Institutional and Legal Obligations for Inclusive Growth

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ABSTRACT
The purpose of this paper is to understand the concept of inclusive growth, legal framework which constitution provide, the degree of its implementation and what more we have to do or design. Suggested implications include a more significant emphasis on considering and dealing with the challenges of inclusive growth, taking into account all the factors considered for its fruitful implementation. The paper evaluates the findings of literature, clarifies the main challenges faced by the government today, and offers a basic framework for further studies.

Keywords – Sustainable Development, fiscal sustainability, legal rights, tax gap, Poverty Ratio.

INTRODUCTION
Rapid and sustained poverty reduction requires inclusive growth that allows people to contribute to and benefit from economic growth. Rapid pace of growth is unquestionably necessary for substantial poverty reduction, but for this growth to be sustainable in the long run, it should be broad-based across sectors and inclusive of the large part of the country’s labor force. This definition of inclusive growth implies a direct link between the macro and micro determinants of growth. The micro dimension captures the importance of structural transformation for economic diversification and competition, including creative destruction of jobs and firms. Inclusive growth refers both to the pace and pattern of growth, which are considered interlinked, and therefore in need to be addressed together. The idea that both the pace and pattern of growth are critical for achieving a high, sustainable growth record, as well as poverty reduction, is consistent with the findings in the Growth Report: Strategies for Sustained Growth and Inclusive Development (Commission on Growth and Development, 2008). The commission notes that inclusiveness – a concept that encompasses equity, equality of opportunity, and protection in market and employment transitions – is an essential ingredient of any successful growth strategy. Here we emphasize the idea of equality of opportunity in terms of access to markets, resources and unbiased regulatory environment for businesses and individuals. The Commission on Growth and Development (2008) considers systematic inequality of opportunity “toxic” as it will derail the growth process through political channels or conflict.

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. Other examples can be drawn from resource-rich countries. Extractive industries usually do not employ much labor and the non-resource sectors typically suffer contractions associated with Dutch disease effects during boom periods. These cases may call for analysis of constraints to broad-based growth with a particular emphasis on the non-resource sectors in the economy. Moreover, in countries starting at a very low income level and low growth, an inclusive growth approach would be very close to an approach for speeding up the pace of growth, as the main focus should be on getting the fundamentals for growth right. While high economic growth is a necessary condition for self-sustaining development, this needs to be accompanied with accountable & transparent public administration, efficient delivery of services, and appropriate public investment in physical and intellectual capital – to ensure that the gains of economic growth are shared widely by citizens. This needs to be complemented with carefully designed and targeted pro-poor policies and programme interventions, ideally deployed through decentralized local governance – to redistribute some of the gains of growth to those weaker sections of the society, who are unable to participate equitably in the market processes, and therefore got left behind.
INCLUSIVE GROWTH: CONCEPT

The growth is far from inclusive. The Oxford English Dictionary gives four meanings to the word ‘inclusive’, with the most appropriate for the purposes in this paper being, "not excluding any section of society." We all know it, we see the beggars on the streets, read about the farmer suicides in Maharashtra, about the biggest slums in the world and even closer home, we know of the cleaning lady who cannot afford treatment for her ailing husband, but still works for paltry sums waiting for a miracle to save her family. We all understand their plight, we even sympathize and empathize with them, for the ten minutes after reading an article in a newspaper or seeing an amputated beggar on the street, only to have it all trampled upon by the news of the raise the successful executive father has received or that of the young MBA son buying a Mercedes in silicon valley and the celebrations thereafter at the new Italian place around the corner.

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The inclusive growth approach takes a longer term perspective as the focus is on productive employment rather than on direct income redistribution, as a means of increasing incomes for excluded groups.

In the short run, governments could use income distribution schemes to attenuate negative impacts on the poor of policies intended to jump start growth, but transfer schemes cannot be an answer in the long run and can be problematic also in the short run. In poor countries such schemes can impose significant burdens on already stretched budgets, and it is theoretically impossible to reduce poverty through redistribution in countries where average income falls below US$ 700 per year. According to a recent OECD study, even in developed countries, redistribution schemes cannot be the only response to rising poverty rates in certain segments of the population.

The inclusive growth definition is in line with the absolute definition of pro-poor growth, but not the relative definition.

Under the absolute definition, growth is considered to be pro-poor as long as poor people benefit in absolute terms, as reflected in some agreed measure of poverty (Ravallion and Chen, 2003). In contrast, in the relative definition, growth is “pro-poor” if and only if the incomes of poor people grow faster than those of the population as a whole, i.e., inequality declines. However, while absolute pro-poor growth can be the result of direct income redistribution schemes, for growth to be inclusive, productivity must be improved and new employment opportunities created. In short, inclusive growth is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities.

By focusing on inequality, the relative definition could lead to sub-optimal outcomes for both poor and non-poor households.

For example, a society attempting to achieve pro-poor growth under the relative definition would favor
an outcome characterized by average income growth of 2 percent where the income of poor households grew by 3 percent, over an outcome where average growth was 6 percent, but the incomes of poor households grew by only 4 percent. While the distributional pattern of growth favors poor households in the first scenario, both poor and non-poor households are better off in the second scenario. There is broad recognition that when poverty reduction is the objective, then the absolute definition of pro-poor growth is the most relevant (DFID, 2004). Using the absolute definition, the aim is to increase the rate of growth to achieve the greatest pace of poverty reduction.

Inclusive growth focuses on ex-ante analysis of sources of, and constraints to sustained, high growth, and not only on one group – the poor.

The analysis focuses on ways to raise the pace of growth by utilizing more fully parts of the labor force trapped in low-productivity activities or completely excluded from the growth process. This is in contrast to the pro-poor growth literature, which has traditionally focused on measuring the impact of growth on poverty reduction by tracking various poverty measures.

What is Inclusive Growth (IG) About?

- IG focuses on economic growth which is a necessary and crucial condition for poverty reduction.
- 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.
- 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.
- IG is typically fueled by market-driven sources of growth with the government playing a facilitating role.

CONCEPT OF INCLUSIVE GROWTH BY MAHBOOB UL HAQ:

LEGAL PROVISION FOR SC/MINORITIES:
This simple but forceful message reiterates that education alone can be the salvation for poverty, and up-liftment of the socially discriminated. In a populous country like India where even with education life is difficult, there can be little hope without it. Poor as well as middle-income group, rural as well as urban all are willing to send their children to school. There is solid evidence from all over the country for this increasing appetite for education across all social groups and across all income groups. In recent years sustained and high levels of economic growth provide a unique opportunity and momentum for faster social sector development. Investing in education plays a key role in meeting the World Bank’s social development objectives, which support inclusive growth, social cohesion, and accountability in development. The policies have to focus on inclusive rather than divisive growth strategies. Corporate India moving towards this sector is laudable, but it is clear that deficiency in education cannot be met by mere expansion of private schools in urban areas.

International History of the Right to Education:
Education in the western world was considered primarily the responsibility of parents and the Church. Despite Education being regarded as a ‘pre-existing and natural right’, it did not find a specific mention in the classical civil liberties instruments such as the English Bill of Rights (1689) and the American Declaration of Independence of 1776 or the French Declaration of the Rights of Man of 1789. The recent Education for All (EFA) Global Monitoring report 2008, released by UNESCO marks
the midway in the ambitious movement to expand learning opportunity to every child by 2015. The UNESCO defined six EFA goals:
1. Expanding and improving comprehensive childhood care and education, especially for the most vulnerable and disadvantaged children;
2. Ensuring that by 2015 all children, particularly girls, children in difficult Circumstances and those belonging to ethnic minorities, have access to free and Compulsory primary education of good quality;
3. Ensuring that the learning needs of all young people and adults are met to Equitable access to appropriate learning and life skills programme;
5. Improving all aspects of quality of education and ensuring excellence so that Recognized and measurable learning outcomes are achieved, especially in literacy, Numeracy and in essential life skills.

Quality in Education

Quality education has different connotation for various communities throughout the World. However it is generally agreed that priorities are common and can be stated as:
A vision for the school that sets the future direction;
A more transparent system which provides the parents, the child and the Community information about the school performance;
Teachers to be effective more as facilitators of learning;
A conducive school environment;
A higher level of community participation that supports learning;
An understanding of explicit (caste, religion, gender bias etc.) and implicit (Access to transport facilities, cost of educational material, etc.) Discriminatory Practices that marginalize children and pre-empt education for all;
Ability of the state education system to deliver appropriate skills to be effective in the context of the immediate community and the contemporary needs of the Society at large.
Quality Education would thus encompass all those processes that enable the community to define its vision of education; accountability then would assume a new meaning – a sense of ownership to realize this vision.

Right to Education in India

In India the right to free and compulsory education was retained in Article 45 of Part IV of the Constitution that incorporates The Directive Principles of the State Policy, thus making a distinction from the Fundamental Rights. The most relevant interpretation of Article 21 from education point of view was the Supreme Court’s Unnikrishnan Judgement (1993). The Court ruled that Article 45 of the Directive Principles of State Policy must be read in harmonious conjunction with Article 21 since right to life and personal liberty loses its meaning if a child is deprived of elementary education.

Recently, the 93rd Constitution Amendment Bill making education a fundamental right for children between six and 14 has secured the Parliament's nod. With the law backing the Centre's Sarva Shiksha Abhiyan, Human Resource Minister, believed that all out-of-school children would now be able to attend school. The minister described this as the second revolutionary step after adult suffrage.

HEALTH GOALS IN THE FRAMEWORK OF INCLUSIVE GROWTH

Health connects society with population studies. Health is both the cause and consequence of social development. For the first time, the chapter on Health and Family Welfare and AYUSH in the Eleventh Five Year Plan of India, presents time bound goals in a social framework. The goals are:
- Reducing Maternal Mortality Ratio (MMR) to 1 per 1000 live births.
- Reducing Infant Mortality Rate (IMR) to 28 per 1000 live births.
- Reducing Total Fertility Rate (TFR) to 2.1.
- Providing clean drinking water for all by 2009 and ensuring no slip-backs.
- Reducing malnutrition among children of age group 0–3 to half its present level.
- Reducing anaemia among women and girls by 50%.
- Raising the sex ratio for age group 0–6 to 935 by 2011–12 and 950 by 2016–17.

The above goals assume that health and family welfare are closely associated with women’s place in
society. In the patriarchal structure of India women are associated with reproduction. As they have low literacy, low awareness, lower entitlements and low decision making power they produce more children than they want, suffer from malnutrition and anaemia, and face high maternal mortality caused by home delivery and postpartum hemorrhage. In such a society a girl child is a burden on parents. Therefore, the family forces the pregnant women to go for sex determination test and abort the baby if the baby yet to be born is female. This results in low sex ratio in the age group 0-6. All these problems will have to be tackled jointly.

**BENEFITS FOR SC /ST/OBC/ MINORITIES:**

Inclusive growth demands that all social groups have equal access to the services provided by the State and equal opportunity for upward economic and social mobility. It is also necessary to ensure that there is no discrimination against any section of our society. In India, certain social groups such as the SCs, STs, OBCs and Minorities have historically been disadvantaged and vulnerable. Then there are certain other groups which may be discriminated against and which suffer from handicaps. These include persons with disabilities, older persons, street children, beggars and victims of substance abuse. Our Constitution contains various provisions for the development of such marginalized groups, for instance, Article 341 for SCs, Article 342 for STs, Article 340 for OBCs, Article 30 which provides the right to minorities to establish and administer educational institutions, and so on. Their individual and collective growth, however, cannot be ensured without improving their surroundings and providing clean drinking water, toilets and educational opportunities. 6.2. The present chapter deals with the efforts made for the socio-economic development of these groups and the new initiatives that will be taken during the Eleventh Plan.

The SCs constitute 16.23% of India’s population. People belonging to SC communities are spread all over the country, with 80% of them living in the rural areas. They constitute more than a fifth of the population of Uttar Pradesh, Punjab, Himachal Pradesh and West Bengal. Punjab has the highest proportion of SCs to the State population. More than half of the SC population is concentrated in the five States of Uttar Pradesh (35.1 million), West Bengal (18.4 million), Tamil Nadu (11.8 million), Andhra Pradesh (12.3 million) and Bihar (13.0 million).

**CONSTITUTIONAL SAFEGUARDS**

The Constitution of India guarantees protection from social injustice and all forms of exploitation (Art.46). It guarantees equality before law (Art. 14), and enjoins upon the State not to discriminate against any citizen on grounds of caste (Art. 15 (1)). Untouchability is abolished and its practice in any form is forbidden (Art. 17). The Constitution mandates that no citizen shall, on grounds only of caste or race, be subjected to any disability and restriction (Art. 15 (2)). It empowers the State to make provisions for reservation in educational institutions (Art. 15 (4) and (5)), and in appointments for posts in favour of SCs (Art. 16 (4), 16(4A), 16(4B) and Art. 335). Reservation of seats for SCs in the Lok Sabha is provided under Article 330, in the State Assemblies under Article 332 and in the Local Self-Governments bodies under Articles 243D and 340T. In addition to the above, the Parliament has enacted the Untouchability (Offences) Act, 1955, renamed as Protection of Civil Rights Act, in 1976. To check and deter atrocities against SCs, the Scheduled Castes and the Scheduled Tribes (Prevention of Atrocities) Act, 1989 has also been enacted.

**SCHEDULED CASTES DEVELOPMENT: AN OVERVIEW**

The Tenth Five Year Plan (2002–07) adopted a multipronged approach for the socio-economic development of the SCs: social empowerment through educational development; economic empowerment through income and employment enhancing avenues; protection through effective implementation of protective legislations and eradication of occupations such as manual scavenging; and holistic development through earmarking of funds proportionate to the population. [Scheduled Caste SubPlan (SCSP) and Tribal Sub-Plan (TSP)]

**Economic Development**

The National Scheduled Castes Finance and Development Corporation (NSFDC) established in 1989, provides financial and other support to beneficiaries for taking up various income generating activities. An amount of Rs 388.80 crore was made available to the Corporation up to 31 March 2007 as equity share contribution against the authorized share capital of Rs 1000 crore. The number of SC persons
who received assistance during the Tenth Five Year Plan (up to December 2006) is 257901. The National Safai Karamcharis Finance and Development Corporation was established in 1997 to provide financial support to the safai karamcharis (scavengers) to take up various income-generating activities. During the Tenth Five Year Plan, the Corporation introduced the Micro Credit Finance Scheme and the Mahila Samridhi Yojana, benefitting 102187 persons. During 2006–07, it disbursed loans to 16545 beneficiaries (up to December 2006) for various income generating activities in 23 States and two UTs.

The scheme of grant-in aid to the Scheduled Castes Development Corporations (SCDCs) was introduced in 1978–79 as a CSS for participating in the equity share of the State corporations in a Centre–State ratio of 49:51. The SCDCs finance employment oriented schemes that cover: (i) agriculture and allied activities including minor irrigation; (ii) small-scale industry; (iii) transport; and (iv) trade and service sector.

**Major Scholarship Schemes under the Ministry of Social Justice and Empowerment**

Post-Matric Scholarships (PMS) implemented since 1944–45 to promote higher education among SCs by extending scholarships to pursue studies beyond matriculation. In the Tenth Plan, an amount of Rs 1822.25 crore was utilized to reach the coverage of 29.59 lakh students in 2006–07. Pre-Matric Scholarships are being awarded since 1977–78 with an objective to encourage children of scavengers and those engaged in menial works, to pursue education. 4.72 lakh children were awarded pre-matric scholarships for which Rs 56.41 crore was utilized in the Tenth Plan. Upgradation of Merit for SC Students Scheme in operation since 1987–88 to extend remedial and special coaching offered to students to remove their deficiencies in school subjects (class IX to XII) into professional and technical courses. An expenditure of Rs 14.68 crore was incurred to benefit 10625 students. Rajiv Gandhi National Fellowships launched in the Tenth Plan in 2005–06 as a special incentive to extend scholarships to SC students to pursue higher studies and research degrees such as M.Phil. and Ph.D. An amount of Rs 50.20 crore was earmarked for this scheme in the Tenth Plan to benefit 2666 SC students. projects by dovetailing the loan component from NSFDC/Banks

The NREGA, the flagship programme of the UPA government was revolutionary in its promise of inclusive growth, the right to work and the dignity of labour and a rational, participatory relationship with the State. And it has mostly delivered...Suddenly the NREGA has become a buzz word. It stands vindicated by the mandate of the people in its most basic evaluation in a democracy — the general elections. Basking in the glory and security of post-electoral analysis, it is actually the best time for those who support the basic philosophy of the NREGA to focus on what it has done and what it has not, by its own parameters. The first and the primary focus should be to examine its impact on the human resource base of rural India. Has it energised, mobilised, empowered, and delivered to India’s poorest and most marginalised rural people? Secondly, has it provided those who were “not shining” a measure of dignity, tangible economic benefit, and a motivation to participate in local action? This is the crux, for, something as vast and ambitious as the NREGA can only succeed in bringing about change if millions of workers become its true advocates and monitors. Let us begin with the most persistent charges of endemic corruption. Notwithstanding negative propaganda and the prominent reportage of corruption, NREGA stands apart from employment and poverty alleviation programmes in significant ways. It is the first national programme of consequence which has woven transparency and accountability into the mundane fabric of daily interaction of people with government. The cases of reported corruption have shocked the intelligentsia. The rural worker might often be the victim but will still offer critical support, not only because it has provided wage income, but also for facilitating disclosure, which helps identify and fight pilferage. In fact, in many cases, scams have been exposed by the workers themselves. NREGA gives an opportunity to break the feudally enforced silence of its victims. Through transparency and social audit measures, it allows anyone, anywhere to be part of the monitoring of the delivery system. The other programmes appear to be clean only because no one knows what goes on! The NREGA gives a further opportunity to realise the Constitutional sovereignty, the power of the people. What the political establishment would do well to understand is that the vote was not a blind endorsement, but the expression of a fragile hope of a rational participatory relationship with the government.
WHY OTHERS SECTIONS IGNORED:

In sociology minorities are defined in different ways. Theoretically, the term carries the notion of being outside the mainstream or power. Commonly in India minorities are defined demographically as religious and linguistic minorities. However, in political sociology as well as in development discourse most often minorities refer to Muslims. The reason is that for various historical reasons in contemporary India Muslims have been lagging behind.

(From the Eleventh Five Year Plan)

- Muslims have the highest rate of stunting and second-highest rate of underweight children.
- 25% Muslim children in the 6–14 years age group have either never attended school or have dropped out.
- Only one out of every 25 undergraduate and 50 postgraduate students in premier colleges is a Muslim.
- NCAER figures show that only about 4% of all Muslim students are enrolled in madrasas. Workforce participation rate among Muslim women is only 25%. In rural areas, 29% of Muslim women participate in the workforce as compared to 70% of Hindu women.
- 61% of the total Muslim workers are self-employed as against 55% of Hindu workers. 73% of Muslim women are self-employed as compared to 60% for Hindus.
- Only about 27% of the Muslim workers in urban areas are engaged in regular work as compared to 40% SC/ST, 36% OBC and 49% Hindu upper caste workers.
- Less than 24% of Muslim regular workers are employed in the public sector or in government jobs as compared to 39% regular SC/ST workers, 37% Hindu upper caste and 30% OBC workers.
- The share of Muslim male workers engaged in street vending (especially without any fixed location) is 12% as against the national average of less than 8%.
- The share of Muslims in Public Order and Safety Activities at the Central Government level is only about 6%. Hindu upper caste workers have a share of 42% and both SCs/STs and OBCs have 23% share each.
- The share of Muslims among defence workers is only 4%.
- Compared to other regular workers, a much larger proportion of Muslim regular workers have no written contract (73%, against 52% for Hindu upper caste and 63% each for Hindu- OBCs and SCs/STs) and no social security benefit (71% against the national average of 55%).

CHALLENGES FOR INCLUSIVE GROWTH IN INDIA:

The social limits of Indian democratic politics -

Of the eight richest people in the world four are Indian, but the irony still remains that there’s a marginal farmer in the interior of Maharashtra, who is struggling to feed his five children, the youngest of whom is a son, uneducated and unemployed, with four sisters, all of marriageable age, whose marriage the farmer cannot afford. Try telling the farmer that the economy is growing at a handsome 9% per annum, hardly consolation for the empty stomachs his children go to bed with every night.

Political leadership in this country, as a class, scores very poorly on the scientific literacy scale. They are mostly in their positions because of money and muscle power. Recently, newspapers have published a study, “Worldviews and opinions of scientists in India”, carried out by Trinity College of the US with the help of Centre for Inquiry (CFI), India, a non-profit organization. The study has found out that politicians in India have a very low level of scientific literacy. On a scale of one to seven, the 1100 scientists surveyed said the scientific literacy of politicians in the country is very low at 1.9. Interestingly, they believe school teachers are scientifically the most literate. What does this say about our leaders and their vision of our future. Be it as it may, there is a need to bring about transformation in the country’s body politic, if we have to match rapid economic development with inclusive growth.

Overcoming obstacles to rural growth and urban transformation –

People living in cities earn far more than those dwelling in rural areas. But that does not change the fact that over 600,000 villages in India are home to nearly 700 million people, the majority of whom live below poverty levels, are malnourished and merely survive. It is this population, very nearly forgotten by the power brokers, who need to be brought into the development scheme. They must be given the option of living and working on jobs in non-agricultural sectors, jobs that guarantee the basic subsistence for themselves and their families. Our path to economic development has necessarily to be two-fold. One, we
have to develop villages, improve agriculture and agro-industries and infrastructure in rural India. Secondly, we need to empower the rural people and give them new opportunities and provide jobs outside villages and agriculture. They must have the chance to move in step with modern India, the India that is being talked about around the world, but unfortunately the India that exists only in pockets. This would necessarily take a majority of them into cities and semi-urban areas and the service sector could possibly be responsible for providing a large chunk of those opportunities.

**The corruption cancer –**

There is a race amongst bureaucrats, politicians and entrepreneurs to enrich themselves at any cost: corruption being a central tool in this game of enrichment. Corruption is definitely one of the ills that prevent inclusive growth, rather, enabling the rich to get richer and keeping the poor poor. Corruption works like a barter with gains for both the people giving as well as the people accepting and is therefore as much a crime committed by the givers as it is by the takers. Officials in India may be venal, but the private sector is also to be blamed for its complicity. It is the very growth rate of 9% and the opportunities of modern India that have left a class of contemporary India a lot richer. It is on this class that the onus lies to be responsible and refuse to be a part of corruption as it is this very class that is responsible for the bulk of it and it is the same class that can be responsible for its eradication.

**Social causes of exclusivity –**

Exploitation of labour is widely prevalent. Despite the promulgation of minimum wages, the feudal system in the rural areas and industry in the urban conglomerates continue to fleece labour, paying them wages far below those prescribed. In certain areas, politicians and political parties have their own vested interests in keeping people poor and deprived. They have a ready-made electoral constituency which they fear losing with education and prosperity. Certain other vested interests would like to persist with the caste system to sustain their political base. No growth can be inclusive unless it takes adequate care of women and children. Child labour, despite a plethora of laws and India’s commitments at the ILO, is still unfortunately very much prevalent. Just this month (June, 2008), the British clothing major Primark has axed its three Indian suppliers or allegedly using child labour to finish clothes sold in Britain’s high streets. The fashion chain says that it has cancelled all orders from the three companies based in the Tirapur region of Tamil Nadu and removed all their garments from its shelves. Child labour has been banned by law in India and there are stringent provisions to deter this inhuman practice. But numbers tell a different story – there are an estimated 60 million child labourers in India, but there have been only 670,000 violations of the law detected in eight years and just 22,588 convictions. Millions of young children continue to work in roadside eateries, glass factories, carpet looms or sweeping and cooking in homes in violation of the Child Labour (Prohibition and Regulation) Act. Failure to implement the law and poor rehabilitation policies need urgent attention. While on the one hand an increase in the number of officials and labour inspectors is called for, together with imparting better training and instilling greater sensitivity in them; on the other hand, there is a need to tackle poverty which is the main reason driving parents into pushing their young children to work instead of sending them to schools. This mammoth problem is one of the main challenges to resolve in addressing inclusive growth.

**The politics of growth and inclusivity –**

India is growing at nearly 9%. We would ideally like to sustain growth at this level for the next ten to twenty years, even taking it up to 10% or higher. Only then would we be closer to realizing our dream of being a developed country. And I would like to see this growth being all pervasive and all encompassing in every sense of the word. It ought to be truly inclusive. All sections of society must get the benefits of this growth in full measure and then be able to take this growth forward by participating fully and wholeheartedly. This can only happen if the Government and the private sectors become equal and willing partners. All impediments in the path of public-private partnership should be removed. China has taken a leap ahead of India in this respect with single window clearances and special economic zones. India is slowly trying to cut its red-tape procedures. It has set up Special Economic Zones (SEZ), giving a host of incentives to industry, at certain selected locations. However, SEZs have also led to a host of unsavoury allegations at times. In order for people at large to support such measures, which ought to be supported, the Government needs to come out with transparent procedures for such schemes, and also make people, especially farmers
whose lands are acquired, willing partners and shareholders in the process. Only then will we be able to achieve our economic growth goals.

**Prescriptions: collective efforts for inclusive growth** –

India has the potential of becoming a leading economy and has the unique opportunity to make that growth inclusive, provided there is willingness on the part of all sections of society to put in hard and disciplined work, together with serious, sustained and purposeful planning. First, there is much that needs to be done to build up India’s potential. Better governance, more and better educational institutions, higher agricultural productivity, controlled inflation and improvement in infrastructure are some of 12 the major and more important steps required in this direction. I mention these specifically, because each of these steps has a bearing on the inclusiveness of growth as well. Agriculture is extremely important for inclusive growth, since a large majority of the Indian population is dependent on farming. Improved agricultural productivity would bring in its wake increased family incomes for this vast majority. This, together with better infrastructure in the countryside – greater rural connectivity, rural electrification and investment in irrigation, would aid tremendously in tackling rural poverty, as well as add to the overall prosperity of the nation. The ‘India Shining’ campaign of the previous government failed to impress the people precisely for this reason because a majority of the rural populace had remained outside the purview of the increase in national GDP. Better governance is the need of the hour, more so because the government in India still has a majority stake in almost all essential sectors e.g. in the crucial sectors of health, sanitation and water. It is in such social sectors that we find the political parties least interested, especially once they come to power after elections. Yet these are the fields which need to be paid more attention to if we are to improve human development alongside economic growth; with the current situation, it is no wonder that India figures extremely low on world human development index reports. There is a need for more public-private partnerships. The private sector should take more social responsibility and contribute towards making growth more inclusive.

**IMPLEMENTATION:**

The economic growth has not been sufficiently inclusive. While agriculture is the predominant occupation in India accounting for about 52% of employment, its contribution to the country's GDP is only 17.5% and in 2009-10 it recorded a negative growth of -0.2%. In contrast, the service sector with 34% employment contributes to more than 60% of country’s GDP.

The incidence of poverty is still very high – a the Planning Commission Expert Group regarding poverty lines (Tendulkar Committee) had estimated this to be at 37.2 percent. UNDP Human Development Report 2010 Multi-dimensional Poverty Index (MPI) argues that, if one takes a multidimensional approach (a composite index of indicators of social development), an unacceptably high 55.4% of India’s population are poor – and it accounts for 39% of world’s total number of poor people. The percentage of poor among marginalised communities and regions are even higher – 8 states in India have as many poor people (421mn) as the 26 poorest African countries (410mn). Large sections of people are yet to access quality basic services in health and education; and unacceptably large number of people still does live under the condition of acute hunger.

**Governance and Inclusive Growth**

Governance is a continued process of aggregation and articulation of public demand and subsequent conversions into deliberate policies and therefore can provide the ‘enabling environment’ for inclusive growth and realization of the MDGs. There is now a stronger evidence-base that better government matters significantly for inclusive growth and poverty reduction. While high economic growth is a necessary condition for self-sustaining development, this needs to be accompanied with accountable & transparent public administration, efficient delivery of services, and appropriate public investment in physical and intellectual capital – to ensure that the gains of economic growth are shared widely by citizens. This needs to be complemented with carefully designed and targeted pro-poor policies and programme interventions, ideally deployed through decentralized local governance – to redistribute some of the gains of growth to those weaker sections of the society, who are unable to participate equitably in the market processes, and therefore got left behind. All these aspects are crucial for development and societal transformation towards realisation of Millennium Development Goals. At the same breadth, MDGs and their associated norms and values are the
quintessential means of building trust in government and government institutions.

**Millennium Development Goals**

**Goals Targets**

**Goal 1:** Eradicate extreme poverty and hunger

Target 1.A: Halve, between 1990 and 2015, the proportion of people whose income is less than one dollar a day.

Target 1.B: Achieve full and productive employment and decent work for all, including women and young people.

Target 1.C: Halve, between 1990 and 2015, the proportion of people who suffer from hunger.

**Goal 2:** Achieve universal primary education

Target 2.A: Ensure that, by 2015, children everywhere, boys and girls alike, will be able to complete a full course of primary schooling.

**Goal 3:** Promote gender equality and empower women

Target 3.A: Eliminate gender disparity in primary and secondary education, preferably by 2005, and in all levels of education no later than 2015.

**Goal 4:** Reduce child mortality

Target 4.A: Reduce by two-thirds, between 1990 and 2015, the under-five mortality rate.

**Goal 5:** Improve maternal health

Target 5.A: Reduce by three quarters, between 1990 and 2015, the maternal mortality ratio.

Target 5.B: Achieve, by 2015, universal access to reproductive health.

**Goal 6:** Combat HIV/AIDS, malaria and other diseases

Target 6.A: Have halted by 2015 and begun to reverse the spread of HIV/AIDS.


Target 6.C: Have halted by 2015 and begun to reverse the incidence of malaria and other major diseases.

**Goal 7:** Ensure environmental sustainability

Target 7.A: Integrate the principles of sustainable development into country policies and programmes and reverse the loss of environmental resources.

Target 7.B: Reduce biodiversity loss, achieving, by 2010, a significant reduction in the rate of loss.

Target 7.C: Halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation.

Target 7.D: By 2020, to have achieved a significant improvement in the lives of at least 100 million slum dwellers.

Over the years MDGs have become as one of the most important set of indicators for fighting poverty and ensuring just development across the globe. In spite the criticism from some activist groups, the MDGs have been able to galvanize to action, both the Government and the citizen and civil society. The 11th Five-year plan of India had reaffirmed its commitment to attain the MDGs. However, two-thirds of the way to the target period (2015), the overall progress made by India on achieving the MDGs so far presents a sobering picture, against a backdrop of great expectations.

**CONCLUSION**

‘India’ is the new global buzzword. 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-roads today. It is far from reaching its true potential. The country remains shackled in corruption, red tape, age old social 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, as well as to make this growth inclusive. Elimination of child labour, women empowerment, removal of caste barriers and an improvement in work culture are just a few of the things the Indian society needs to introspect on. Tackling corruption in high places, removing the ills of the electoral system, shunning politics of agitations and keeping national interest above petty politics may not be too much to ask of the country’s policy makers. Rapid growth in the rural economy, well planned and targeted urban growth, infrastructure development, reforms in education, ensuring future energy needs, a healthy public-private partnership, intent to secure inclusivity, making all sections of society equal stakeholders in growth, and above all good governance will ensure that India achieves what it deserves.

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