

Significance of Inclusive Growth in Development

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Abstract - According to World Bank, the term inclusive growth refers to pace and pattern of growth, it is the speed of economic growth and how far it's benefits reaching to the people. Organization for Economic cooperation and Development explains inclusive growth as economic growth that is distributed fairly across society and creates opportunity for all. It's an impartial allocation of resources with benefits for every section of society. Thus inclusive growth means economic growth that creates employment opportunities and helps in reducing poverty and differences in society. Inclusive Growth is Government of India top priority, described it as growth including the "poorest of poor". But India's rank in UNDP's human development index is 131st which show a wide gap between pace and pattern of growth in country. The concept of Inclusive Growth was first introduced in 11th five year plan (FYP), whose objective was to achieve growth process, broad based improvement, quality of life and equal opportunity to all. The 12th FYP further took forward these objectives focusing on reducing poverty, improving health and livelihood. This paper focuses on concept of inclusive growth, its need and role in Inclusion of society at large.

Keyword - Inclusive growth, economic development, growth, development

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INTRODUCTION

Inclusive growth as per World Bank, refers to pace and pattern of growth. That is speed at which economy grows and how far the benefit spread. The word 'inclusive' necessitates participation of larger section of the labour force, irrespective of socio-economic background, and regions in generation as well as accessibility of growth. The idea of inclusive growth comes with the idea of 'pro poor' growth which in absolute terms refers to growth benefitting the poor. The country's progress on various fronts has not been translated into an overall improvement in life of poor and marginalized sections of society. India's rank on UNDP's Human Development Index is 135 which substantiate this fact. There is a need to share the benefits of the growth process. The concept was first envisaged in the Eleventh five year plan document and 12th plan document also highlighted this agenda. Further clarified by the NITI Aayog's vision document on inclusive growth. Various steps are taken by Government for meeting the challenges in the inclusion process. This study highlights various aspects of the term, it's need, challenges and importance.

OBJECTIVE OF THE STUDY

- to study the concept of inclusive growth
- to know the need of the inclusive growth

- to know about the elements of inclusive growth
- to know about government initiatives for inclusive growth

CONCEPT OF INCLUSIVE GROWTH

The term inclusive growth explains comprehensive growth, shared growth and pro poor growth. According to WORLD BANK, "Inclusive Growth refers both to the pace and pattern of growth, which are interlinked and must be addressed together." In border sense, it implies inclusion of all section of society in the process of economic development and sharing its benefits. Therefore, it's a process or mean in itself. United Nations Development Program (UNDP) defines inclusive growth as "the process and the outcome where all groups of people have participated in the organisation of growth and have benefited equitably from it". This implies that inclusive growth should include all sections as beneficiaries as well as partners in growth and that inclusion of the excluded should be brought in the growth process. Inclusive growth means economic growth that creates employment opportunities and helps in reducing poverty. It includes providing equality of opportunity and empowering people through education and skill development. The Government took various steps to ensure this by bringing excluded sections of the society into the mainstream

and ensuring them with benefits of faster economic growth. One of the major steps in the direction of bringing about financial inclusion was from the scheme PradhanMantri Jan Dhan Yojana (PMJDY) has yielded impressive results within ten months of its launch with 98 per cent households having a bank account. MUDRA Bank, SETU, Skill India Mission are strong measures expected to create skilled workforce and provide livelihood opportunities. Pradhan Mantri Jeevan Jyoti Beema Yojana, Pradhan Mantri Jeevan Suraksha Yojana and Atal Pension Yojana have been introduced with the intention of creating sustainable security net in the country. Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA) has improved the standard of living of people and has been able to check migration from villages to a large extent. Kisan Credit Card, Pradhan Mantri Krishi Sinchayee Yojana (PMKSY), National Agriculture Market (NAM) are aimed at benefitting largely the agrarian community, an important indicator of socio economic wellbeing of the country.

NEED OF THE INCLUSIVE DEVELOPMENT

To understand the need of the inclusive growth, prerequisite is to understand the reasons for inequality in the country before and after independence. Some are cited below:

1. **Historical reasons:** Discrimination against certain sections of the society since historic times. This has affected their choice, opportunity, and accessibility to education, employment and health. Though policies like Reservation have been implemented since Independence, they were successful only in the economic and political sphere that too to a limited section of people but failed largely in social upliftment.
2. Females were always treated to be subordinate and weaker to males. Girl education is considered to be a burden on the family and women have limited choices in employment.
3. **Large-scale informal employment:** 80% of the Indian labour force is employed in the informal sector. Informal sector jobs are more insecure without regular pay and social security benefits. This increases the wage gap between formal and informal sectors.
4. A huge proportion of the population is still dependent on agriculture but the share of agriculture to the total GDP is falling.
5. **Inter-state inequalities:** Growth has been different across sectors and regions. For examples, Green Revolution has disproportionately benefitted Western and Southern India when compared to Eastern India.
6. Studies show that globalization and opening up the economy has benefited the rich more than the poor, thus increasing the inequality gap. Global platforms like World Trade Organization (WTO) have resulted in increased trade competitiveness affecting the returns of local investors and producers.
7. According to the report published by famous Economist Thomas Piketty, tax progressivity which is a tool to contain the rise in inequality was progressively reduced. Wage inequality dispersion also increased in many sectors, due to private agencies removed government-set pay scales, which were less unequal.
8. Lack of skill development and jobless growth.

Therefore, there is need to resolve these issues as-

- There is a severe lack of accessibility to core public services.
- The public spending for core services stay at a negligible percentage of GDP (1 – 2%).
- Issue of Malnutrition and undernourishment has been prevalent in society among marginalise section especially among adolescent girls.
- Economic and Social inequalities exist at intra-state level and inter-state level. Poor growth rates and poor public services in less developed state is increasing the disparities. The data is reflected in the Human Development Index and Per Capita Income across different states.
- Low agriculture growth, low quality employment growth, low human capital development, rural-urban divides, gender and social inequalities, and regional disparities etc. are the main issues in inclusive growth of the country.
- To reduce poverty, inequality and increasing economic growth are the main aim of the country which can be achieved through inclusive growth.
- Growth has been uneven across various sectors and locations. For example, agriculture involves nearly 60% of the population but contribute only 17% in GDP of country. On the other hand service sector showing continuous growth. Policies are also relatively ignored the agriculture sector.
- Unsustainable economic growth.

ELEMENTS OF INCLUSIVE GROWTH

- **Skill Development:** To utilize the demographic dividend of the country, which is highest in the world, there is the need for employability of the working age population, their health, education, vocational training and skills. Skill development plays a key role empowering the excluded section. But India is facing a dual challenge in skill development:

First, there is scarcity of highly trained workforce.

Second, there is non-employment of conventionally trained youths.

According to the Economic Survey 2017, over 30% of youth in India are not in education, employment or training (NEET). At least 47% of the youth in India are not getting education and skills necessary for employment in 2030 as per the report of UNICEF in 2019.

- **Financial Inclusion:** Financial Inclusion is the process of ensuring access to financial services to vulnerable groups at affordable costs. It is necessary for inclusive growth as it leads to the culture of saving, which initiates a virtuous cycle of economic development. It is expected to make significant changes in economy, especially the rural economy. Financial instruments like– PMJDY, gold monetization scheme and MUDRA scheme ensure regularity of flow of liquidity in households and therefore opportunities for investment and savings. It also enables improved and better social development, in an equitable manner across the country.
- **Technological Advancement:** The world is moving towards an era of Industrial Revolution 4.0. These technological advancements have capabilities to both, decrease or increase the inequality depending on the way these are being used. Several initiatives have been taken by the government, e.g. Digital India Mission, so that a digitally literate population can utilize technology for endless possibilities. Technology can help to meet other challenges too.
- **Economic Growth:** India is among the fastest-growing major economies in the world. However, currently Indian economy is facing slowdown due to both cyclic and structural challenges and the effect of Covid 19 pandemic. However, the target of becoming a \$ 5 trillion economy by 2024-25 can allow India to reduce inequality, increase social expenditure and provide employment to all.
- **Social Development:** It means the empowerment of all marginalised sections of the population like SC/ST/OBC/Minorities, women and transgenders. Empowerment can be done by improving institutions of the social structure i.e. hospitals especially primary care in the rural areas, schools, universities, etc. Investment in social structures will not only boost growth (by fiscal stimulus) but will also create a healthy and capable generation to handle future work.

GOVERNMENT INITIATIVES TAKEN SINCE INDEPENDENCE FOR INCLUSIVE GROWTH

Components of Inclusive Growth – 11th 5year Plan

1. Access to essential services

2. Employment Generation
3. Women empowerment
4. Good governance
5. Skill building
6. Equality of opportunity
7. Poverty Reduction

12th Five Year Plans: The 12thFYP plan document highlighted the desirability of inclusive growth and offered a description of what constitutes it. According to it, Inclusive growth should result in lower incidence of poverty, significant improvement in health, universal access for children to school, increased access to higher education and improved standards of education, including skill development. It should also be reflected in better opportunities for both wage employment and livelihood, and in improvement in provision of basic amenities like water, electricity, roads, sanitation and housing. Particular attention needs to be paid to the needs of the SC/ST and OBC population.

NITI Aayog's Strategy for inclusive growth: New India @75 vision for the inclusive growth

1. To have rapid growth which should be inclusive, clean, sustained and formalized.
2. To Leverage technology for inclusive, sustainable and participatory development by 2022-23.
3. To have an inclusive development in the cities to ensure that urban poor and slum dwellers including recent migrants can avail city services.
4. To make schools more inclusive by addressing the barriers related to the physical environment (e.g. accessible toilets), admission procedures as well as curriculum design.
5. To make higher education more inclusive for the most vulnerable groups.
6. To provide quality ambulatory services for an inclusive package of diagnostic, curative, rehabilitative and palliative care, close to the people.
7. To prepare an inclusive policy framework with citizens at the centre.

Other steps taken by government for inclusion:

Several other plans and schemes are being implemented by the government for inclusive growth which includes: Mahatma Gandhi National Rural Employment Guarantee Act Scheme (MGNREGA), Prime Minister's Employment Generation Programme (PMEGP), Mudra Bank scheme, Pt.DeenDayal Upadhyaya Grameen Kaushalya Yojana (DDU-GKY), Deendayal Antyodaya Yojana-National Urban Livelihoods Mission (DAY-NULM), Poshan mission, Ayushman Bharat Yojana, Swachh Bharat Mission, Pradhan Mantri Jan Dhan Yojana. Government is working with NGOs and International groupings in policy making . DISHA Project is being implemented in partnership with UNDP for creating

employment and entrepreneurship opportunities for women in India.

CHALLENGES IN INCLUSIVE GROWTH SCHEMES IN INDIA

- The failure of land reforms which started just after independence.
- Failure in non execution of the well-designed community development programme that aimed at the all-round development of the villages.
- The lack of success in providing adequate employment opportunities at living wages to a rising population.
- The neglect of primary education for a long time and the absence of special measures designed to help specially able children, vulnerable section of society.
- Continued dependence of some 60 per cent of the workforce on low-productivity agriculture and allied occupations for employment and living.
- Unemployment and underemployment.
- Poverty and resultant poor human resource development.
- Poor skilling and professional competencies.
- Lack women's in mainstream economic activities.
- Poor nutritional, health and educational indicators.
- Agriculture Backwardness excludes a major section of society from the mainstream economic growth as Around 44% of people in India have agriculture-related employment but its contribution to the Indian GDP is only 16.5% which lead to widespread poverty.
- Issues with Social Development, significant regional, social and gender disparities. Low level and slow growth in public expenditure particularly in health and education, poor quality delivery system. Social indicators are much lower for OBC, SC, ST, and Muslims.
- Regional Disparities in any sphere is harmful for the growth of the country like, In terms of literacy rate, Kerala is the most literate state with 93.1% literacy, on the other hand, literacy rate of Bihar is only 63.82%. In terms of per capita income, Goa's per capita income is Rs 4,67,998 in 2018 while per capita income of Bihar is just one-tenth of that which is Rs 43,822.
- Inadequate infrastructure.

- Social inequality and discrimination.
- Red tapism is a big issue. Corruption is prevalent in the highest offices and it persist into even the most unimportant of day to day activities. Bureaucrats, politicians and entrepreneurs want to become rich at any cost. Corruption is ill practice and considerably avert inclusive growth instead of enabling the rich to get richer and keeping the poor to poorer.

CONCLUSION

Government of India along with the state governments and local governments should focus eradicating poverty and achieving sustainable development in order to improve the lives of India's people. To utilize the demographic dividend of the country, inclusion is the pre requisite. Government need to focus on every sector of economy equally and every section of society equally. Self help groups, Non-governmental organization, MSME's can play a deciding role in the inclusion of the vulnerable section of the society. Through innovative partnerships with an international organization, civil societies, and private companies, inclusive and equitable growth can be targeted. Inclusive growth will help in the empowerment of vulnerable and marginalized populations, improve livelihoods, and augment skill-building for women. Focus should also be on the inclusion of communities like LGBTQ, Divyangs, Especially able people. Thus, inclusion of every individual for the development and growth of the country is important.

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