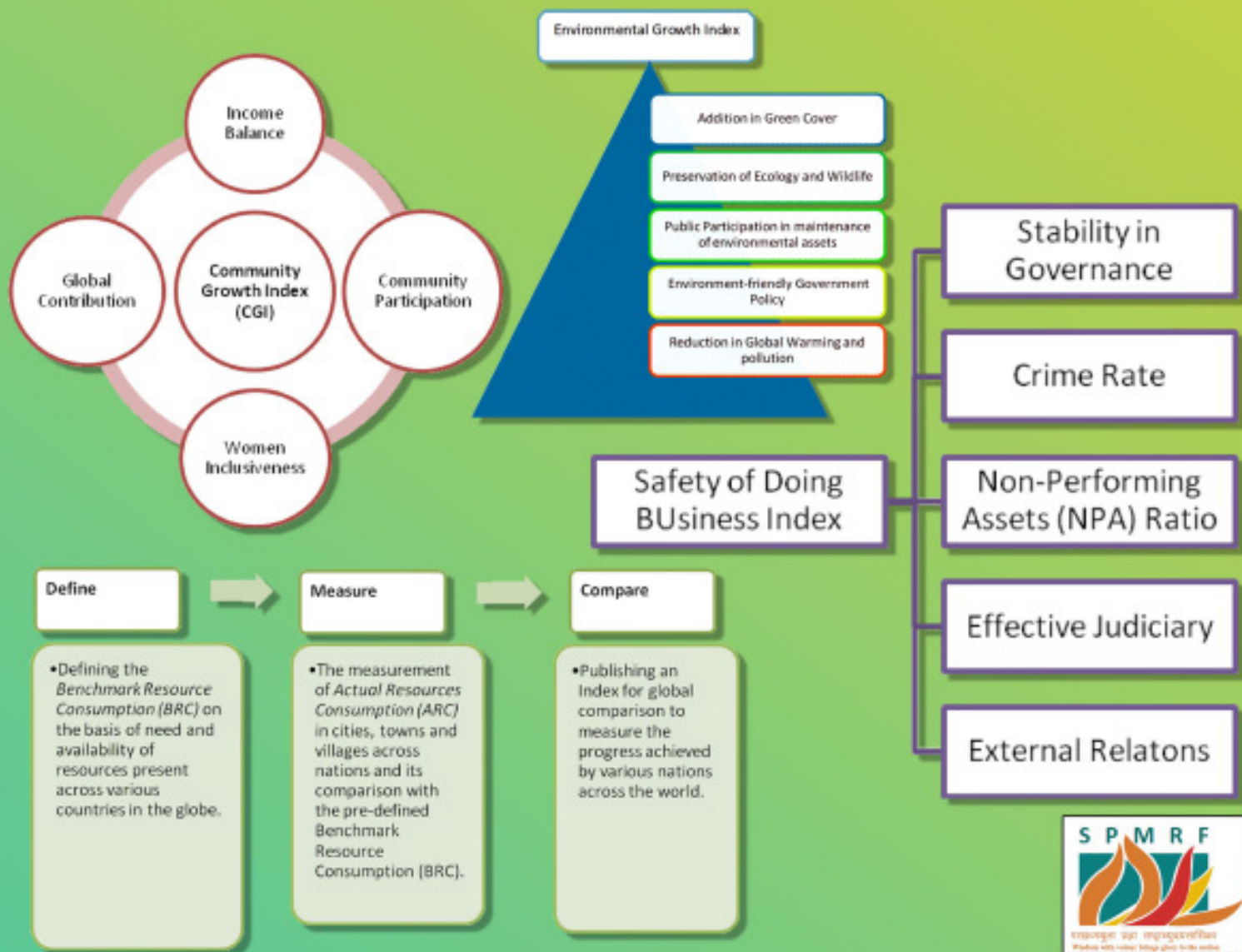


SPMRF OCCASIONAL PAPER

Transcending from Economic Growth to Economic Well-being

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**By
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Introduction

ॐ सर्वे भवन्तु सुखिनः। सर्वे सन्तु निरामयाः।
सर्वे भद्राणि पश्यन्तु। मा कश्चित् दुःख भाग्भवेत्॥

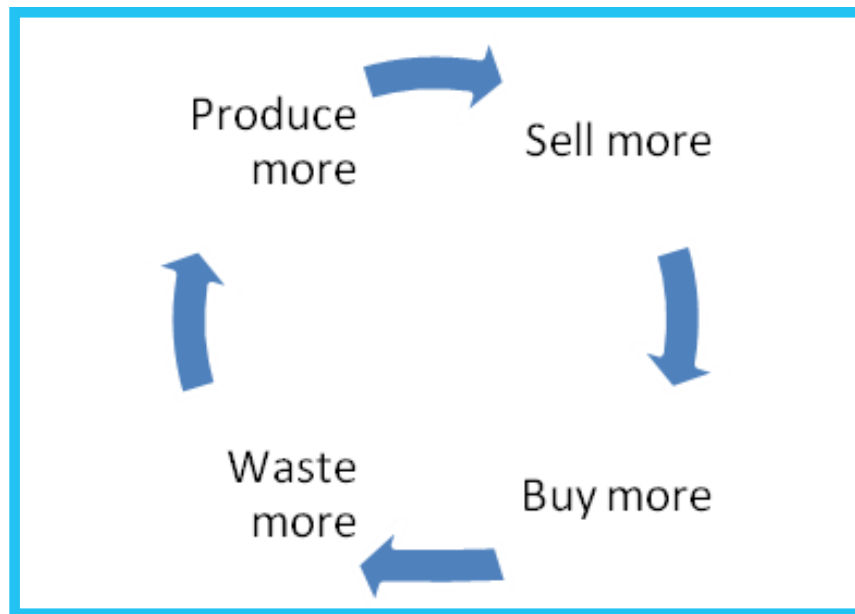
(May all be happy; May all be without disease;
May all have well-being; May none have misery of any sort.)

— Brihadaraanyaka Upanishad 1.4.14

India is a land of richness in knowledge and culture. With its history going back to a period of over 5000 years, several pearls of wisdom as the one referred above enlightens the world about its notion of growth and prosperity. A human attains pinnacle through *moksha* (*salvation*) which requires a person to remain detached from all the worldly pleasures. One of the major reasons for the sustenance of the Indian culture has been its balanced focus on the principles of *Dharma* (*righteousness*), *Artha* (*economic growth and material prosperity*), *Kama* (*worldly desires*) and *Moksha* (*salvation*). One of the most plausible paths towards redemption from the unquenchable global thirst of more growth lies in imbibing the best practices of Indian history and culture coupled with innovation in economic policy making.

The foundation of the modern day economic growth was laid nearly three hundred years ago with the beginning of the Industrial Revolution. This template was followed and adapted by most of the countries across the globe

as a standard *template for national economic growth*. However, never have the stark fault-lines in this template been more prominent than in the recent times. The Industrial Revolution led to the invasion of the minds of individuals, corporations and nations with this vicious, never-ending cycle-



Government Spending to even negative interest rates. But the results have not been delivered. Hence, this is an opportune time to rethink and bring about a metamorphosis in our Idea of Economic Growth. It is about time we give another chance for our humankind to grow and prosper albeit, in a better way.

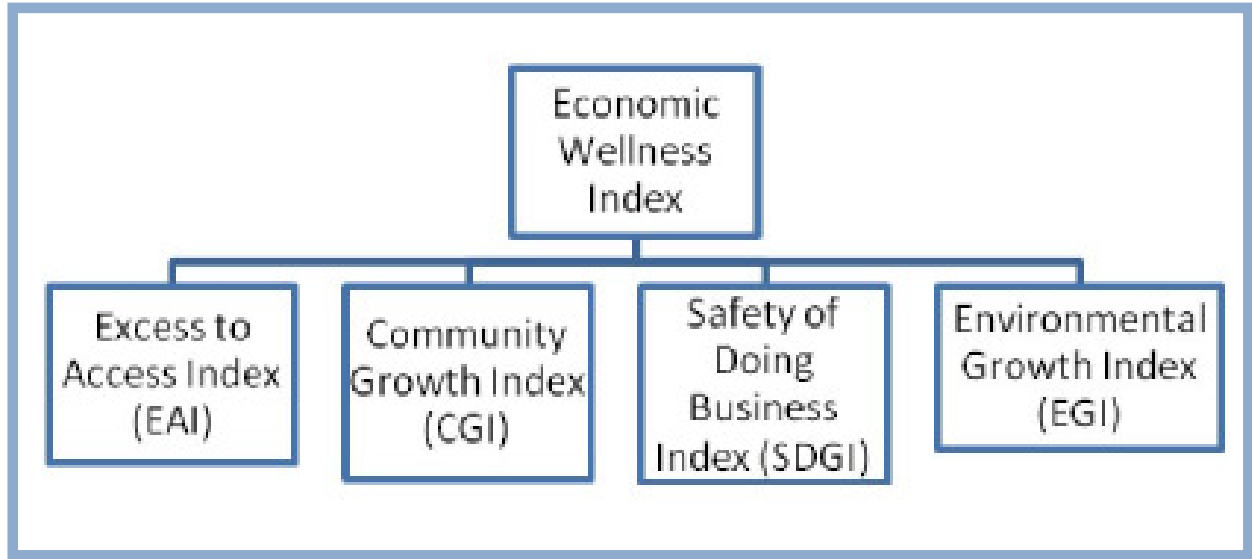
Ideation

Conventionally, the entire premise of a country's economic growth and progress lies in the amount of Gross Domestic Product (GDP) a country produces or the rising income levels of its citizens. The economic well-being-how many citizens in the country are able to enjoy the fruits of these rising incomes or are the citizens in the country really satisfied with their economic position, is hardly in the center of the policy-making processes in the country.

The central idea to be inculcated for future economic growth is to keep the *economic well-being* of citizens at the center. Just like the Human Development Index (HDI) published by the United Nations Development Programme (UNDP) on an annual basis, *an index named Economic Wellness Index (EWI) shall provide the platform for developing the alternatives to economic growth in the world.*

Constituents of Economic Wellness Index (EWI)

Over years, several efforts have been made to expand the scope of measuring the *real growth* in any country and hence measures such as Gender Equality Index (GEI) as well as GINI co-efficient were developed which will try and take aspects such as gender equality in the economy, disparity of incomes in society etc. into consideration. **Economic Wellness Index (EWI)** shall make a renewed and comprehensive effort to revisit the nuances of economic well-being of a human being. It shall be premised on four pillars which are enumerated as follows-



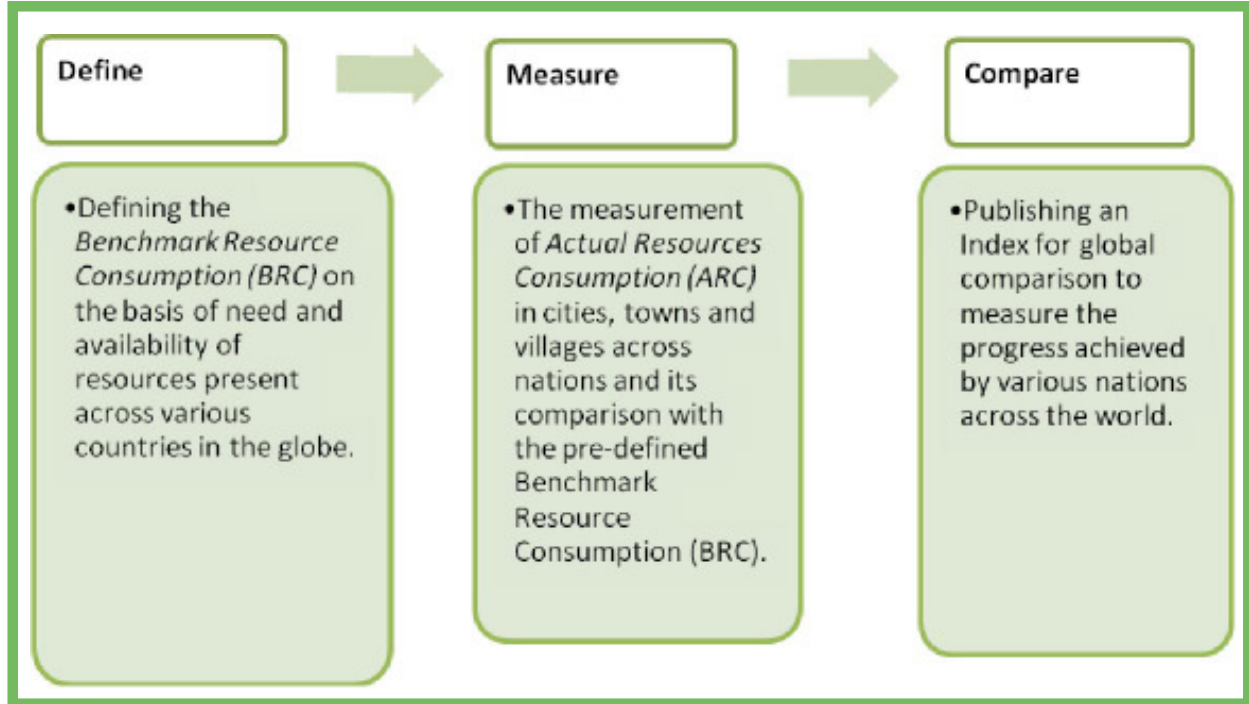
1. EXCESS TO ACCESS INDEX

अतिपरिचयात् अवज्ञा

(Too much (Excess) of acquaintance causes disrespect)

This time-tested Sanskrit adage aptly describes the disadvantages of excesses in life. *On one hand, where an average New Yorker consumes over 35000kWh¹ in a year, the total annual consumption of an average citizen from all major African nations including Libya, Egypt, Tunisia, Morocco, Algeria, South Africa, Zambia, Nigeria, Kenya Zimbabwe and Namibia combined² is less than half of a New Yorker's*

consumption (Combined figure 16503kWH). The need of the hour is to ensure that this disparity of resources and its usage so acutely shown by the above illustration is eliminated. The Excess to Access Index shall-



Results

It will help to gauge and learn best practices implemented by nations to-

- **Promote equitable consumption of resources**

- **Reduce wastage**

Hence, through this Index, future generations will get a premise to imbibe the lessons from a pearl of wisdom from ancient Indian literature- *अति सर्वत्र वर्जयेत्* (Let excess be avoided everywhere).

1. COMMUNITY GROWTH INDEX (CGI)

વૈષ્ણવ જન તો એને કહીએ જે પીડ પરાઈ જાણે રે;

પર દુઃખે ઉપકાર કરે તો એ મન અભિમાન ન આણે રે

(Those men are known as God's men who can understand the pain of others. They help the ones in need but never let ego come for that in their minds.)

– Narsinh Mehta (15th century)

*Mahatma Gandhi's favorite bhajan (prayer) brought to the world his most potent message- to empathize with others. In modern times, when the entire globe is fighting for building walls among various communities, races, religions etc., the need is to ensure that the entire community or the society grows together. Building more walls for immigrants or obstructing refugees or by using policies for export maximizing with economy-distorting effects is definitely not the way out or the way forward. **Community Growth Index (CGI) will be a tool to gauge the growth of a community as a whole within a country and hence, will be a much better measure to determine the economic growth of a society.***

Components of CGI



(i) Income Balance

- ▶ This component will expand the scope of existing GINI co-efficient³ and also include aspects such as
 - Efforts made for providing economic opportunities to people

- Crony capitalism
- Levels of concentration of wealth etc.

(ii) Community Participation

- ▶ India has always taught the world the concept of-

सर्व जन हिताय, सर्व जन सुखाय ।

(For the benefit of all, for the prosperity of all)

- ▶ It will take into consideration participation of community related to aspects such as-
 - For social causes
 - At the need of the hour such as calamity or an attack
 - Homogeneity of various communities in the society etc.

(iii) Women Inclusiveness

यत्रनार्यस्तुपूज्यन्तेरमन्तेतत्रदेवताः ।

(God exists there where women are worshipped.)

– Manu Smriti (3:56)

- ▶ Taking forward from the Gender Inequality Index (GII)⁴, it shall include aspects made such as-
 - Efforts made for inclusion of women into workforce
 - Prevention of crimes against women etc.

(iv) Global Contribution

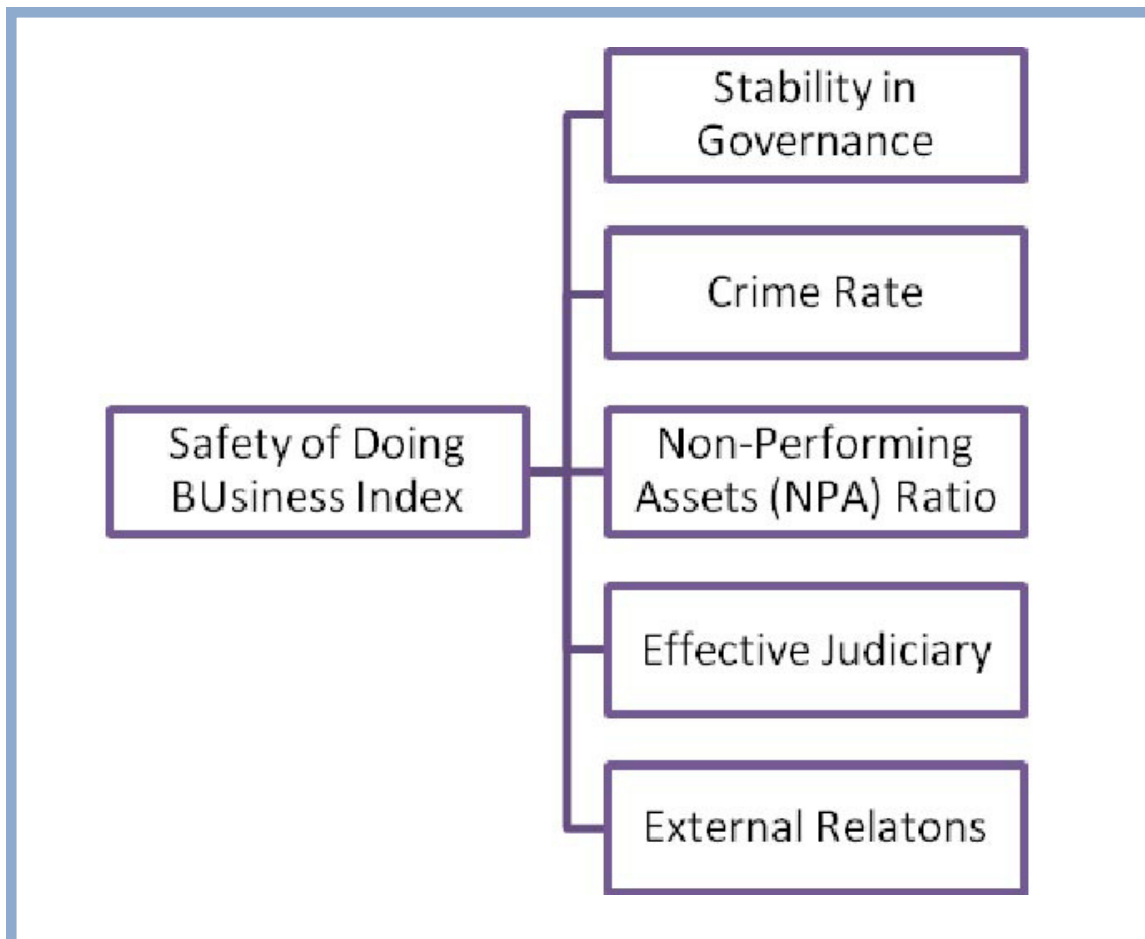
- ▶ A community must not just be inward looking but must accept the whole world as its own family as elicited in the famous Sanskrit saying- **वसुधैव कुटुम्बकम् ।**
- ▶ *Pt. Jawaharlal Nehru, the First Prime Minister of independent India, envisioned a globe where every country and community will help each other in growing and staying together. The current Prime Minister of India, Shri Narendra Modi*

has infused tremendous energy into nation's foreign policy initiatives and has incessantly championed causes to attain global peace and prosperity.

- ▶ Global contribution refers to the efforts made by a society for more proactive participation in bringing solution for global issues. Efforts made shall include-
- Extensive participation on global issues in multi-lateral institutions
- Implementing best practices for solving global problems etc.

1. SAFETY OF DOING BUSINESS INDEX

- ▶ World Bank has been releasing an Ease of Doing Business Index⁵ whereby they measure the simplicity and easiness in conducting business operations in any economy.
- ▶ Similarly, considering the current global situation and increasing tensions among nations and within these countries as well, it becomes imperative that a global index is constituted for measuring and evaluating the level of safety for conducting business activities in any country.



The components of this Index are encapsulated as follows-

(i) Stability in Governance

- ▶ For businesses to prosper, an essential requirement is stability of government at all levels.
- ▶ Several aspects determine this crucial factor for setting up of business such as-
 - Conduction of free and fair elections at regular intervals
 - Judiciary or Military over-reach in matters of governance etc.
 - Citizen satisfaction in Governance - The periodic evaluation of satisfaction among the citizens for the incumbent government, instances of anti-government movements, coup-attempts undertaken etc.

(ii) Crime Rate

- ▶ Business world can flourish only in a safe environment.
- ▶ Low crime rates in a country ensure that there is favorable atmosphere for businesses to grow.
- ▶ Moreover, crime has a very broad definition and also includes-
 - Civil issues such as property disputes
 - Cheque bouncing cases
 - Fraud and misleading etc.

(iii) Non-Performing Assets (NPA) Ratio

- ▶ The levels of unpaid amounts towards financial institutions in an economy are a useful tool to gauge the level of financial stability at both monetary and citizen level.
- ▶ *Sardar Vallabhbhai Patel, the first Home Minister of independent India while giving his 'The Blue-Print for Prosperity' enunciated-*

“Spend less, save more and invest as much as possible”

- ▶ Factors such as-
 - Levels of Non-performing Assets (NPAs) disclosed by Banks
 - Efforts made by the Government and Central Bank to manage the NPAs etc. play a crucial role in calming the nerves of investors willing to invest in a country.

(iv) Effective Judiciary

- ▶ Speedy and resolute judiciary plays a crucial role in ensuring protection for businessmen in any economy.
- ▶ Effectiveness of judiciary can be gauged from-
 - Speed of disposing cases by judiciary
 - Levels of corruption in judiciary
 - Effectiveness of alternative methods of seeking justice such as arbitration etc.

(v) External Relations

- ▶ The friendly relations of any nation with its neighbours as well as global powers go a long way in ensuring safety of business in any economy.
- ▶ Various other features of this aspect are-
 - Participation in Global Institutions
 - Maintenance of bilateral relations with several nations etc.

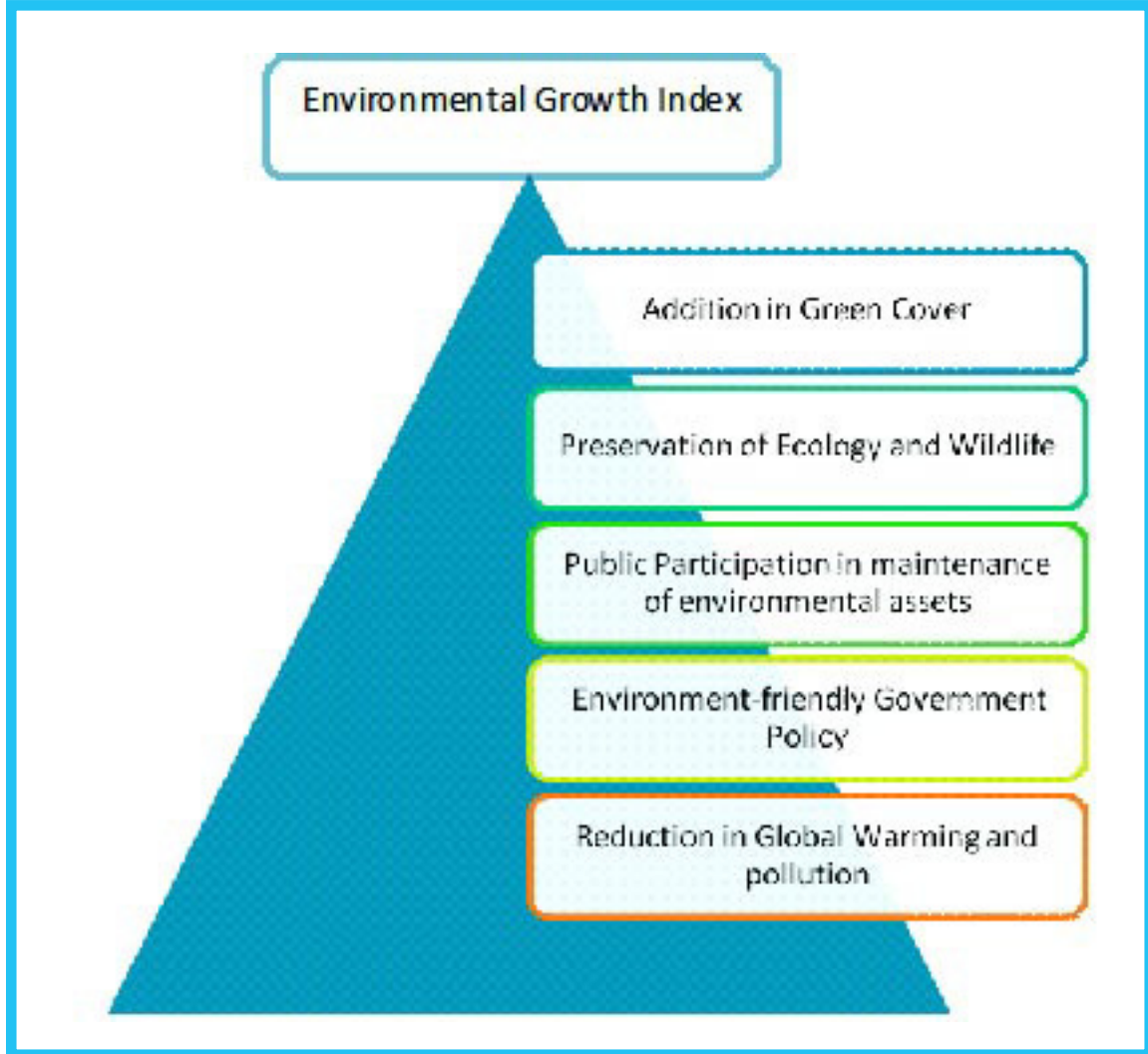
1. ENVIRONMENTAL GROWTH INDEX (EGI)

- ▶ Human civilization has always given significant importance to the maintenance of ecology. Disturbing or destroying the nature comes with its own perils. Ancient Indians have given a plant the stature of a God-

पौधे में भी परमात्मा होता है।

(Even Plants have God in them.)

- ▶ A comprehensive index must be developed to measure the maintenance and growth of environmental assets of any country.
-



एकं सद्विप्रा बहुधा वदन्ति

(Truth is only one; sages call it by several names)

– (Rig Veda 164:46)

This essay just tries to show one of the many alternatives towards economic growth. The need of the hour is to make comprehensive efforts from all spheres may it be legislators, policy makers, corporates or the common citizens to come together and take up the cause of economic prosperity. The journey from economic growth towards economic well-being will ensure that the overall

prosperity may it be economic, social or physical is attained by all the residents of Mother Earth. In the end, there is a need to resuscitate the essence of one of the most significant lessons derived from the richness of Indian literature-

कर्मण्येवाधिकारस्ते मा फलेषु कदाचन ।
मा कर्मफलहेतुर्भूर्मा ते सङ्गोऽस्त्वकर्मणि ॥

(You have the right to work only, but never to its fruits. Let the fruits of action not be your motive, nor let your attachment be to inaction.)

– Bhagavad Gita 2.47

There is no way we can attain prosperity or betterment for the entire earth if we cringe and hold on to our worldly desires. Accordingly, the real question is- Is economic growth an end or just a means to attain a higher end of shared peace and prosperity?

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