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## **Inclusive and sustainable growth in India: Strategies and challenges**

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### **Abstract**

India is the new global business hub. The economy growing at a phenomenal rate, combined with a flourishing democracy is making people sit up and take notice across the world, yet. It is at cross- road today. It is far from reaching its true potential. The country remains shackled in corruption, redtapism, age old 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 Inclusive. Elimination of child labour, women empowerment, removal of caste barriers and an improvement in work culture are the just few of the Things the Indian society needs to introspect on. Most of the Asian countries have experienced higher growth rates in the past two decades. It is interesting to note that this economic growth has bypassed the poor sections of the society. The growth has been uneven and often accompanied by income inequality and this gap between rich and poor leads to unbalanced social development. This often deoxidizes the impact of economic growth. Hence reducing inequality becomes a major concern of developmental policies and this garmented the concept of Inclusive growth. Tackling corruption in high places, removing the ills of the electoral system, shunning politics of the agitations and keeping national interest may not be too much to ask of the country's policy makers. The paper gives emphasize on to explore different problems present in achieving Inclusive growth in India, to discuss the challenges before Inclusive growth in India. Efforts are also made to investigate the future aspect of inclusive growth with regard to proposed XIIth five year plan in India and also tried to suggest certain measures for the achievement of inclusive growth in India.

**Keywords:** Inclusive growth, XIIth five year plans, transparency, challenges, developmental policies

### **1. Introduction**

All human beings are having equal rights to live and prosper in the society. India being a Democratic country intends to have socialistic pattern of society. Our constitution and Directive principles of state policy provide for equal opportunity to all citizens to access to resources. Our national leaders, philosophers, thinkers, planners and economists are thinking balanced economic growth -inclusive growth policies. Inclusive growth is the main objective of our national economic policy which is concerned with reduction in poverty, eradication of illiteracy, to provide health care facilities and balanced regional growth.

### **2. Inclusive Growth**

Inclusive growth is that growth which not only creates new economic opportunities but also one that ensures equal access to opportunities created for all sections of the society, particularly for the poor. Equitable allocations of resources with benefits of economic development are accruing to everyone in the society. Inclusive growth is necessary but not a sufficient condition for Inclusive development. Growth can be spontaneous and reversible. Growth is concern about the economic dimensions of the economy, whereas development is a socio –economic phenomenon. Thus, development is a broader concept as it involves growth. Therefore, it is essential for any country that each section of society should contribute to the economic growth. At the same time the benefits of the growth should reach to all sections of the society.

### **3. Objectives of the study**

1. To explore different problems present in achieving Inclusive growth in India.

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2. To discuss the challenges before Inclusive growth in India.
3. To investigate the future aspect of Inclusive growth with regard to proposed 12th five year plan in India.
4. To suggest certain measures for the achievement of the Inclusive growth in India

#### 4. Dimensions

The ADB formulated three policy pillars on the basis of three Dimensions for the achievement of Inclusive growth as Follows-

##### (A) Economic- High, efficient and sustained growth:

High and sustained economic growth an economic dimensions is necessary condition for the Inclusive growth though not sufficient.

**(B) Institutional- Social Inclusion:** Social inclusion ensures that all sections of the society have equal opportunities to grab these opportunities; human capabilities should be enhanced from disadvantaged section. Promoting social inclusion requires public interventions in two areas-(a) Investing in education, health and other social services to expand human capacities.(b) Promoting good policy and sound institutions to advance social and economic justice

**(C) Social Safety Nets-** This covers the social dimensions of inclusive growth, social safety nets are basically to protect chronically poor and vulnerable sections of the society. They cater the basic needs of people who cannot participate in the benefits from emerging opportunities created by growth

#### 5. Research Methodology

It is Descriptive and Analytical in nature. It is mainly based on secondary source which includes books journals, newspaper and Web Pages.

**6. Need For Inclusive Growth In India:** Inclusive growth is necessary for the sustainable development and equitable distribution of wealth and prosperity. Achieving inclusive growth is the biggest challenges in a country like India. In a democratic country like India, bringing 600 million people living in rural India into the maintenances is the biggest concern. The following factors encouraged the India to concentrate more on Inclusive growth.

1. In India is the 7th largest country by area and 2nd by population. It is the 12th largest economy at market exchange rate and 4th largest by PPP. Yet India is far away from the development of the special region.
2. The exclusion in terms of low agricultural growth, low quality, 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. Political leadership in the country plays a vital role in the overall development of the country, but the study has found that politician in India has a very low scientific literacy.

5. Studies has estimated that the cost of corruption in India amount to over 10% of GDP. Corruption is one of the ills that prevent the inclusive growth.
6. Although child labour has been banned by the law in India and there are stringent provisions to deter this inhuman practice. Still, many children in India are unaware of education as they lives are spoiled to labour work.
7. Literacy levels have to rise to provide the skilled workforce required for higher growth.
8. Achievement of 9% GDP growth for country as a whole is one of the boosting factor which gives the importance to the Inclusive growth in India.

Indian economy is performing very well. After the reforms processes were initiated, Indian economic performance is tremendous. Our GDP growth rate is continuously improving. The average growth rates in GDP over the last two five year plans were 5.5% & 7%. In the first three years of XII five year plan, the growth in GDP is 8.38%. This growth rate in GDP is very high among the developed and developing countries next only to China. In India the per-capita income is also increased over the last two plan periods. The per-capita income during 1993-94 & 2004-05 is Rs12207 & Rs19325 respectively. The per-capita income rose to Rs25956 in 2005-06 & it wasRs29642 for the year 2006-07.

During 2016-17& 2017-18 the per-capita income is Rs 1, 03,000 & Rs1, 13,000 respectively. Here the question is whether the fruits and benefits of this economic growth are equally shared by all sections of the society or all people have equal access to the opportunities created by the economic growth in the economy. The government and World Bank policy of inclusive growth has been attained or not is a relevant question here. Inclusive growth is a jargon like India is shining slogan. This means that the objective of inclusive growth has not been attained. As per the billionaire list (2018) published by Forbes India, 100 billionaires i.e. 100 richest Indians owns \$492 bn worth wealth which is 20% of India's GDP. Again as per the report of national commission on unorganized sector employees (based on NSS data) 78% of Indian population is earning less than Rs54 per day. All states are not equally developed. The per-capita income of some states like Bihar, MP, UP, Orissa is below RS10000 (2004-05). the literacy level of some states is below national literacy level of 78%. The government's dream of attaining cent percent literacy remained as dream only. There are inequalities in income distribution, among the masses; there are divides between genders, widening gap between rich and poor, inequalities between educated and uneducated. This sort of exclusive growth is not conducive. The growing inequalities will definitely slower the pace of poverty reduction. Growing inequalities leads to adverse consequences for social harmony and quality of institutions and policies.

#### 7. Elements of Inclusive Growth

1. Poverty Reduction and increase in quantity and quality of employment.
2. Agriculture Development.
3. Social sector Development.
4. Poor quality delivery system.
5. Achievement of 119th rank among 170 countries on Human Development Index.

6. Social indicators are much lower for scheduled castes and Tribes.
7. Malnutrition among children is one major problem.
8. Since BPO brought the multi culture environment in India, this sector is facing under severe pressure due to global recession.

### **8. Problems before Inclusive Growth Strategies in India**

The following problems are the major concern 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

#### **8.1 Poverty**

A proportionally large share of poor is lower castes. Many see the caste system as a system of exploitation of poor low ranking groups by more prosperous high ranking groups. In many parts of India, land is largely held by high ranking property owner of the dominant castes that economically exploit low ranking landless labourers and poor artisans, all the while degrading them with ritual emphases on their so called god given inferior status.

#### **8.2 Employment**

Employment considered as one of the big problems for inclusive growth in India. Raising population at a great speed after Independence showed its impact on employment. The unemployment became the big worry to the development of the country. Since poverty is much higher than unemployment, employment is the only source to eradicate poverty

#### **8.3 Agriculture**

Traditionally, India is considered as the agriculture based country. As the majority of Indians are engaged in agriculture for employment, the recent development in the other sectors decreased this major's growth. Some of the problems in Indian agriculture are:

1. Long term factors like steeper decline in per capita land availability, shrinking of farm size.
2. Slow reduction in share of employment.
3. Low labour productivity in agriculture and the gap between agri and non agri is widening.
4. Decline in Yield growth due to land and water problems, vulnerability to world commodity prices, farmer's suicides.
5. Disparities in growth across region and crops i.e., growth rate decline more in rain fed areas.

#### **8.4 Problems in Social Development**

Significant regional, social and gender disparities.

1. Low level and slow growth in public expenditures particularly on health.
2. Poor quality delivery system.
3. Achievement of 119th rank among 170 countries on Human Development Index.
4. Social indicators are much lower for scheduled castes and Tribes.
5. Malnutrition among children is one major problem.

6. Since BPO brought the multi culture environment in India, this sector is facing under saviour pressure due to global recession.
7. Advancements in India is still at lower growth due to the strong influence of culture and regional disparities.

### **8.5 Regional Disparities**

Some of the regional disparities problems are:

1. Per capita income is highest at \$22,140 in Gov and lowest per capita income is at Bihar with \$2160.
2. Female infant mortality varies from 12 in Kerala to 88 in Madhya Pradesh.
3. Female literacy varies from 33.6 in Bihar to 88% in Kerala.
4. Richer states grew faster than the poorer states.

### **9. Challenges of inclusive growth in India**

There are some issues which are responsible for exclusive growth. These Challenges and problems results in number of divides like divides between regions, between gender, between urban and rural, between skilled and unskilled, between educated and uneducated and between ethnic groups. The important challenges to inclusive growth are as below

#### **9.1 Growing inequality between urban and rural India**

It is a major challenge in achieving inclusive growth in India. In urban areas more opportunities as regards education, good health care facilities are available to people. Job opportunities are available. The earnings of urban are high. In contrast to this rural people are deprived of these facilities. It is the urban people who enjoy good civic amenities which are not available to rural people

#### **9.2 Raising regional imbalance**

This challenge gives rise to number of socio-economic problems in the country. As some states are backward, these states are facing problems like naxaulism. Again within state all regions are not evenly developed. For a federal country like India it is not good.

#### **9.3 Provision of essential public services for poor**

As per report of National commission on unorganized sector employees, 78% of Indian population is earning less than Rs54 per day. Means this earning is not sufficient for meeting their food requirement. Here it is the govt. which has to look after the basic public services like education, health, housing, social security facilities to the poor. It is a challenging task for the govt.

#### **9.4 Regaining agricultural dynamism**

In the past agriculture was the important sector which contributed more to our national income and also provider of jobs to large population. However the agriculture has failed to contribute significantly to our GDP. The average growth in agriculture is declining year by year. It is less than 5%, in contrast to industrial sector and service sector. As a result of this agriculture has lost its importance. But it is not good on the part of the nation. The central government and state governments are spending large sums of money to boost agricultural production, which is badly needed to feed increasing population.

### **9.5 Ineffective implementation of economic policies**

It is the major fault on the part of the government of India and the planning commission. The policy framers in the government and in the planning commission are not having knowledge on the ground realities in the rural areas. Again the policies are not properly implemented by the officials.

### **9.6 Unequal access to opportunities**

Due to poor bargaining power or due to some geographical barriers, or illiteracy, ignorance, gender discrimination or caste factors, all people especially poor people are not able to have access to opportunities. Again this unequal access to opportunities gives rise to economic imbalance. These unequal accesses to economic opportunities, the poor or deserved people are deprived of the benefits of economic growth. The educated and skilled are having more opportunities than the uneducated and unskilled.

### **9.7 Raising gap between rich and poor**

The raising gap between rich and poor is the major concern of the government and the planning commission. The fruits and benefits of economic development is grabbed by rich people than the poor because of their power or political or money power. This is evident from the two reports of national commission on unorganized sector employees, as per the billionaire list (2018) published by Forbes India. As per the report of national commission on unorganized sector employees (based on NSS data) 78% of Indian population is earning less than Rs54 per day As per the billionaire list (2018) published by Forbes India, 100 billionaires i.e. 100 richest Indians owns \$492bn worth wealth which is 20% of India's GDP.

### **9.8. Raising gender discrimination**

Raising gender discrimination is a grave concern for the government, in spite of so many enactments for protecting the women.

### **9.9 Governance**

For effective implementation of any policy there should be good mechanism to link decision making, inclusive policies and accountability of access to opportunities created through investments in various projects by govt. so that the beneficiaries are going to get the benefits. However, in India the governance mechanism is not functioning well.

### **9.10 Environment protection**

Inclusive growth with environment sustainability is needed today. There is Growing concern everywhere over environment pollution in name development. Raising deforestation, raising water pollution due to release of effluents by Factories, rising carbon dioxide level in the atmosphere are some of the issues Which are to be addressed to achieve long term sustainable growth.

### **9.11 Rehabilitation and resettlement of people displaced by Development projects**

Those affected by the development projects have to be rehabilitated and suitably resettled. However due to bad plans and their ineffective implementation, people who are affected by development project are not properly rehabilitated and resettled. For example Narmada valley project, People by SEZ's, people affected by highway projects are not properly rehabilitated and resettled.

### **9.12 Biased political decisions**

In India all economic policies and development projects are taken by political leaders. The decisions are always influenced by their region or caste. For example the influential and powerful political people are going to get packages for their constituencies or for their districts even though they are well developed neglecting the backward regions. This types of biased political decisions results in exclusive growth.

### **9.13 Developing HR**

India has large amount young human resources. This is a positive thing for us where other countries are having larger aging population. There are insufficient number of IITs and premier educational institutions to impart necessary training and skill to our young HR. In the last two and half decades, there is a shortage of high quality skilled HR. there is an urgent need to invest in public sector institutions to produce quality and skilled manpower to get competitive advantages. The number of universities and higher education institutions are insufficient to cope up with the large size of population.

### **9.14 Slower pace of poverty reduction**

In spite of number of poverty alleviation programmers, 28% population is still living below BPL. But actual number of people living BPL is more than this figure. As per the report of national commission on unorganized sector employees (Based on NSS data) 78% of Indian population is earning less than Rs20 per day.

### **9.15 Public system**

A major challenge is-the failure of public system in equitable distribution of fruits and benefits of economic growth to reach to the deserved ones. It is due to defunct delivery mechanism of public utilities at micro level. One of the main reasons for failure of public system is the lack of political will and inaction on the part of administrative machinery. There is a nexus between politicians and the beaureacrats.

## **10. Strategies for inclusive growth**

### **10.1 Proposed Xii Five Year Plan and Inclusive Growth**

As India's government prepares to submit its approach paper for its 12th five year plan (a plan which covers years 2012- 2017), the planning commission's focused on instilling "inclusive growth" is making headway. The plan is expected to be one that encourages the development of India's agriculture, education, health and social welfare through government spending. It is also expected to create employment through developing India's manufacturing sector and move the nation higher up the value chain. Prime Minister Manmohan Singh, however, warned that maintaining fiscal discipline is important as well. As indicated from the planning commission's presentation to the prime minister on April 21, the quantitative metrics known thus far in the early stage of the five-year plan are:

1. A target of GDP growth in the 9 percent to 9.5 percent range
2. An increase in literacy rates to 100 percent between the plan's period from 2012 to 2017
3. An increased expenditure on health from 1.3 percent to

2.0 percent of GDP. The Basic objective as stated in the Planning Commission presentation is "Faster, More

Inclusive and Sustainable Growth". It was said that the priority areas in 12th Five Year Plan would be Betterment of Farmers, Small Industries, and Cottage Industries etc. 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.

### **11. 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 proper 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

From the above it is clear that the fruits and benefits of economic growth are not equitably shared among the masses. Particularly the deprived people should be given larger share in the opportunities created from economic growth than the privileged one. The economic growth in India giving raise to widening gap between rich and poor, between genders, between the states, between the regions with in the state, between urban and rural people and between different ethnic groups. These imbalances are giving raise to number of socioeconomic problems. The government with active support of NGOs, Civil Society Organizations and world development organizations, has to frame and carry out the following policies and strategies at micro and macro level of the economy.

#### **11.1 Expand social security systems for poor**

There is need for strengthening of old age pension, food supply, health etc.

#### **11.2 Policies to provide more jobs for the poor**

It is only through providing employment to the people, the inclusive growth is possible. The government as to speed up self employment programs to educated unemployed people, provide more funds to NREGP, government has to give support to those sectors which going to generate more employment opportunities.

#### **11.3 Design region based strategies**

In spite of raise in the GDP, there are regions which are not receiving proper attention from the governments. Some regions are getting more grants and assistance from both central and state government. Some regions are discriminated in allocation of funds for development by politicians. The step motherly attitude of leaders and decision making people towards some regions leads to regional imbalance. So the government should chalk out special schemes for such regions which are hither to neglect to achieve inclusive growth.

#### **11.4 Provide equal access to opportunities**

The central government and state government should frame suitable rules through amendments to fix some ceiling limit with regard to income distribution, some quota system for allocation of funds and introducing reservation in private sector also for economically and socially backward section of the society.

#### **11.5 Multi- pronged strategies**

Through multi pronged strategies the fruits and benefits of economic growth can be shared among the people. This program includes infrastructure, irrigation, road connectivity, water supply, electricity & telephony, NREP, Serva Shiksha Abhiyana and National Rural Health Mission.

#### **11.6 Maximization of social opportunity function**

Through maximization of social opportunity function government can able to provide equal opportunity to deserved ones by which these people are able to get a suitable share in the opportunities arising out of economic growth.

#### **11.7 Empowerment through education**

Education is the only means for salvation the opportunities for the poor. of poor. It is only through good education the social upliftment of people is possible. Inclusive growth can be achieved by providing quality education to all people. In India poor and middle income people unable to give quality education to their children.

#### **11.8 Accountability**

The governance mechanism should be made more transparent. People should be educated about the RTI Act. More power should be given to Lokayuktha. There is need to reduce the discretionary power of government.

### **12. Conclusion**

It is clear from the above that there are so many issues & challenges in the dream of achieving inclusive growth. The present growth has no meaning as large number of people is out its sphere. Inclusive growth concept being a multidimensional and cross sectional concept, GOI and State governments should identify constraints to growth and should initiate necessary measures to ensure equitable allocation of the benefits economic growth. It is our assertion that in a democratic country like ours the better off society should realize their social responsibility. As our Prime minister said that we must have the need to make our growth process more inclusive, to save more and waste less, to care for those who are less privileged and less well off, to be role models of probity, moderation and charity. For achieving MDGs, change in the mind set of policy makers

and beaureacrats is a must. They should have social orientation and they should follow ideal of Bhagavad-Gita “Serve Jane Sukhino Bhavathu”. Then only the dream of welfare state can be realized, that is the goal of Inclusive Growth.

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