

India needs a 'care economy' policy^[1]

A comprehensive care economy infrastructure can support women to participate in economic activity

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EXCERPTS

The 'care economy' is statistically invisible. No effective macro policy coherence is there to ensure and support care economy in India. More often, women as primary caregivers leave the job market to perform the responsibilities, at the peak of their career. This, in turn, can affect economic growth of the country due to productivity loss, emanating from the loss of insights and talent they did bring on board. This also affects the 'potential output' of a country.

Unemployment rate in India reached a 45-year high of 6.1% in 2017-18, as per the recent NSS estimates. The IMF has also highlighted the widening gender gap in labour force participation rates in India. We must explore reasons why the female labour force participation in India is one of the lowest in the world. The lack of a comprehensive care economy policy is the single-most significant reason for the falling rate of female labour force participation. If we want to reap the demographic dividend before it vanishes, designing a comprehensive care economy policy in India should be the policy mantra.

If the objective of public policy is 'leaving no one behind' as an economy progresses, then designing an intelligent care economy policy should be the first charge on the exchequer. This policy is relevant from an 'efficiency and equity' perspective and also from 'human rights' perspective.

If India is unable to fully attract the talented educated women to the job market by ensuring the care economy infrastructure, then will the next best policy be to provide universal basic income (UBI) to the primary caregivers in the economy? UBI to a primary caregiver can enhance their dignity, remove their 'unfreedom', and can ensure social justice to their contribution to the economic growth by supporting the care economy. However, all what I want to highlight here is that UBI to a primary caregiver should not be a tradeoff to designing a comprehensive care economy infrastructure that can support women to participate in economic activity. Here, the basic norm is to give the freedom of choice to a woman 'to work' or 'not to work', but she should not be constrained to work.

The point we miss often is why care economy is core to macroeconomic policy frameworks. The macro policy decisions—say, fiscal austerity measures—impact men and women differently. For instance, if the fiscal austerity is by reducing the health spending in a country, the reduction in hospitalisation days or in-patient days can directly impact women as they are the primary caregivers in a household. Women, thus, bear the brunt of macroeconomic policy decisions. At the same time, more often, macro policy is not designed to integrate household caregiver's perspectives, which otherwise needs an enormous attention as we cannot take the support from the care economy system as infinite. If public expenditure compression is the path to achieve fiscal austerity, it can lead to 'humanitarian crisis' through cutbacks in spending on employment, pensions and social security support.

India has designed a fully-paid childcare leave policy for two years—a leading example of such policies in the world. But a 'comprehensive care economy policy' is absent in India. India should be leading the world in designing a comprehensive care economy policy by taking into account all the elements of care. We need innovative statistics like time-use survey to capture the extent of care economy, which is otherwise absent in the existing Employment-Unemployment Survey rounds.

In Canada, a 'compassionate care leave' policy has been introduced to take care of one's ailing relative, up to six months in discrete or in continuum. Such policies can help the primary caregivers, often women, not to leave workforce when their parent or spouse or a close relative falls ill. If public policy takes it for granted (increasing trend of women leaving the labour market), they are missing the big picture.

Women face huge challenges to earn a living and live peacefully during retirement years. In India, especially when social security benefits are not well-designed, the permanent or temporary exit of a woman from the job market to take care of small child or an elderly parent enormously reduces her earning potential and her savings for retirement. To add, if the woman is a single parent or divorced, unless the public policy addresses this vulnerability, as a country we are missing the big picture of how the loss of such human capital can affect the economic growth. Kerala is almost there to design a care economy support structure by the government, which can provide highly-efficient caregivers to the households. This authentic care economy support by the government can increase economic growth.

It is interesting to recall the documentary 'The Swedish Theory of Love', which encapsulates the public policy revolution in Sweden, when policymakers decided 'autonomous individual' (not the 'household') as the unit of analysis of a public policy. The Swedish theory emphasises that when an individual is not dependent on another individual for existence, true love happens, and public policy has a role to ensure this. But when we design a comprehensive care economy policy, country 'context' matters. India has begun designing such policies based on the notion of 'autonomous individual' by providing job guarantee or financial inclusion or cash transfers to an 'individual' rather than a 'household'. However, a public finance revolution in India to support a comprehensive care economy policy is what is needed.

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