

## Vision of Inclusive Growth In India

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### ABSTRACT

The concept of 'Inclusive Growth' finds place more frequently in the debates and discussions at different forums. The Government aimed at promoting 'inclusive growth' as it recognized that high national income growth alone did not address the challenge of employment promotion, poverty reduction and balanced regional development or improving human development. The subject of inclusive growth has been in the spotlight recently, for very obvious reasons. This orientation is most visibly manifested in the theme of the Eleventh Five-Year Plan. The theme is 'towards faster and more inclusive growth,' which clearly reflects the need to find a sustainable balance between growth and inclusion. Many people view 'inequality' and 'exclusiveness' as being the same thing. The Eleventh Plan defines inclusive growth to be "a growth process which yields broad-based benefits and ensures equality of opportunity for all". The inclusive growth and development vision as envisaged in the Five Year Plan also reflected the budgetary and political commitment of the government. Though, efforts and progress in the direction of inclusive growth and development appears to be quite satisfactory, however, challenges, problems and constraints in achieving the goals of inclusive planning have emerged that require multiple approaches and strategies to address them effectively and efficiently.) The present paper attempts to examine the emerging challenges in achieving inclusive development and growth in India.

**KEYWORDS: Inclusive Growth, Eleventh Five-Year Plan, Sustainable, Vision.**

### INTRODUCTION

Indian economy is growing at a phenomenal rate. It is far from reaching its true potential. The country remains shackled in corruption, red tape, age old social barriers and a puzzling lack of transparency. Growth is not uniform across sectors; and large cross-sections of the populace remain outside its purview. Several social, political and economic factors need to be tackled for sustaining a high rate of growth, as well as to make this growth inclusive. Elimination of child labour, women empowerment, removal of caste barriers and an improvement in work culture are just a few of the things the Indian society needs to introspect on. Tackling corruption in high places, removing the ills of the electoral system, shunning politics of agitations and keeping national interest above petty politics may not be too much to ask of the country's policy makers. Rapid growth in the rural economy, well planned and targeted urban growth, infrastructure development, reforms in education, ensuring future energy needs, a healthy public-private partnership, intent to secure inclusivity, making all sections of society equal stakeholders in growth, and above all good governance will ensure that India achieves what it deserves.

Of the eight richest people in the world four are Indian, but the irony still remains that there's a marginal farmer in the interior of Maharashtra, who is struggling to feed his five children, the youngest of whom is a son, uneducated and unemployed, with four sisters, all of marriageable age, whose marriage the farmer cannot afford. Try telling the farmer that the economy is growing at a handsome 9% per annum, hardly consolation for the empty stomachs his children go to bed with every night.

Indian economy is growing, salaries are going through the roof for the educated but the fact still remains, that the poor are still poor even though the rich have become super rich. The growth is far from inclusive. Economic liberalization which began in the early 1990s has accelerated India's growth rate to an average of 7% per year since 1997, up from 3.5% in the 1970s. During this period India transformed itself from an agricultural economy to a service economy. Services now form 55% of the Indian economy. The growth and development of the Information Technology and Information Technology enabled Services have had a significant role in changing the face of the economy. The good news does not end here. The growth rate for India is expected to overtake China's double digit growth rate in the next few years.

This news however, hides some alarming trends. Growth continues to bypass a large section of people. A large majority of Indians live in the villages and they have been excluded from India's growth story. Rural India is facing endemic problems – land holdings are shrinking, slow growth in agricultural production and limited social and economic infrastructure. Women, Children, backward castes & classes and other minorities often are excluded from the growth story. The rise of grass root militant movements which plague nearly one-tenth of India is a direct result of this economic exclusion and the unfulfilled aspirations of the bottom billion.

The task to feed, house, clothe, educate and employ India's growing population, which is expected to reach nearly

1.5 billion by 2030, is enormous. This includes a net increase of 270 million people which will be added to the work force. Bringing them into the economic mainstream both as producers and consumers of goods and services must be the basis of any inclusive strategy.

Today, economic power rests with a precious few. According to Credit Suisse, the top 1% of the population own 15.9% of India's wealth, the top 5% own 38.3% and the top 10% have 52.9% of Indian's wealth. What this really means is that 90% of Indian, the urban and rural poor has a very small stake in the pie. Growth must lead to the re-distribution of this ever growing pie to a situation where the bulk of the population is middle class and a smaller percentage of the population is either very rich or very poor.

The aspirations of the "bottom billion" cannot be wished away. If India is unable to address these aspirations, the "demographic dividend" that the country can reap will become a demographic liability. This mammoth task cannot be done by government alone. Industry and civil society must partner with government to drive inclusive growth. Cognizant of income disparities and growing aspirations of the people the government has been working to address these through programs like NREGA and Aadhaar. Civil society has contributed with design and governance oversight. But, in my view the greatest lever for driving inclusion is jobs.

### **What is "Inclusive growth"?**

**Inclusive growth** basically means "broad-based growth, shared growth, and pro-poor growth". As an approach in economic policy, it is believed to decrease the rapid growth rate of poverty in a country and increase the involvement of people into the growth process of that country.

Inclusive growth by its very definition implies an equitable allocation of resources with benefits incurred by every section of society. But such allocation of resources must be focused on the intended short- and long-term benefits of that society, such as availability of consumer goods, people access, employment, standard of living, etc.

It also sets a direct relationship between macro and micro determinants of the economy and economic growth. The micro dimension includes the structural transformation of the society, while the macro dimension includes the country's gross (GNP) and gross domestic product (GDP).

Maintaining rapid and sustainable inclusive growth is sometimes very difficult because resources vaporize during the allocation and may give rise to negative externality, such as rise in corruption, which is a major problem in developing nations. Nonetheless, it has created an environment of equality in opportunity in all dimensions of livelihood, such as employment, market, consumption, and production and has created a platform for people who are poor to access a good standard of living. The inclusive growth approach assumes that if we focus on the inequality between poor and rich households in a country, we can reach an optimal solution that will minimize the difference.<sup>[1]</sup>

The 11th Plan defines inclusive growth to be "a growth process which yields broad-based benefits and ensures equality of opportunity for all".

The inclusiveness involves four attributes. They are Opportunity, capability, access and security.

The Opportunity attribute focuses on generating more and more opportunities to the people and focuses on increasing their income.

The Capability attribute concentrates on providing the means for people to create or enhance their capabilities in order to exploit available opportunities.

The Access attributes focuses on providing the means to bring opportunities and capabilities together.

The Security attribute provides the means for people to protect themselves against a temporary or permanent loss of livelihood.

### **NEED FOR INCLUSIVE GROWTH IN INDIA**

Inclusive growth is necessary for sustainable development and equitable distribution of wealth and prosperity. Achieving inclusive growth is the biggest challenge in a country like India. In a democratic country like India, bringing 600 million people living in rural India into the mainstream is the biggest concern. The challenge is to take the levels of growth to all section of the society and to all parts of the country. The best way to achieve inclusive growth is through developing people's skills.

### **PROBLEMS BEFORE INCLUSIVE GROWTH STRATEGIES IN INDIA**

For a developing country like India, the need of inclusive growth is vital to achieve the over all progress of the country. Though it is positive for macro-economic stability, 2008-09 resulted a relative growth slow down, mostly from the spillover effects of the weakening of the global economic momentum and volatile financial markets. The following problems are the major concerns for developing countries like India to achieve the inclusive growth. They are:

(1)Poverty

- (2)Employment
- (3)Agriculture
- (4)Problems in Social Development
- (5)Regional Disparities

The vision of inclusiveness must go beyond the traditional objective of poverty alleviation to encompass equality of opportunity, as well as economic and social mobility for all sections of society, with affirmative action for SCs, STs, OBCs, minorities and women. There must be equality of opportunity to all with freedom and dignity, and without social or political obstacles. This must be accompanied by an improvement in the opportunities for economic and social advancement. In particular, individuals belonging to disadvantaged groups should be provided special opportunities to develop their skills and participate in the growth process.

This outcome can only be ensured if there is a degree of empowerment that creates a true feeling of participation so necessary in a democratic polity. Empowerment of disadvantaged and hitherto marginalized groups is therefore an essential part of any vision of inclusive growth. India's democratic polity, with the establishment of the third layer of democracy at the Panchayati Raj Institution (PRI) level, provides opportunities for empowerment and participation of all groups with reservations for SCs, STs, and women. These institutions should be made more effective through greater delegation of power and responsibility to the local level.

### **CHALLENGES BEFORE INCLUSIVE GROWTH STRATEGIES IN INDIA**

The key components of the inclusive growth strategy included a sharp increase in investment in rural areas, rural infrastructure and agriculture spurt in credit for farmers; increase in rural employment through a unique social safety net and sharp increase in public spending on education and health care. The government also should go for a variety of legislative interventions to empower the disadvantaged. Some of the challenges and opportunities before inclusive growth strategies in India are:

- 1.Poverty eradication
- 2.Agricultural growth
- 3 Good and Honest Government and Government schemes schemes
- 4.Childlabor is a complex problem that is basically rooted in poverty.
- 5 The Indian.. Social development
- 6 Women Empowerment
- 7 Eradicating the regional disparities.
8. To bring in inclusive growth, it is necessary to enhance the capabilities of women by providing education, so that they get the opportunity of getting employed and be self sustainable.

Government of India has stepped up for inclusive growth by launching many initiatives with features that are innovative, flexible and reform oriented such as:

1. Rural Infrastructure(Bharat Nirman)
2. Employment(Mahatma Gandhi National Rural Employment Guarantee Scheme)
3. Regional Development ( Backward District Development Program)
4. Education (SarvaShikshaAbhiyan)
5. Rural Health(National Rural Health Mission)
6. Urban Infrastructure (National Urban Renewal Mission)

It is asserted by the Planning Commission that for growth to be more inclusive we need:

1. Better Performance in agriculture .
2. Faster Creation of Jobs, especially in manufacturing.
3. Stronger Efforts at health, education and skill development
4. Improved effectiveness of programs direct aimed at the poor.
5. Special programs for socially vulnerable groups.
6. Special programs for disadvantaged or backward regions.

The objectives and targets of the Proposed 12<sup>th</sup> Five Year Plan put emphasis on the achievement of Inclusive Growth but it is still a burning question that whether this time India would be able to achieve all the targets decided for the achievement of Inclusive Growth or like 11<sup>th</sup> Five year Plan it would lag behind and the Inclusive Growth will be seen only in papers.

**There has to be a collective effort for inclusive growth**

India has the potential of becoming a leading economy and has the unique opportunity to make that growth inclusive, provided there is willingness on the part of all sections of society to put in hard and disciplined work, together with serious, sustained and purposeful planning.

First, there is much that needs to be done to build up India's potential. Better governance, more and better educational institutions, higher agricultural productivity, controlled inflation and improvement in infrastructure are some of the major and more important steps required in this direction.

Better governance is the need of the hour, more so because the government in India still has a majority stake in almost all essential sectors e.g. in the crucial sectors of health, sanitation and water. It is in such social sectors that we find the political parties least interested, especially once they come to power after elections. Yet these are the fields which need to be paid more attention to if we are to improve human development alongside economic growth; with the current situation, it is no wonder that India figures extremely low on world human development index reports. There is a need for more public-private partnerships. The private sector should take more social responsibility and contribute towards making growth more inclusive.

## SUGGESTIONS

1. Equity is important for economic development so it should be preferred.
2. Agricultural Development is necessary for economic development.
3. Economic reforms are important. But macro-poor policies (fiscal, trade, financial, monetary etc.) should have pro-poor focus.
4. Structural change should have followed agriculture-industry-services sequence.
5. Development of manufacturing sector is important for creation of productive employment.
6. Equality of opportunities (education) should be given.
7. South East Asian and East Asian experience can be used.
8. Shift focus of reforms to delivery systems
9. Importance of women's economic and social empowerment
10. Decentralization
11. Economic reforms in relation to socio-political environment
- 12 Literacy levels have to rise to provide the skilled workforce required for higher growth.
- 13.. Economic reforms have to be introduced

## Conclusion:

India has been enriching with some of the world's most essential minerals, beautiful places, diverse cultures and capable and talented people. It is time we stop squandering and take advantage and make the most of what most countries can never even dream to have. There is much to be done, but if done and done correctly, then nothing can stop us from reaching the pinnacle of the world. Thus the time now is to take quick action towards Inclusive India and we should all join hands in achieving the target of inclusive growth and developing our service sector will help us in achieving this objective which is the need of the hour so let us work at it. To add to it that the services led growth in India would be rapid and sustainable in the long run if both agriculture and industry grow at a rapid rate.

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