



The Road to Productivity

For Mains

Why are cities important?

- During the early pandemic i.e., by April 2020, a Barclays report found that “the absolute economic loss was likely the largest from the shutdown of Kuala Lumpur, Manila, Delhi and Mumbai, ranging from \$1 billion-\$1.7 billion per week.”
- Cities are labor markets where the labor force exchanges their labor and creates knowledge spillovers.

Concerns

- Commuting time for the labour force to the workplace plays a very important role in determining their productivity in cities.
- The travel time to work was one of the slowest in Indian cities in 2016: Bengaluru being the slowest at 22 km per hour, Delhi at 25 km per hour, and Chennai the highest at 33 km per hour.
- This has been exacerbated by heavy rains
- Nominal labour market of the city refers to all jobs created in the metropolitan area; the effective labour market refers to the jobs accessible within a certain commute.
- Hence to improve the efficiency and productivity of a city, we must reduce the time taken up by commuting.
- One must know that during pre-pandemic time companies had threatened to shift from Bengaluru to its outskirts due to long commute times within the city.
- The larger a city's effective labour market, the greater its agglomeration economies and knowledge spillovers will be.

Suggestions

- Urban local bodies (ULBs) can directly impact the city's economic output by improving their infrastructure.
- Road length has a positive effect on the city's tax base. This is because roads lead to easy access to jobs and increased economic activity which also increases the public trust and increases tax base.

- Investing in roads not only reduces travel time and enlarges effective labour markets of cities and their economic output, but also improves access to schooling for children as well as healthcare, thereby upgrading human development.
- Developing mass transit systems such as metro rails or local trains can also reduce the transit time as well as provide another source of income for the government.

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EDITORIAL ANALYSIS

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