ABSTRACT

India is soon being recognized as a Global Power. But the big question is how inclusive is India’s growth? Inclusive growth means making sure that everyone is included in growth, irrespective of their economic class, gender, sex, disability or religion. It takes a long term perspective for development. Sustainable development requires inclusive growth. Sustainable development in turn can be defined as that which meets the needs of the present without compromising the ability of future generations to meet their own needs. Inclusive growth is essential for India on account of low agriculture growth, low rate of growth of employment and low level of human development. Majority of India lives in villages devoid of basic facilities, the country is also characterized by corruption and bureaucratic inertia. She faces a number of challenges such as improvement of delivery of core public sector, maintenance of sustained growth, lack of scientific training among the political leaders, uneven infrastructure and social factors like illiteracy and absence of adequate health facilities. For India to remain ‘shining from all angles’ she has to improve her infrastructure in remote areas, increase agricultural productivity, ensure good governance, improve the quality of education and tackle the problem of parallel economy on a massive scale. This would lead to India making her mark as the fastest growing ‘emerging economy.’

Keywords: Inclusive Growth; Sustainable Development; Human Development; Poverty

INTRODUCTION

After over three centuries of abject relative and absolute poverty, India is soon being recognized as a Global Economic Power and the process has accelerated over the last few years. However, the principal challenge is how to make India’s growth more inclusive by reducing entrenched poverty. In this study an attempt has been made to look into the concept of inclusive growth for sustainable development with special reference to India, examine the scene in India with reference to inclusive growth, discuss the need and importance of inclusive growth, mention the challenges faced and try to make recommendations for the future.

OBJECTIVES OF THE STUDY

The present topic under consideration has the following objectives:

1. To examine the concept of inclusive growth and sustainable development;
2. To find the scene in India in terms of certain parameters;
3. To discusses the need for inclusive growth in India;
4. To find the various challenges marring inclusive growth and
5. To identify certain suggestions keeping the future in mind.

**Concept of Inclusive Growth for Sustainable Development**

Inclusive growth is a concept which advances economic opportunities for economic participants during the process of economic growth, with the benefits reaped by all sections of society. Further, inclusive growth implies links between the macroeconomic and microeconomic determinants of the economy and economic growth. Microeconomic dimensions emphasize the structural transformation and dimension, while macroeconomic dimensions refer to changes in economic aggregation such as Gross Domestic Product (GDP) and Gross Net Product (GNP).

Inclusive growth means making sure that everyone is included in growth, irrespective of their economic class, gender, sex, disability or religion. It takes a long term perspective for development. Sustainable economic development requires inclusive growth. The World Commission on Environment and Development in its Report: Our Common Feature has defined sustainable development as that which meets the needs of the present without compromising the ability of future generations to meet their own needs. The concept gained importance when it was realized that the fruits of development are not equitably distributed. The same trend is observed at the international level, where there is concern about inequalities and exclusion.

Inclusive growth indicators are a set of 35 indicators which include:

1) Poverty and Inequality;
2) Economic growth and employment;
3) Key infrastructure endowments;
4) Access to education and health;
5) Access to better infrastructure utilities and services;
6) Gender equality and opportunity;
7) Social safety nets; and
8) Good governance and institutions.

To quote the Ex-Chairman of the Planning Commission Shri Montek Singh Ahluwalia “Inclusive growth is achieving a growth process in which people in different walks of life feel that they too benefit significantly from the process”.

**Inclusive Growth in India**

A ‘Shining India’ which is successfully competing in international arena and is reaping the benefits of globalization, technical change and economies of scale, has been drawing a lot of attention. However, what has almost gone unnoticed is ‘Suffering India’ plagued by two major problems: poverty and overpopulation.

**A Need for Inclusive Growth in India**

Several developing countries, particularly those in Asia, are realizing that the fruits of economic growth are not being equally shared. Inclusive growth is essential for substantial development and equitable distribution of wealth. Let us therefore look into the need for Inclusive Growth.

a. India ranks seventh in terms of total world land area and second in terms of population. She also is the fourth most industrialized nation. Yet she is lagging well behind and needs efforts to see that the fruits of development reach the downtrodden and weaker sections of society.

b. She faces the problem of low agricultural growth, low employment growth and low human development. Indian agriculture still to a large extent depends on the vagaries of the monsoon. Plough and bullock and traditional methods of farming are widely used even today. The
employment level is low and the graduates churned out year after year do not possess employable skills. Most of the rural areas suffer from want of adequate health care and sanitation facilities. The literacy rate is only 74% and is worse in remote rural and tribal areas. All this calls for development efforts, which would reach out to the masses and solve their problems. An educated labor force provides the right foundation for robust and inclusive growth as well as for poverty eradication. Public spending on education has to increase as there a positive association between the state’s literacy rate and inclusive growth. Widening access to education can raise the quality of labor force and pave the way for a virtuous cycle of higher potential growth. Educational enrolment rates in India are relatively low across levels and quality varies greatly. The end result is difference in the performance of students from different educational backgrounds. There is a large informal economy and many workers are in vulnerable employment situations.

c. India has a heterogeneous population characterized by rural-urban divide, gender inequality and regional disparities. The fruits of development should be enjoyed by every section of society. Majority of India lives in villages and should not be deprived of improvement. Likewise women constitute an important section of society and rightfully deserve an equal status. In addition special attention needs to be given to the backward states, if India wishes to achieve her objective of inclusive growth for sustainable development.

d. Corruption and bureaucratic inertia mar our system. Child labor though banned in India and law been enacted to that effect, is seen in the informal sector. India needs to take note and implement stringent measures if she has to retain her place as a ‘shining economy’ in the true sense of the term.

The Current Position

The concept of Inclusive Growth is an old one, having its roots since the days of the Father of the Nation Mahatma Gandhi. Inclusive growth emphasizes economic growth which is an important condition for poverty reduction. It adopts a long term perspective and is concerned about inequalities and exclusion.

Poverty

The 19th and early 20th century saw increasing poverty in India. It is estimated that the poverty rate exceeded 50% in the 1970s and 1980s but remained under 50% between 1972 and 2000.

According to the Reserve Bank of India Annual Report of 2012 the national average poverty stood at 21.9%. The World Bank which set the poverty line on the basis of Purchasing Power Parity estimated that while, on one hand accounted for 17.5% of total population, but on the other she had 20.6% of world poor.

However, in the midst of all this a pleasing factor is that the World Bank’s Global Monitoring Report for 2014-15 on the Millennium Development Goals says that India has been the single largest contributor to poverty reduction between 2008 and 2011.

Poverty in India can be attributed to two main factors namely overpopulation and reducing agricultural growth. The level of poverty is high in states like Bihar, Uttar Pradesh, Madhya Pradesh, Orissa, Chhattisgarh and Jharkhand and the magnitude is more in rural areas.

Agricultural Growth

In the year 2014 agriculture in India accounted for 17% of GDP and employed 49% of the population. The performance of the Agricultural sector has declined in India on account of the following factors:

1) Increased nonagricultural demand, due to higher GDP growth and urbanization;

2) Inefficient use of available resources;
3) Fall in agricultural growth;
4) Widening differences between well irrigated areas;
5) Affected by volatility of world commodity prices;

Agricultural growth in India is low because of:

a) Malnutrition
b) Low literacy rate
c) High dropout rate in education
d) Low skills for employment
e) Expenditure on health care is the single largest cause of rural debt.

**GDP in India**

After independence there has been a significant improvement in India’s economic and social development. The post reform period reveals that India has done well in some indicators like Balance of Payments, resilience to shocks, and growth of service sector. There has been significant accumulation of foreign exchange reserves, growth of IT sector, improvement in telecommunication and increasing savings and investment rates.

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*Note:* *Estimated rate by World Bank*

**Employment**

From 1983 to 2011 the average unemployment rate has been 9%. This problem has to be taken seriously as employment is considered as a major driver of the economy.

**Challenges Confronting Inclusive Growth in India**

Since independence India has been successful on several fronts such as maintenance of electoral democracy, reduction of absolute poverty, improvement in literacy and vastly improved health conditions. However, a number of challenges confront her attempt towards seeking inclusive growth.

One, challenge is the need for improving the delivery of core public sector. With increasing income people demand better delivery of core public services, such as regular water and power supply, infrastructure, education, public health. As physical access to these services improves quality becomes central. This calls for reforms of the public sector agencies providing information to the people, strengthening of the local government etc. Merely initiating reforms is not enough. What is crucial is their effective implementation.

Two, achieving a high growth rate is not a sufficient condition for inclusive growth. What is important is that it has to be sustained over a long period, while taking steps to ensure that the benefits are spread more widely, reaching the lower strata of society.

Three, the current infrastructure in India is a lopsided one. While the country boasts of the best roadways, highways and railway networks in some parts, the bullock carts and other outdated modes
characterize some others. There is a danger that poor infrastructure could put a brake on growth. It is here that development of infrastructure becomes crucial in equalizing growth.

Four, India boasts of being the biggest democracy in the world. However, political leadership lacks scientific knowledge. These are our ambassadors and equipping them with the same is required to enhance the growth process.

Five, corruption and political interference are rampant in India and this mars our path. There are too many lengthy procedures involved. Reforms from this angle will provide equitable distribution of growth benefits.

Finally and most importantly are the social factors like illiteracy, poor health and sanitation conditions, subjugation of women and consequent overpopulation, child labor and infant mortality. It is very essential to begin at the grass root level to ensure inclusive growth for sustainable development in India.

**Future of Inclusive Growth in India**

India has the making of being a leading economy in the near future while simultaneously possessing that opportunity to make that growth inclusive. This requires purposive planning on one hand and hard work from different strata of society on the other. One can mention the following steps which can foster inclusive growth.

1. Improvement in agricultural productivity. The point to be remembered is that in spite of massive industrialization, agriculture forms the backbone of our economy, as almost 50% of the population is employed in that sector. Improved agricultural productivity and use of better techniques of production will improve the family income for this vast majority. One can cite the example of Punjab and Haryana, the two richest states in India who are agricultural in nature.

2. Better infrastructure in the countryside. This would imply better rural connectivity, regular water and power supply, extension of financial services and greater investment in irrigation. This could help tackle rural poverty in a better way and pave the way for prosperity.

3. Better governance in the country. India is a mixed economy and the government still plays a major role in key sectors like power, water, transportation, and health services. These fields need to be given more attention if we want to ensure human development with economic growth. The need arises for Public Private Partnership. The latter can be given more social responsibility so as to contribute towards making growth more inclusive. In fact most private enterprises are emphasizing Corporate Social Responsibility.

4. The success of the telecommunication field has to be reproduced in other areas. India unfortunately has a massive parallel economy (black money) which has to be tackled on an urgent basis, and funds have to be diverted to the social sectors.

5. Need for improving the quality of higher education. Indian system of higher education ranks third in the world in terms of enrolment. While the system has made rapid strides in terms of quantity the same is not true of quality imparted. Several factors mar our system such as paucity of funds, high dropout rates, poor infrastructure, dichotomy in the quality of institutions etc. The problem is grave in the rural sector. As mentioned earlier, human development, is one crucial ingredient which can pave the way for inclusive growth.

**CONCLUSION**

Robust economic growth is essential for strong growth of government revenue which would help ensure adequate fiscal space for development spending particularly in the social sector.
As per the Inclusive Growth and Development Report published by the Geneva based World Economic Forum India’s ranking is 71 out of 144 countries, with her ranking low in terms of basic parameters for inclusive growth and development.

The economy has taken off in the Post Reform period. But as is apparent she has a long way to go. However, one can be optimistic and say that, the right policy mix and initiatives will lead to prosperity and inclusive growth. This would make India the fastest growing emerging economy in the true sense of the term.

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