



Junk inefficiency

Highlights:

1. The much-awaited vehicle scrappage policy announced by the Transport Ministry, coming after the move for a green tax on ageing and polluting automobiles, promises economic benefits, a cleaner environment and thousands of jobs.
2. Although it will take until April 2022 for vehicles belonging to the government and the public sector to be scrapped, another year thereafter to identify junk heavy commercial vehicles through mandatory fitness checks, and finally other vehicles by 2024, it is a constructive road map.
3. It will be no easy task, however, to put in place a credible system of automated fitness checking centres with help from States to assess whether commercial and private vehicles are roadworthy after 15 and 20 years, respectively, as the policy envisages.
4. Equally important, enforcement will be key to get them scrapped once they are found unfit for use and to stop them from moving to smaller towns.
5. States must also come on board to provide road tax and registration concessions, while the automobile industry is expected to sweeten the deal with genuine discounts on new vehicles.
6. Transport Ministry, which has had limited success with the enforcement of the amended Motor Vehicles Act of 2019 because States are not entirely on board, has the difficult task of ensuring that the scrappage plan gets their support, and the backing of manufacturers who stand to benefit from a spurt in demand.
7. Heavy commercial vehicles, which contribute disproportionately to pollution — 1.7 million lack fitness certificates — pose the biggest challenge. Many of these cannot be replaced quickly in the absence of financial arrangements for small operators, who have opposed the new measures.

Vehicle scrappage

1. Vehicle scrappage and replacement are seen internationally as a route to rejuvenate COVID-19-affected economies by privileging green technologies, notably electric vehicles (EVs), and also as an initiative to achieve net-zero emissions by mid-century under Paris Agreement commitments.
2. India's automobile ecosystem is complex, with dominant, legacy motors spanning fossil-fuel driven vehicles and a nascent EV segment. The industry's share pre-COVID-19 was about 7.5% of GDP with significant downstream employment, but it also imposes a fuel import burden.



3. The Centre has to arrive at a balance and have incentives that reward manufacturers of vehicles that are the most fuel-efficient. Failure to prioritise fuel efficiency and mandate even higher standards and enhance taxes on fuel guzzlers will only repeat the mistakes of vehicle exchange programmes abroad, where full environmental benefits could not be realised, and taxpayers ended up subsidising inefficiency.
4. Ecological scrapping, as a concept, must lead to high rates of materials recovery, reduce air pollution, mining and pressure on the environment.

How to treat unpaid work

Invisible Hand: Women everywhere carry a disproportionately higher burden of unpaid work, namely, unpaid domestic services as well as unpaid care of children, the old and the disabled for their respective households. Though this work contributes to overall well-being at the household level and collectively at the national level, it is invisible in the national database and particularly in national policies.

The plight of Women:

1. This work is repetitive, boring and frequently drudgery — a 24-hour job without remuneration, promotions or retirement benefits. It restricts opportunities for women in the economy and in life.
2. Women do this job not necessarily because they like it or are efficient in it, but because it is imposed on them by patriarchal norms, which are the roots of all-pervasive gender inequalities.
3. This unequal division of unpaid work between women and men is unfair and unjust and it deprives women of equal opportunities as men.
4. For political parties to recognise this work is a positive development, and the demand for wages for housewives has emerged from this concern. However, its implementation may create problems such as the affordability of the government and calculation of the amounts.
5. Women may not be eager to enter the labour market. More important, these wages may confirm unpaid work as women's work only, which would deny opportunities to women in the wider world.
6. Payment of pension to old women (60+ years) may be a better idea to compensate them for their unpaid work.

What the government could do



1. What governments could do is recognise this unpaid work in the national database by a sound time-use survey and use the data in national policies.
2. Also, they could relieve women's burden of unpaid work by improving technology (e.g. better fuel for cooking), better infrastructure (e.g. water at the doorstep), shifting some unpaid work to the mainstream economy (e.g. childcare, care of the disabled, and care of the chronically sick), and by making basic services (e.g. health and transportation) accessible to women.
3. Also, they could redistribute the work between men and women by providing different incentives and disincentives to men (e.g. mandatory training of men in housework, childcare, etc.) and financial incentives for sharing housework. These measures will give free time to women and open up new opportunities for them.

Unpaid work: Privately produced Public Good

1. What is critical is to understand the linkages between unpaid work and the economy. The household produces goods and services for its members, and if GDP is a measure of the total production and consumption of the economy, it has to incorporate this work by accepting the household as a sector of the economy.
2. At the macro level, unpaid work subsidises the private sector by providing it with a generation of workers (human capital) and takes care of the wear and tear of labour who are family members.
3. The private sector would have paid much higher wages and earned lower profits in the absence of unpaid work. Unpaid work also subsidises the government by taking care of the old, sick and disabled.
4. The state would have spent huge amounts in the absence of unpaid work. Unpaid work is a privately produced public good that is critical for the sustenance of the mainstream economy.
5. This work, therefore, needs to be integrated with the mainstream economy and policies. It will be up to public policies then to improve the productivity of unpaid workers, reduce their burden, and tap their potential in development, as the household could also be an important economic sector. By excluding this work from the economy, macroeconomics shows a clear male bias. It is not surprising that many economists call economics "a wrongly conceived discipline" that is narrow, partial and truncated. There is an urgent need to expand the purview of economics not only for gender justice but mainly for moving towards realistic economics.