



"Rising Need for Futuristic Development Policies and Urban MGNREGA"

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"A Dive into India's Trade Agreements: Are They Really Benefiting the Nation?"

Intro: This week on **Socio-economic Voices**, join us in an intense interview with former **IES officer Dr Renu Singh Parmar**. She digs deep into the reality of India's progress and challenges in poverty alleviation, economic growth, and digital transformation. Interacting with senior journalist **Mahima Sharma**, Dr Parmar shares insightful views on youth unemployment, urban development, and the crucial shifts needed in policy to ensure a more equitable and prosperous future for all. Read the exclusive only at **Indiastat**

MS: India has moved over 415 million people out of poverty in a 15-year period, according to the UN. But on ground level in the current scenario, what is your vision for India in terms of economic development and poverty alleviation over the next decade?

RSP: Although the **UNDP¹** and the **NITI Ayog²** have found a drastic reduction in Multidimensional Poverty over the last decade, an OXFAM report titled "Survival of the Fittest-the India Story" have found that the wealthiest 10 per cent in India own over 72 per cent of the total wealth, the top 5 per cent own nearly 62 per cent of the total wealth, and the bottom 50%, only 3% ! Such stark inequality is a measure of the overall poor well-being of most Indians, also brought out by various reports. The country still has the world's highest number of poor at 228.9 million as per OXFAM.

Whereas in terms of GDP India ranks at number 5, in terms of GDP per Capita, our rank is 127 in terms of PPP as per the World Bank. Worse, as per the Global Hunger Index, India is at a dismal rank of 111/125 countries, with the highest child-wasting rate of 18.7%.

Similarly, in terms of human development, India's rank is 134/193 countries (UNDP HDR Report 2023-24) and 126/143 in the World Happiness report 2024, in which Nepal and Pakistan rank higher than India.

Higher growth rates of GDP are not a panacea for alleviating poverty and inequality when most of the benefits are cornered by a few. It will be necessary to pursue redistributive policies like progressive taxation of the rich and making GST less regressive, by lowering rates on mass consumed items. Simultaneously, expenditures on better delivery of health and education services need to be increased. Currently, the allocation to the education and health sectors is only 2.8 % and 2.6% of the GDP respectively. With soaring unemployment rates, it is absolutely essential to focus on creating more jobs especially in the small scale sector, for which a vocational/skilling orientation to education is needed. **The focus of economic policy needs to shift from growth to welfare** in the coming decade, to ensure the well-being of all citizens, with a focus on good delivery.

MS: Is it true that millions sleep without a proper meal during the day and that some lakhs die of hunger every year in India?

RSP: According to the UN's Food and Agricultural Organisation (FAO) 'The State of Food Security and Nutrition in the World, 2022 Report', 224.3 million people, or 16 per cent of India's population, are undernourished. This implies that around 23 crore people are surviving on insufficient nutritional intake daily, maybe just one meal a day. **The National**

Health and Family Survey 2017 moreover points out that around 4500 children under five years of age die every day due to hunger /malnutrition. This is a very alarming state of affairs and cannot be ignored. As mentioned earlier, India's rank in the Global Hunger Index 2003 is a dismal 111/125 with an index of 28.7 which is considered a "serious" level of hunger. According to the Report, the total undernourished population is estimated at 16.6% (23.53 crore), anaemia in women at an astounding level of 58% and child wasting at 18.7%, being the highest in the world. Over 80 crore individuals receiving free rations is a clear indication of the extensive poverty prevailing in our country and the insufficient purchasing capacity of our citizens.

Unfortunately, no National Sample Survey (NSS) round on nutritional intake has been conducted by the government since 2011-12, which used to offer insights into the prevalence of calorie undernourishment at national and subnational levels.

However, a State Hunger Index 2019-20 devised by Nandlal Mishra for Down to Earth based on the GHI methodology places Bihar, Chattisgarh and Jharkhand at the bottom in the 'serious' category with scores of 35.5 each, followed by Gujarat, U.P. and Assam. The unfortunate fact is that India is far from hunger free.

MS: As we move towards a more digital economy, what innovative approaches do you foresee being crucial in eradicating poverty in India over the next decade?

RSP: The digital revolution in the country has transformed the way we work and transact. Surprisingly rural India has around 20% more internet users than in urban India. With about 70% of the population residing in rural areas, there is a vast potential for digital transactions and ecommerce. These need to be carried forward, carefully factoring in artificial intelligence, so as not to impact employment.

- **Digital payment systems** need to be made available to the unbanked population, which is in the vicinity of 190 million, and especially to women and the underprivileged sections of society. Direct benefit digital transfers to beneficiaries of various government schemes is the best guarantee against fraud and leakages.
- **Leveraging cloud platforms** for addressing the portability of citizen entitlements across the entire country, especially for the migrant population.
- **Access to digital platforms for gig work and freelancing opportunities**, providing alternative sources of income for the informal sector, also need to be explored. But without skills such as coding, data analytics, etc this cannot be done. Consequently, it is crucial to provide youth with training in digital skills. For this access to online and vocational training is needed.
- **To increase the productivity of farmers**, agri-tech solutions such as precision farming, IoT-based crop monitoring, and market intelligence apps need wide promotion and application.
- **Telemedicine services** can be provided for remote healthcare in rural areas as also digital health information systems.
- **To enhance transparency** and efficiency of public services through e-governance, creation of citizen engagement platforms for inclusive decision-making and accountability have to be put in place.
- **Innovation and entrepreneurship** needs to be fostered by setting up incubators, accelerators, and startup funds in rural areas as well. This can be done through setting up regional digital innovation hubs.

Lastly it is important to make available digital resources/ services in Indian languages for better understanding and use.

MS: With the rise of automation and gig economy, how can policy frameworks be designed to ensure inclusive growth and job security for the future workforce?

RSP: Flexibility in online gig platforms comes with limited job security, no social protection, and large-scale exploitation. Similarly, 120 million non-platform based gig workers in the informal sector are also deprived of social security benefits and job security.

The necessity for a comprehensive regulatory framework that safeguards the fundamental rights of gig workers is the need of the day even as the gig economy flourishes in the country. **Rajasthan was the pioneering state to**

acknowledge the concerns of platform-based gig workers with the Rajasthan Gig and Platform Workers (Registration and Welfare) Act, 2003. This act established a Welfare Board to design and execute programs for the welfare of gig workers. The government of Karnataka has also introduced a scheme for accident and life cover of Rs Four Lakhs for such workers.

Hopefully, other states will also come forward with schemes benefitting gig workers. At least, there is a recognition of the requirement to make available job security and safety nets to a hitherto unorganized sector, and that is welcome. Some elements of a policy for such workers would include:

- Ensuring gig workers and freelancers have access to essential safety nets and social security benefits like accident, life and health insurance, overtime payment beyond regular hours, pension contribution by employers etc. These benefits should be portable from one job to another.
- Ensuring labour rights, including minimum wage guarantee.
- Fostering a culture of lifelong learning among workers to effectively respond to evolving job demands and prioritizing STEM education to equip future workers for the digital economy.
- Inclusion of the best practices and lessons from different countries' experiences with automation and the gig economy.

MS: How can we better engage the youth in the development process, and what policies would you advocate to harness their potential for economic growth?

RSP: With 66 percent of its population (808 million)³ below the age of 35, India has the world's largest youth population. If we can ensure their education and productive employment, we will undoubtedly benefit from a 'demographic dividend'. But, if they are left unsupported with insufficient skills and bleak job prospects, this could potentially turn into a demographic disaster.

Latest data from India's CMIE shows India's youth(15-24 yrs) unemployment rate has reached the alarming level of 45.45% in 2022-23, which is about 6 times the overall unemployment rate of 7.5% in the country. Further it has been reported by ILO that the unemployment rate for educated youth is even higher at 65.7% ! Moreover, the employability of even the educated youth is less than half.

Therefore curriculum modernization to incorporate skill-based training and vocational education is a must. It is crucial to prioritize the development of partnerships between educational institutions and industries in order to offer practical learning experiences. While there are several skill-based training programs currently available in the country, it remains uncertain if they have effectively met the required outcomes. **The flagship programme Pradhan Mantri Kaushal Vikas Yojana (PMKVY) for example, is apparently not aligned to the needs of industry, as per feedback.**⁴

A **startup-friendly environment** with incubators, accelerators, and funding for youth-led enterprises, offering mentoring, networking, and capacity-building programs for young entrepreneurs, is needed. It would be desirable for industry to step in for these initiatives, rather than being left to mainly government agencies. A simple regulatory system with single window clearance would be desirable, as the plethora of the existing schemes and the number of agencies managing them is mind boggling.

As a fallback measure, the MNREGA should continue to provide employment guarantees in the country in rural areas and should also be extended to urban areas. This would take the shape of an urban MNREGA for unemployed urban youth and others seeking jobs.

MS: As urbanization continues to accelerate, what futuristic urban development policies do you propose to tackle urban poverty and ensure equitable growth in cities?

RSP: When urban unemployment levels are at 6.7%, it is no surprise that urban poverty too is high. **The Multidimensional Poverty Report by the Niti Aayog reveals that the intensity of urban poverty is as high as 43.10%** (Average proportion of deprivations which is experienced by multidimensionally poor individuals in urban areas).This includes deprivation under health, education and overall standard of living.

Much of the urban poverty can be attributed to the migration of surplus rural workers or those looking for employment in urban areas. This not only severely-constraint-existing urban infrastructure, but also leads to the proliferation of slums, especially around construction sites. **The World Bank reports that as of 2020, the percentage of urban population living in slums in India is 49% !**

Latest available data show that the urban housing shortage across India was at 18.78 million houses for the period 2012-2017.

Under such tenuous circumstances, it is imperative to look at ways to...

- improve urban infrastructure including slum redevelopment and affordable housing
- create meaningful employment for urban poor
- create satellite towns around urban clusters to reduce overcrowding
- and...make employment opportunities available in rural areas to reduce the influx and

Doubtless, there are a number of government schemes both at the centre and state levels to tackle some of the above issues, but the impact seems to be limited.

I have always professed, especially during and after the pandemic, that **an urban MGNREGA be implemented to tackle the growing unemployment in urban areas.** Programmes to be implemented under this would relate to slum redevelopment and creation of affordable housing and sanitation facilities, etc for the urban poor.

MS: Given India's recent trade agreements and geopolitical shifts, what measures are being taken to maximise their benefits for poverty alleviation and economic growth?

RSP: FTAs provide Indian exporters with preferential access to partner markets, reducing tariffs and non-tariff barriers. They bring in large investments, FDI, technology and expertise and thus can help in employment generation.

India has so far signed 14 FTAs and is due to sign one with the UK soon. On March 10th, 2024 India signed a free trade agreement with a group of four European nations, committing to reduce tariffs. In return, India will receive \$100 billion in investments over the next 15 years. All this is good so long as the benefits trickle down.

However, it is questionable whether the FTAs have actually benefitted India over the years? Whereas exports from India's FTA partners to India have surged, the converse has not happened. Instead, India's imports from the FTAs have been going up.

For instance, under the trade pact signed with the 10-member Southeast Asia block, ASEAN, in 2010, India exported goods worth about \$44 billion to the region in 2022-23 while its imports were valued at \$87 billion. The trade deficit in 2022-23 was \$43 billion, compared with \$7.5 billion in 2010.

The same trend is seen under other such FTAs. **India must look for a reciprocal arrangement, if possible, to benefit from such one-to-one Agreements and find ways to overcome non-tariff barriers in partner countries.**

Our trade balance with FTA partners can be improved and employment generated by focusing on sectors where we have a clear advantage, such as textiles, pharmaceuticals, automobile parts, and information technology services.

With trade tensions escalating, countries are actively trying to reduce their dependence on China. This scenario presents a chance for India to position itself as a viable alternative provider and bolster its geopolitical sway in the area. However, India's decision to withdraw from the RCEP in 2019 was hasty and has inadvertently created a gap between itself and regional supply chains, as well as the world's largest trading bloc.

MS: In your experience, what should the New Central Government's Union Budget focus be for the next year towards a better and inclusive India?

RSP: In order to build a stronger and more inclusive India, **the new government must redirect its attention from solely boosting the GDP to prioritizing the genuine well-being of its people.** In the presence of profound and significant inequalities within a nation, the GDP loses its ability to provide an accurate assessment of real progress.

The government should focus on maximizing the overall well-being and living standards of the average person, or by **maximizing per capita welfare.**

For this the following steps are suggested:

A) **Large scale employment generation** Persistent and high levels of unemployment in the country can be very destabilizing and therefore creating large scale employment opportunities should be the top agenda. Jobless growth goes against the paradigm of the fifth largest economy.

With agriculture being the only exception, small-scale industries are the primary source of employment, providing jobs for approximately 40% of the workforce, which amounts to around 110 million people. The micro sector alone provides employment for an astounding 107 million people. Many businesses fell into financial distress and had to permanently shut down due to the combined impact of demonetization and the Covid-19 pandemic. Millions of jobs were lost. Much needs to be done to rejuvenate this employment generating sector. It should be noted that more than half (51%) of small-scale industries (SSIs) are in rural areas, offering the potential for absorbing underemployed or surplus labor in agriculture.

The major sectors that have the potential to generate employment, such as textiles, construction, digital and financial services, healthcare, hospitality, ecommerce, and retail, require a focussed approach and budget boost.

Continued focus on employment guarantee **through MGNREGA** scheme, with higher allocation is a must. A similar scheme for the unemployed in urban areas also needs to be formulated.

B) **Continuation of free rations** of better quality to cover more beneficiaries.

C) **Funding for the education sector** to be stepped up from 2.8% to 6% of the GDP as stipulated in the National Education Policy, with a reorientation towards vocational education and skilling for job-oriented roles.

D) Similarly, the **allocation to healthcare** should be enhanced from 2.6% of GDP to at least 4% of GDP and aim to bring down healthcare costs and improve healthcare infrastructure and manpower.

E) **Rural Housing, Water and Sanitation** needs greater attention to improve the quality of life in rural areas.

F) **Rejigging the GST** to make it progressive rather than regressive.

G) **Reigning in the fiscal deficit** which is currently 5.63% to manage inflation and interest rates which ultimately affect the consumer.

Reference Links

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About Dr Renu S Parmar

Dr Renu Singh Parmar is a retired officer of the 1981 batch of the Indian Economic Service (IES) and has served in various Ministries/Departments of the Government of India, including those of Labour, Finance, Small Scale Industries, NSSO, Planning Commission, Steel and Civil Aviation. Her main area of work has been in policy formulation, project/programme approval, assessment of budgetary requirements, evaluation of government programmes, and economic analysis. A UN recognized International Committee on Transport honoured her with the Golden Chariot Award during her tenure in the Ministry of Civil Aviation. She also received the Gallery of Legends Award for public service at India Cargo Awards 2017 for her role in facilitating the industry.

About the Interviewer

Mahima Sharma is an Independent Senior Journalist based in Delhi NCR known for her multi-niche news reach. She has been in the field of TV, Print & Online Journalism since 2005 (earlier additional three years in the allied media). With a rich professional history at CNN-News18, ANI - Asian News International (in collaboration with Reuters), Voice of India, and Hindustan Times, Mahima is also the Founder & Editor of The Think Pot. Recipient of various awards for different works beyond journalism as well, Mahima Sharma was conferred with the REX Karmaveer Chakra (Silver) 2023, presented by iCONGO in association with the United Nations. Since March 2022, she has also been engaged in the pivotal role of Entrepreneurship Education Mentor at Women Will, a Google-backed program in collaboration with SHEROES. Mahima can be reached at media@indiastat.com

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