws appears pedestrian compared with the ambitious strategy of uplifting the lives of millions of Indians so that they share the fruits of economic growth.
- While this will enable easier navigation for investors and employers through the Indian regulatory maze, what is required is a fundamental reorientation of the laws and regulations — they must fit emerging social and economic realities.
- First, the nature of work and employment is changing, even in more developed economies.
- Second, in a world where workers are atomised as individuals, they must have associations to aggregate themselves to have more weight in the economic debate with owners of capital.
- Third, all employers in India should realise that workers must be their source of competitive advantage.
- The shape of the development process matters more to people than the size of the GDP.
- 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).