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**Revisiting Policies for a Human-centric Economy:
The 21st Century Imperative**

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Revisiting Policies for a Human-centric Economy: The 21st Century Imperative¹

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Abstract

Persisting unresolved issue of chronic poverty and deteriorating trends in some aspects of human life—such as income and wealth inequality, inadequate opportunities to improve life and livelihoods across many countries, require a rethink on the approach and scope of public policy interventions. There is also an urgency to effectively address the evolving 21st century concerns, with a significant global footprint which require going beyond the business-as-usual policy conduct. The response has to be necessarily based on a thinking that consciously departs from economic orthodoxy, as it has fallen short in delivering the desired social outcomes, both in the developing and the industrialised world. A move towards heterodox economic policy guidance to address the problems must be underpinned by a consistent normative basis, just as it is necessary for that guidance to be strictly evidence-based. The social policy basket also needs reworking, with a firmer normative foundation, and a strengthened delivery modality to get to the desired results rapidly. In that context, this essay articulates the idea of a human-centric economy, where human dignity is respected, the fruits of economic activity are equitably distributed, inequalities in social and economic outcomes are narrowed over time, and where every person has an opportunity to actualise her potential. A human-centric economy, with its normative anchor in human rights standards and attendant policies, shift the focus from the conventional liberal emphasis on economic growth and per capita income to a broader conception of development and human wellbeing. This move allows for an organic integration of several recent approaches, pursued successfully to address some deep-seated development concerns as an adjunct to the dominant liberal policy guidance—to play an effective role in a well-rounded composite policy framework. Besides the state and the market, the framework gives space and scope to human agency to play a vital role in sustaining progress and inclusion in the pursuit of human wellbeing. The essay goes on to elaborate a policy template for

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sustaining a human-centric economy that could be the basis to address context-specific concerns of a society and its economy.

Keywords: human-centric economy, economic growth, sustainability, inequality, opportunity.

I. Overview

All economies are about humans and the way economic activity is organised for them as consumers, producers and traders and about those who depend on others for their sustenance. In the modern world, the state, irrespective of its form and ideological leanings, plays a pivotal role in building, sustaining or limiting an economy and its relationship with other economies. Economies differ in terms of their size and complexity and most of all in terms of the outcomes they generate for people who are either participating in it or are dependent on it. The outcomes for people are a function of their individual capabilities, their endowments, the opportunities they enjoy for progressing in their lives and the overall health of the ecosystem, which primarily depends on the institutions and policies that the state enables. Policies matter and good policies matter all the more, making the state's conduct critical for economic activity and the society to flourish.

This essay makes a case for revisiting economic and social policy in light of the outcomes that people have experienced in the recent past, individually and collectively, across industrialised and developing countries. Persisting unresolved issues and deteriorating trends in some aspects of human life and wellbeing, such as inequalities, require a rethink on the approach and scope of public interventions. There is also an urgency to address some evolving concerns, with a significant global footprint, that require going beyond the business-as-usual policy conduct for effective solutions. In that context, this essay identifies a human-centric economy as one where human dignity is respected, the fruits of economic activity are equitably distributed, inequalities in social and economic outcomes are narrowed over time, and where every person has an opportunity to actualise her potential to advance human wellbeing. Such an economy demands supply of high-quality public goods and markets to serve larger human interests. This would benefit from the promotion and protection of human rights standards and principles to create a process of trust, peace, solidarity and prosperity for all.

The second half of 20th Century witnessed rapid economic integration and globalisation of nations, with a gradual spread of political democratisation, across the world. This process

was facilitated by unprecedented capital mobility, information and technology flows that were mutually reinforcing and advancing in tandem.² It also supported a pervasive, real-time, people-to-people connect. In its economic facet, globalisation resulted in the integration of commodity, capital and (to a lesser extent) labour markets and, in its social and political facet, a steady emergence of participatory polity and a move towards homogenisation of urban culture, across nations. Indeed, these trends fed on each other, supporting and thriving on liberal ethos, and appeared to be irreversible in most parts of the world. That was until about a decade or two ago, when steps towards protectionism became all too apparent and liberal democracies started facing heat from their political extremes, both on the right and in some instance from the left. However, the progress in these trends was neither linear, nor was the impact on people and community uniform. This issue has been extensively analysed for its complexity and consequences using cross-disciplinary perspectives and is well documented (see for instance, Huntington 1998, Rodrick 2001, Stiglitz 2002, Nayyar 2002, Bhagwati 2004, Sheikh 2007).

Aided by unhindered neoliberal policies, markets in a globalising world contributed to an unparalleled improvement in average economic attainments in industrialised countries and, from around 1990, in developing countries, as well. Although the extended run of market expansion lifted millions in Asia, Latin America, and Africa out of abject poverty, it was not without considerable social and environmental costs. People at the lower social rungs suffered from economic disruptions and hardship in different parts of the world, especially since the outbreak of the global financial crisis in 2008 and the Great Recession that followed. Inequalities, spanning outcomes in the distribution of income and wealth and unequal opportunities for people, in their access to civic amenities, socio-economic services and livelihoods, rose significantly. While inequalities in opportunities deteriorated more in the developing world, inequalities in outcomes worsened in industrialised countries (World Inequality Report 2022, Dabla-Norris 2015, Piketty 2014, Malhotra 2018). Both having consequences for inter-generational inequality, thus economic and social mobility, especially of the marginalised segments of a society. For many, vulnerabilities increased and economic growth could not support meaningful development to improve wellbeing. Poverty remained a chronic concern in many regions of the world.

² Historically, this was not the only period that witnessed a surge in global economic integration. Over a 100 years ago, the world was as globalised as it is today, if not more. The interwar period witnessed a retreat towards a relatively insular phase, when the proportion of world trade to world GDP dropped by about 20 percent (from over 8 percent in 1913 to around 6 percent in 1950, at 1990 constant USD) followed by a spurt leading to the current phase of globalisation, with this proportion rising to nearly 14 percent in early 1990s (Rodrick (2000)). The current phase is unique as it has been accompanied by spread of democracy across the world.

Since the global financial crisis, the discontent with economic consequences of globalisation has visibly spilled over to the social and the political arena, resulting in popular backlash extending from Asia to Europe and on to the Americas. People are questioning not only the future of globalisation, but that of liberal democracy as well. There is an erosion of government credibility and trust. Anti-market protests acquired strong nationalist voice against the run of free trade and open borders (see, for instance, Berez in, 2015 and 2013). These discontents have been exploited by political parties and leaders with chauvinist sentiments, resulting in a popular backlash against the sustenance of liberal economic and political thinking across the world. The backlash against globalisation has taken two forms, ideologically distinct but with a common goal of taming free markets. A left leaning collective public protest against global capital, driven essentially by non-governmental and civil society actors, has taken the form of organised public demonstrations, disruptions or civil strife. The other is a right leaning defence of national sovereignty, often with manifest racial undertones, that has occurred within institutions like nationalist political parties, electoral systems and xenophobic social alliances. This is more durable, unlike the sporadic nature of the other, as it is institutionally embedded in the political economy of a society and has gained currency across a large part of industrialised world. There is public clamour for equality, opportunities, entitlements, rights and above all state accountability. This is posing a challenge to the policymakers to explore fresh grounds and identify sustainable solutions to the predicament and, more generally, to the choice of the desired path to development transformation and sustaining progress, for the development latecomers and the industrialised countries, respectively (Malhotra 2018, Nayyar 2019, Nayyar & Malhotra 2023).

There are other challenges for the humanity that have intensified of late. Climate change, bolstered by an unhealthy obsession with rapid economic growth, an inevitable and unhealthy reliance on fossil fuels and increased greenhouse gas emissions, has contributed to global warming. The consequences include, widespread droughts, water scarcity, wildfires, rising sea levels, flooding, melting continental glaciers and ice sheets, devastating storms and declining biodiversity. Climate change is affecting human health and safety, the ability to grow adequate food, and support required work opportunities.

All this is constraining sustainability of growth and the development process and is contributing to inequality in incomes and wealth across the world.

Even as the economic recovery from the Great Recession was underway, the world was buffeted by an unprecedented COVID-19 pandemic that brought about a worldwide stop and

economic dislocation during 2020-22, exacerbating human vulnerability and the rising trend in inequality. A sharp contraction in output and employment across countries, deprived large numbers of people of their livelihood and sustenance. This confirmed that the scare of global pandemics is for real and policymakers must prepare for health emergencies, apart from the all too familiar economic contagion, in a globally integrated space. Furthermore, the geo-political developments in Europe and in the middle-west raised commodity prices, specifically of energy and food, fuelling inflation, uncertainty, and creating a lingering cost-of-living crisis, across the board. The full-blown Israel-America and Iran conflict has only prolonged these trends. Apart from the global shocks, there have been localised disruptions such as economic, political or health crises in some Asian countries, civil strife, and regional health emergencies in parts of Africa, growth slowdowns with persisting distributional consequences in Latin America, and major natural calamities all over the world. The economic recovery has mostly been slow and fragile, placing a disproportionate burden on the poor across the world. All these developments along with the challenge of job creation has threatened the stability of political regimes, forcing some to resort to unsustainable populist measures for survival and concocting issues to influence domestic public narratives, to divert policy and peoples' attention.

Against this background of persisting and some new challenges that are becoming serious, this essay outlines the nature of economic and the broader social policy measures that are required in the prevailing context. Although, India's major policy challenges guide the analysis, the issues discussed are common across countries and have relevance both for the developing and the industrialised world. Importantly, a meaningful and an effective policy response, at the national level has to be necessarily backed by the comity of nations for there are issues related to supply of global public goods and policy interdependence that require coordination and collective action at the international level.

This essay argues that such a response has to be necessarily based on a thinking that consciously departs from economic orthodoxy or the economic mainstream (as commonly understood), as that has fallen short in delivering the desired social outcomes, in the developing as well as the industrialised world. This is despite the considerable leeway and the run it has had in guiding economic policies over the past decades. Furthermore, it is not enough to visualise heterodox economic theory and practice as a mere application of a well-healed orthodoxy, tinkered just sufficiently to address the uniqueness of a context. Rather, it is essential that heterodox economic policy prescription for social problems has its own normative basis, just as it is necessary for that prescription to be strictly evidence-based. Similarly, the social policy

basket may need reconfiguration, a firmer normative anchorage, and a strengthened delivery modality to get to the desired results rapidly and effectively. The international human rights framework is one such normative basis that could explicitly underpin economic policy heterodoxy and its social scope, in the pursuit of inclusive development and sustained progress, to bring human wellbeing truly at the forefront of all public action. In building on the strengths of market liberalism, the desired policy prescription could benefit from the idea of universalism and individualism,³ emanating from the constitutive notion and principles of human rights. For that is of essence in improving the space and role for human agency in advancing their own wellbeing, while recognising the oneness of humanity and improving state capacity to make it more accountable and credible in playing its role (Malhotra 2015, 2018, also Sen 1999). This thinking does not constitute a new development paradigm, rather it brings together competing and overlapping approaches into a consistent and an overarching framework. A framework that allows for the full-scope of the three drivers of change – the state, the markets and the human agency – to ply their respective roles in complementing each other to advance human wellbeing.

Following this overview, Section II elaborates on the idea of a human-centric economy that respects, protects and promotes human rights, to prioritise sustaining human dignity in the organisation of economic activity in any society. It seeks to dismantle the architecture of inequalities, to rebuild economies that help realise human rights, facilitate sustainable development, improve trust in government, and to ensure peace to advance human wellbeing. Section III highlights the main 21st Century challenges that necessitate a rethinking of policies, for the business-as-usual approach may not necessarily succeed in getting to the desired results. Section IV outlines the pathways to the making and advancing of a human-centric economy, followed by some concluding remarks.

II. Towards a human-centric economy

The limitations of neo-liberal economics in addressing issues of human wellbeing have always been recognised yet glossed over in the desire for an uncluttered abstraction of reality, based on the assumptions, and the simplicity of its policy prescription. The experience of recent

³ In general, universalism is a belief in the existence of a universal, objective or eternal truth that it determines everything. It is and must be equally present, or be common to all human beings. It follows that the scope of universalism is far more wide-ranging than the idea of national, cultural, or religious constructs. It is, in that sense, a unique approach to look at human life or the world at large. Similarly, individualism is a social outlook or a philosophical approach that emphasises the moral worth of the individual. It seeks to promote the exercise of an individual's goals and desires in her conduct, over that of the state or a social group. It values independence and self-reliance and therefore involves the right of an individual to freedom and self-realisation.

decades reinforces the idea that a reliance on markets, associated with a retreat of the state, does not augur well for social advancement. It is not amenable to an inclusive approach in the pursuit of development and social progress, particularly in a globalised developing world where vulnerabilities of life, livelihood opportunities, and human wellbeing stand exposed more than ever before. The uncertainties surrounding information and communication technology (ICT), the unbridled expansion of social media and its users, the regenerative artificial intelligence (AI) and the associated automation or labour redundancy, and genetically modified organisms (GMO) and crops, pose serious ethical and existential concerns. There is a need for fresh thinking, beyond incremental correctives to policies, to rebooting economic and social policies, in a coherent framework, for a sustainable advancement in human wellbeing. The concept of human-centric economy or what is also being talked of as a human rights economy in a limited context (UN OHCHR 2024) speaks to that alternative approach.

A human-centric economy is an arrangement of economic and attendant social relationships where advancement in people's wellbeing, individually and collectively, requires all manner of activities related to consumption, production and distribution of goods and services, to promote and protect human dignity. This entails an economic system to facilitate opportunities for all to realise their potential, securing equality in some socially desired attainments, wealth creation with an ever-broadening ownership, even as it encourages economic and social mobility of outcomes for people, intra and inter-generationally. The process requires an equitable and sustainable use of available resources – economic, social, and environmental – for the greater good of humanity. Although, the economic facet of peoples' life is inextricably woven with their social, political, and environmental context, it often plays a dominant role in the quality of life that people enjoy. A human-centric economy seeks to manage the economic drivers of a society to sustainably advance human wellbeing, creating empowered lives in an inclusive and just world, free from want and fear, leaving no one behind and protecting the planet from excesses of human misuse. An economy that works towards these goals enhances realisation and enjoyment of human rights.

In devising a coherent framework of economic and social policies, a human-centric economy builds on several approaches. This includes the basic needs (Streeten 1979, 1981; Stewart 1995), the human development (UNDP 1990), the rights-based (UN OHCHR, see for instance Hamm 2001), and the sustainable development approach (United Nations 1987, UN DESA, UN SDGs). As the Cold War came to a close, the balance in development thinking decisively shifted towards a liberal market-led economic (and social) policy framework, with a

receding role for the state, that guided policymakers to varying extent in the developing as well as the industrialised world. The gaps that remained in social attainments, unaddressed or under-addressed, and the evolving challenge were sought to be confronted by adapting the prevalent dominant policy framework with an amended scope, and renewed policy instrumentation and implementation modality. This gave shape and space to these other approaches to development and social change, but they remained largely adjunct to the prevailing policy framework.

The human-centric economy with its attendant policy framework moves the focus from the conventional liberal emphasis on economic growth and per capita income to an engagement with a broader conception of development and human wellbeing. This shift allows for an organic integration of several of those adjunct approaches to play a more effective, context appropriate, role in a well-founded composite policy framework. This framework, as noted, has an important normative basis in human rights standards and principles, independent of market considerations, to guide public policy. The policy framework recognises development and social progress as involving numerous interrelated and interdependent processes – economic, social, and political – and multiple actors, government and non-governmental, market and non-market based, woven into a complex ecosystem. It highlights the need for multi-pronged action by those different actors to rapidly overcome the constraints on a person's agency that keep her and the society in shackles. Besides the state and the market, human agency is seen as a vital catalyst in any process of development that leads to social progress in the pursuit of human well-being. Indeed, the framework places an equal emphasis on the role required of the state and the market in contributing to development in the economy and the society, and the critical role that human agency must play in that process. The state is often a prime mover in overcoming diverse societal restrictions and some basic economic constraints, while focusing on the provisioning of public goods and creating entitlements, as required, to facilitate a build-up in human capabilities and institutional capacity for good governance. The market is meant to create all manners of opportunities to enable people to realise their potential. The human agency is required to take advantage of the conditions so created to sustainably advance their well-being. Thus, the human-centric framework seeks to bridge the ideological divide in the space accorded to the state and the markets in guiding the process of social change and resolving any inherent policy trade-offs that appear in that context, in keeping with the centrality of human interest. It creates space for human agency to play its critical role in obtaining inclusive outcomes and sustaining progress. Importantly, it provides a framework that is universally relevant for the developing and the industrialised world.

Human relationships are both formal and informal, some are institutionalised, and many others based on customary practices, especially in developing countries. For the promotion and protection of human dignity, it is desirable that these relationships, to the extent feasible, be formalised and institutionalised. Informal human relationships, especially in the economic domain, are often prone to be exploitative, adversarial, biased in favour of the dominant actors or remain unacknowledged, as is the case for the workers engaged in care giving or across the gender divide as homemakers. Thus, undermining the well-being of some while encouraging that of others. This is true of the industrialised as well as the developing world. A human-centric economy addresses this concern by invoking the moral and ethical basis of human rights standards and principles. It uses human rights accountability framework to inform, recognise, and formalise these relationships, including by creating a robust social security floor for people.

The emergence of a human-centric economy is a deliberate process. It requires institutions, public policy initiatives, competitive markets, a vibrant civil society, and a space for flourishing of human agency. All playing their respective roles in keeping with the needs of a context, for the larger goal of advancing human wellbeing, in a just, secure, and sustainable world. This transition is not value neutral, nor can it be based on a hands-off approach, left entirely to markets to determine the economic and social outcomes in a society. Indeed, social values including those of equity, fairness, solidarity, justice, responsibility or accountability that typically go beyond the motivation of markets, must inform this process. An economy that is guided by human rights standards, norms, and principles, in its journey, is likely to yield desirable and durable economic and social outcomes, at an individual and collective levels.

Human-centric economy strengthens the national sovereignty in the pursuit of people focused public action, resolving policy trade-offs and conflicts in the larger interest of people, while pursuing public accountability in such actions. It provides an overall framework to ensure sustainability in resource use, their equitable deployment across competing claims for an enduring advancement in human wellbeing. A normative anchorage of the socio-economic transition of a society in human rights provides a common ground of trust and credibility for different stakeholders, governmental and non-governmental, markets and individuals, national and international actors, to come together for the realisation of societal goals. As a framework it provides the basis for aligning the policy interventions, fostering coherence, from top to bottom – from the international financial institutions (IFIs) and global policy regimes to the national, and to sub-national local level governance and developmental processes.

III. 21st Century challenges and policy imperatives

Among the contemporary challenges of the 21st Century, the foremost is the reality of inadequate expansion in livelihood opportunities. Economic growth has been increasingly less labour absorbing over past decades across the developing and the industrialised world, with fewer jobs being created per unit of incremental output than earlier. The good jobs that are being created are largely knowledge and skill intensive, with high competency threshold levels for an average unemployed person to break through. It also reflects the growing skill mismatch in the labour market. At the same time, the renewed threat of automation and regenerative AI has put a serious question mark on the future of work. This poses a serious challenge for the development latecomers, like India, that are still in the midst of their structural transformation seeking to relocate their low productivity farm jobs to higher productivity non-farm employment. For the industrialised countries there is a policy trade-off between addressing labour shortage and opening their borders to migrants with its attendant social and political consequences, accentuated by the surge in illegal migrants in the past decades.

There is the long persisting issue of poverty and worsening inequality in income and wealth that must be holistically addressed. The challenge posed by climate change and environmental degradation on peoples' lives is real and becoming a serious concern for human wellbeing. The COVID-19 pandemic exposed the limitations of public healthcare systems both in the industrialised and the developing world, where it was the vulnerable or the poor who bore the brunt. Prolonged lockdowns led to closures of educational institutions everywhere, with longer-term consequences for learning outcomes and derailing perhaps the only serious option for the marginalised to overcome their deprivation and vulnerabilities. Digital divide accentuated that problem and remains a general concern in the 21st Century world. There is also a need to build guardrails to keep economic management, at national and international levels, on track, consistent, accountable and capacitated to advance human wellbeing, for the present and the future generations. It is necessary to create conditions for concerting economic stakeholders – state through its institutions, policies and responsible public action, individually and collectively; markets through the efficiency of its resource allocation and for the livelihood opportunities it potentially offers; civil society through its sensitivity, voice and social mobilisation on issues of public interest; and human agency through its inherent self-motivated dynamic - for sustained improvement in human wellbeing (Sen 1985).

Some of the outcomes that define the contemporary context, have a background in a general downsizing of the state in recent decades, especially in measures related to social

protection. Unlike in rich countries, social protection has been far from adequate in most poor countries, partly because of resource constraints. There is erosion of capacity and loss of state credibility. The belief in the necessity and virtue of downsizing governments has resulted in dilution of social protection in most industrialised countries, as well. Unemployment benefits have been streamlined. Public provision of healthcare is reduced, or significant user-charges have been put in place. Government support for education has declined and public institutions have been allowed to decay in developing countries like India. There has been privatization of risk, with social insurance being progressively undermined. Inevitably, the most vulnerable have faced the largest burden of these changes (Nayyar & Malhotra 2023).

Against this background, there are at least four areas of priorities for a human-centric economy. These are livelihood opportunities; inequality in outcomes and access to public and social services; sustainable use of resources – economic, social and environmental – and good governance. Together, these broad overlapping priorities go a long way to support an ecosystem that meets legitimate needs and aspirations of people, respect and promote human dignity, and address intergenerational equity concerns to advance human well-being. These issues must be addressed urgently if developing countries like India have to transit from their state of under-development to developed prosperous societies.

A. Livelihood opportunities

Employment is about livelihood – a means to secure the necessities of life, for sustaining a reasonable standard of living and human wellbeing. Gainful employment is associated with other valued aspects of life, namely empowerment, autonomy, and personal accomplishments. These aspects of life encourage human agency and meaningful participation in social life. A life of dignity, self-respect and social engagement is a common aspirational goal for people which is invariably mediated by their being gainfully employed. Being durably engaged in regular as against casual (sporadic) work that affords reasonable sustenance for an individual, along with a decent work environment, is perhaps the most important means for people to advance their wellbeing. Thus, policies for the creation of required livelihood opportunities for people in the labour force, who seek work, is the foremost pillar of a human-centric economy.

The lack of employment opportunities and quality jobs that afford adequate wages and purchasing power for entrants into the labour force and for those in-between jobs has been a

continuing challenge, since the late 1990s. In the neo-liberal orthodox economic tradition, the objective of economic growth required a policy focus on maintaining macroeconomic stability through the pursuit of internal and external balance in an economy. The Keynesian worldview defined internal balance as full employment and price stability, so that it is conducive to support economic growth. However, the rise of monetarism in the 1970s, and ‘Washington Consensus’ in 1980s, reduced the objective of internal balance to a focus on price stability, with the assumption that markets would ensure full employment on their own. The objective of external balance, which required an equilibrium in the country’s balance of payments on the current or the trade account, evolved with capital account liberalisation and integration of economies into international financial markets. These developments progressively eroded the space for autonomous national macroeconomic policies. For instance, expansionary fiscal and monetary policies – large government deficits to stimulate aggregate demand or low interest rates to encourage domestic investment – could no longer be used because of an overwhelming fear that such measures could lead to speculative capital flight and a run on the national currency. In fact, the sensitivity of international financial markets to inflation meant that macroeconomic policies, everywhere, were reduced to targeting inflation, instead of employment levels or output stability. Additionally, the exigency of retaining a competitive advantage in international markets, forced firms in the globalised developing world to adopt cost-cutting measures, a pursuit of productivity led expansion in output, thereby creating a situation of job-less growth. The industrialised world witnessed shift in jobs, to take advantage of lower wage costs in production of goods and services, to the developing world.

The renewed challenge of automation and evolving regenerative AI is fuelling uncertainty and fear of redundancy of certain type of jobs and deepening of inequalities in the face of a digital divide. Inadequate or missing capacities to tap into the possibilities offered by the new technology frontiers, in a large part of the world, is a real concern. At the same time, there is the global challenge posed by ageing. An ageing population, albeit at a pace that varied significantly across countries and regions, has implications for labour supply and productivity, economic activity, and for the systems to support the well-being needs of the older persons. Although, this concern emerged first in Europe (industrialised countries), it has now become an issue in other parts of the world, including in Africa and Asia. Indeed, by 2050, the global proportion of the older persons is expected to reach 20 per cent of the world population or just about 2 billion people, making population ageing one of the most significant demographic realities of the 21st century. For the first time in history, humankind will reach a point where

there would be fewer children than older persons in the world. Importantly, all regions in the world will experience a growing number of older persons. There is a need for a serious rethink on policies to address these trends in the labour markets both in the developing and the industrialised world. This is all the more urgent, when the world is contemplating on the future of work, with technology driven uncertainties posing a serious concern on the capacity of economies and the conventional policies to create gainful work for those who are unemployed.

B. Inequalities in outcomes and opportunities

The second policy pillar and a priority for human-centric economy is to address the growing inequalities in outcomes and opportunities. The era of expanding markets and globalisation over the past three decades led to a rapid increase in economic inequalities, reflected in a worsening distribution of income and wealth, in most countries across the world (Atkinson 2015, Bourguignon 2015, Stiglitz 2012b, Milanovic 2005, 2011; World Inequality Report 2022). In addition, there is deterioration in opportunities for people, *inter-alia*, in their access to civic amenities, socio-economic services, and livelihoods, especially in the developing countries. There are also concerns related to the new dimensions of inequality that in some sense define the 21st century: climate and wealth, the lingering gender disparities, unequal access to human capital and the asymmetries of the global financial system (World Inequality Report 2026). These trends across countries are, however, diverse both in their magnitude and in their consequences for human wellbeing. They threaten sustainability of the process to advance human wellbeing for the present and the future generations of people, fuelling social discontent and civil unrest where manifestation of this trend is serious. The inequalities have mounted because the adopted policies benefited some more than others, and due to the failure of public interventions to narrow the gap in the initial conditions of people. Apart from the resources that a person is born with, her initial condition is determined by the social and cultural context into which she is born. Entitlements of people – the resources they command in a society using the totality of rights and their endowments, and opportunities they have to exchange their available resources, or simply their exchange entitlements – for meeting their needs and aspirations have not improved equally for all segments. Even when gainfully engaged in production, the returns to labour (wages) have fallen well short of returns to capital, worsening the trend in income and wealth inequalities (Piketty 2014). Wealth creation is important and growth in wages must outstrip inflation in cost of living, even as impediments to

social mobility in the form of ethnicity, gender, religion, region or language barriers and discrimination in society is proactively addressed to tackle chronic inequality.

Nearly 700 million people around the world continue to live in extreme poverty at present, subsisting on less than \$2.15 per day, the extreme poverty line, with just over half of them living in Sub-Saharan Africa. After several decades of continuous global poverty reduction, the world witnessed around three years of lost progress between 2020-2022. Low-income countries, which saw poverty increase during this period, have not yet recovered and are not closing the gap. The Sustainable Development Goals (SDG) on poverty is off track and at current rate of progress the world will miss the target of ending extreme poverty by 2030 (World Bank update Oct 17, 2023). Income and wealth inequalities have risen everywhere since the 1980s. The gap between the rich and the poor in income inequality is reported to be at its highest level in decades. In 2021, the richest 10 percent of world population accounted for 52 percent of world income, whereas the poorest 50 percent accounted for only 8.5 percent. On an average, an individual from the top 10 per cent of the global income distribution earns PPP USD 122,100 per year, whereas an individual from the poorest half of this distribution earns PPP USD 3,920 per year. It is no surprise that the degree of inequality is far greater in wealth (value of financial and real estate assets net of liabilities) than in income. The poorest half of the global population barely owns any wealth, a mere 2 percent of the total. In contrast, the richest 10 percent of the global population own 76 percent of all wealth (World Inequality Report, 2022). The picture reflected in the World Inequality Report, 2026 is not much different.

The growing share of the top 1 percent in both developing countries and industrialised countries reflects a higher inequality in earned incomes from wages or salaries, as well as a larger share of incomes derived from rents in physical assets and interest or dividends from investments in financial assets (Alvaredo et al 2013, Stiglitz 2012b, 2016, Atkinson et al 2011, Atkinson and Piketty 2010, and Palma 2011).

Importantly, such an unequal distribution of assets or wealth in the present, makes the distribution of income more unequal in the future (Piketty, 2014). While there has been a sharp decline in the poverty incidence (share of population living below a pre-defined poverty line) in developing countries (led by China and India), some industrialized countries have experienced a rise in poverty incidence since 1990s (OECD 2011; Malhotra 2018).

Addressing economic inequalities, in the framework of human-centric economy, requires an empowerment of people and accountability of agencies responsible for public goods

delivery. Public goods and services are meant to augment the resources available to people, therefore their entitlements. This may necessitate, for example, creation of specific legal entitlements for some goods and services deemed necessary to enjoy a human right for a person's well-being. That also enables leveraging legal systems to provide redress and accountability in the event of a failure of the state to supply those public goods and services. There are several countries that guarantee the right to education, information with public authorities, social security, adequate housing and health. There are others like India that have established limited legal guarantees for work and food as well. The approach seeks to improve the current entitlements of the poor, and also the scope of their future exchange entitlements. In doing so, the human-centric economy addresses the vital concerns of equity (fairness in the distribution of benefits from growth and development and access to opportunities), equality (in publicly guided social outcomes and under the rule of law) and non-discrimination (under prohibited grounds by law) in the access of people to the delivery of public goods.

In terms of the contemporary context, policy interventions to address income and wealth inequality, require a rethink in at least six areas: employment, social security, technology, the sharing of capital or wealth creation and taxation, and social policy focused on learning new skills apart from the continued relevance of improving health and education outcomes, especially in developing countries. All these concerns need to be anchored in a macroeconomic policy framework that goes beyond orthodox thinking and in sector specific interventions at the national and sub-national levels, backed by supportive international policy regime.

C. Sustainable use of resources

A core concern of human-centric economy is to make sustainable use of resources – economic, environmental and social – to meet the needs of current generation without compromising the ability of future generation to meet their own needs. This entails making choices that are viable, just and acceptable environmentally, socially and in terms of the economy, which implies balancing the need for environmental protection with social equality and economic growth for an enduring improvement in human well-being. A human-centric economy, as noted, views human wellbeing broadly, recognising all facets, and takes a long-term global perspective of development and social progress. In other words, it works towards, economic sustainability, environmental sustainability and social sustainability in advancing human wellbeing.

Economic sustainability

Economic sustainability implies a system of production that satisfies present consumption levels without compromising future needs. Importantly, the accounting framework used to guide and evaluate an economy in mainstream economics, with regard to production, distribution and consumption activities, distorts values. This does not augur well for society and environment. An unhealthy focus on pursuit of material attainments reflected in growth of real national income, or income per capita, places such demands on production-consumption system that are not only unsustainable due to natural resource depletion but are invariably accompanied by environmental consequences with a serious bearing on human wellbeing. Material attainment is valued by people only to the extent that it is a means to attain certain desirable ends, be it the immediate need of survival and sustenance, the desire to live a long and healthy life, or the desire to be socially acceptable. Economic sustainability requires shedding the growth fetish and organising economic activity in a viable and meaningful manner, where depletion of natural resources is appropriately valued and externalities of production and consumption are accounted for in ensuring a holistic improvement in human wellbeing.

Environmental sustainability

Environmental sustainability is about keeping the natural environment productive and resilient to support human life, in fact all life on the planet. It relates to ecosystem integrity and carrying capacity of natural environment. This requires that harvesting of natural resources as economic inputs is no faster than they can be regenerated, while waste must be emitted no faster than it can be assimilated by the environment. This is because the earth systems have limits within which equilibrium must be maintained. That this equilibrium has been disturbed is apparent in the unfolding climate crisis and the rising frequency of extreme events. Global temperatures are rising due to greenhouse gas emissions produced by human activity. Increased temperatures are directly contributing to harmful effects such as droughts, floods, sea-level rise, heat waves, extreme weather events, loss of biodiversity and collapse of ecosystems.

The World Health Organization (WHO) indicates that, between 2030 and 2050, climate change is expected to cause approximately 250,000 additional deaths each year from malnutrition, malaria, diarrhoea and heat stress alone. According to the Food and Agriculture Organization of the United Nations (FAO), climate change is resulting in extreme weather and disasters, depriving millions of people around the world of a livelihood. Nearly 78 per cent of the world's poor – approximately 800 million people – who live in rural areas, many of whom

rely on agriculture, forestry and fisheries for their survival, are particularly affected. Without urgent action, according to the World Bank, climate change impacts could push an additional 100 million people into poverty by 2030. More than 2 billion people are currently living in countries with high water stress. Almost twice as many could be affected by 2050. The United Nations Children's Fund (UNICEF) estimates that, by 2040, one in four children – around 600 million – will be living in areas of extremely high-water stress.

Addressing these trends and their broader ramifications requires a serious rethink and reorganisation of production and consumption priorities in both industrialised and developing countries. Apart from arresting depletion of natural resources, phasing-out of fossil fuels, non-renewal energy resources and curbing greenhouse gas emissions, environmental sustainability requires addressing the consequent triple planetary crisis of climate change, biodiversity loss and pollution. While international cooperation and solidarity are vital for climate change mitigation and adaptation, it is equally important to approach climate action from a human rights perspective. A broad array of human rights directly depends on thriving biodiversity and healthy habitats, including the right to life, as enshrined in the International Covenant on Civil and Political Rights, and the rights to food, water and sanitation, health, and culture, as reflected in the International Covenant on Economic, Social and Cultural Rights. Indeed, the human right to a safe, clean, healthy and sustainable environment is elaborated in the national laws and policies of more than hundred countries and a number of regional agreements, making it possible to leverage the power of human rights standards and principles to inform international, regional and national policymaking, ensuring policy coherence, legitimacy and sustainable outcomes to address the issue of environmental sustainability.

Social sustainability

Social sustainability is about fostering development of people, communities and cultures to realise a socially meaningful life. It includes notions of equity, empowerment, participation and cultural identity of people along with peace and institutional stability in the society. It requires people to have access to public goods including healthcare, education and personal security to build fulfilling lives. Social sustainability is not about meeting everyone's needs, rather it is about creating enabling conditions for everyone to have the capability to meet their needs, if they so desire. It is about addressing the impediments in order for individuals and communities to make progress towards social sustainability. The concept implies that people matter since development is about people. Unlike the environmental and economic systems where linkages

and relationships between entities are easily observable and therefore can be managed, social sustainability is not easy to achieve because of the complexity of social relations in human life.

The SDGs adopted in 2015, outline the 2030 agenda for sustainable development that resonates with the concept of a human-centric economy. SDGs embody a broad-based human development understanding, addressing different aspects of life that contribute to human wellbeing. They focus holistically on poverty eradication, decent work, social inclusion, inequality reduction, economic growth, better health, quality education, and sustainable environment. They seek to strengthen equity, human rights, and peace building. Importantly, by headlining that agenda in terms of quantifiable goals, building awareness with availability of information in the public domain, and periodic tracking of progress, the global SDGs initiative has placed the human development agenda at the very core of national policy response (Nayyar & Malhotra 2023). The concept of human-centric economy underpins the thinking and policy approach to address that agenda.

D. Good governance

Good governance is a critical pillar of a human-centric economy. Governance involves a social arrangement between people, state, and non-state actors, to resolve conflicts of interest in managing public affairs to advance human well-being. It requires an exercise of authority through political and institutional process and when that process is embedded in social values, directed towards agreed social purpose, is transparent, accountable and encourages public participation, it becomes good governance. Good governance and human rights are mutually reinforcing. Human rights principles embody values that guide the work of governments and other political and social actors. Human rights standards inform the content of good governance efforts – legislative frameworks, policy interventions and other institutional arrangements for sustaining social activity. Moreover, they provide a set of performance standards against which those actors can be held accountable. At the same time, without good governance, human rights cannot be respected, protected or promoted *ad infinitum*. Realisation of human rights depends on an enabling environment based on good governance. The policies and public action needed to improve social outcomes can be meaningfully anchored in human rights standards and in the process of their implementation, and the notion of good governance can be benchmarked to the capacity of a process to support and sustain enjoyment of human rights. Such an understanding of good governance contributes to the flourishing of a human-centric economy.

To promote good governance for strengthening a human-centric economy, there are at least four areas of institutional reforms, where application of human rights principles and standards must be pursued. These include the reforms of democratic institutions, scope and quality of public service delivery, the rule of law, and anti-corruption measures. When led by human rights values, good governance reforms of democratic institutions create avenues for people and social groups to participate in policymaking, either through formal institutions or informal consultations, and contribute to decision making, especially at local level. In the case of public service delivery, good governance reforms advance human rights when they improve the state's capacity to fulfil its responsibility to provide public goods in an accountable, transparent, inclusive and culturally sensitive manner. When it comes to the rule of law, human rights-sensitive good governance initiatives reform legislation and assist institutions ranging from penal systems to courts and parliaments to improve administration of justice, encourage advocacy for legal reform and contribute to public awareness on the national and international legal systems. In respect of anti-corruption reforms good governance efforts rely on improving principles of accountability, transparency, participation and legal redress in the conduct of public affairs. It also includes oversight and openness in the use and mobilisation of public funds by the government.

Responsive and timely policymaking is an integral and operative part of good governance for a human-centric economy. Human rights standards, the national constitutional provisions and domestic law, along with commitments of state party to international human rights instruments, determines the content and scope of public policies. Two human rights principles, namely the principle of progressive realisation subject to maximum available resources and principle of non-retrogression of a right, together provide a basis for a legitimate prioritisation of policy interventions in the face of competing demands and limited resources. A progressive improvement in people's access to the basket of goods and services associated with human rights consistent policy objectives, even when undertaken in a phased manner, is acceptable so long as there is non-retrogression in the enjoyment of other rights, at any point of time. In other words, nobody suffers an absolute decline in the enjoyment of a right even as there is improvement in the realisation of some other rights. This is unlike the orthodox neoliberal economic policy space, where efficiency considerations may invariably allow aggregate normative criteria to favourably assess policy outcome for one group of individuals to trump its negative consequences for another group, so long as the former group can benefit to a greater extent than the extent of loss suffered by the latter group. A human-centric economy

questions such judgements in the prioritisation of public policies and resources, thereby creating a space for more inclusive and equitable outcomes for people. Furthermore, by recognising the importance of good governance and anchoring it in human rights standards, a human-centric economy creates trust in public agency and their action, as well as the required context for a person's agency to flourish and contribute to advancement in her wellbeing.

IV. Pathways to human-centric economy

Business as usual policy orthodoxy, rooted in neoliberal thinking with market led economic transition, has fallen well short of delivering on the desired social outcomes, both in the developing as well as the industrialised world. There is a need for an alternative policy framework – a heterodox policy approach – that effectively addresses the chronic concerns of poverty and growing inequality, while navigating the world through the emerging crisis of joblessness, environmental sustainability, climate change, and increased vulnerabilities of people and nations to shocks that seriously undermine human wellbeing in the present and in the future. The concept of human-centric economy as elaborated in this essay, is a way forward in the pursuit of inclusive development and sustained progress for advancing human well-being globally. A human-centric economy recognises and is rooted in the inherent character of a country. It braces a context specific, evidence-based approach that considers economic and political legacies of a country, such as the impact of colonialism, racism, slavery, and inequalities within and between countries in formulating policies.

In delineating the economic and related social policy pathways to build a human-centric economy, policy action is required at multiple levels– national, subnational/sectoral, household and at international levels. While specific policy measures have to be crafted in accordance with the requirement of a country context, the policy template for a human-centric economy has universal relevance. It entails an effective though not necessarily a large state, the existence of freely functioning markets with regulatory guidance where consumer interests are protected and promoted, and an ecosystem that supports the play of human agency. Such an ecosystem should ideally have transparency in the conduct of public affairs, without any discrimination of individuals, communities, and regions. Sanctity of the rule of law is an imperative, and a vibrant civil society that pursues collective interests in decision making is a necessity.

A. Macroeconomic policy

(i) *Flexibility in policy design*

Flexibility in the conduct of macroeconomic policy is a critical instrument of a human-centric economy. Policymakers need to create the required fiscal space for implementing social policies and an adequate social safety net, while ensuring macroeconomic balance to sustain broad-based economic growth. This, on one hand, is required to improve the resilience of the economy and addressing vulnerability of people particularly during times of economic stress. On the other hand, it is meant to create conditions for markets to flourish, expand (livelihood) opportunities for people, and contribute resources for the transformational agenda of the country. This flexibility in the design of the policy is unlike the near rigidity of the orthodox approach, essentially in terms of: (a) the policy objectives that it may have to address; (b) the unconventional policy measures that may have to be undertaken for meeting even the conventional macroeconomic objectives, thereby reworking the scope of, and reliance on, the usual macroeconomic indicators (for example fiscal deficits, inflation, or interest rates) that an orthodox policy prescription would have dictated for sustaining macroeconomic balance; and (c) recognising that short-term consequences of macroeconomic stabilisation policies could have an adverse impact on medium-term to long-run growth prospects, distributional outcomes and the development potential of the economy. The flexibility in the conduct of macroeconomic policy accompanied by transparency provides the space to implement human-centric interventions embedded in human rights commitments of states. Importantly, this entails making a proactive use of macroeconomic instruments beyond fiscal and monetary policy in the form of industrial, trade and exchange rate policies, to address the full range of objectives of a human-centric economy.

(ii) *Employment as an explicit goal*

The macroeconomic policy for a human-centric economy must explicitly focus on creating adequate employment or livelihood opportunities. Macroeconomic policies have significant distributional consequences. In the orthodox tradition, the redistributive objectives of reducing poverty and inequality are, in effect, left to the trickle-down effect, which has not worked to the desired extent, in recent times, including on account of growing inequalities. There is, therefore, a need to go beyond the focus on growth and stability using conventional macroeconomic policies, to integrate broader goals and effective instruments, in the pursuit of macro-level socio-economic objectives, especially in the developing world. Indeed, the creation of gainful

livelihood opportunities provides a critical link between macroeconomic objectives and human development. This supports participation of the excluded in markets, while improving their entitlements, capabilities, and well-being. It also strengthens the role of human agency in social change, while expanding the size of the market. Apart from the elaboration of sector specific growth targets of the macroeconomic policy, technological choices can be influenced to encourage job creation.

(iii) *Environmental sustainability for livelihood opportunities*

The pursuit of a sustainable environmental agenda helps to address livelihood vulnerabilities and overcome developmental uncertainties. The goals of livelihood opportunities and environmental sustainability have a direct consequence for distributional objectives that the human-centric economy emphasises. Both these goals must be integrated with the objective of economic growth, for instance, by ensuring sustainable use of natural resources, influencing composition of growth by indicating and tracking the desired rates of income growth for different population groups including migrants and displaced persons, sectors or regions in an economy, encouraging sustainable consumption, and accordingly influencing the required resource allocations/investments. An important priority in this context relates to addressing the energy challenge globally, which requires a sector and context specific approach based on renewable, clean and green energy options.

(iv) *Industrial and trade policies – expanding the economic frontier.*

The industrial and trade policy must reflect a developmental perspective of macroeconomic policy. They need to be pursued to promote a structural transformation of the economy, where labour moves from low to higher productivity jobs, and output expansion is accompanied by technology upgrade, competition, innovation and diversification of production in an economy. This transition, tempered by human rights principles and relevant human rights standards could support employment opportunities and quality of life in advancing human wellbeing. A proactive industrialisation policy, directed credit policy or priority sector lending, extending production linked benefits and by influencing (through tax credits or interest rates) the choice of techniques in production processes, gives a sensitive and meaningful content to macroeconomic policy. Recent research on the scope and modality of pursuing an active industrial policy throws fresh light on new methods and instruments to facilitate the

industrialisation of the economy and also address the concerns around jobs (Juhász, Lane & Rodrik 2024). Like industrial policy, trade policy must serve as an instrument of the desired change in an economy – expanding markets for domestic produce, encouraging technology upgrades, and providing cushion to inflation and cost of living fluctuations. Industrial and trade policies must not be allowed to be dictated solely by captive business interests – domestic or international – especially in the developing countries that have natural resources to offer to the rest of the world but have weak institutions to protect public interest.

(v) *Fiscal policy – a pragmatic and transparent approach*

Fiscal policy has a critical role to play in meeting the objectives of a human-centric economy. Apart from being an important instrument for stabilising the economy in times of cyclical dips in economic activity, fiscal policy must be guided by a long-run perspective to build and sustain the growth potential of an economy. It has to provide for public goods that underpin the promotion and protection of human rights. Fiscal policy must not be dogmatic, held hostage to budget deficits or caps on public debt, yet it must strike a balance and be guided by prudential public borrowings norms for debt sustainability. This is unlike the role ascribed to fiscal policy in the conventional neoliberal thinking. In a world where majority of governments in the developing and industrialised world run budget (fiscal) deficits, debt sustainability requires GDP growth rates to be non-negative and higher than the average real cost of borrowings for the government. This makes maintaining a macroeconomic balance and prudent economic management a necessary condition to support economic growth and in finding resources to meet the objectives of a human-centric economy. On public expenditure side of fiscal policy, finding resources required to meet a state's human rights commitments must be accorded priority. In most instances, such expenditure should be non-negotiable and recognised so by domestic policymakers as well as international actors (namely, IFIs) when called upon to provide aid /loans to a country in economic distress. For mobilising the required resources for funding public expenditure, governments must raise resources through progressive taxation – relying mostly on direct taxes on income and wealth – with a minimal recourse to regressive indirect taxes. At the same time, fiscal policy must incentivise wealth creation especially for those who depend solely on their labour for sustenance. The success of a pragmatic fiscal policy depends on a supportive monetary policy that may also need to use unconventional policy instruments in times of economic exigencies to meet the desired end.

B. Sector-specific policies

Human-centric economy demands a wide-ranging, sector-specific social policies in keeping with the requirement of a context. This is because it must address the constraints to and engage with multiple drivers of change in a society, to build human capability and advance their wellbeing. Importantly, those sectoral concerns must be addressed on priority that are contributing to deteriorating trends in inequality and undermining social sustainability in the society. These may differ from one context to another. The basic motivation behind these measures is to remove all barriers – political, social, economic, and bureaucratic –to the inclusion of the marginalised segments of a society into the mainstream and providing an ecosystem that supports the flourishing of human agency. Human rights standards, provide the normative basis to address the social concerns and impart coherence to the design and scope of sector-specific policies. Indeed, structural and institutional impediments implicit in an unequal, discriminatory social order, and the entrenched behavioural dispositions (for example, discrimination on grounds of caste, colour, sex, race, ethnicity or religion) that are at the root of persistent inequalities, or deprivation, in many societies, could be dealt more effectively if there is an explicit provision in the law that can be enforced.

Furthermore, sector specific policy interventions, in the context of a human-centric economy, must necessarily be seen in terms of the efforts being made by state to honour its commitment to international human rights instruments, or national constitutions, especially for the realisation of the economic, social and the cultural rights. Sectoral policies have been seen to benefit from such considerations as stakeholder participation and consultation in the formulation and implementation of a policy, transparency of the processes undertaken, and establishing a redressal mechanism to address the risks associated with the poor implementation of policies. This would create an ethical and just basis for prioritising and implementing public intervention and encourage human agency.

Importance of context notwithstanding, it is possible to identify common concerns, without listing the possible range of sectoral interventions to strengthen a human-centric economy. These interventions need to be directed at the level of a community, although they have to be factored in at macro level, as has been highlighted. These are the sectoral interventions for bridging skill gaps especially digital skills and preparing labour force for the

future of work, new economies, creating a sustainable energy security to fuel social progress, and strengthening health infrastructure in developing and industrialised countries alike.

(vi) *Bridging the skill gap for the future of work*

With the production structure evolving rapidly under the influences of ICT, AI, GAI deepening of automation and genetically modified organisms and crops, a sector specific focus on training and equipping the required labour force for these areas becomes a critical challenge. The countries and people who are able to address this challenge would gain disproportionately, relative to those who are left out. There is therefore a need to create adequate programmes and platforms in the public and private domains that address this challenge of mismatch of skills and competencies to meet the challenges posed by the new and emerging technologies to sustain human-centric development and wellbeing.

(vii) *Policies for 3Cs – care, circular and creative economies*

There are at least three new economies that the policymakers must focus their attention on for creating new jobs, in the process, addressing the overlapping challenges of inequality and environmental sustainability. The first of these is the ‘circular economy’ which focuses on sustainable and efficient use and processing of all raw materials to protect the environment. A circular economy seeks to keep raw materials in a closed loop so that resources are maximally used, the need for new ones is reduced, waste is avoided, and the life cycle of products is extended. In short, the waste of today becomes the raw material of tomorrow - the same as in nature. Second, the ‘creative economy’ is an evolving concept which builds on the interplay between human creativity, ideas, intellectual property, knowledge and technology. It involves knowledge-based economic activities upon which the creative industries are based. These include advertising, architecture, arts and crafts, design, fashion, film, video, photography, music, performing arts, publishing, research & development, software, computer games, electronic publishing, and Television/Radio. They are the lifeblood of the creative economy and are an important source of commercial, cultural value and jobs in the times to come. Finally, the ‘care economy’, which recognises the importance of care work, empowerment and

autonomy of women to the functioning of an economy, wellbeing of societies and life sustainability. With improvement in longevity and healthcare services, the care work is increasingly becoming important and demanding significant deployment of resources. The bulk of care work worldwide is provided by unpaid care givers, mostly women and girls. Paid care work is also predominantly carried out by women, often those from socially disadvantaged groups, including migrants. This is an economy that is mostly unacknowledged, when recognised is inadequately paid for, and is often associated with poor working conditions. It needs to be formalised. To these three, one could add the leisure economy or tourism given the scope it offers for job creation at the lower and middle range of skill competencies. Given the importance of these new economies to the objectives that a human-centric economy serves, it is necessary that policymaker address their respective context-specific concerns to provide an ecosystem for the respective activities to flourish.

(viii) *Sustainable energy security*

Environmentally sustainable energy security is a vital sectoral challenge that has obvious implications for both macro and household level public interventions for advancing human wellbeing. It is an imperative to not only replace the reliance on hydrocarbon fuels globally but also find environmentally sustainable sources of energy for the developing world, where the energy needs to fuel economic growth are only going to rise in the coming decades. A successful policy resolve in this context requires international solidarity, action to facilitate transfer of technology and necessary resources for the developing world, to share the burden of transition to a new energy regime in an equitable and responsible manner.

(ix) *Strengthening healthcare infrastructure*

The impact of COVID-19 posed a stark reality check for governments, their institutional capacity, and the ecosystem created for public health care, to support a vital aspect of human wellbeing, in both the developing and the industrialised countries. The COVID-19 deaths as a proportion of total population were far higher in industrialised countries as compared with developing countries. Importantly, this cannot be seen as a one of event, although the impact was unprecedented, perhaps the world was caught unaware and underprepared. In a globalised world with an increased movement of people and products, the possibility of such events flaring up again cannot be ruled out. It is therefore essential to review the health care architecture across

the board in terms of access that it affords to people and the quality and quantity of the capacity that is required for the health system to meet the needs of people. Country specific policy correctives in this regard are unavoidable and must be taken in a timely manner.

(x) *Capacity for evidence-based policymaking*

Policies for a human-centric economy have to be tailored to the requirements of context, be evidence-based and anchored in relevant human rights standards and principles. This is true of policies at macro, sectoral and household levels. The capacity for undertaking social impact assessments, human rights assessment, budget analysis and use of information to monitor and evaluate outcomes of policy interventions is critical in that regard. This capacity must be strengthened among state and non-state actors who contribute to the policymaking process.

C. Household level policies

In general, social policies are made with the average of a society in mind. This is because it is easier to track benefits on an average rather than to track benefits accruing to every single individual. Consequently, governments find it convenient to pitch social policy interventions at a community level (a village school, or a primary health centre), or at the level of an administrative unit (district or province). The last person in the queue is expected to gain from ‘the average’, meant to benefit from the policy initiative. Accordingly, good social policies are those where this gain accrues more to the bottom half of the population. However, inequalities in entitlements or capabilities of individuals could mean that gains from policies implemented are cornered by the few better-off people or regions. The average then is deceptive. Importantly, inadequate resource-allocation and inefficient resource-utilisation further diminish the impact of social policies. Thus, it is plausible to suggest that social policy interventions could end up supporting sub-optimal outcomes, in both the developing and the industrialised countries.

To address this concern some social policy measures need to be targeted, such as those directed at the homeless, the ethnic minorities, households below the poverty line, households without access to civic amenities, or the poorer districts or regions, using some predefined criteria for each. Although this is probably more relevant for developing countries, such unequal outcomes are not uncommon in industrialised countries. Moreover, targeting might be necessary but cannot be sufficient because there are inequalities within targeted groups whether people or regions. There are gender divides, digital divides, ethnic divides, religious divides,

geographical divides, and so on. This is also manifest in the form of intra-household inequalities, such as discriminatory treatment for a girl child, a differently abled person, or a dependent senior citizen. To be effective, social policies must recognise these inequalities.

(xi) *Social security floor and education*

There are at least two specific measures to address these concerns: deliver an effective social security floor to protect human dignity at the household level in the present and ensure access to education to improve a person's entitlements in the future. Affirmative action policies that guarantee access to education and jobs in the public sector have been variously adopted both in developing and industrialised countries to address at least one dimension of this concern. For inequality and discrimination within the household, there are instances of specific monetary incentives being offered by governments, for example, to support the schooling of the girl child or children of marginalised population segments in some countries. Supplementary nutrition programmes for school going children are also used in many countries, directed at addressing these entrenched intra-household inequalities. To be effective, these measures have to be accompanied by social mobilisation and social auditing. These issues are not necessarily confined to a developing country. Indeed, industrialised countries have their own variants of the issues which need to be addressed in their context. A human-centric economy must be sensitive to addressing concerns at the household level and even within households. Indeed, recognition of human diversity and unequal treatment of some, relative to others, and responding to that is a foundational element of the human rights discourse. The household-level implications in implementing a human-centric approach must not be lost sight of, even if it is expedient to pitch public policy interventions at the level of a community or at the level of an administrative unit.

D. International policy regime and practice

A human-centric economy requires a conducive international policy environment to meet its objectives, especially when the concerns relate to supply of global public goods. An alignment of thinking at the international and national levels is necessary for IFIs to play a constructive role in a country's efforts to address its economic concerns and help evolve into a human-centric economy. The current international financial architecture was designed by and for the industrialised countries of the post-war period, at a time when neither environmental risks and climate change nor social inequalities or gender inequality, were considered pre-eminent development challenges. Today's world faces multiple crisis in rising inequality; social

discontent; loss of government credibility; unrelenting climate change with detrimental impact on lives, livelihoods and natural environment; growing risk and vulnerabilities of markets and people to cross-border contagion; along with geopolitical and technological changes that are contributing to social insecurities. The neoliberal worldview of economy underpinning the functioning of IFIs has failed to address some of these concerns at the global and national levels, undermining the promotion and protection of human rights, when it matters the most – when countries are under economic stress and seeking their assistance in getting back on track. The international financial architecture needs wide ranging reforms to support the emergence of a human-centric economy at the national and global level.

(xii) *Reforms of the International Financial Architecture and global governance*

Foremost, the reforms must shift the focus from post-factum considerations to proactive assessment of how financial operations impact human wellbeing and the SDGs. There is a need to treat human rights as binding parameters by IFIs, especially when negotiating adjustment funding for countries facing financial stress. The short-term economic stabilisation measures must protect critical social sector spending so as not to undermine human wellbeing and the growth potential of the economy in the longer term. It is necessary, in that regard, for IFIs to integrate human rights into their diagnostic tools and support a build-up of such capacity at national level.

There is a compelling case to provide transparent debt relief, restructuring of financial commitments and loan conditions, larger concessional funding and supporting fiscal reforms that balance the public expenditure needs of a country with resource mobilisation efforts, majorly through progressive taxation. There is a need to establish a new global tax architecture guided by greater tax transparency and information sharing frameworks that benefit all countries, addresses tax evasion, issues of transfer pricing in cross border trade, and distorting influence of tax-havens on capital flows. This must involve low and middle-income countries as equal stakeholders in tax governance decisions. It is also essential to anchor multilateral framework for investment and trade agreements in human rights, in order to safeguard policy and regulatory space for states to advance the economic social and cultural rights and drive long-term structural transformation for just and equitable economic outcomes. Furthermore, in times of increased economic volatility in a globalised world, macroeconomic policy

coordination across countries can bring calmness and order to capital flows, capital markets and exchange rates, for a better management of disruptions in economic activity.

It is necessary to scale up climate financing. The countries disproportionately affected by environmental degradation, including climate change, should have access to sufficient finance and technology for climate mitigation and adaptation, loss and damage, as well as protection of biodiversity and remediation of pollution. Indeed, there is a need to make the global public good regime more robust to address the climate change crisis. The IFI's need to shed their ideological agenda and leverage their research and analytical capacity to support policy reforms at country level. There is also the concern, frequently voiced and felt of late, about the deficiencies in global governance and leadership related to United Nations and its various bodies and agencies. A democratic and participatory space for resolving global political, social and economic concerns, in a strengthened multilateral institutional framework, is an imperative for supporting peace and progress for sustaining human life and well-being.

This essay discusses the rationale for a policy focus on building a human-centric economy that in its economic and social domain accords absolute priority to the advancement of human wellbeing. Making progress in the realisation of human rights, including the right to development and rights of people on protection of biodiversity and environment, is an important aspect of building a human-centric economy. The development outcomes and the struggle to sustain progress in human well-being across countries in recent decades, make it clear that the nature of problems in poor countries and rich countries are similar and may well require similar policy responses. Of course, the specificity of the context and level of institutional development would, however necessitate different implementation modalities and priorities across countries. The SDGs present a broad based, universally relevant human-centric agenda that needs to be prioritised at national level to anchor a country's policy and strategic response for advancing human well-being of its people. This should accompany the strengthening of the institutional systems to adopt a policy framework to support a human-centric economy.

The pathways to a human-centric economy and the policy template highlighted in this essay are based on steps pursued by many governments with some success, in one or the other part of the world, at different points in time. Mostly, without the benefit of having adopted an explicit overall framework to build and sustain a human-centric economy. This is also true for countries like India. The benefit of adopting the elaborated approach rests on creating coordinated and holistic interventions that feed on synergies across sectors and different interventions to create human-centric economies and flourishing societies. The transition to a

human-centric economy is critical for addressing the contemporary global challenges and resuming progress on the 2030 agenda and beyond, for sustainable development and broad-based progress. The shift requires putting people and the planet at the centre of all policies and altering benchmarks for crafting those policies with the required scope and desired direction.

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