Research Paper
Impact Factor: 7.358
Peer Reviewed & Indexed Journal
www.ijmsrr.com

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

INCLUSIVE GROWTH FOR SUSTAINABLE ECONOMIC DEVELOPMENT IN INDIA: SOME EXPERIENCES

Dr. K. Srinivas
Assistant Prof. of Economics, ABV Govt. Degree College, Jangaon, Telangana.

Abstract
Most of the third world countries, who have opened up Globalization, Liberalization and Open market methods in search for an alternative to the closed economic systems the inclusive growth, has been considered at theoretical level. The India's economy is headed in a new direction, striving to touch double digit annual growth rate and sustainable, equitable and inclusive growth taking into account the needs of all sections of society. India's economic growth has passed through for major phases with broad objective of inclusive growth. The basic issues the poverty and the growth for the pro-poor for income and employment generation. The present article deals with Inclusive growth for sustainable economic development in India.

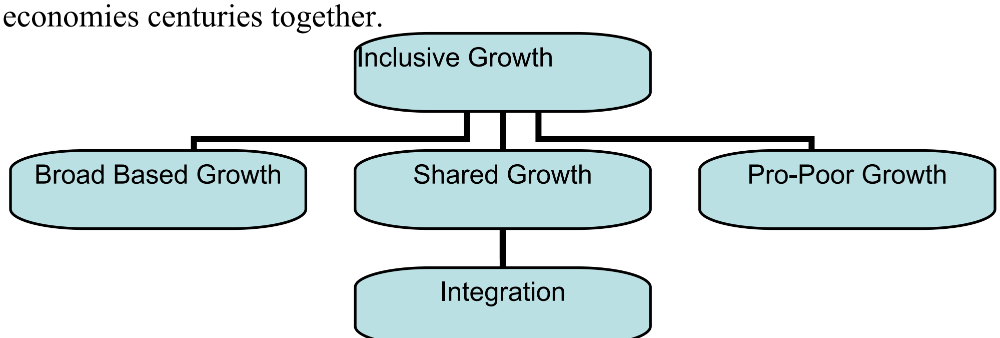
Key words: Globalization, Liberalization, Open Market, Economic growth, Employment generation.

Introduction

The Globalization, liberalization and open market methods have thrown the third world countries into unhealthy competition exposing to use and throw method. Most of the third world countries, who have opened up Globalization, Liberalization and Open market methods in search for an alternative to the closed economic systems the inclusive growth, has been considered at theoretical level.

The India's economy is headed in a new direction, striving to touch double digit annual growth rate and sustainable, equitable and inclusive growth taking into account the needs of all sections of society. India's economic growth has passed through for major phases with broad objective of inclusive growth.

As an alternative in the changed circumstances the theoretical frame works with arm chair twisting trying to remember centrally planned economic system by "inclusive growth"
The basic issues the poverty and the growth for the pro-poor for income and employment generation the inclusive growth conceptually integrated the following logical aspects experienced by respective economies centuries together.



Conceptual Outline of Inclusive Growth
"The conceptual elements for an analytical strategy aimed to integrate these two strands of analysis and to identify and prioritize the country – specific constraints to sustained and inclusive growth".

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

Background

India has, in the last 10 years witnessed a GDP growth rate of 8 percent annum but this has not translated into any substantial reduction in poverty. The rich-poor divide has increased and poverty reduction figures of India are now lower than those of Bangladesh. More than 300 million people in India still live in deep poverty at less than a dollar a day (PPP) while another 350 million live on less than two dollars a day. The disparities among the regions, states sectors and communities were increased during the last two five year plans. Agriculture sector has fallen behind industry and the service sector. The informal sector has emerged as the largest job creator, characterized by low wages and income insecurity while wage growth in concentrated only at the top end.

The 11th plan talks of inclusive growth with 9% growth the GDP through without any clear targets for employment growth. While the recent overall employment growth is a positive feature, there are a number of aspects of the current growth that are worrisome, beside the sharp growth of the unemployment. .

The growth engines in globalization scenario are mostly infrastructure and industry based. Ironically in India the planned development expenditure has been considered as non-growth factor, employment generation and income generation for the poor to be integrated into open market captains purse. The planning commission and the development expenditure have become more often political economy decisions, leading to unearned sources of income for the poor.

Inclusive Growth

Rapid and sustained poverty reduction requires inclusive growth that allows people to contribute to and benefit from economic growth.

1. IG focuses on economic growth which is a necessary and crucial condition for poverty reduction.
2. IG adopts a long term perspective and is concerned with sustained growth.
   a) For growth to be sustained in the long run, it should be broad-based across sectors. Issues of structural transformation for economic diversification therefore take a front Stage. Some countries may be an exception and continue to specialize as they develop due to their specific conditions (e.g. small states).
   b) It should also be inclusive of the large part of the country's labor force, where inclusiveness refers to equality of opportunity in terms of access to markets, resources and unbiased regulatory environment for businesses and individuals.
3. 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.
4. IG focuses on productive employment rather than income redistribution.
5. IG is in line with the absolute definition of pro-poor growth, not the relative one.
6. IG is not defined in terms of specific targets such as employment generation or income distribution. These are potential outcomes, not specific goals.

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.

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

Objectives of the Study

1. To explain different problems in achieving Inclusive Growth in India.
2. To discuss the challenges before Inclusive growth in India.
3. To investigate the future aspect of Inclusive growth with regard to 12^{th} five year plan.
4. To suggest certain measures for the achievement of Inclusive growth in India.

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.

Since independence, significant improvement in India's economic and social development made the nation to grow strongly in the 21st century. The following factors encouraged the India to concentrate more on inclusive growth.

1. India is the 7^{th} largest country by area and 2^{nd} by population. It is the 10^{th} largest economy at market exchange rate and 4^{th} largest by PPP. Yet, India is far away from the development.
2. The exclusion in terms of low agriculture growth, low quality employment growth, low human development, rural-urban divides, gender and social inequalities, and regional disparities etc. are the problems for the nation.
3. Reducing of poverty and other disparities and rising of economic growth are the key objectives of the nation through inclusive growth.
4. Studies estimated that the cost of corruption in India amounts to over 10% of GDP. Corruption is one of the ills that prevent inclusive growth.
5. Literacy levels have to rise to provide the skilled workforce required for higher growth.
6. Achievement of 9% of GDP growth for country as a whole is one of the boosting factor which gives the importance to the Inclusive Growth in India.
7. Inclusiveness benchmarked against achievement of monitorable targets related to (i). Income & Poverty, (ii) education, (iii) health, (iv) women & children, (v) infrastructure, (vi) environment.
8. Even at international level also, there is a concern about inequalities and exclusion and now they are also taking about inclusive approach for development.

Elements of Inclusive Growth

According to Prime Minister, 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 a sharp increase in public spending on education and health care.

The interrelated elements of inclusive growth are:

1. Poverty Reduction and increase in quantity and quality of employment.
2. Agriculture Development
3. Social Sector Development
4. Poor quality delivery systems
5. Achievement of 119^{th} rank among 170 countries on Human Development index.
6. Social indicators are much lower for scheduled castes and scheduled tribes.

IJMSRR
E- ISSN - 2349-6746
ISSN -2349-6738

7. Malnutrition among children is one major problem.
8. Social advancements in India is still at lower growth due to the strong influence of culture and regional disparities.

Experience with Growth

Conceptually inclusive growth is capitalist and business economy approach. India needs a different approach which often the policy makers and academicians are seriously debating for the last two decades, e.g. "sustainable economic development".

For the third world countries which have not experienced centralized planned economic system inclusive growth may be a new coin to be tossed. For India the centrally planned system has taken care of the above mentioned paradigm of Inclusive growth. The basic issue of integration poverty and unemployment into the economic growth can be addressed with sustainable economic development

The Eleventh Five Year plan has aimed at achieving faster and more inclusive growth which clearly reflects the need to find a at a percent per annum, was regarded necessary for two reasons; first, to generate the income and employment opportunities that were needed for improving in living standards for the bulk of the population; and second to generate the resources needed for financing social sector programs, aimed at reducing poverty and enabling inclusiveness.

Targeted and Actual Growth Rates under Five Year Plans

(In percentages)

Five Year Plan	Plan Target	Growth Rate Achieved
I	2.1	3.6
II	4.5	4.3
III	5.6	2.8
IV	5.7	3.3
V	4.4	4.8
VI	5.2	5.7
VII	5.0	6.0
VIII	5.6	6.8
IX	6.5	5.4
X	8.0	7.8
XI	8.8	8.2
XII	8.5	6.8

Source: Different Five Year plan documents

The economy has performed well on the growth front, averaging 8.2 per cent in the first four years. Growth in 2011-12, the final year of the Eleventh the economy has performed well on the growth front, averaging 8.2 per cent in the first four years. Growth in 2011-12, the final year of the Eleventh Plan was originally projected at around 9 per cent continuing the strong rebound from the crisis, which saw an 8.5 per cent growth in 2010-11. Instead, the economy has slowed down compared with the previous year –a phenomenon common to all major economies reflecting the fact that 2010 has a rebound from depressed levels in 2009. Growth in 2011-12 is likely to be around 8.0 per cent. The economy is likely to achieve an average GDP growth of around 8.2 per cent over the Eleventh Plan period, which is lower than the 9.0 per cent originally targeted, but faster than the 7.8 percent achieved in the Tenth Plan. This implies a nearly 35 percent increase in per-capita GDP in this period. It has also led to a substantial increase in government revenues, both at the Centre and the States, which has enabled a significant step up of resources for the programmes aimed at inclusiveness. A healthy increase in aggregate savings and investment rates, particularly in the private sector, testifies to the strength of our economy as it enters the Twelfth Plan period.

The acceleration in growth in the Eleventh Plan period compared with the Tenth Plan is modest, but it is nevertheless a good performance, given the fact that a severe global economic crisis depressed growth in two of these five years, and also that India had the weakest monsoon in three decades in the year 2009. The slowdown in 2011-12 is a matter of concern, but it can be reversed if the investment climate is turned around and if fiscal discipline is strengthened.

Conclusions

The overall labour force expanded by only 11.7 million between 2014-15 and 2017-18, because of the much larger retention of youth in education, and also because of lower labour force participation among working age women. However, over the same period, 18 million job opportunities were created on current daily status basis. thus unemployment came down by 6.3 million; and the unemployment rate which had increased from 6.06 percent in 1993-94 to 7.31 percent in 1999-2000 and further to 8.28 percent in 2014-15, came down to 6.60 in 2017-18.

GDP from manufacturing increased at 9.5% per annum between 2014-15 and 2017 -18 along with some increase in employment in the organised manufacturing sector,.

The 66th round NSSO Survey of Employment shows that the vast majority of new jobs created between 2014-15 and 2017-18 was in casual employment, mainly in construction. While such jobs are often more attractive for rural labour than casual work in agriculture, there is a potential for an accelerated pace of creation of more durable rural non-farm jobs/livelihood opportunities. Such job opportunities could come from faster expansion in agro processing.

A weakness in the economic performance thus far is that growth in the farm sector (agriculture & allied activities), though better than in the Tenth Plan, remains short of the 4 percent Plan target. The farm sector has grown at an average rate of around 3.2 per cent during the Eleventh Plan.

Average farm sector growth in the Eleventh Plan period may be a little over 3 per cent. This is marked improvement from the average growth of about 2 per cent in the Tenth Plan. Still, with half of our population dependent on agriculture & allied activities, we need faster farm sector growth to benefit poor farmers.

Overall investment in agriculture, had dipped to less than 10 per cent of agri-GDP in 2014-15 has been substantially raised and today stands at more than 21 of agri-GDP. Higher levels of investments in agriculture, both by the public and private sector can yield much better results if the reforms are undertaken to streamline not only the incentive structures for the farmers, but also the institutional framework in which agriculture and related agencies operate. Seeds and irrigation are priority areas, which can be catalysts for raising productivity on the supply side. On the demand side, there is urgent need to remove most of the controls that have denied a unified and seamless all India market for most of Agri-products. Finding the most effective ways of ushering in these changes must be a key priority area in the Twelfth Plan.

Suggestions for the institutionalized policy applications for Sustainable development

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. Shift focus of reforms to delivery systems.
8. Importance of women's economic and social empowerment.
9. Economic reforms in relation to socio-political environment.

Reference

1. Andrew Shepherd and Amita Shah, 17 Nov 2009, 'Inclusive growth in India?'.
2. DFID (2014) 'What is Pro-Poor Growth and Why do we need to know? Pro-Poor Growth'. Department for International Development, London.
3. Doordarshan, edited excerpts by Livemint, Feb. 2, 2016.
4. Prime Minister Narendra Modi speech about the 'Union Budget' in an exclusive interview with national television broadcaster.
5. Economic Survey, 2019-20, 'Micro-foundations of Inclusive Growth'. Chapter 2, Pp 2136.
6. Rao C.H.Hanumantha, WTO and Viability of Indian Agriculture, Economic and Political Weekly, Vol. XXXVI, No. 30, September, 2011.
7. Ruddar Datt & Sundaram , K.P.M, Indian Economy, S. Chand Company Limited, New Delhi, 2016.
8. Misra, S.K, Puri, V.K, Indian Economy, Himalaya Publishing House, New Delhi, 2015.
9. Nilanjan Banik, India and the Post Seattle Agenda, The Economic Times, January, 8, 2016.
10. Government of India, 'Eleventh Five Year Plan 2007–2012', Volume I, Inclusive Pranab Mukherjee's Planning Commission Growth.
11. Planning Commission, 'Focus Continues on Inclusive Growth, Yearend review'.