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Inclusive Development: New Horizon

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Abstract

Globally, there is a uproar for creating a more inclusive world and India is also a frontrunner. Government of India is fully committed to its resolve towards achieving inclusive growth. To achieve this goal, efforts are being made to harmonies the national development priorities with international efforts and a number of policies, strategies, programmers / schemes and actions havebeen implemented at the national level.

The term inclusive development has emerged in the 21st century and has been adopted in a series of scholarly and policy documents. Its roots, however, can be traced to different concepts in different disciplines. While some see inclusive development as only combining social aspects with economic growth through political approaches, we define inclusive development instead as focusing on social wellbeing and protecting the ecosystem services of nature through redefining political priorities, especially in the context of the Anthropogenic. This term can potentially bridge different disciplines together. This article reviews the scholarly and policy literature on the term inclusive development and presents a guiding framework for examining how different disciplines deal with inclusive development.

Introduction

Globally, there is a clamor for creating a more inclusive world. Discontentment from existing growth outcomes especially huge inequalities was evident in many protests starting with the 'Occupy Wall Street Protests' in 2011, which later on spread to many other

countries. The rise of protectionism and anti-globalization leading to Brexit and similar right-wing sentiments in few other countries is perhaps the expression of dissatisfaction towards existing growth strategies being adopted across different countries. This is because some of these growth strategies have resulted in high unemployment and huge disparities between countries and within countries.

Although the concept of sustainable development has reached center stage in international scholarly attention and the policy arena with the adoption of the Sustainable Development Goals (SDGs) in 2015 by the United Nations General Assembly, the room for trade-offs that this concept allows, is intensely debated. While strong sustainable development allows no trade-offs between the social, ecological and economic aspects and between current and future generations, experience shows that vested interests can interpret sustainable development to further their own interests leading most often to weak sustainable development in favor of economic growth.

The sustainable development concept allows neoliberal capitalists, social wellbeing scholars and environmentalists to formulate the trade-offs towards their own interests leading to a tug of war between these schools of thoughts. Inevitably, if neoliberalism and *laissez-faire* has political and economic weight, the interpretation and implementation of sustainable development leans towards growth first, as is dictated by the market.

This has led to the birth of the concept of inclusive development, which had its roots in social justice scholarly papers and social movements, and focused on the participation, human rights and social demands of the most marginalized people and communities. Second, the poorest and marginalized are also those who depend on natural resources such as land, water, fish and forests, while they are also those who are the most vulnerable to the impacts of climate change, land and resource grabbing, and run the risk of stranded resources (i.e., that they may not deforest or use their oil resources because of new knowledge regarding the impacts of doing so). This is a major risk that is exacerbated in the context of the Anthropogenic as growing demands of humans leads to large-scale environmental risk and has led to the expansion of the concept to also imply environmental inclusiveness. Third, some scholars and policymakers interpret inclusive development as helping the poor in a patronizing manner; however, others argue that it is much more about empowering the poor through rights, creating equal opportunities and ensuring redistributive justice and thus also requires addressing the political processes that lead to the concentration of power. Thus inclusive development is about social, environmental and

relational inclusiveness, and defines development as enhancing ecological and social wellbeing rather than as growth. While others see inclusive development as inclusive growth, we disagree arguing that ecological and social inclusiveness is significantly more important than economic inclusiveness especially in the context of the Anthropocene.

The term 'inclusive' has been mentioned 52 times in the UN Global Sustainable Development Report 2015 and represents the effort by social justice and environmental actors to bring the center of gravity of the trade-offs between social, environmental and economic issues towards social and environmental goals. The underlying argument is that social inequality reduces opportunities for enhancing human wellbeing while reducing the resource base and exacerbating the climate vulnerability of these people. The question is whether governing by SDGs will succeed. Although these goals aim at addressing socio-ecological issues, the actual achievements may be measured through a conservative economic framework, which may emphasize efficiency at the cost of inclusiveness. This leads multilateral institutions such as the World Bank, Asian Development Bank, and the International Labor Organization to use 'inclusive growth' for advocating a pro-poor perspective. Their inclusive perspective is confined to market participation (by creating jobs for the poor) and efficiency (of economic processes, policies, institutions), and builds further upon an economic paradigm that does not assign value to social or environmental sustainability in its growth models. Only when multiple criteria of development performance are accepted, an inclusive development policy agenda can be grounded in a new economic theory that goes beyond growth.

Hence, this introductory paper to our Special Issue on Inclusive Development examines the literature on inclusive development and develops a guiding framework for broadening the inquiry into creating a theory of inclusive development by building on related elements that have been developed in different disciplines and thematic areas, beyond international development studies.

Literature Review

Amartya Sen (2000) in his "the capability function approach", has changed the concept of development with the idea that only growth, that is rise in income is not necessary for development. For it is very important to analyze as to how income is used and how it can be used for one's development with a positive effect on the others at the same time. Based on this, according to the absolute definition, as long as poor benefits in absolute terms, growth is considered to be pro-poor, as reflected in some of the agreed measures of removal of

poverty and with respect to 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 that is if inequality declines. Under this, the concept of Inclusive Growth came up depicting the fact that economic growth should help all its citizens sustainably without excluding anyone, then only economic growth can be taken as economic development in true terms and the country can be called a developed nation. Thus, concerning our research frame, we have done and taken the following literature reviews on the inclusive growth strategy to improve the understanding of Inclusive Growth with respect to the economic development perspective of our country which are as follows:

Mark A. Dutz (Editor) in his book "Unleashing India's Innovation toward Sustainable and Inclusive Growth" (2007), The International Bank for Reconstruction and Development-The World Bank, shows that around 90 percent of the Indian workforce is employed in the informal sector, characterized by low-productivity and low-skill activities accompanied by low productivity in most of the formal enterprises. It also speaks of the fact that India is still a large subsistence economy, with illiteracy rates of 46 percent among women and 25 percent among men, and about a quarter of its population is living below the national poverty line, with significant spatial variance across and within states. Further, it shows that innovation remains concentrated in a small segment of our Indian economy, giving rise to its dualistic nature. Above all, on this basis in this book Mark A. Dutz, provides action-oriented recommendations for India to unleash existing capabilities and build on its innovation potential, to be preferred in both of the formal and informal sectors of India, to help meet the dual challenges of sustained and inclusive growth accompanied by rising living standards and a reduced number of poor people in India.

Planning commission of India in its paper "Inclusive Growth: Vision and Strategy" (2007), shows that India's literacy rate has gone up from 18.3 percent in 1951 to 64.8 percent in 2001 but still the number of illiterate persons in India exceeds 304 million, making India the country with the highest number of illiterate persons in the world. Then it shows that Life expectancy at birth has increased from approximately 32 years for both males and females in 1951 to 63.9 years for males and 66.9 years for females in 2001-06. Further, it shows that over 1999-2000 to 2004-05,

since more urban women have joined the workforce, urban employment has grown at a faster rate than the population, but still, the unemployment rate has increased over these years considering the whole Indian economy. So, accordingly, this paper brings forward the

fact that rapid growth, which focuses on labor-intensive industries, along with small and middle enterprises will create employment opportunities in the manufacturing and services sectors. But a major weakness in the economy is that the growth is not perceived as being sufficiently inclusive for many groups. Thus, it shows that how did the output and employment changed with respect to various five year plan periods in India and now, what measures should be adopted along with various target rates to make our economic growth inclusive in the 11th five-year plan.

Prof. S. Mahendra Dev-Chairman, The Commission for Agricultural Costs and Prices (CACCP), Government of India in his paper presented at the UN-ESCAP/MPDD Development Seminar Series named "Inclusive Growth in India: Policies, Prospects, and Challenges" (2009). It explains that in India, it was very challenging for the Government of India, to achieve inclusive growth till the 10th five-year plans of India. Accordingly, getting sustained growth in GDP with a strong social, economic, and political base for achieving broader and inclusive growth was a necessity. As the economic growth of India was not completely inclusive in the 11th five-year plan was introduced to achieve faster and inclusive growth in India. Concerning this, he suggested that India should adopt two prolonged approaches: firstly, the growths approach, giving importance to the growth of all the sectors of the economy. Secondly, the direct approach was adopted including the safety nets along with anti-poverty programs.

Prof. S. Mahendra Dev-Chairman, The Commission for Agricultural Costs and Prices (CACCP), Government of India in his paper named "Inclusive Growth, poverty, and economic development in India" (2009), shows that over the years, the share of output and employment in different sector are as follows: -agricultural sector: 20 percent in GDP and 57 percent in employment, - industrial sector: 23 percent in GDP and 18 percent in employment, -tertiary sector: 57 percent in GDP and 25 percent in employment. Depicting the fact that poverty is much higher in India than but the quality is low. On this basis, it explains that inclusive growth is achieved only with poverty reduction, full employment, agricultural growth, and development followed by a reduction in regional disparities, with faster economic growth in GDP along with a rise in per- capita.

Vighneswara Swamy and Dr. Vijayalakshmi in their paper "Role of financial inclusive growth in India- issues and challenges" (2009), speaks of the fact that finance promotes economic growth in terms of magnitude but its impact differs. With respect to this, Inclusive Growth is the biggest challenge for India. It further brings forward the necessity for the

policy which, with a reduction in income disparities, poverty, etc, along with equal access of opportunities in all necessary fields of development, will enhance the financial resources towards the economic upliftment of the poor in any developing economy.

Amitabh Kundu and K. Varghese in Oxfam India working papers series OIWPS - VI named "Regional Inequality and 'Inclusive Growth' in India under Globalization: Identification of Lagging States for Strategic Intervention" (2010), shows that systematically the values of the Gini Index and Coefficient of Variation (CV) for per capita income and that state domestic product (SDP) have gone up during the period from the early 1990s in terms of increasing trends of regional inequality, which had gone up during 1960s due to the Green Revolution and its regional concentration in north-west India and a few southern districts. Then in the 1970s in terms of industrial stagnation in backward states with an increase in regional disparity, financial instability resulting in macro-economic crisis, compelling to opt for policies of economic liberalization in 1990-91, under the strategy of globalization, even reshaping the programs and schemes for infrastructure development. On the basis of this fact, he addresses the following questions confronting policymakers of today. They are: (i) which are the states getting excluded in the development process and how can these be brought into the mainstream of development?,

(ii) What are the deficiencies in the macroeconomic growth strategy or the special programs launched as a part of the policy of inclusive growth and how can this be remedied?

From the Office of Adviser to the Prime Minister, Public Information Infrastructure and Innovations there is a STRATEGY PAPER for Creating a Roadmap for a 'Decade of Innovation' named "TOWARDS A MORE INCLUSIVE AND INNOVATIVE India" (2011). This paper brings forward the fact that concerning these problems and deficiencies in India, the Indian innovation strategy should therefore focus on looking beyond competitive advantage to generating inclusive growth, with equal opportunities for people at the bottom of the pyramid in terms of sustainable growth agenda for the future. So, accordingly, the concerned paper shows that still today, the Indian citizens are facing high inequalities in terms of access to various development opportunities. Thus, 300 million of them are living below the poverty line. Further, it focuses on the fact that innovation is the result of a complex set of relationships among key actors in the system such as government, firms, schools/ education, and research institutions, finance, individual innovators (Education

policy at Schools), customers/users, NGOs/ civil society and grassroots, media with the OECD innovation strategy, identifying and creating a strategic approach to promote innovation: Empowering people to innovate, Unleashing innovation in firms, creating and applying knowledge, applying innovation to address global and social challenges, improving the governance of policies for innovation. It concluded that innovations require not just inputs and capacity, but also a political economy of reforms.

Elements of Inclusive Growth Skill Development

- Harnessing the demographic dividend will depend upon the employability of the workingage population, their health, education, vocational training and skills. Skill development plays a key role here.
- India is facing a dual challenge in skill development:
 - First, there is a paucity of highly trained workforce
 - Second, there is non-employment of conventionally trained youths
- According to the Economic Survey 2017, over 30% of youth in India are NEET (Not in education, employment or training).
- Similarly, UNICEF 2019 reports stats that at least 47% of Indian youth are not on track to have the education and skills necessary for employment in 2030.

Financial Inclusion

Financial Inclusion is the process of ensuring access to financial services to vulnerable groups at affordable costs.

Financial inclusion is necessary for inclusive growth as it leads to the culture of saving, which initiates a virtuous cycle of economic development.

Technological Advancement

- The world is moving towards an era of Industrial Revolution 4.0. These technological advancements have capabilities to both decrease and increase the inequality depending on the way these are being used.
- Several initiatives have been taken by the government, eg. Digital India Mission, so that a digitally literate population can leverage technology for endless possibilities.
- Technology can help to combat other challenges too, eg:
 - **Agriculture-** Modern technology can help in making an agro-value chain from

farmer to consumer more efficient and competitive.

- **Manufacturing-** Technology can resolve the problems of finance, procuring raw materials, land, and linkages with the user market. GST was made possible only with the help of sound technology.
- **Education-** Innovative digital technologies can create new forms of adaptive and peer learning, increasing access to trainers and mentors, providing useful data in real-time.
- **Health-** Technologies could transform the delivery of public health services - extend care through remote health services
- **Governance-** Technology can cut down delays, corruption, and inefficiency in the delivery of a public service

Economic Growth

- India is among the fastest-growing major economies in the world. However, currently Indian economy is facing slowdown due to both cyclic and structural challenges.
- However, the target of becoming a \$ 5 trillion economy by 2024-25 can allow India to reduce inequality, increase social expenditure and provide employment to all.

Social Development

- It means the empowerment of all marginalized sections of the population like SC/ST/OBC/Minorities, women and Transgender.
- Empowerment can be done by improving institutions of the social structure i.e. hospitals especially primary care in the rural areas, schools, universities, etc.
- Investment in social structures will not only boost growth (by fiscal stimulus) but will also create a healthy and capable generation to handle future work.

Challenges in Achieving Inclusive Growth Poverty

- As per the **Multidimensional Poverty Index (MPI) 2018**, India lifted 271 million people between 2005-06 and 2015-16, with the poorest regions, groups, and children, reducing poverty fastest. India demonstrates the clearest pro-poor pattern at the sub-national level.
- Still, despite the massive gains, 373 million Indians continue to experience acute

deprivations. Additionally, 8.8% of the population lives in severe multidimensional poverty and 19.3% of the population is vulnerable to multidimensional poverty.

Unemployment

- As per the **Periodic Labor Force Survey (PLFS)** of NSSO, the unemployment rate among the urban workforce was 7.8%, while the unemployment rate for the rural workforce was 5.3% totaling the total unemployment rate at 6.1%.
- The quality and quantity of employment in India are low due to illiteracy and due to over-dependence on agriculture.
- The quality of employment is a problem as more than 80% of people work in the informal sector without any social security.
- Low job growth is due to the following factors:
 - Low investment
 - Low capital utilization in industry
 - Low agriculture growth

Agriculture Backwardness

- Around 44% of people in India have agriculture-related employment but its contribution to the Indian GDP is only 16.5% which leads to widespread poverty
- **Issues in agriculture are as follows:**
 - Declining per capita land availability
 - A slow reduction in the share of employment
 - Low labour productivity
 - Decline in agriculture yield due to climate change, land degradation and unavailability of water
 - Disparities in growth across regions and crops

Issues with Social Development

- Social development is one of the key concerns for inclusive growth. But it is facing some problems such as:
 - Significant regional, social and gender disparities

- Low level and slow growth in public expenditure particularly in health and education
- The poor quality delivery system
- Social indicators are much lower for OBC, SC, ST, and Muslims
- Malnutrition among the children - India ranks 102nd in Global Hunger Index

Regional Disparities

- Regional disparities are a major concern for India. Factors like the caste system, gap between rich and poor etc. contribute to the regional disparities which create a system where some specific groups hold more privileges over others.
- Some of the regional disparities problems are as follow:
 - In terms of literacy rate, Kerala is the most literate state with 93.1% literacy, on the other hand, literacy rate of Bihar is only 63.82%
 - In terms of per capita income, Goa's per capita income is Rs 4,67,998 in 2018 while per capita income of Bihar is just one-tenth of that i.e. Rs 43,822

Furthering the concept of inclusive development

The vision towards realizing a 'New India' as put forward by PM Narendra Modi has achieved a new found momentum. With poverty alleviation forming the crux of the vision, the government led by PM Modi has been making rapid strides in eliminating poverty from the country. A recent report titled the 'The start of a new poverty narrative' published by an US think tank Brookings Institution, with data drawn from the World Data lab prepared by the World Bank, shows that India has achieved a significant progress in combating poverty. The report highlights that the number of Indians living in abject poverty has been falling rapidly from 125 million in 2016 to 75 million today with a further fall to 20 million by 2022.

Identifying extreme poverty as living on less than Rs 130 .77 per day with reference to income per capita, India has made remarkable progress in reducing absolute poverty. With close to '270 million people being poor where 1 in every five Indians was poor' according to the World Bank data produced in 2011 , the number today stands at a glowing ' 70 million '. Besides, the faster reduction rate in poverty where close to '44 Indians come out of extreme poverty every minute', the decline in percentage in terms of absolute poverty has been significant. From registering a high '21.2 %' at the

international poverty line in 2011, the percentage of people deprived in terms of absolute poverty stands today at mere '5.2 % of India's total population '. Further, according to the World Poverty clock that provides real-time poverty estimates until 2030, shows that 'India is currently on track of eliminating poverty by 2030' in tandem with the UN's Sustainable Development Goal of elimination of extreme poverty by 2030.

Conclusion

Bridging the gap between aspiration and action despite recent progress, many economies have significant unexploited potential to simultaneously increase economic growth and social inclusion. But activating the virtuous circle of inclusive growth more fully will require them to:

- Reconceived and prioritize structural economic reform as a systemic effort to strengthen the institutions and structural features of an economy that play an important role in driving both wider social inclusion and higher growth.
- Adopt a broader metric of national economic success that corresponds better to society's bottom-line measure of economic progress: broad-based living standards. The implicit income distribution system within many economies is in fact severely underperforming or relatively underdeveloped, but this is due to a lack of attention to and investment in key areas of policy rather than to an iron law of capitalism.

Socioeconomic inequity is largely an endogenous rather than an exogenous challenge for policymakers. It needs to be recognized, prioritized, and measured as such in order to sustain public confidence in the capacity of technological progress and international economic integration to support rising living standards for all.

A new growth model that places people and living standards at the center of national economic policy and international economic integration is required to transform inclusive growth from aspiration into action in the Fourth Industrial Revolution. Such an effort to reshape the assumptions and priorities of the way modern market economies organize themselves to generate socioeconomic progress can only be realized with the engagement of all stakeholders. The World Economic Forum System Initiative on Shaping the Future of Economic Progress is intended to serve the international community as a platform for such public-private cooperation.

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