



Dealing with the economic slowdown

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The Indian economy has traditionally had a poor record of job creation. For the majority of the organized workforce, labour-intensive manufacturing has been the only source of reliable employment creating the prospect of upward mobility for workers and their children. This obviously has had its limitations. The only long-term solution is to invest heavily in human capital along with the development of safer and more productive urban centres. Unless this is urgently done, India's GDP growth risks remaining in the 4-6% range. It is also possible that a favourable base effect and the effects of monetary easing improve India's economic indicators in the coming quarters. However, a sustained recovery is unlikely unless some fundamental structural issues are suitably addressed. That necessitates political will.

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