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Complex count

A precise caste census is difficult, but the data will be useful to drive social policy.

Caste census:

- 1. The idea of a national caste census might be abhorrent when the stated policy is to strive for a casteless society, but it will be useful to establish statistical justification for preserving caste-based affirmative action programmes.*
- 2. It may also be a legal imperative, considering that courts want 'quantifiable data' to support the existing levels of reservation.*
- 3. Political parties with their base in particular social groups may find a caste enumeration useful if their favoured groups are established as dominant in specific geographies, or they may find the outcome inconvenient if the precise count turns out to be lower and has a negative bearing on perceptions about their electoral importance.*
- 4. Against this backdrop, the Union government's assertion in the Supreme Court that a census of the backward castes is "administratively difficult and cumbersome" may evoke varying responses.*
- 5. There are two components to the Government's stand. First, it asserts that it is a policy decision not to have caste as part of the regular census and that, administratively, the enumeration would be rendered so complex that it may jeopardise the decennial census itself.*
- 6. Second, it cites the difficulties and complexities inherent in getting an accurate count of castes, given the mind-boggling numbers of castes and sub-castes, with phonetic variations and similarities, that people returned as their caste in the Socio-Economic Caste Census (SECC) conducted in 2011.*

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The idea of a national caste census might be abhorrent when the stated policy is to strive for a casteless society, but it will be useful to establish statistical justification for preserving caste-based affirmative action programmes. It may also be a legal imperative, considering that courts want 'quantifiable data' to support the existing levels of reservation. Political parties with their base in particular social groups may find a caste enumeration useful, if their favoured groups are established as dominant in specific geographies; or they may find the outcome inconvenient, if the precise count turns out to be lower and has a negative bearing on perceptions about their electoral importance. In this backdrop, the Union government's assertion in the Supreme Court that a census of the backward castes is "administratively difficult and cumbersome" may evoke varying responses. There are two components to the Government's stand. First, it asserts that it is a policy decision not to have caste as part of the regular census and that, administratively, the enumeration would be rendered so complex that it may jeopardise the decennial census itself. Second, it cites the difficulties and complexities inherent in getting an accurate count of castes, given the mind-boggling numbers of castes and sub-castes, with phonetic variations and similarities, that people returned as their caste in the Socio-Economic Caste Census (SECC) conducted in 2011.

The Government has said data from the 2011 SECC were not acted upon because of "several infirmities" that rendered them unusable. Even in the Censuses up to 1931, when caste details were collected, they were wanting in completeness and accuracy. Further, the data contained 46 lakh different caste names, and if sub-castes were considered, the ultimate number may be exponentially high. These points do merit consideration, and even those clamouring for a caste census cannot easily brush them aside. However, these need not mean that an enumeration of the social groups in the country is impossible. A caste census need not necessarily mean caste in the census. It may be an independent exercise, but one that needs adequate thought and preparation, if its ultimate goal is not for political or electoral purposes, but for equity in distribution of opportunities. A preliminary socio-anthropological study can be done at the State and district levels to establish all sects and sub-castes present in the population. These can be tabulated under caste names that have wider recognition based on synonymy and equivalence among the appellations that people use to denote themselves. Thereafter, it may be possible to do a field enumeration that can mark any group under castes found in the available OBC/BC lists. A caste census may not sit well with the goal of a casteless society, but it may serve, in the interim, as a useful, even if not entirely flawless, means of addressing inequities in society.



The Socio-Economic Caste Census (SECC)

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When global firms disengage, employment suffers

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Employment sustainability

1. During normal times, seasonal labour released from agriculture gets accommodated in the construction sector, even though the ideal situation would be their movement to the factory sector.

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2. But, currently, the construction sector itself is shedding jobs, forcing workers to find employment in the household sector and low-end services.
3. This non-availability of sufficient jobs in manufacturing and higher-end services could be the dampener for economic recovery in the subsequent quarters of the current fiscal year.

Increasing employment:

1. Elementary economic theory suggests that raising the level of investments is the key to output and employment growth.
2. While public investments are important, especially in the current context of sluggish aggregate demand, there is a dire need to complement public investments with even more private investments.
3. The economy has been waiting for private investments to flow in for quite some time, but their levels have been very low, accentuating the unemployment situation.
4. Resorting to Foreign Direct Investment (FDI) to augment domestic capital formation is an approach that India has been pursuing by making 'ease of doing business' more enticing.
5. While inward FDI does generate jobs both directly and indirectly through an increase in production activities (which increases demand for labour), the magnitude of employment generated especially in the manufacturing sector needs closer scrutiny.
6. Further, the sustainability of increased employment is often threatened as it depends on the business avenues that other competing economies open up leading to corporate restructuring at the global level and firm exits from erstwhile locations.

An exit and disruptions

1. Tepid employment growth in the manufacturing sector is not a recent phenomenon in India. However, some sub-sectors within the manufacturing sector have generated both direct and indirect employment by attracting FDI and entering into global networks of production.

When global firms disengage, employment suffers

While inward FDI in India does create jobs, the magnitude and quality of job generation need scrutiny

Disengagement: Many multinational firms are disengaging from India, leading to job losses in the manufacturing sector. This is due to various reasons, including the high cost of doing business, the lack of skilled labour, and the slow pace of regulatory reforms. The disengagement of global firms is a significant concern for the Indian government, as it could lead to a loss of jobs and a decline in the country's economic growth.

FDI and disruptions: While FDI has been a source of capital for India, it has also led to the disruption of local businesses and the loss of jobs. This is particularly true in the manufacturing sector, where global firms have been disengaging from India. The loss of jobs in this sector is a major concern for the Indian government, as it could lead to a decline in the country's economic growth.

Elementary economic theory: Elementary economic theory suggests that raising the level of investments is the key to output and employment growth. This is because investments in infrastructure, education, and health care can lead to a more productive workforce and a more competitive economy. In the current context of sluggish aggregate demand, public investments are particularly important, as they can help to stimulate the economy and create jobs.

FDI and employment: While inward FDI does generate jobs both directly and indirectly through an increase in production activities, the magnitude of employment generated especially in the manufacturing sector needs closer scrutiny. This is because the manufacturing sector is a major source of jobs in India, and the disengagement of global firms from this sector could lead to a significant loss of jobs.

Exit and disruptions: Further, the sustainability of increased employment is often threatened as it depends on the business avenues that other competing economies open up leading to corporate restructuring at the global level and firm exits from erstwhile locations. This is particularly true in the manufacturing sector, where global firms have been disengaging from India. The loss of jobs in this sector is a major concern for the Indian government, as it could lead to a decline in the country's economic growth.

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2. A prominent segment, often projected as a driver of the manufacturing sector's output and employment growth, is the auto sector.
3. Estimates show that the automobile sector employs 19.1 million workers, directly and indirectly. Currently, more than 70% of the auto component companies are small and medium enterprises.
4. It was expected that by 2022, the employment in this sector would reach 38 million with a higher generation of indirect employment.

Challenges to employment generation in the Auto sector:

1. However, three factors have created roadblocks to the expansion of the sector. First, due to the novel coronavirus pandemic and subsequent lockdown, aggregate demand in the economy is low, which is being reflected in vehicle sales.
2. Second, the shortage of semiconductors continues to impact production even when customer sentiments are slowly turning positive.
3. Third, the recent exit of Ford from the Indian market would release a large number of employees, who would be in search of jobs that are hard to find.
4. The exit of Ford raises some important issues regarding the unbridled attraction of FDI. While FDI might help in creating a manufacturing ecosystem in certain locations, the uncertainties of global corporate restructuring and changes in the economic environment in the lead firm's home economy are factors to reckon with.
5. More frequent global production re-arrangements are becoming a part of the strategy of big firms in this phase of globalisation, as markets tend to be more volatile due to repeated demand fluctuations.

Other examples

1. We have had the experience of Nokia, which at its peak, in its Sriperumbudur factory (Tamil Nadu) was one of the world's largest mobile phone plants, with 8,000 permanent employees working three shifts, producing more than 15 million phones a month and exporting products to over 80 countries.
2. But in 2014, Nokia halted its production operations from this location, disrupting the livelihoods of thousands of workers.
3. Recently, Citibank announced that it would shut the Indian retail banking business as part of a global decision to exit 13 markets. The U.S.-based bank wants to focus on a 'few wealthy regions' around the world.



4. Citibank's exit from the retail segment is after more than three decades; the bank has 35 branches employing approximately 4,000 people in the consumer banking business. Closely following this, after 25 years of operations is auto manufacturer Ford deciding to exit India.
5. This will affect about 4,000 direct employees as it stops making cars at its factories in Sanand, Gujarat, and Chennai, Tamil Nadu. Estimates show that another 35,000 indirect employees would also be lost at various levels, creating a massive disruption in the local economy.

Impact on job generation

1. The exits of high-profile global firms affect employment generation in two ways. First, it creates apprehensions among potential investors about choosing that location for greenfield investments or for scaling up existing facilities.
2. Such circumstances generally lead to a 'wait and watch' approach, affecting private investments even if an economy claims to have the tag of investor friendliness.
3. A downturn in private investments leads to slower employment growth. Second, the process of the 'destruction of jobs through exits creates mismatches in the labour market.
4. That is, there is a sudden release of high skilled workers which could block possible new entrants who have already invested in their skills; this leads to a levelling down of wages which occurs when high-end services firms exit.
5. When large assembly firms exit there would be a big influx of low-skilled workers to other sectors as the same sector might not be able to absorb the workforce released. This churn in the labour market aggravates an existing unemployment problem.

A waning of permanency

1. The euphoria on the inflow of FDI and associated benefits needs to be tempered with the reality of the emergence of modern transnational corporations (TNC) with 'agility, rapidity and mobility.
2. When these TNCs emerge as key players in an industry, a proliferation of mergers and consolidations across national and international borders might be frequent.
3. These are efforts to open up new opportunities in new markets. Such waves of expansions and contractions are aimed at acquiring new markets and new trade opportunities.

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4. This process of internationalisation of production is driven by the big firms by investing in and out of developing economies.
5. Growing scepticism towards more open trade policies and the rise of protectionism have increased the risk and unpredictability of policy environments, leading to deeper reflection on both existing and new investments by global firms.

Thus, the 'next to near' permanency of large foreign firms operating for decades is slowly waning. It is here that domestic capital formation and private investments should step in. We are still waiting for it to happen.