



## Major Challenges and Prospects of Sustainable and Inclusive Growth in India

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### ABSTRACT

*The concept of inclusiveness has gained much importance in the recent years. It is one of the widely discussed*

*subject matter globally. Inclusive growth is a concept that ensures equitable opportunities for economic participants during economic growth with benefits incurred by every section of society. India is committed for inclusive growth. The agenda of inclusive growth was envisaged in the Eleventh and Twelfth five year plans. The basic themes of the Eleventh and twelfth five year plans were “Inclusive growth” and “Faster , Sustainable and more Inclusive growth” respectively. The present paper tries to give a broad overview of the concept of inclusive growth, highlighting the issues and challenges that need to be addressed for making inclusive growth , an effective tool for economic empowerment of India .*

**Keywords:** *Inclusive, Growth, sustainable*

### 1. INTRODUCTION

High national income of a country only cannot reflect the true scenario of an economy. To address the challenges of an economy in real terms along with national income, balanced development, human development approach, value system are also very important. Nearly 70 % of India's population lives in the rural area. Without considering the rural India, It is quiet impossible to think about sustainable and comprehensive growth. Inclusive growth is an important ingredient for sustainable development and equitable distribution of income and wealth of an economy. The concept of balanced, sustainable, faster and inclusive development has become very relevant now a days. Reducing poverty, improving the standard of life, and ensuring that all parts of the society benefiting from the economic growth of the country is the primary motive of inclusive and sustainable growth plan.

### 2. OBJECTIVE OF STUDY

The main objectives of my study are given below

- 1) To discuss the major challenges of Inclusive Growth in India.
- 2) To highlight the initiatives taken by the government to accelerate the process of faster, sustainable and more inclusive growth.

### 3. RESEARCH METHODOLOGY

This paper “Inclusive Growth in India: Issues and Challenges” uses mainly descriptive method of study. The data are collected mainly from the secondary sources. The sources of secondary data are journals, official website of the ministries of the government of India, human development report, various journals etc.

#### 3.1 Inclusive growth

Inclusive growth is a concept which advances equal opportunities to all so that the poor and the marginal sections of a society can be brought under the ambit.

The basic theme of the 11<sup>th</sup> five year plan was the “Inclusive Growth”. The 11<sup>th</sup> five year plan defines inclusive growth as “a growth process which yields broad based benefits and ensures equal opportunities to all”

The 12<sup>th</sup> five year plan focuses on faster sustainable and more inclusive growth.

### **3.2 Need for Inclusive growth in India**

In a developing country like India, the significance of inclusive growth for overall progress of the economy is inevitable. Inclusive growth is required for attaining sustainable development and equitable distribution of income and wealth.

The following points highlight the importance for inclusive growth:

- 1) Indian economy is a 3 trillion dollar economy and with World's 3<sup>rd</sup> largest economy in purchasing power parity. Yet our country is far away from the all round and inclusive development.
- 2) As per the latest NSSO report, the Gini coefficient ( Measuring the Inequality ) in rural areas has remained almost the same in 2004-05 and 2011-12 at .27 and .28 respectively. In the urban areas the Gini coefficient has increased marginally from .35 in 2004-05 to .37 in 2011-12. For inclusive, faster and sustainable growth the primary focus should be on the reduction of inequality.
- 3) Low per capita income, poor agricultural growth, existence of chronic and under employment, inequality of income and wealth distribution, heavy population pressure, corruption are some major problems in our country.
- 4) Governance in all layers is a key factor ensuring equitable and sustainable growth.
- 5) Achieving 9 % growth of GDP for the economy is one of the boosting factors which gives the significance of inclusive growth strategy.

### **3.3 Elements of Inclusive Growth**

- Rapid Economic Growth
- Poverty Reduction
- Reduction of Inequality
- Employment Generation
- Agricultural Development
- Infrastructure development
- Industrial Development
- Environmental protection
- Good Governance

### **3.4 Indicators or Parameters of Inclusive growth:**

- 1) **Rapid growth and poverty reduction:** It is one of the crucial parameters for inclusive growth of an economy. A reduction in poverty and expansion of economic growth to all marginal and poor section of the society is a vital element for inclusive growth of an economy.
- 2) **Reduction of Inequalities:** Reducing inequality is high on the agenda of the government of India to accelerate the inclusiveness of the economy.
- 3) **Employment Generation:** The inclusiveness of an economy will be judged on the ability of the government to make adequate employment opportunities.
- 4) **Social justice and empowerment:** Another key element ensuring inclusive growth is the social justice and empowerment. There should be equal opportunities for all with freedom and dignity without any social or socio-political obstacles. In particular the poor and the marginal section of the society should be provided special opportunities so that they can participate in the growth process.
- 5) **Governance:** Governance is a very important parameter to achieve the objective of rapid economic growth with poverty alleviation and inclusiveness. Over the years the governments launched various schemes and initiatives. But many of the initiatives have floundered because of poor design, lack of accountability, lack of will power, corruption etc. There good governance in layers is a prerequisite for inclusiveness.
- 6) **Environment Protection:** For any sustainable and inclusive growth strategy protection of environment is very important. Balancing economic growth with environmental protection will act as a catalyst for achieving inclusiveness
- 7) **Agricultural Development:** The agricultural sector is essential for achieving the objective of sustainable and inclusive growth. Agricultural development is important component for inclusive growth.

- 8) **Infrastructure Development:** The fast growth of an economy in the recent years has placed increasing stress in physical infrastructure such as electricity, railways, water supply, roads, irrigation, sanitation etc.

### 3.5 Various Initiatives Taken by the Government of India

Achieving sustainable, inclusive and faster growth has been one of the main priorities of the Government of India. To boost up the process of inclusiveness the Government is implementing various schemes and programme for creating better employment opportunities, strengthening social infrastructure and providing social amenities like road, water, electricity etc.

SCHEMES	MAIN AIM
MGNREGA	These schemes were launched by the Government of India in both rural and urban areas of the country to provide employment opportunities directly or indirectly to reap the benefits of demographic dividend
PMEGP	
Pradhan Mantri Rozgar Protsahan Yojana	
Deendayal Antyodaya yojana-National Urban Livelihoods Mission	
Pradhan mantra Suraksha Bima Yojana	These are some schemes launched by the Government of India to eliminate poverty, inequality and to empower the marginalized sections of the society.
Atal pension Yojana	
Mudra bank	
National Hub for SC/ST entrepreneurs	
Prime Minister Jan Dhan yojana	
National Agricultural Market (E-NAM)	Agriculture is the backbone of India. These are the most important agricultural schemes introduced by the government of India.
National Mission For Sustainable agriculture.	
Pradhan Mantri Krishi Sinchai Yojana	
Pradhan Mantri Krishi Vikas Yojana	
Pradhan Mantri fasal Bima Yojana	
Livestock Insurance Schemes	

### 3.6 Major Constraints for Inclusive Growth in India

- 1) **Fiscal deficit:** Fiscal deficit can be defined as the difference between total expenditure minus revenue expenditure minus non debt creating capital receipts. It basically indicated the borrowing requirement of the government. In the 2018 -19 budgets the fiscal deficit was estimated at 3.3 percent of GDP. Curbing fiscal deficit and maintaining a fiscal discipline is vital for achieving inclusive growth strategy.
- 2) **Poverty Eradication:** Poverty eradication stands as a major challenge or constraint in front of the policy makers for achieving faster, sustainable and more inclusive growth. In recently announced Global Hunger Index the position of India was not so satisfactory. India is ranked 102 out of 117 countries behind its neighbors Nepal, Bangladesh and Pakistan. It is really a worrying situation for India.
- 3) **Women empowerment and Gender Equity:** Gender equality and empowering women politically and economically is central to process of inclusiveness in India. In case of India the situation of political and economic empowerment of women is far away from the developing and the developed countries. It emerges as a constraint to achieve inclusive and sustainable growth.
- 4) **Agricultural Development:** Agriculture remains the biggest source of livelihood in India. Agriculture sector employs 53.5 of the workforce but barely contributes 15% of the GDP. It is a major challenge for accelerating the process of inclusive growth. All round progress of an economy in a developing country like India would be possible only when the key sector like agriculture will be significant contributor of the Domestic economy of a country.
- 5) **Social Sector development:** The development experience of the developed nations reveal that their high national product fail to reduce the socio economic and socio political deprivation of a substantial section of their population. The end of development is the welfare of the human beings. As a result the concept of

Human Development index emerges. The budgetary allocation for these social indicators ( like education and health ) is not satisfactory and it comes out a constraint for balanced economic development.

#### 4. SUGGESTIONS

- 1) Agricultural sector should be given more emphasis.
- 2) Financial inclusion and financial literacy could speed up the process of inclusiveness.
- 3) Comprehensive and collective approach is required for achieving the inclusive strategy.
- 4) Awareness program about various welfare schemes or other government initiatives should be made particularly in the rural areas so that every section of the society can actively take part in the development of the country.
- 5) The policy makers or the government should transparent, accountable and responsible.

#### 5. CONCLUSION

There should be a broad based, comprehensive and inclusive growth strategy to benefit all the sections of the society. In a collective environment we all should join hands in achieving inclusive and sustainable growth. More emphasis should be given on agricultural, infrastructure and industrial sectors. The policy makers should give more emphasis to make the people aware regarding welfare schemes, financial inclusion, digital literacy schemes etc.

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