

## INCLUSIVE GROWTH IN INDIA IS AN EXPATRIATE

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### ABSTRACT

Inclusive Growth (IG) focuses on economic growth which is a necessary and crucial. **‘Inclusive’ growth** is often used interchangeably with a suite of other terms, including ‘broad-based growth’, ‘shared growth’, and ‘pro-poor growth’. Traditionally, poverty and growth analyses have been done separately. IG adopts a long term perspective and is concerned with sustained growth. It is concern with – (a) for growth to be sustained in the long run, it should be broad-based across sectors. (b) It should also be inclusive of the large part of the country’s labour force, where inclusiveness refers to equality of opportunity in terms of access to markets, resources and unbiased regulatory environment for businesses and individuals.

IG focuses on both the pace and pattern of growth. How growth is generated is critical for accelerating poverty reduction, and any IG strategies must be tailored to country-specific circumstances. IG focuses on productive employment rather than income redistribution. Hence the focus is not only on employment growth but also on productivity growth. IG has not only the firm, but also the individual as the subject of analysis. IG is in line with the absolute definition of pro-poor growth, not the relative one. IG is not defined in terms of specific targets such as employment generation or income distribution. These are potential outcomes, not specific goals.

All the measures identified in the article for facilitating the inclusive growth in India, calls for discipline among the politicians, bureaucrats and all those who are associated with the implementation of strategies of economic growth and development in Indian economy. In a democratic set up, having failed to implement the land ceiling Act, can Indians think of a ceiling on Private property and wealth?

#### **Key words:**

**Inclusive Growth, Economic Growth, Economic Development, Expatriate,**

#### **Introduction:**

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**Objectives of the study:**

1. To analyse the concept of Inclusive growth.
2. To analyse critically the status of Inclusive growth in India.
3. To find the measures for facilitating inclusive growth in India.

Policies for inclusive growth are an important component of most government strategies for sustainable growth. For instance, a country that has grown rapidly over a decade, but has not seen substantial reduction in poverty rates may need to focus specifically on the inclusiveness of its growth strategy, i.e. on the equality of opportunity for individuals and firms.

While economic growth itself is a well defined narrow concept, 'inclusive' growth is, by implication, focusing on a *subset* of such growth concepts, i.e. not all growth concepts are inclusive and the task is to see which ones are and which ones are not. Here two options are possible. One is a focus on *process* in the sense that the actual growth 'included' a lot of people as active participants in that growth, i.e. inclusive growth is growth that is based on inputs from a large number of people. Thus in this sense 'inclusive growth' is broad based growth where *non discriminatory participation* in that growth is a key characteristic of that growth.

The second option is a focus on *outcomes* of the growth process; thus inclusive growth is growth that includes many people as its beneficiaries. This is closely related to the concept of pro poor growth. Pro poor growth, in its absolute definition refers to growth that leads to income growth of the poor; in its relative definition, it refers to growth that leads to disproportionate increases in incomes among the poor, i.e. it is accompanied by declining inequality.

The subject of inclusive growth has been in the spotlight recently, for very obvious reasons. The theme of the Eleventh Five-Year Plan, which runs from 2007 to 2012 is 'towards faster and more inclusive growth,' which clearly reflects the need to find a sustainable balance between growth and inclusion.

Definition of inclusiveness that involves four attributes:

1. **Opportunity:** Is the economy generating more and varied ways for people to earn a living and increase their incomes over time?
2. **Capability:** Is the economy providing the means for people to create or enhance their capabilities in order to exploit available opportunities?
3. **Access:** Is the economy providing the means to bring opportunities and capabilities together?
4. **Security:** Is the economy providing the means for people to protect themselves against a temporary or permanent loss of livelihood?

Consistent with this definition, 'inclusive growth' is a process, in which, economic growth, measured by a sustained expansion in GDP, contributes to an enlargement of the scale and scope of all four dimensions. Inclusive growth by its very definition implies an equitable allocation of resources with benefits accruing to every section of society, which is a utopian concept.

### **Inclusive Growth – An Expatriate**

. The annual average growth rate of India has been around 7.0 percent. Further, the **growth in India has been pro-rich and pro-urban** to a larger extent. Further, the financial sector has had urban bias and globalization intensified this, as the macro policies have not been pro-employment and pro-poor in India. Over the decade and half period of globalization engineered ruthless income inequalities in India. To quote Abhijeeth Benarji and Thomas Picketty the rich (top 1.0 percent) of Indians increased their income by 130-200 percent The top ten percent of the rural household owned well over 50.0 percent of the land while the bottom half of the rural households accounted for less than 3.5 percent of land.

The global success of 'brand India' and continuous reinforcement of successes clouded many perceptions of reality. India rose in the dollar billionaire rankings from 8 in 2006 to 4 in the next year. The collective wealth of the top 10 billionaires of India soared by 27.0 percent during 2010-11. They got riches more than Rs 119 crores an hour or Rs 2.0 crores per minute. Mukesh Ambani alone increased his wealth by roughly Rs. 40.0 lakhs every single minute. The wages of agricultural labourers did not go up by just Rs 150 a day in these years. Most of our billionaires seem to be from Mumbai city of Maharashtra State where rural poverty has gone up and 32,000 farmers committed suicide during the last decade at an annual average of 3200.

Although economic growth has improved inequality and poverty have not declined and the growth of employment declined. The challenges and adjustments of globalization have been harsh for **poorer Indians and workers in India, who are excluded** from the mainstream of global economy. World Commission of Social Dimension of Globalization found that the current working of globalization is imbalanced and ethically unacceptable and politically unsustainable. For instance the gap between the people's incomes in the richest and poorest countries has risen to 120-1 compared to 50-1 in 1990s. We need new thinking to bridge the gap between what globalization is capable of delivering and what it is actually delivering.

**Inclusive Growth** is the new paradigm that is related essentially to equality of opportunity to all and sundry for productive and meaningful life with freedom and equality. There is a lot of talk on growth and equity but there is no operational plan. What we need is an immediate plan for achieving equitable development. The challenge before the Government is to evolve a system in which reforms and globalization can proceed on one task, and the poor can be protected from the ill effects of it, on the other. Local communities and markets should be reinforced to take advantage of finance, trade and investment changes flowing from the national and global levels. Investing to improve productivity in agriculture is essential for sustainable poverty reduction. There is no globalization without successful localization.

The world over there has been a sharp escalation in the prices of all agricultural commodities including rice, wheat and corn. It is this globally induced food inflation that has been one of the principal causes of the current high price levels affecting the poor and weaker sections in India. Food prices have been rising sharply not because of demand supply imbalances, but partly because of commodity speculation. Imports supplied to the domestic markets sometimes displaced domestic production and worsened food security. Since repeated supply shocks pose a constant challenge to ensuring a low inflation regime, which is necessary for achieving inclusive growth, a medium term strategy to augment supply of essential items by addressing structural deficiencies, needs to be put in place.

More than a decade and a half after globalization rural India is in shambles due to agrarian crisis. Over the six decades after Independence we have not managed to push

through any serious land reforms or tenancy reforms but are trying hard to clear Special Economic Zones in spite of stiff resistance from farmers and others. Encroachment by MNCs, which turn small peasants' agricultural land into large-scale agribusiness ventures, threatens the livelihood of thousands, without the promise of alternative employment. The paradox is that the knowledge, skills and means available failed to reduce the age-old afflictions of hunger, precarious livelihood and disease. According to Global Hunger Index table for 2007, among the 118 countries 12 are in the 'extremely alarming hunger' category and 23 countries including India are in 'alarming hunger' category. UNDP Report states that India slipped from 126<sup>th</sup> Rank in 2006 to 128<sup>th</sup> Rank in 2007 – in the bottom 50 of 177 Nations.

Inclusive growth needs to be looked in terms of narrowing down rural-urban and regional disparities, and empowerment and increasing participation of the poor in the growth process. However, the strategies and policies of economic growth of Indian economy in the last six decades contributed to the concentration of wealth and expatriation of the poor in the participation of growth process. Inclusive growth is not a problem of including the poor in the growth process but a problem of ensuring distribution of the fruits of economic growth to them

#### **Inclusive Growth – A Dream or Reality?**

Inclusive growth as is seen from the trends of economic growth in India in the last sixty years is a dream that may turn in to a reality in future but certainly the present generation can not witness it. It calls for high degree of attitudinal transformation of individual, institutional, administrative and governing agencies towards concern and commitment for work coupled with ethical and social values of development. **Good governance**, more than policies and reforms, is the key to India achieving inclusive growth by translating outlay into outcome. According to Legatum Index, Professor Gilbert K. Blumey defined good governance as "a system of rule through representative institutions which ensure transparency, accountability, fair allocation of resources and just appointment of punishment and reward. In the field of governance India has the average rank of 41.

India is moving up the economic league tables as the 12<sup>th</sup> largest economy in the world. Besides, it is also ranked 45<sup>th</sup> among 104 nations in the internationally respected 2009 Legatum Prosperity index. The reality of the bubble that is seen around especially on the growth rate that is projected by the planners is very different. People in rural areas live in literally different world. About the change in India there is the on the **book reality and there is the live reality**. They are completely different in almost every regard. Nearly every single aspect of policy and policy implementation in India often begins from the paper reality. But the paper reality has no bearing on what is actually happening. Professor Lant Princhett from MIT, USA in his book "Better Health Systems for India's Poor; Findings, Analysis and Options" calls India as a falling state and says that there is a huge difference in what bureaucracy says and what it knows and does.

Behind the decade of shining and progressive India, the country's biggest bane continues to be **corruption**. People seem to be desensitized to the size and magnitude of corruption that we have lost count of the crimes and criminals involved. According to Corruption Index of 'Transparency International Publishers', India along with Indonesia and the Philippines has Asia's most inefficient bureaucrats, with red tape. When ranked on the scale with 10 as the worst score, India's score is 9.41 and that of Indonesia' score is 8.59 and that of Philippines 8.37.

**The nexus between the politician, bureaucrat** and the criminal is well known that those who escape the net escape with mere tokenism. No politician worth the salt is punished

in India for being corrupt. There is all-round rise in illegality which erodes the institutions of democracy and enables the **black money to flourish**. A rough estimate of Indian money of around Rs 73,000 crores slashed in Swiss banks, one of the highest in the world is a clear indication of looting that is enacted in India today. According to the DGP of Chattisgarh in November 2009, the **Moist managers extracted from the regions is high as Rs 2000 crores**, which is the size of the naxal extortion economy, sufficient to keep the fire of revolution burning.

There is nothing that precludes a democracy from improving its governance in a better way. Peoples' geography and their legacy do make a difference. The challenges and struggles are different for different nations and opportunities do vary. The Government of India has much to deliver as it tries to reconcile India's vast social inequalities.

#### **Measures facilitating inclusive growth:**

At present our system of monitoring soil fertility and maintaining it is flawed and needs urgent attention.

For raising crop yield, public investment in agriculture needs to be stepped up. The areas where investment needs to be increased are: irrigation, water management, soil conservation, market, cold storage chain, storage, research etc.

The existing big regional disparity in crop yields in India must be bridged by extending HYV technology and farm investment to irrigated areas and the water logging technology to rain fed areas.

India should utilize the potential of export of horticulture products like flowers, herbal products, sea food etc.

Timely and effective distribution of subsidized fertilizers and seeds to the farmers is essential to expand the productivity in agriculture. This calls for proper rationalization of subsidies including the free supply of power to the farmers.

Credit problems of small and medium farmers need to be addressed to save them from the exploitation of money lenders to prevent the farmer suicides.

Public distribution system shall be made the obligation of the state governments for addressing the problems food security in the country. In spite of the direction from the Supreme Court the refusal of the central government to distribute free of cost to the poor people the food grains not properly stored in the godowns whose quality deteriorated indicates the indifference of the government towards inclusive growth.

Concentration and development of industrial activity in and around the urban agglomerations is to be changed in favour of semi-urban and rural areas. Special Economic zones are to be promoted ensuring prevention of loss of fertile land to a larger extent.

It is not correct to presume that the decline in the employment in agriculture sector is compensated by the surge in the employment opportunities in the service sector. The uneducated and illiterate workers losing livelihood from agricultural sector cannot find employment in service sector and in fact they migrate to urban areas in search of work on daily basis in unorganized sector where the wages are also low.

Employment opportunities in rural areas needs to be provided through the schemes and programmes started in the recent past to check rural-urban migration. Encouraging the rural industries and self employment activities shall be made the responsibility of the state governments.

Eradication of illiteracy and ensuring reasonable standards of education to the rural children and youth equips them to earn livelihood and to understand the benefits of inclusive growth. Ethics need to be a part of the curriculum at the school level to shape the mindset of children and youth.

Adequate provision of infrastructure in the rural areas to ensure reasonable standards of health care is necessary for the poor to participate in the process of economic growth.

Access to education, health facilities, housing, drinking water, rural roads, marketing facilities etc are the urgent need of times to gain access to the benefits of growth by the poor.

**Conclusion:**

The above all measures for facilitating the inclusive growth in India, calls for discipline among the politicians, bureaucrats and all those who are associated with the implementation of strategies of economic growth and development in Indian economy. In a democratic set up, having failed to implement the land ceiling Act, can Indians think of a ceiling on Private property and wealth?

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