

1. Strengthening the policy and institutional ecosystem supporting inclusive growth needs to be a top policy priority to thrive in the Fourth Industrial Revolution. Discuss.

Answer :

Fourth Industrial Revolution (4IR) is characterized by a fusion of technologies that blur the lines between physical, digital, and biological spheres. It is marked by advances in robotics, artificial intelligence, nanotechnology, quantum computing, Internet of Things (IoT), 3D printing and autonomous vehicles, etc.

Like previous Revolutions, 4IR also has the potential to raise global income levels and improve quality of life globally. However, there are concerns that it could yield greater inequality due to following reasons:

- Disruption of blue-collar labor markets: Faster and better machines will reduce the competitiveness of low-cost and low-skilled labour, causing their displacement.
- Affordability and accessibility challenges: In a country like India with gender divide, digital divide, rural-urban divide, educational gaps, 4IR would exclude a substantial proportion of population.
- Talent as a critical factor of production, over capital: This may give rise to a job market increasingly segregated into “low-skill/low-pay” and “high-skill/high-pay” segments, potentially causing social tensions
- Disruption of existing industry structures: Small and local businesses, that fail to embrace 4IR, would be ousted by agile, innovative competitors that would have access to global digital platforms for research, development, marketing, sales, and distribution.

On the positive side, 4IR would lead to economic inclusion by creation of new ways for citizens to connect to each other, improved access to education, improved healthcare, regeneration of natural environment through better asset management etc.

Nevertheless, to address the concerns related to 4IR, various measures strengthening policy and institutional ecosystem need to be taken. These include:

- Equitable access to affordable and quality education and skilling: reducing gender gaps, increasing enrollment in primary, secondary, tertiary and vocational sector.
- Evolutionary regulatory system that continuously adapts to the new, fast-changing environment through close collaboration with business and civil society to uphold the rights of the consumers and the labour.
- Data protection to uphold privacy, intellectual property rights and related dimensions, in order to ensure reliability to move, process and store data – that forms the foundation of 4IR.
- Harmonised and interoperable business environment facilitating services of banks, payment firms, online marketplaces, logistics providers etc. at regional levels to root out the risk of losing out to larger rivals
- Rethink on fiscal policy – as products become virtual and services move online and are delivered remotely, tax evasion needs to be thoroughly checked.
- With 4IR being driven mostly by private players, policies should ensure that the benefits are reaped by all stakeholders to ensure long-term sustainable growth.

PRACTICE QUESTIONS

Answer the following Questions

1. Explaining the role of human capital in economic development of a country, highlight the challenges and opportunities related to human capital formation in India.

(150 words)

2. In the context of major challenges that have restricted industrial growth, there is need for a new industrial policy to enable the industry to fulfill its role as the engine of growth and shoulder the responsibility of adding more value and jobs. Comment.

(150 words)