

Inclusive Growth:

Inclusive growth promotes equal opportunities and increases access to these opportunities. The Growth allows all members of the society to participate and contribute equally to develop efforts regardless of individual circumstances. The concept appeared for the first time in the Asian Development Bank report 1999, which examines the extent inequalities of opportunities and the ways in which it can be expressed. India adopted the strategy on inclusive growth from the 11th five year plan onwards and became more aggressive from the 12th five year plan with focus on faster and inclusive growth. India contributed to global economic growth after it started the economic reforms in 1990s. It is estimated that nearly 133 million people were released out of poverty in the past 20 years. However, still nearly 300 million people live in extreme poverty (21.7%) as per Prof. Tendulkar's report in 2011. The UNDP supports Government efforts to reduce poverty and achieve sustainable development to transformational changes.

The major challenges for an inclusive growth are:

- (1) Poverty, lack of adequate employment opportunities
- (2) Lack of adequate education and skill development
- (3) Lack of infrastructure ; social and fiscal
- (4) Poor Governance especially in backward regions etc.

Sustained and inclusive economic growth is a prerequisite for sustainable development, which can contribute to improved livelihoods for people around the world. Economic growth can lead to new and better employment opportunities and provide greater economic security for all. Moreover, rapid growth, especially among the least developed and other developing countries, can help them reduce the wage gap, relative to developed countries, thereby diminishing glaring inequalities between the rich and the poor.

2. Inclusive growth through Reliable, Affordable and Sustainable Energy

- Sustainable, prolonged growth of economic development increases GDP per capita requires large increase in primary energy per capita.
- India uses just 6% of the world's primary energy as against 18% of its share in world population; India's per capita energy consumption is just one third of the global average.
- If India wants to enter the upper middle income category country, India should rapidly raise the share of the world energy consumption.
- India's per capita energy consumption is 1181 kwh as against the world's average of 2636 kwh (China 4475 kwh, USA 12,071 kwh).
- India should quadruple its per capita energy consumption to reach a HDI of 0.8 to compete with other Developing Countries.
- Despite increasing share of LPG as cooking fuel a large proportion of the population especially the Rural rely on conventional firewood or Dung cakes as primary energy source of cooking, a practice needs to be curbed immediately.
- This is an indication of the problem of energy poverty is more prevalent than income poverty.

3. Financial Inclusion,

Financial inclusion is relatively a new socio-economic concept of India that aims to change the status pattern of the excluded sections of the society of under privileged by providing financial services at affordable cost, which might not be otherwise be able to afford the services. Global trends have shown that in order to achieve inclusive development and growth, the expansion of financial services to all sections of the society is utmost important

4. Measures that contribute to the Inclusiveness of Growth:

India plans to develop into an economy of \$5trillion by 2025. In order to achieve this target, India should plan for a growth rate of 10 per cent per annum for a prolonged period. In order to achieve a sustainable and a higher growth which should be inclusive, India needs to focus on the measures such as:

- ✓ Providing equality of opportunity and empower people through education and skills development on a much larger scale than the present. It means having an access to essential services in health and education of the poor.
- ✓ It should be aimed at quadruplicating the Per Capita power consumption by equalizing to that of China, in the coming years.
- ✓ It encompasses a growth process that is environmental friendly, aiming for good governance and helping in creating a gender sensitive society.
- ✓ Special effort should be made by strengthening the MSMEs and the manufacturing sector, while increasing its growth rate, to create more jobs catering to both categories. i.e. skilled as well as unskilled and labour intensive sectors.
- ✓ Should focus as more efficient way of implementing various infrastructure projects, while identifying the right sectors to be prioritized, which will boost the economy, invite more investments and to be completed within the Scheduled Time.
- ✓ Inclusive growth should be on a longer time perspective as the focus is on productive, sector specific employment, rather than direct income redistribution.

For Growth to be more inclusive, we need:

- ❖ Better performance in Agriculture, increase the productivity, make agriculture more profitable, encourage agro-processing.
- ❖ Faster creation of jobs, especially in the manufacturing sector and MSMEs with more flow of funds and making Indian goods more competitive in the World.
- ❖ Strong efforts with more flow of funds i.e. 6% of GDP to Education and 3% GDP to health sector. Improve the Quality Education and Skill development.
- ❖ Improve the effectiveness of programmes, directly aimed at the poor.
- ❖ Special Programmers for Socially Vulnerable groups. Ensure effective implementation of S.C. and Tribal Sub-Plans.
- ❖ Special Plans for backward regions to remove disparities.

Mr. P.V. Narasimharao, former Prime Minister of India, while initiating the new economic reforms in 1991, has stressed on a “growth with a human face”.

Inclusive growth is a strategy which aims at achieving a type of growth, which will meet the objective of spreading the fruits of growth to all sections of people based on sound macroeconomic policies. Inclusiveness is essential for sustainable development and equitable distribution of wealth and thereby reducing the social and economic inequalities in the country.

UPSC MAINS Questions

1. What are the salient features of “Inclusive growth”? Has India been experiencing such a growth process? Analyze and suggest measures for inclusive growth. (2017)
2. It is argued that the strategy of inclusive growth is intended to meet the objectives of inclusiveness and sustainability together. Comment on this statement. (2019)

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