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Inclusive Growth and Equality of Opportunity

Rajesh Pal

Assistant Professor, Department of Economics, M.G. Kashi Vidyapeeth, Varansi (U.P.) India

palrajesh.rajesh@gmail.com

ABSTRACT

There is now a genuine and widespread recognition about the adverse social consequences of rising inequalities in the recent high growth phase, which do not seem to be mitigated through the so called 'trickle-down' mechanism. The government has concerned that high growth alone has not addressed the challenges of 'growth with social justice'; realizing these facts whole sections in the XIth Plan document of Government of India has been attributed to "Towards Faster and More Inclusive Growth". Inclusive growth is defined in the XIth Plan as 'growth process which yields broad based benefits and ensures equality of opportunity for all'. To increase the bargaining power of rural and distressed people National Rural Employment Guarantee Act, recently named as Mahatma Gandhi National Rural Employment Guarantee Act was passed by parliament in September 2005 and came into force in February 2006. Recent experience shows that the implementation of Right to Information Act holds a great promise for improving the effectiveness of this and similar schemes designed to improve the lot of the poor. Further, Right to Education Act, National Food Security Act and National Rural Health Mission (NRHM) was started to bring the neglected sectors into the mainstream of economic development. Exercise of political power by the common people continues to be swayed by considerations of caste, religion, language and region. Notable constitutional legislative and policy reform including the 73rd and 74th amendments have demonstrated the Government of India's commitment to increase the political participation of marginalized groups.

Keywords: *Equality of opportunity, inclusive growth, mixed economy, inequality, CSR, PPP, poverty*

1. INTRODUCTION

Growth is possible only at the cost of some inflation. We also know that there is a trade-off relationship between unemployment and inflation. The benefits of growth percolate to some specific sector of the economy and to particular section of the society. This type of growth led to the concentration of the resources and wealth to the particular section of the society.

Under mixed economy approach, those industries (i.e., coal, mining, steel, power, and roads) which were critically important for the development of the economy were retained by the government. The private sector was allowed to establish industries and business enterprises, but was subject to control and regulation that came in the form of laws. This was also considered necessary, so that resources and wealth would not get concentrated in few hands. Public sector enterprises were established to eliminate poverty, reduce inequalities in the distribution of income and wealth, achieve economic growth with social justice, create infrastructure, labour welfare, social security and provisioning of essential goods to masses had become corrupt. As a result these enterprises started making losses to the tune of Rs.203 crore in 1980-81 (Pal, Rajesh, 2009: 229). Further, these enterprises failed to eliminate twin problems of our economy i.e., poverty and unemployment completely.

The financial crisis forced the India government to borrow money from international banks such as World Bank and IMF. All these led to the framing of New Economic Policy that aims to pull the country out of economic crisis and to accelerate the rate of economic growth. (Pant, Nalini, 2003: 113). The new economic policy has accelerated the rate of growth but it has not

percolated the benefit of growth to these masses of the country. Non-other than our Prime Minister Dr. Man Mohan Singh very candidly admitted in 2009 that the poor are still too poor in India and that the country needed to do much to improve their standard of living. To achieve these goals, he felt that the economy had to grow fast enough to create job opportunities faster than the growth of labour force. Realizing these facts, whole sections in the XIth Plan document of Government of India has been attributed to "Towards Faster and More Inclusive Growth." Our Eleventh Plan is being formulated at a time when the economy is taking a leap ahead into fast growth, and at the same time being a vibrant democracy the process is one of inclusive development. Inclusive growth is defined in the XIth Plan as 'growth process which yields broad based benefits and ensures equality of opportunity for all', it stands for 'equitable development' or 'growth with social justice', which have always been the watch words of development planning in India. India's centralized planning process is governed by seven cardinal policy objectives: growth, social justice and equity, modernization, self-reliance, food, productivity, and employment.

Inclusive growth is, however, not new, though it seems to be new concept. It is akin to the principal goal of planning in India: to accelerate the pace of economic growth with social justice (referring to equitable distribution of income) implies a situation of economic development. It implies not only more and more of goods and services are produced, but also the benefit of greater production accrues to larger sections of the society. Inclusive growth is not only desirable from equity point of view but also important for stable growth, pro-poor growth and growth with human face. Inclusive growth therefore focus on creating both opportunities and making

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the opportunities accessible to all. Access implies that economy is providing the means to bring opportunities and capability together. Further security is an important component of inclusive growth. Security implies the provision of means for people to protect themselves against a temporary or permanent loss of livelihood. The inclusive growth can only be achieved by combining economic growth with human face. Thus the strategy of inclusive growth requires four factors, which enable the people to become an active partner in the process of socio-economic growth. These factors are opportunity, capability, access and security which new policy failed to provide all. On the other hand, there is a pressing need, in fact, compulsion, if one is serious about a really inclusive growth, to do something to fill the vacuum and correct the imbalances left by the operation of the globalization policy.

The crores of poor working women have the ability and enterprise to move the country out of poverty, but the policy-makers are afraid to let them take a lead. Mohammed Yunus of Bangladesh has shown that poor women can take the lead in development. When Mohammed Yunus first started Grameen Bank, he started giving loans to men, but the repayment rate was poor and Grameen Bank could not grow. He then observed that women were borrowing and repaying much better than men. Development without keeping the poor and women at the centre, will neither remain “fast” nor “inclusive”. The poor and women, especially the poor women, are the key to India’s faster and sustainable growth (Bhatt, 2006: 04).

In the present context of globalization, associated with trade and financial liberalization, the contribution of information and communication technology to GDP growth is rising sharply and becoming the driving force behind rising inequalities, as it raises the demand for skills that are in short supply and highly unequally distributed between different regions, income groups and between males and females (Rao, 2009: 5). One of the objectives of the new economic policies is to generate employment. Though new jobs are being created in the economy, it is not sufficient to meet the increasing job requirement in the country. The new policy has failed to generate additional employment opportunities, particularly in rural areas, where more than 65 percent of the total population live. There is now a genuine and widespread recognition about the adverse social consequences of rising inequalities in the recent high growth phase, which do not seem to be mitigated through the so called ‘trickle-down’ mechanism. Besides, the benefits of the globalization have accrued only to one part of India: the India of IT parks and financial markets, businessmen and traders, corporate leaders and executives and, yes, also the white-collar workers in new corporate hubs like Gurgaon. Let us call this globalised India. Then there is other India: Bharat as once we used to call it. The India of small farmers, tribal’s clinging to their disappearing forests in Orissa, landless dalits living in the shadow of upper caste atrocities, shivering Bihari workers

building roads in the frozen deserts of Ladakh. It is another India till recently untouched by globalization. This other India is by far the largest constituency in this country. Mobilization of other India within the democratic space and within the process of socio-economic development is probably the single greatest political, social and economic challenge of our times. (Mundle, 2010). This underlines the need for effective domestic policy to expand the opportunities for education and acquisition of necessary skills in the less developed areas and for the socio-economically disadvantaged sections. Inclusive growth is regarded as new mantra of development. For inclusive growth, rapid economic growth and rapid human development should go hand in hand.

The non-inclusiveness can be gauged from the fact that with about 27 per cent of the population in India is still living below poverty line. On the other India boast of 36 dollar-billionaires much ahead of Japan and China and couple of them among the ten richest men of the world. The main causes of inequities are lack of governance or poor governance, asymmetry of education, skills, opportunities, infrastructure and health care etc. these factors varies from region to region, state to state and regional, rural and urban disparities.

2. INFRASTRUCTURE: REGIONAL AND RURAL URBAN DIVIDE

2.1 Infrastructure

Economic infrastructure and social infrastructure facilitates economic growth and social development in a manner like an axel facilitates the movement of a wheel. Thus, infrastructure of a country is the basis of a growth and development of a country. Poor infrastructure implies a poor state of growth and development; a sound infrastructure implies a robust state of growth and development (Ohri, Jain, 2006: 200). The Indian economy continues to be constrained primarily by the insufficiency of physical and social infrastructure where the government plays a major role (Rao, 2009: 05). At a little over 4 per cent of GDP in the base year of the Eleventh Plan, public investment in infrastructure was seriously deficient. This is explained by years of underinvestment relative to the requirements (World Bank, 2008). In view of the steep decline in the share of public investment in the overall investment, the Planning Commission admits that there is “a very great limitation on the influence that fiscal quantities, allocations and strategy can directly exert on growth rates, especially at state level”, and suggest that “states have, therefore, to focus on providing the necessary policy framework and supporting environment that makes economic activity possible and attractive enough for private sector investments (Rao, 2009: 06). But, can such a ‘supporting environment’ make good the gaps in public investment in infrastructure? Historically, due to the differences in land tenure systems of governance in terms of skills, responsiveness and the quality of delivery systems (Rao, 2009: 07). It should be noted in this context that unlike

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capital – which is highly mobile across regions and continents – good governance couldn't be transplanted in an area, as it evolves basically within the prevailing socio-political structure over a long period.

The current growth and development model centered on big metros is unsustainable. Equality of opportunity is the only way to reverse this trend. Equality of opportunity is the fundamental value in the modern world. In societies burdened by age old distinctions of caste and estate, by privileges and disabilities sanctioned by immemorial custom and usage, equality of opportunity appears to carry the promise of new way of life (Beteille, 1984: 03).

Apart from equality of opportunity, viability of smaller states may have contributed to better governance, attracting greater private investment from outside as well as planning and utilizing resources more efficiently (Rao, 2009: 07). Conducive conditions needs to be created to encourage India as well as foreign investors to increasingly invest in small cities and townships. Crucial to this is creating sound infrastructure. There needs to be a significant number of quality schools and colleges to churn out skilled professional to cater to the needs of emerging businesses. This in turn will have a positive trickle-down effect and galvanize the rural economy of the respective states (The Times of India, 2010: 12). Apart from releasing the creative energies of the people viability of smaller states may have contributed to better governance, attracting greater private investment from outside as well as planning and utilizing resources more efficiently.

2.2 Regional and Rural-Urban Divide

Rapid economic growth has led to a greater urbanization in India and generated vast gaps between rural and urban areas. Although 65 per cent population lives in rural areas, still rural areas lack basic amenities in terms of economic infrastructure and social infrastructure. Inadequacy of infrastructure in the less developed regions and rural areas in general in the country is responsible for the inability of such areas to fully benefit from the opportunity opened up by economic reforms including globalization, leading to growing regional and rural-urban disparities in the country. According to the Eleventh Plan, higher level of infrastructure development is envisaged “especially in rural areas, and in the remote and backward parts of the country consistent with the requirements of the inclusive growth at 9 per cent per year”. But from the information given in the plan document, it is not possible to find out how the infrastructure planned is going to be spread over different states, on the one hand, and between agriculture and the non-farm sector including small towns, on the other

There is no increase in central assistance in the Eleventh Plan for infrastructure development of the Backward Regions Grant Fund, Special Plan for Bihar and Action Plan for the undivided KBK (Kalahandi-Bolangir-Koraput districts of Orissa), which have only

been protected at the Tenth Plan level. Such assistance constitutes less than 1 per cent of total 11th Plan outlay for all states. It is not known how the performance of Bharat Nirman – flagship programme designed to create infrastructure - is tilted in favour of the less developed states (Rao, 2009: 06).

The livelihood of poor farmers, small and medium size entrepreneurs, tribal and traditional communities are increasingly under threat as Indian industries and multinational corporations encroach on their habitats for natural resources and business enterprises. The rapid growth of services has provided jobs only to educated and english speaking youngsters. A major section of the society has been deprived from the opportunities that globalization and economic reforms have provided.

Green Revolution in the 1960s was triggered off mainly by the availability of yield increasing technology. There is no comparable breakthrough in agricultural technology in the recent period except in the case of cotton, supported by the private sector (Rao, 2009:08). Structural change in economy should follow agriculture-industry-service sequence. In GDP shares, India jumped from agriculture to services without concentrating on manufacturing. Agricultural development should be given priority for more inclusive growth. Stepping up agricultural growth is essential for reducing poverty, land issues, irrigation and water management, credit research and extension, marketing etc, have to be improved in the next decade to improve agriculture growth to eliminate regional rural-urban divide. The decline in the relative contribution of agriculture to GDP is leading to out-migration of male labour resulting in feminization of agriculture (Rao, 2009: 08). While this is adding to the work burden on women, it is also opening up new and more remunerative opportunities for them such as dairying, horticulture, fisheries and agro-processing in which they have been traditionally engaged. These activities being land-saving, the constraints faced by women farmers lacking in titles to land could be eased to some extent provided they can get and easy access to the needed resources and services. This would be possible only if women officers and functionaries are inducted in large numbers in the services chain for extension, credit delivery, marketing, and insurance, etc. (Rao, 2009: 08). But despite this, rural economic development is still not showing desired result.

The manifestation lies in the fact that rural inclusivity is not considered in its entirety. Inclusive rural growth should encompass agriculture productivity, marketing of agricultural products, financing facility, food security and above all sustainability of all types of revolutions in agriculture in India such as green revolution, white revolution, black revolution, grey revolution, blue revolution and rainbow revolution etc. With information technology, energy input-output ratios, extension services and labour costs, Indian agriculture has tremendous potential that can unlock new opportunities in

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shifting terms of trade in favour of rural economy, which may help in bridging the gap between the regional and rural urban divide. The studies on the growth of rural non-farm sector in India show that though output and employment have been growing in this sector yet it has not really taken-off so far because of slow growth of agriculture, insufficient development of rural infrastructure and the weak public support systems. Therefore, along with the high agricultural growth there is a need for providing training for development of human capital pari passu training for development of entrepreneurship skills.

3. POVERTY AND UNEMPLOYMENT

In 2009 alone, an estimated 13.6 million more people in India became poor or remained in poverty than would have been the case at 2008 growth rates. In other words while a dip from 8.8 per cent growth in GDP averaged from 2004-05 to 2006-07 to the 6.7 per cent estimated for 2008-09 may be nothing like the recession faced by the West, its human consequences for India were probably worse. The 2.1 per cent decline in India's GDP growth rate effectively translated into 2.8 per cent increase in incidence of poverty (The Times of India, February 11, 2010).

Mahatma Gandhi National Rural Employment Guarantee Scheme, 2005 (MGNREGS), has been extended throughout the country. The significant rise in the rural wages market reported from several parts of the country and the widespread demand from the farmers to reschedule the operation of the employment guarantee scheme from busy to lean season testifies to the effectiveness of income generation for the poor from its implementation. Further, recent experience shows that the Right to Information Act being implemented in the country holds a great promise for improving the effectiveness of this and similar schemes designed to improve the lot of the poor (Rao, 2009: 04).

Generation of adequate employment opportunities, particularly for the socio-economically disadvantaged sections, is a key to achieving inclusive growth. In this context, the deceleration of employment growth – more so for weaker sections - in the post reform decade ending 2004-05, when there was acceleration in GDP growth, should be a matter of concern. Employment is an area, which indicates that growth process is falling in inclusiveness. In India during the 1999-2000 and 2005-06 agriculture and allied sector accounted for 78 per cent and 73 per cent of all employment respectively. Now it is virtually ceased to employ more labour. As a result, rural employment growth rates collapsed to less than 0.7 per cent. However, during 1993-94 to 2004-05, rural employment growth rates accelerated in both the farm and non-farm sector, despite the slow-down in agricultural production. But still, this growth of rural employment remained below labour force and less than half urban growth rates. The studies on the growth of rural non-farm sector in India show that although output and employment have been growing in this sector, it has

not really taken off so far because of slow growth of agriculture, insufficient development of rural infrastructure and the weak public support systems (Rao, 2009: 09). Industry has accounted for 11 per cent and 14 per cent of the total employment during 1999-2000 and 2005-06 respectively, while service sector has provided employment to 11 per cent and 13 per cent during the same year respectively (The Times of India, November 19, 2008). It is clear from the data that service and industry sector has been benefited more from the accelerated growth of the Indian economy. These sectors required skilled labours, which is lacking in the Indian economy consequently unskilled labours become unemployed. They have no place to go anywhere except in agriculture and unorganized sector. Globalization has created unemployment, sectoral imbalance, regional, rural and urban disparities.

Major initiatives have also been taken in the social sectors like education and health through Sarva Siksha Abhiyan (SSA) and National Rural Health Mission (NRHM). The allocation for these social sectors has been stepped up substantially in the 11th Plan. The allocation of funds to the poor states from the Centre during 2007-08 for programmes like NRHM, SSA and poverty alleviation was well above their share in population. Some other notable initiatives in this field are strengthening the mid-day meal scheme, the Right to Education Act and the National Food Security Act. Government has also announce the Programmes for Welfare of the Minorities aimed at enhancing opportunities for education, employment, credit support and ensuring an appropriate share in infrastructure development scheme (Rao, 2009:04).

With the coming into force of the Unorganized Workers Social Security Act, 2008, over 90 per cent of the unorganized workers in the country would get the benefit of health, life and disability insurance, old age pension and group accident scheme (Rao, 2009: 04).

4. CORPORATE SOCIAL RESPONSIBILITY AND PUBLIC-PRIVATE PARTNERSHIP (PPP)

In the age of globalization, corporations and business enterprises are no longer confined to the traditional boundaries of the nation-state. A growing awareness about the need for ecological sustainability, inclusive growth and the new economic framework, with unprecedented stress and image merchandising, have paved the way for a new generation of business leaders concerned about the responses of the community, inclusive growth and sustainability of the environment. As the pace of urbanization continues and liberalization opens up India to global consumption patterns, migration is being taking on large scale especially from rural to urban area in order to enjoy the facilities of urban cities. As a result cities are over crowded with problems like slum, sanitation, housing, pollution, scarcity of safe drinking water etc.

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Whereas business cannot be expected to take on the role of governments, in a situation where a majority of the population lives below the poverty line; government should work as facilitator and ensure that all the basic necessities of life are reaching the people. This will encourage people to work efficiently and help increasing their productivity, which ultimately leads to increase in income (Chatterjee, 2006: 23).

For years public sector and corporate houses (private sector) have been viewed as adversaries in different camps. We need to move away from this mindset and together find solutions that will meaningfully address the problems of inclusive growth in general and that of community in particular. Given the extent of poverty in India, the low level of literacy, especially among women, and the abject health care facilities available to the weaker sections of the society, a lot more needs to be done – especially by the corporate sector, which has the financial and organizational muscle. In partnership with the government and civil society, it can make a significant and measurable contribution to improving the lot of the less fortunate men, women and children of our country (Chatterjee, 2006: 24)

5. EDUCATION

After independence government has adopted a number of incentives for promoting education. Various programmes and schemes may have promoted school enrolment. But many of these children do not attend school regularly. Figures show that on a given day four of ten children abstain from school. The Right to Education Act, 2009 promises free and compulsory quality elementary education to all children in the age group of 6-14 years at neighborhood school. There are approximately 92 lakh out of school children in the country. The Right to Education Act, 2009 aims to bring these children back to school. The head teachers are deployed on election duty while the shiksha mitras are rendering their services in the ongoing pulse polio programme. So, kids come to school only for mid-day meal and disperse thereafter. The shortages of teachers may only be guessed from the fact that each school must have a head teacher which would mean that the state resource is left with remaining teachers and shiksha mitras. The commitment to ensure education to every child is a sob story in urban areas; kids enrolled in schools running in small rooms hardly seem to be learning any meaningful things. Bringing eight million out-of-school children into classes at the age-appropriate level with the support to stay in school and succeed poses a major challenge necessitating flexible and innovative approaches. States such as Bihar and Uttar Pradesh, which have the largest number of children out of school, will also require strong support to close the gaps. Millions of children will benefit from this initiative ensuring quality education with equity. The Right to Education Act will propel this great nation to even higher heights of prosperity and productivity, by guaranteeing all children their right to quality education and a brighter

future (Hulshof, Karin, 2010). After passing of The Right to Education Act, 2009 still number of children could be seen working at dhabas and other places. If the statistics of labour department are to be believed, there were 2,539 children were working in hazardous and non-hazardous industries in the Varanasi district from December 10, 1996 to October 2009. However, 1749 were rehabilitated educationally. But, unofficially figure of such children may be many times higher (The Times of India, April 2, 2010).

Perfect equality is not possible as it results in inefficiency. However, an increase in inequality with little or no improvement in the living standards of the poor is a recipe for social tensions. Static measures of inequality do not capture the phenomenon of equality of opportunity, which needs special attention. Any given level of inequality of outcomes is much more socially acceptable if it results from a system, which provides greater equality of opportunity. As a society, we therefore need to move as rapidly as possible to the ideal of giving every child in India a fair opportunity in life, which means assuring every child access to good health and quality education.

In a globalised economy, a large pool of skilled workers is indispensable for enjoying the opportunities spread by the globalization and the economic reforms. It is crucial to invest in quality education and in vocational education and training if India's economy is to develop and remain competitive in the world market. Inclusive growth in education system must include two qualities: a. social consciousness based on love for humanity, sense of duties, health conscious, and b. employment oriented education.

6. POLICY FOR INCLUSIVE GROWTH

An inclusive growth policy should focus on high and sustainable growth rates and should emphasis on social inclusion to ensure equal access to opportunities and security. Inclusive growth should encompass social structure and social policy along with development of infrastructure. The prevailing social structure is characterized by inequalities in land holdings and other forms of wealth, status and power. Because of this, achieving inclusive growth is far more challenging than stepping up the GDP growth rate per se. This is borne out by the fact that, in the past, slippages in realizing targets in respect of sectors bearing on inclusive growth, e.g., agriculture, poverty reduction, primary health, elementary education and reducing regional disparities in development etc., have been far more significant than the slippages in respect of GDP growth. Apart from social security designed for poor and for those who are living below poverty line. Developing country like India should focus on social policy like financial inclusion, land policy and inclusive governance.

7. FINANCIAL INCLUSION

Inclusion has certainly been a public policy objective in the area of banking and it is undeniable that

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public sector banks have played pivotal role in this area as it accounts for 88 per cent of all commercial bank branches in India and in rural areas. Unrestrained access to public goods and services is the sine qua non of an open and efficient society. There is now genuine and wide spread recognition about the adverse social consequences of rising inequalities in the recent high growth phase, which do not seem to be mitigated through the so called “trickle down mechanism. Realizing these facts one of the Committees recommends a two pronged approach – first, to facilitate the creation of small finance banks, and second, to strengthen the linkages between large and small financial institutions. Both measures should be pursued with equal vigour. There is a growing consensus around the world that small business/farmer credit is best delivered by local small private or voluntary institutions, especially if standardized credit information is limited.

The basic cause for financial exclusion, often missed, is a mindset lacking in social concerns. For instance, paradoxically, a small farmer was made to pay an interest rate of 12 per cent while a highly rated corporate entity could raise money from banks at 6 per cent (Joshi; 2008). The experience with the linkages of the banks with the Micro Finance Institutions and Self-Help Groups (SHGs) clearly demonstrate that poor are bankable: Even when margins are low, high volumes can make the business profitable. The experience with the linkages of the banks with the Micro Finance Institutions and Self-Help Groups (SHGs) clearly demonstrate that poor are bankable: Even when margins are low, high volumes can make the business profitable. Innovative institutions and methods for the delivery of credit are called for, such as Group-Lending to Small and Marginal Farmers, and using NGOs, Farmer Clubs, SHGs, for credit delivery. In a bid to deepen banking operations to remote villages and among the poor people, who so far remained outside the purview of the banking operations, the reserve bank of India has started special drive, which are: General Purpose Credit Card (GCC) Facility, No-frills Account Micro Finance, Business Correspondent Model etc.

8. LAND POLICY

The gravity of the implications of special Economic Zone (SEZ) policy may not dawn on the policy-makers living in their cocoons but the immediate brunt of these measures has to be borne by the peasantry whose source of livelihood, and very existence as citizens with their socio-cultural ties are under a threat owing to the imminent loss of their land-holdings (Kabra, 2006: 07). Among the issues now surfacing, the most strident issue, of course, concerns the transfer of prime agricultural land to non-agricultural and may be quite low socio-economic priority uses in the non-processing areas involving unjust stripping away of the farmers; lands especially because the government intervenes on the side of the SEZ developers to acquire the farmers’ lands. It also poses a threat to the already precarious food security as the area under cultivation is moved out of agriculture

and thus distorts the land use pattern from the long-term ecological perspectives. Goods and services likely to be produced in the SEZs cannot go far to help absorb labour to any appreciable extent (since these goods are directed towards the existing demand of the rich for sophisticated, high price goods and services, whether abroad or within the country, and are likely to make little use of the labour supply looking for work). Nor can the methods of production (the technology) available have a bias for liberal use of labour as compared to sophisticated, high productivity capital goods in these days of highly competitive unregulated markets.

Export production as a higher priority over the production of mass consumption goods for the domestic market is neither sensible nor effective in itself for creating a large and growing number of employment opportunities (Kabra, 2006:11). While raising agricultural productivity is a must to cope with the shrinkage of agricultural land, the slow growth of non-farm opportunities for employment and livelihoods and lack of social security for small holders argue for a careful and calibrated approach for land acquisition.

9. INCLUSIVE GOVERNANCE

Governance is not simply a matter of particular administrative arrangements, procedures, monitoring etc. in view of the all pervading influence of the prevailing social structure on decision making as well as implementation processes, governance has to be shaped in the context of on-going social change through the functioning of our democratic system. Therefore, democracy and state power have to become instruments for social transformation. This requires broadening and deepening of our democracy by effectively extending it to the grassroots.

It has been increasingly recognized that centralized approach has not produced desired results, especially in terms of the inclusion of marginalized groups, especially women within the governance processes. Notable constitutional, legislative and policy reforms within the last decade, including the 73rd and 74th amendments to the constitution have demonstrated the Government of India’s commitment to increasing the political participation of marginalized groups, especially poor women (Government of India, 2006: 113). Women’s political participation has yielded positive results. Despite such positive results, women remain largely excluded from the Panchyati Raj Institutions and other local governance structure. Experience has amply demonstrated that participatory or inclusive governance is indispensable for achieving inclusive growth. This is woefully lacking at the grassroots level where the formulation of schemes is not quite in keeping with the local needs and circumstances, and administration is not accountable to the people. It is naive to expect genuinely inclusive governance without political, social and economical inclusion of social groups hitherto not having access to political power at different levels.

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10. CONCLUSION

Even though India's economy has more purchasing power than that of Britain, France and Russia (The Times of India, October, 31, 2010), yet there are many who are not able to earn \$1.25 per day (The new global poverty was updated from \$ 1.08 per day at 1993 prices to \$ 1.25 per day at 2005 prices). Even now, almost three-fourth of our population resides in rural areas and almost the same proportion is still dependent on agriculture for sustenance. We cannot allow India to be divided into two distinct zones, one a modern, competitive, prosperous one and the other a stagnant, backward one. The benefits of economic reforms and globalization must need to flow to all sections of society, particularly to rural India. Sustainable rapid economic growth with opportunity, capability, access and security to the masses under democracy is the only way to create an 'Inclusive Society' that is an inevitable condition for inclusive economic development. Inclusive economic development promotes political, social inclusion and economic inclusion.

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