

122
3 Do you think it is time to rethink economic growth model of the country? Comment.

The World Economy Outlook by the International Monetary Fund projected India to grow at 6.8%. A sustained and inclusive growth model is key for the benefit from the demographic dividend.

Why a rethink is needed?

In India, the top 1% of each owns 73% of the wealth indicating a glaring inequality. The emissions from the top 1% is also exponentially higher than the rest.

As a country there is reduced savings investment and consumption. As per the USSD study consumption reduced by 3.7% during 2011-12 to 2017-18. The foreign investment is also reducing and the consumer price index touched 7.3% before cooling.

Towards newer economic growth model

The service sector driven economic model can see a transition towards community based models. The 100-mile communities model by the Self Employed Women Association can be turned into a national policy.

India is already supporting this by unincorporated MSMEs through mudra - loans, stand up India scheme and created separate ministry of co operation.

High domestic savings, accumulated capital accumulation and supplementing exports can relieve the stress put on the service sector. The East Asian nations followed this model.

At the backdrop of potential climate change and its impact the economic models created must ensure sustainability by incorporating compensation for loss and damage through negotiations.