

RESEARCH ARTICLE

Challenges and the Policy Directives

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ABSTRACT

The study reveals the challenges and policy directives in India's scenario regarding the performance of employment with the emergence of Big Data, Artificial Intelligence, and Machine Learning. The concerning factor relies on the fact that the policymakers pose a threat by imposing challenges on the traditional outlook of the economy; resultantly, this raises a question about the coordination between technology and human beings. Visualizing the advancement of technology presents a question regarding the disruptive performance of the economy if it is applied without stabilizing the core sectors. The question raises the following scenario to convert the best outcome for India's economic performance, where AI, Big Data, and Machine Learning can be most effectively implemented. The scenario of implementation can be positive if the traditional sector performs better.

Purpose of the study: 1. Scenario for the infant industry that is struggling with the imposition of the tax. This might be a barrier to these industries from performing. 2. The momentum of the fast pace with the advent of technology raises a situation of a huge gap between the high-level and low-level strata of society; the influence of capitalism is felt all around. 3. FDIP scores for developing and least developed nations reveal a lot about the gap in economic growth.

Outcome of the study: The study reveals the fact that policymakers need to concentrate on minor factors for the best performance of the economy.

Keywords: Traditional society, Tax, Capitalism, Financial inclusion in South Asia

INTRODUCTION

Two sets of the problem motivated the study of the traditional industry based on the artisans¹. The first arises in South Asian historiography, and the second in comparative development. The evidence on the artisans, however, is ambiguous. Foreign trade became an immensely more powerful economic variable than ever before. Exports expressed as a ratio of national income increased from small amounts in the pre-colonial period to 10-11% in the interwar years².

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How to cite this article: Kumar, D. (2024). Challenges and the Policy Directives. *Optimization*, 16(2): 51-59.

Source of support: Nil

Conflict of interest: None

Received: 01/09/2024; Accepted: 14/10/2024

¹In this study, the term 'Artisans or the traditional Industry' refer to industries that combine the three loosely defined features; tool-based technology, non-co-operative organization and pre-colonial origin. In some context 'Artisanal' may refer to the industries, which are run today with electric power, but have artisanal origins, and reflect the connection in aspects of industrial organization. ↑

²The ratio is a rough measure of the importance of trade. In 1925, it was about 11%, or Merchandise export of Rs 4 b on national income at current price of Rs 34b. The value of export increased 50 times between 1834 and 1925, and possibly over a hundred fold between 1760 and 1925. Notwithstanding possible adjustments for the changes in price, currency system, and real income, it is unlikely that nominal national income could have risen by comparable magnitude between this dates. Under realistic assumptions, the ratio was much smaller than 11% in 1760 and 1934. ↑

In the given paper³, surveys on the following areas of the literature: (1) the informal role of income tax expense reporting in financial accounting, (2) corporate tax avoidance, (3) corporate decision-making, including investment, capital structure, organizational form, and taxes and asset pricing.

The essay reviews the development approaches within what we call comparative capitalisms (cc) literature and points to three theoretical innovations which, taken together, define and distinguish these approaches. First, national economies are characterized by distinct institutional configurations that generate a particular system “logic” of economic action⁴. Second, the (cc) literature has been interpreted to imply a theory of institutional path dependence.

As per the study of Brookings, South Asia’s robust mobile ecosystem is contributing to enhanced engagement with digital financial services; the strengthening of mobile infrastructure and the mobile ecosystem across many countries in South Asia to improve FDIP Scores, FDIP focuses on key dimensions including (1) financial inclusion, (2) regulatory environment, and (3) the adoption of traditional and digital financial services.

TRADITIONAL SOCIETY

Analysis of the Case Study 1

Two sets of the problem motivated the study of the traditional industry based on the artisans. Foreign trade became an immensely more powerful economic variable than ever before. Exports were expressed as a ratio of national income; but here the study reveals the performance of the data regarding the performance of the worker in the traditional sector in 2023, which needs to be the most pivotal discussion in the policy directive for the upliftment of society. The majority of the least performance occurring in

the traditional industry seems well connected with the progress of human capital. Before delving deep into the subject of the performance of the worker in the traditional industry with the emergence of the decade.

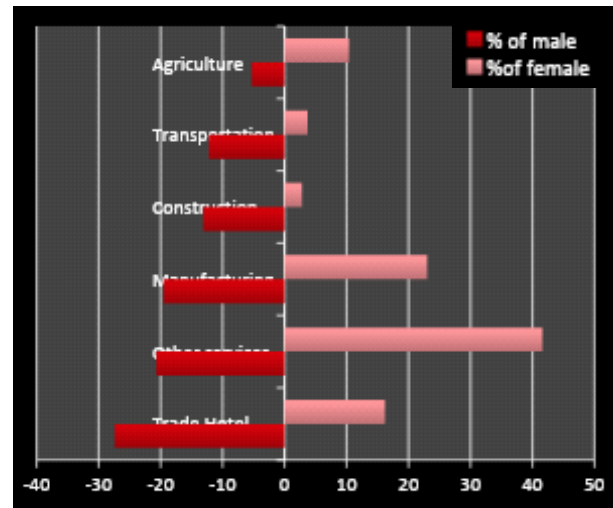


Figure 1: Ministry of Statistics and Programme Implementation. (n.d.). <https://www.mospi.gov.in>

Performance of the worker in 2020-21

The Figure 1 depicts the percentage of males and females in 2020-21 and shows a negative performance in the participation rate from agriculture to trade and hotels. The question arises: services are the backbone of international trade, but there seems to be a question about the upliftment of the majority participation of females in the service sector, which has proved to be a social development for women in a patriarchal society. However, on the same facet of the coin, there seems to be a possibility of rising questions about the imbalance in the economy due to the participation of male contributions in agriculture to trade and hotels (the service industry). Linking the above facts, the participation of the sexes raises the question of what factors determine the least interest of the male counterpart in being a part of the workforce and their

³Michelle Hanlon, Shane Heitzman (2010) ↑

⁴“Logic” means typical strategies, routine approaches to problems and shared decision making rules that produce predictable patterns of behavior by actor with in the system. ↑

Table 1: Percentage distribution of worker by status in Employment

| Status in Employment | 2017-18 | 2018-19 | 2019-20 | 2020-21 |
|---------------------------------|---------|---------|---------|---------|
| Female | | | | |
| Own account worker and employer | 23.7 | 24.9 | 23.5 | 26.0 |
| Helper in household enterprise | 11.0 | 9.6 | 11.1 | 12.4 |
| Regular wage/salary | 52.1 | 54.7 | 54.2 | 50.1 |
| Casual Labor | 13.1 | 10.7 | 11.1 | 11.5 |
| Male | | | | |
| Own account worker and employer | 34.9 | 34.6 | 34.6 | 35.4 |
| Helper in household enterprise | 4.3 | 4.1 | 4.1 | 4.5 |
| Regular wage/salary | 45.7 | 47.2 | 47.2 | 45.3 |
| Casual Labor | 15.1 | 14.2 | 14.1 | 14.9 |
| Own account worker and employer | 32.6 | 32.6 | 32.1 | 33.2 |
| Helper in household enterprise | 5.7 | 5.3 | 5.7 | 6.3 |
| Regular wage/ salary | 47.0 | 48.7 | 48.8 | 46.4 |
| Casual Labor | 14.7 | 13.5 | 13.4 | 14.1 |

Source: (PLFS, MoSPI)

direct/indirect contributions to development. Here, the figure connotes a possible formidable question:

1. In terms of emerging nations as developed economies, there seems to be a still prevalence of the wage war in terms of male/female participation.
2. Inequality in wage distribution results in a negative setback in the pricing theory of economics.

Now, if we take the first point on the prevalence of the wage war, what would be the possibilities for the economy in determining actions against the deficit? If possible, what would be the policy directive?

- (a) The study reveals that there seems to be a dominant strategy concerning women with wage-related matters/hours of work in relation to their male counterparts. The psychological behavioral trait of women's dependency on long-term factors rather than looking to male counterparts is notable. In this scenario, the study of brain

mapping seems important for any engagement with a visualization of the overall development of the economy. To strengthen the wage war factor, the following points need to be considered for the strengthening of the economy:

1. Strict regulations must be enacted to avoid discrimination.
 2. A regulatory framework must address the prevalence of gender bias in participation.
- (b) What determines the pricing theory in economics, and how does it affect wage distribution?

Pricing theory occupies a pivotal place in economics. Rationalization of pricing decisions depends on market needs. In this scenario, the manager sets a goal regarding the economic activity of the firm. As a result, the dependency factor of labor wages and the productivity of the firm are well connected; thus, there seems to be a high probability for the manager to curtail wages for labor in

determining the overall economic activity of the firm in order to maintain neutrality in the performance of economic development from the manager's perspective.

1. Fixation of the minimum boundary perspective on wage-specific matters can result in a positive setback in times of crisis; for this, policymakers must consider strict regulatory measures toward the equality performance index of wages from a long-term perspective.

Now, if we look at part (b) of Figure 1, we can depict that the overall percentage of employment in different strata raises questions about the equal treatment of wage performance for both males and females (helpers in household enterprises and casual labor). This data depicts a low level of performance in participation in terms of policy perspective. To determine the best results for this strata, policy directives must be enacted for skills with the help of technology. In this process, the biggest challenge for policymakers is how to deal with illiteracy and advancement, as this section of marginal labor remains a subject of concern regarding exploitation. To bridge the gap, one must be a part of

initiatives toward the development process of the marginalized sections of society.

TAX

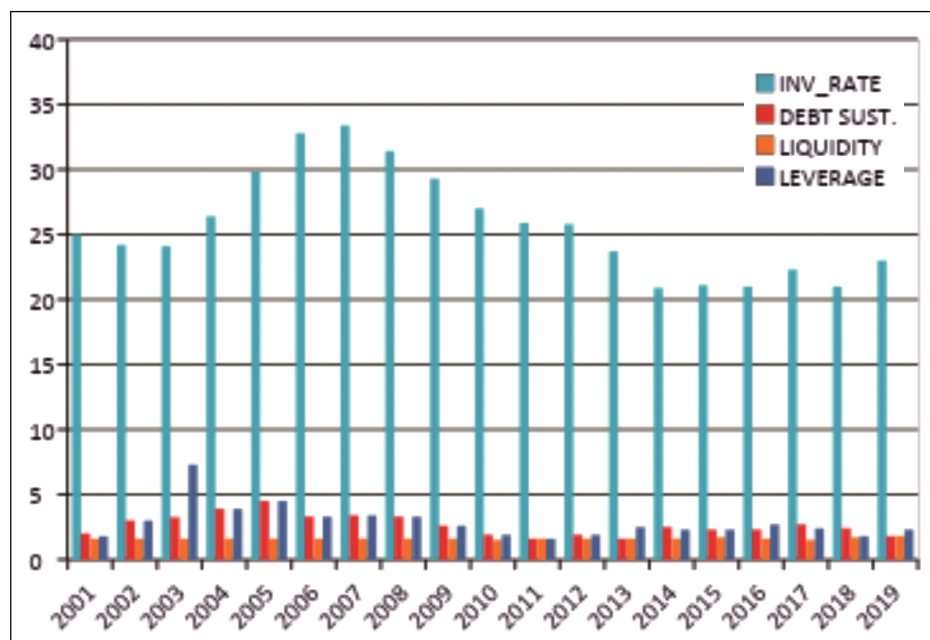
Analysis of the Case Study 2

The second analysis of the literature review on the (1) informal role of income tax reporting in financial accounting (2) corporate tax avoidance (3) corporate decision-making, including investment, capital structure, organizational form, and tax and asset pricing. Now the question arises on the specific industry, which seems to be a subject of discussion; in this regard, there seems to be an outlook on the above factors, what they really connote, and what they actually determine. In this study, we look at the outcome of the corporate decision regarding investment for traditional and modern industries.

In the given data sheet of corporate investment: Liquidity, Leverage, and Debt Obligation (Mean Values) (2021)

Figure 2 determines the following factors regarding corporate investment under which liquidity, leverage, and debt obligation pose a pivotal role; but

Figure 2: Institute of Economic Growth. (n.d.). <https://iegindia.org>
Source: (IEG working paper No. 441)



SVIPA-INDIA-SCORECARD⁵**REPORT**

Percentage of Funds Outperformed by Index (Based on Absolute return)

| Fund Category | Comparison Index | 1-Year (%) | 3-Year (%) | 5-Year (%) | 10-Year (%) |
|-----------------------------|------------------------------------|------------|------------|------------|-------------|
| India Equity Large Cap | S&P BSE100 | 87.50 | 96.67 | 93.75 | 67.91 |
| India ELSS | S&P BSE200 | 76.92 | 69.77 | 95.35 | 63.89 |
| India Equity Mid/ Small Cap | S&PBSE400Mid Small Cap Index | 54.90 | 58.33 | 44.83 | 50.00 |
| India Composite Bond | S&P BSE India Bond Index | 45.39 | 71.33 | 95.77 | 98.17 |
| Indian Government Bond | S&PBSE India Government Bond Index | 68.00 | 70.83 | 71.05 | 82.89 |

Fund Category**SVIPA-INDIA-SCORECARD⁶****REPORT**

Percentage of Funds outperformed by the Index (Based on Risk- Adjusted Return)

| Fund Category | Composite Index | 1-Year (%) | 3-Year (%) | 5-Year (%) | 10-year (%) |
|------------------------------|------------------------------------|------------|------------|------------|-------------|
| Indian Equity Large Cap | S&PBSE100 | 90.63 | 83.33 | 82.81 | 66.42 |
| Indian ELSS | S&PBSE200 | 76.92 | 67.44 | 90.70 | 69.44 |
| Indian Equity Mid/ Small Cap | S&PBSE400 Mid Small Cap Index | 52.94 | 41.67 | 34.48 | 35.00 |
| Indian Composite Bond | S&P BSE India Bond Index | 26.95 | 54.55 | 66.20 | 73.39 |
| Indian Government Bond | S&PBSE India Government Bond Index | 40.00 | 87.50 | 97.37 | 95.74 |

this study needs to concentrate on the loopholes in policy-making:

(a) How does liquidity work in the investment pattern?

Liquidity refers to the assets that can be converted into ready cash. But the main role of liquidity is to help determine investment. Before delving deep into liquidity, one must look at the liquidity performance data in investment performance over five years.

Analysis of the table

If we look at the table based on the duration of the year from the short-term analysis to long-term analysis, we can analyze that the rate of return on percentage in the short tenure is higher in comparison to the long-term duration period (i.e., 10-year duration). Now the question arises in this table: what factors determine low returns in liquidity if investment occurs on the above index and is the same as the investment in the short tenure in Indian equity, which is indirectly or

⁵S&P Dow Jones Indices LLC Morningstar and Association of Mutual Fund of India. Data as of Dec 31st 2022. Returns are shown in INR. The S&P BSE 400 Mid Small Cap Index was Launched Nov 2017. The S&P BSE India Government Bond and the S&P BSE India bond Launched March 12, 2014. All data prior to index launch date is back- tested hypothetical data. ↑

⁶S&P Dow Jones Indices LLC, Morning star AND Mutual fund of India. Data of Dec 31st 2022. Returns are shown in INR. The S&P BSE 400 Mid small cap Index was launched March 12, 2014. All data prior to index launch date is back –tested hypothetical data. ↑

directly related to the tax rate? Not only in terms of the tax rate, but it also has a relation to the indirect tax to some extent. This continuity happens over five years in terms of percentage due to the volatility of the market. Now the second figure depicts the risk-related matter; this situation can be seen in the S&P BSE 400 Mid Small Cap Index. This entails the factor of the least confidence in the investment return from the 3-year to the 10-year period. Resultantly, there seems to be a visualization of how market volatility and the loss of money affect the continuity of economic growth.

In terms of the positive outlook for investment, one must concentrate on the visible and invisible taxes in order to create money for further investment. From the above table, we now look at the price-setting policy. Price-setting policy plays an important role in determining investment, whether it pertains to the modern industry or the traditional industry. Here, one must emphasize the strategy of price-setting for investment purposes.

Price-setting policy for the modern and traditional industries with special emphasis on the tax system:

Now analyze the study in the form of tabulation:

| | |
|---|---|
| Comparative capitalism | <p>Effects</p> <ol style="list-style-type: none"> 1. Dependency more on the international partner. 2. Leads to the stagnation in the innovation. 3. Puppet on the pricing strategy by the international partner leads to the increase of the debt to the poor nations for their services; raises a situation of the monopoly leadership in the market; but when we talk about India dominant strategy by the private player results a subjective concern on the capitalism in now a days. 4. Dominant of the price fixation by the capitalist for its own profit and to dominant on the weak player make a one sided game from the Mercantile era to Present Era Solution : Policy must focus on the neutrality biasness with a special emphasis to the infant , traditional and the weaker Industry. |
| Logic of Economic Action | <p>Effects</p> <ol style="list-style-type: none"> 1. Subdued more emphasis on the economic theory. 2. Least dependency on the economic theory for the traditional player; if applicable then there seems a lack of resource of training to the sophisticated methodology. 3. Lack of training adoption by the traditional player due to the overhead cost. Solution : Adaption of the Unit Economics and the training on the biasness of a regulation. |
| Theory of Institutional path dependence | <p>Effects</p> <ol style="list-style-type: none"> 1. The biggest outlook for the traditional industry is the theory of institutional path dependence; there seems a various factor which the traditional industry needs to re-focus with the advent of the time. <ol style="list-style-type: none"> A. Traditional industry need to concentrate on the internal biasness of the changing agents. B. Multiply the investment by change agents. C. Concentrate on the Micro-factor which remains a hurdle for changes.Solution: Stringent action on the change agent regulatory factor with the emphasis to technology driven factor. |

Source: (Author's compilation on the loopholes) Fig(4)

1. Choose a concessional regime, especially for both industries in the start-up phase, on the condition that their strategy for profit is high; this can be understood by the model of the business.
2. In the case of the traditional industry, the study must emphasize the liberal practice of the upliftment procedure.
3. The imposition of tax for the long-term period seems to provide negative feedback for both traditional and modern industries in terms of growth; although if it is imposed, the marginal tax must be at the minimum bracket level so that there are no hindrances to growth for traditional and modern industries.

Capitalism, “logic of economic action,” and the theory of institutional path dependence.

- Comparative Capitalism: This concept suggests that economies can become permanently dependent upon international institutions to grow their importance.
- “Logic of Economic Action”: Economic logic might possess Economic Reasoning; in this sense, the claim of efficiency of common law reduces to the claim of natural reasoning.
- Theory of Institutional Path Dependence: “Institutions change less than might be expected and constrain advancements.”

CAPITALISM

Analysis of the Case Study 3

- The essay reviews the development approaches within what we call Comparative Capitalism; where it determines that the factor depends on the particular system “logic of economic action” and second, it determines the theory of institutional path dependence.
- Before we delve into the elaboration of the topic, we need to concentrate on Comparative

FINANCIAL INCLUSION IN SOUTH ASIA

Analysis of Case Study 4

The Brookings Institution reveals the fact that there seems to be a possibility of the robust mobile ecosystem contributing to an enhanced engagement with digital financial services and strengthening the mobile infrastructure; however, the main concern of the study is the encouragement of the digital ecosystem to help other countries in South Asia improve their FDIP scores. Another concern regarding

| India | Pakistan | Bangladesh | Afghanistan |
|--|--|---|---|
| First provisional ‘Payment Bank’ Licenses Guideline: (a) Small saving bank a/c (b) Payments/ remittance services to migrant labor workforce, low income households, small business, other unorganized sector entities and other users. | Mobile money continued to serve as a driver of Financial inclusion in Pakistan, increase about 2% point (7 to 9%). Mobile money registration is increasing. But the point towards the discussion for Pakistan in term of the Financial inclusion regarding “safety a biggest concern”. | In order to make a strong base in the advance financial inclusion (as evidence by financial inclusion from the Maya Declaration and other initiative) towards the increasing rate of registered mobile money users; but the study of the Federal Reserve bank of New York and Bangladesh central Bank reports on the “ increasing of theft seems a concern to the fact of financial inclusion | Lowest Gross Domestic product, limited banking infrastructure and political instability poses a challenges on the FDIP For Afghanistan. Afghanistan have huge capacity on the mobile capacity in the FDIP representing a huge opportunity to this field but the concerning factor for Afghanistan is the “ Safety of the Money in digital transaction”. |

| India | Pakistan | Bangladesh | Afghanistan |
|--|--|---|---|
| <p>Concentration on the strength of the FDIP for India by emphasis more on the factor encouraging factor to the traditional as well as digital system but the concerning factor in the recent scenario for the encouragement of the payment bank system by the private player in order to give benefit to the marginalized class by opening the small saving a/c . in order to look the detail concentration the subject of the concern for the Central bank to look on the issuance factor of the base rate in the rate of interest for this class. Last not the least if in the digital procedure for transaction system the policymaker to think more on the safety consensus of the transaction in terms of interest from the private players.</p> | <p>Concentration for the Pakistan financial regulator to look on the consideration on the safety purpose of the population's hard earned money.</p> <p>Stringent regulation emphasis on the traditional system at first. In order to look self dependency on strengthening the nation's currency the monetary regulators as well as financial regulators need to work on the 1:1 rule. here is the question for the policy maker is what is 1:1 rule; here it signifies the co-ordination of the system of the monetary factor and the financial factor goes parallel.</p> <p>Now towards the digitization from the prospects of the FDIP Scores work jointly with the experts and scientist on the encrypted layers by using block chain and the strong AI Programming.</p> | <p>Concentrate more on the policy of the simplified system of the transaction of the money for the common population from the visualization of the capability of the Entrepreneurship.</p> <p>For the digital procedure the policy maker need special recommendation to the simplified system of the transaction of the money with a affordable rate of interest in inward and outward transaction.</p> | <p>Policymaker to think on the issuance factor of the fundamentalism; rather than to look on the digitization process; but here the special recommendation on the basic factor like the strong balance sheet for the financial inclusion.</p> <p>Concentrate on the traditional banking and it's methodology to strengthen the economic outlook from the prospects of the policy maker.</p> |

Source: (Author's compilation in Tabular form)

FDIP scores is (1) Financial Inclusion, (2) Regulatory Environment, and (3) Adoption of Traditional and Digital Financial Services. In order to examine the study, we first concentrate on the specific nations regarding the digitized system.

In order to make deep consensus we have to make analysis from the given tabulation:

CONCLUSION

Outcome and Findings of the Study

The study reveals from the introduction to the end that policymakers must concentrate on the

introductory factor; which every policymaker must consider equally for the traditional and the modern industry. If we look towards the technological innovation in the 21st century, there seems to be a fast-paced need in the form of requirement; in this scenario, the situation of disequilibrium occurs between the traditional and modern industries. Now looking forward to the investment process, where there seems to be a dire need to focus on the increasing income analysis and the price-setting strategy for the industry; and last but not least, in the framework of the dominant strategy of capitalism,

policymakers need to refocus on the given factors mentioned above for a smoother process in the driving force of economic activity. To determine the overall performance, policymakers need to concentrate on stringent regulation towards the loopholes in society. In order to stabilize and achieve equilibrium in economic activity, policymakers need to concentrate on the minor factors mentioned above. Last but not least, the subject concerning financial inclusion in South Asia still remains a significant puzzle that needs to be solved by policymakers in the time to come.

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