SOCIAL TRANSFORMATION, INCLUSIVE GROWTH, AND DEVELOPMENT

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INTRODUCTION

The economic development in India followed socialist-inspired policies for most of its independent history, including state-ownership of many sectors; India's per capita income increased at only around 1% annualised rate in the three decades after Independence. Since the mid-1980s, India has slowly opened up its markets through economic liberalisation. After more fundamental reforms since 1991 and their renewal in the 2000s, India has progressed towards a free market economy.

In the late 2000s, India's growth reached 7.5%, which will double the average income in a decade. Analysts say that if India pushed more fundamental market reforms, it could sustain the rate and even reach the government's 2011 target of 10%. States have large responsibilities over their economies. The annualised 1999–2008 growth rates for Tamil Nadu (9.8), Gujarat (9.6%),Haryana (9.1%), or Delhi (8.9%) were significantly higher than for Bihar (5.1%), Uttar Pradesh (4.4%), or Madhya Pradesh (6.5%). India is the tenth-largest economy in the world and the third largest by purchasing power parity adjusted exchange rates (PPP). On per capita basis, it ranks 140th in the world or 129th by PPP.

The economic growth has been driven by the expansion of services that have been growing consistently faster than other sectors.

The progress of economic reforms in India is followed closely. The World Bank suggests that the most important priorities are public sector reform, infrastructure, agricultural and rural development, removal of labour regulations, reforms in lagging states, and HIV/AIDS. For 2012, India ranked 132nd in Ease of Doing Business Index, which is setback as compared with China 91st and Brazil 126th. According to Index of Economic Freedom World Ranking an annual survey on economic freedom of the nations, India ranks 123rd as compared with China and Russia which ranks 138th and 144th respectively in 2012.

RESEARCH METHODOLOGY

The research is based on analytical approach which uses the existing sources of secondary data from Government reports and research papers and articles related to theme.

The strategies of inclusive growth and development came into the limelight in the developmental policies of emerging market economies (EMEs), with higher economic growth rates. With an accelerated economic growth rate, Indian policy makers too shifted their focus on inclusive growth and development while formulating the 11th Five Year Plan. Thus, the Plan targeted deprived sections of the Indian population. Recently in 2012, the Plan completed its tenure. It is therefore appropriate to examine the outreach of this Plan. The aim of the paper is to assess how far the 11th Five Year Plan succeeded in bringing inclusive growth in India. Attempts are made here to evaluate various flagship programmes covering education, health, employment, rural-urban infrastructure, women and child development and social security measures against the backdrop of the Plan. Efforts are also made to evaluate specific schemes on the basis of their targets and achievements. At the same time, through financial inclusion, the RBI as well as NABARD endeavours to spread the benefits of financial development to the grass root level. The coverage of the study is the period of the 11th Five Year Plan i.e., from 2007-08 to 2011-12, using the data from the Economic Survey and other sources. In spite of various measures undertaken by the government, their effective implementation in India is lacking.

INDIA'S INCLUSIVE GROWTH AND DEVELOPMENT: AN ASSESSMENT OF PREVIOUS RESEARCHES

The Asian Development Bank (ADB) instructed a group of eminent persons to develop a strategy for inclusive growth. This group recommended that a focus should shift from pro-poor growth to inclusive growth (Klasen, 2010). In recent years, the inclusive development approach is the thrust area of the United Nations, the World Bank (WB) and the ADB. On the basis of eight Millennium Development Goals, the ADB has worked out strategies for the inclusive growth of developing Asian countries.. Growth can be spontaneous and reversible. Development is achieved through deliberate measures and is irreversible. Growth is concerned about the economic dimensions of the economy whereas development is a socio-economic phenomenon. Thus, development is a broader concept as it involves growth. Therefore, it is essential for any country that each section of society should contribute to the economic growth. At the same time the benefits of the growth should reach to all sections of the society.

Although Asian countries experienced higher growth rates with reduced poverty ratios, it resulted in discrepancies among rich and poor as growth has not reached the grass root level. Economic growth should necessarily be inclusive from the ethical considerations of equity and fairness, for social peace and to avoid civil unrest.

According to the ADB literature (Ali and Son 2007a, Ali and Zhuang 2007b), there is no agreed-upon and common definition of inclusive development. The concept, however, is often referred to as growth coupled with equal opportunities. Inclusive growth emphasizes that economic opportunities created by growth should be available to all, particularly to the poor, to the maximum extent possible. A Commission on Growth and Development (WB, 2008) set up by the WB defines inclusiveness as a concept that encompasses equity, equality of opportunity and protection in the market and employment transition.

Ianchovichina and Lundstrom (2009) observe that the growth‟ is often used interchangeably with other terms, including broad-based growth, shared growth and pro-poor growth‟. For 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 labour force. This definition of inclusive growth implies a direct link between macro and micro determinants of growth. Inclusive growth is about raising the pace of growth and enlarging the size of the economy while levelling the playing field for investment and increasing productive employment opportunities.

According to Klasen (2010), inclusive growth is a broad term. It extends beyond people below the poverty line. As per outcomes, inclusive growth is not the same as pro-poor growth. Pro-poor growth approach concentrates on measuring the impact of growth on poverty reduction by implementing various poverty alleviation measures whereas inclusive growth focuses on both the pace and pattern of growth with productive employment rather than income distribution. In other words, pro-poor growth targets people below the poverty line, while inclusive growth is arguably more general as it wants growth to benefit all strata of society.

According to Nilajan Bani & Anurag Banerjee: "The growth process has been uniform across India. Working with district-level data for the period between 1999/2000 and 2004/05, results suggest no divergence in income across districts in India. The income dynamics provide no evidence in support of the twin peaks hypothesis – clustering of the high-income districts and the low-income districts at a pan-India level. In fact, there has been a reduction in poverty during the post-reform period.

As active labour and capital market intervention were only started after 2005, the authors argue that in looking forward, this inter-district income disparity is likely to fall further in comparison to what is observed to have occurred between 1999/2000 and 2004/2005. Although it might, perhaps, seem slightly presumptuous, but the authors believe the private sector (without depending too much on the Government) is taking the lead in moving capital and labour to areas with lesser input costs (that is, investing more in backward districts, or second- and third-tier cities), thus contributing to uniform growth across India. The fact that median income is increasing in India shows that both the rich and the poor are benefiting from the reforms process".

THE STUDY OF INCLUSIVE GROWTH AND DEVELOPMENT SCHEMES

Assessment of Flagship Programmes:

The development of rural India is an imperative for inclusive and equitable growth and to unlock the huge potential of the population that is presently trapped in poverty with its associated deprivations. The government has realised the role of infrastructure in the poverty reduction. Thus, various programmes were formulated and implemented by the Government of India for the construction of rural infrastructure. One of these was the Bharat Nirman (BN) Programme, introduced in 2005, including six components such as irrigation, drinking water, electrification, roads, housing and rural telephony.

1. Bharat Nirman:

The BN Yojana aims to create a suitable environment for the development of rural India by providing rural infrastructure. Various schemes have been introduced based on the six components as follows:

A. Pradhan Mantri Gram Sadak Yojana (PMGSY):

This scheme was launched on 25th December, 2000, as a centrally-sponsored scheme, later included in BN. The criterion to provide road connectivity was revised and habitations with population of 1000 persons and above in the plains and 500 and above in hilly and tribal areas were eligible under this scheme.

B. Indira Gandhi Awas Yojana (IAY):

It was launched during 1985-86 as a sub- scheme of the Rural Landless Employment Guarantee Programme (RLEGP). IAY one of the flagship schemes of the Ministry of Rural Development is to provide houses to the rural poor. The purpose of the scheme is to provide financial assistance to some of the weakest sections of the society for upgrading or constructing houses for their personal living. The objective of this scheme was to help in the construction or up gradation of dwelling units in rural areas by providing them lump-sum financial assistance. The unit assistance provided for the construction of a dwelling unit under IAY has been revised with effect from 1st April, 2010, from Rs. 35,000 to Rs. 45,000 for plain areas and from Rs. 38,500 to Rs. 48,500 for hilly and difficult areas. The members of SC/ST, freed bonded labourers, minorities in the BPL category and other BPL non-SC/ST rural households were eligible for this scheme.

C. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY):

The target for RGGVY was to electrify 1 lakh villages and to provide free electricity connections to 175 lakh BPL households by March, 2012 which was achieved by 31st December, 2011. The RGGVY has been launched in April 2005. It aims to electrify all villages and habitations, providing them access to all rural households and providing connections to BPL families free of charge. The Rural Electrification Corporation Ltd. is the nodal agency for this programme.

2. Mahatma Gandhi National Rural Employment Guarantee Act (Programme) (MNREGA):

The objective of the MNREGA is to enhance the livelihood security of the people in the rural areas by guaranteeing 100 days of wage employment in a financial year to a rural household whose members volunteer to do unskilled manual work. The MNREGA has been enacted to reinforce the commitment towards livelihood security in rural areas. The Act was passed on 7th September 2005. . The Act further aims at creating durable assets and strengthening the livelihood resource base of the rural poor. It is one of the main planks of rapid poverty reduction in the 11th Plan, It creates a rights-based framework for wage employment programmes and makes the government legally bound to provide employment to those who seek it.

3. Swarnjayanti Gram Swarozgar Yojana (SGSY):

The objective of the SGSY is to bring the assisted swarozgar is above the poverty line by providing income-generating assets through bank credit and government subsidies. Recently, SGSY has been restructured as the National Rural livelihoods Mission (NRLM). It aims at reducing poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities. It was launched in April 1999 after restructuring the Integrated Rural Development Programme (IRDP) and allied programmes. It is to generate self- employment among the rural poor.

4. Swarna Jayanti Shahari Rozgar Yojana (SJSRY):

In 2009, SJSRY was revamped to provide gainful employment to the urban unemployed and underemployed poor by encouraging the setting up of self employment ventures and also by providing wage employment and utilizing their labour for construction of socially and economically useful public assets.

5. National Rural Health Mission (NRHM):

The main aim of NRHM is to provide accessible, affordable, accountable, effective and reliable primary health care, especially to the poor and vulnerable sections of society. It also aims at bridging the gap in rural health care through creation of a cadre of accredited social health activists and improve hospital care, decentralization of programmes to the district level to improve intra- and inter- sectoral convergence and effective utilization of resources. Currently, it is implemented in 18 States with poor health infrastructure.

6. Jawaharlal Nehru National Urban Renewal Mission (JNNURM):

Basic Services to the Urban Poor (BSUP) and the Integrated Housing and Slum Development Programme (IHSDP) are two programmes devoted to provide shelter and basic services to poor under JNNURM. BSUP covered 65 selected cities in all states whereas IHSDP covered other cities and towns in all states/UTs except Lakshadweep. Under this, more than 15.7 lakh houses have been approved out of which 5.69 lakh houses have been completed and 3.80 lakh occupied.

7. Rajiv Awas Yojana (RAY):

Under RAY, a Slum Free City Planning Scheme has been implemented and Credit Risk Guarantee Fund for low income housing has been established to administer and oversee the operations of the scheme. The aim of RAY is to provide support for shelter and re-development and creation of affordable housing stock to states that are willing to assign property rights to slum dwellers. It is being implemented in two phases: first, on 2011-13 and the latter in 2013-17 the period of the 12th Plan.

8. Sarva Shiksha Abhiyan (SSA):

SSA aimed at providing useful and relevant elementary education for all children in the age group of 6–14 years by 2010. Besides focusing on elementary education of satisfactory quality, SSA is the principal programme for universalisation of elementary education, the other significant objective is to bridge social, regional and gender gaps with the active participation of the community in the management of schools. With an emphasis on education for life, SSA successfully ensured universal access to primary education.

9. Mid-Day Meal (MDM):

The MDM scheme, launched in 1995, aims to give a boost to primary education by increasing enrolment, retention, attendance and simultaneously impacting upon the nutritional status of students in primary classes. The scheme, revised in June 2006, provides for 450 calories, 12 gm of protein and adequate quantities of micronutrients such as iron, folic acid, and vitamin A to children. The cooking cost has been enhanced to Rs 2.00 per child per school day.

FINANCIAL INCLUSION IN INDIA

Financial inclusion provides access to payments and insurance to this sector. Marginal farmers, landless labours, self employed in the unorganised sector, urban slum dwellers, migrants, ethnic minorities, women and socially excluded groups are often excluded from the formal credit system. The focus of financial inclusion is to facilitate a wide range of financial products and services to underprivileged sections at affordable costs. As far as India is concerned, the growth potential in the SMEs sector is enormous. Financial inclusion is an important tool for inclusive growth which ensures equal opportunity for all. In order to bring the majority of the Indian excluded population within the ambit of the formal financial system, the RBI has started to reform basic banking functions. But limited access to savings, loan, insurance and remittances are their major constraints to growth Lack of awareness, low income, social exclusion, illiteracy, distance from bank branches, branch timings, higher transaction costs, easy availability of informal credit are important causes for financial exclusion. Following are the notable developments in India during last decade:

Reforms undertaken in the early 1990s made India one of the world's fastest growing economies. The boom of the IT industry and improved agricultural production created an atmosphere of optimism, which led to the coining of phrases, such as Incredible India, India Shining, and India 2020 around the end of the millennium. The Indian growth story has been one of high Gross Domestic Product (GDP) growth but primarily driven by the growth in services sector. Not all sectors of the economy have grown at the same pace as is reflected in the relatively low agricultural growth rate, low-quality employment, poor education, inadequate healthcare services, rural-urban divide, social inequalities, and regional disparities. Growth that is not inclusive affects the society, the economy, and the polity. A lack of inclusive growth can result in real or perceived inequities, which has its own social ramifications. Inclusive growth promotes economic growth partly by broadening the base for domestic demand and partly by increasing the number of people with a stake in reforms and in a stable government.

Inclusive growth thus seeks to broaden the flow of benefits of globalization towards the currently excluded sections. However, for achieving inclusive growth, it is essential that the diffusion of opportunities be supported with good governance and accountability. In order to reduce disparity and promote inclusive growth, the Indian government has set state-specific targets for parameters, such as GDP growth rate, agricultural growth rate, new work opportunities, poverty ratio, dropout rate in elementary schools, literacy rate, and gender gap in literacy rate, infant mortality rate and maternal mortality ratio.

In the last few years, inclusive growth has been at the forefront of studies sponsored by multilateral aid agencies, such as the United Nations, the World Bank, Asian Development Bank, and several non-governmental organizations (NGOs). Successive governments have initiated several projects, such as Jawahar Rozgar Yojna, Integrated Rural Development Program, Rural Housing Scheme, and Swarnjayanti Gram Swarozgar Yojana top remote inclusive growth. However, for inclusive growth to happen in a country with the scale and size of India, private sector involvement is equally important. The private sector has started contributing with initiatives, such as the ICICI Foundation having been set up with the sole purpose of promoting inclusive growth. The government and private sector can play complementary roles in driving inclusive growth. There is a need for the public and the private sector in India to have a unified approach towards how they can extend, innovate, and collaborate in new ways to drive inclusive growth.

This paper elaborates the need to build Inclusive India and emphasizes why it is imperative to focus on inclusive growth now. It presents the opportunities available for building an inclusive India by identifying key levers in governance, education, energy and resources, telecom and technology, infrastructure, healthcare, financial inclusion, and business model innovation. It gives examples of initiatives undertaken by other countries to build inclusiveness, such as those by Thailand, Malaysia, Kenya, and The Gambia in the education sector. It also highlights some of the reasons why efforts to build an Inclusive India in the past have had only limited success and what can be done better in the future so that inclusive growth is realized. The paper further stresses upon the need for the public and the private sector to work in tandem and leverage each other's strengths to drive inclusive growth.

IMPERATIVE GROWTH

The focus of the government in recent years has shifted from promoting Incredible India to building Inclusive India. Inclusive growth needs to be achieved in order to reduce poverty and other social and economic disparities, and also to sustain economic growth. In recognition of this, the Planning Commission had made inclusive growth an explicit goal in the Eleventh Five Year Plan (2007-2012). The draft of the Twelfth Five Year Plan (2012-2017) lists twelve strategy challenges which continue the focus on inclusive growth. These include enhancing the capacity for growth, generation of employment, development of infrastructure, improved access to quality education, better healthcare, rural transformation, and sustained agricultural growth. Despite the presence of over 300,000 NGOs, which are working in sectors spanning the gamut from agriculture to microfinance, and from minority rights to scientific and industrial research India's growth has primarily benefited its urban elite and middle class population who are engaged largely in the fast-growing services sector. The Indian middle class, defined as those consuming between 2 and 20 US dollars per day, has grown by about 205 million between 1990and 2008.however, around 70% of the poor are from rural areas where there is a lack of basic social and infrastructure services, such as healthcare, roads, education, and drinking water. Stunted agricultural growth, relatively high food prices, low rural wages, insufficient government spending on rural development and obsolete infrastructure are key determinants of rural poverty.

Significant interstate as well as intrastate regional disparities continue to exist in India. Low growth rates and poor public services in the poorer states further widens the disparity in development. For example, poverty concentration can be seen in the adjoining states of Bihar, Jharkhand, Chhattisgarh, UP, MP, Orissa, and Rajasthan. These states collectively account for 44%of the total population and 60% of the poor.

Most of the low-income states have rich natural resources but poor infrastructure and human development. Neighbourhood effect is seen when one such backward region drags down its neighbouring regions. Because of mutually reinforcing consequences of geographical clustering and neighbourhood effect, there is a danger that these adjoining states will be caught in a poverty trap.

Women, labourers (including agricultural labourers), tribal population, some scheduled caste groups, and religious minorities in particular are lagging behind in job opportunities, earnings, and human development. Around 58% of the workers in India are involved in the agricultural sector. Despite this, the contribution of agricultural and allied sectors in the GDP is only around14%.

Hence, for the removal of poverty it is imperative that the rural farm and nonfarm sectors be promoted. Agriculture continues to suffer from fragmented landholdings and water availability problems. Further, it is vulnerable to crop procurement prices and weather conditions. Poor monsoons lead to crop failures and subsequently in debt repayment distress for farmers.

INCLUSIVE GROWTH: A CHALLENGING OPPORTUNITY

An estimated 86% of the Indian workforce is engaged in the informal or unorganized sector, however, the quality of employment remains a problem. Workers in this sector have virtually no social security. A report by World Bank suggests that, inclusive growth approach takes a longer term perspective as the focus is on generating productive employment rather than on direct redistribution of income as a means of improving financial well-being of the excluded groups.

With the world's second largest population and widespread urban and rural poverty, India faces the challenge of bridging the growing gap between the haves and the have-nots. It is imperative to focus on inclusive growth now as it is interrelated with several key challenges facing the government, such as poverty reduction, increase in quantity and quality of employment, agricultural development, social sector development, reduction in regional disparities, and environmental protection. A new report by the Rand Corporation has pointed out that demographic dividends are estimated to have contributed one-fourth to two-fifths of East Asian per capita GDP growth in the late 20th century and India currently has the opportunity to reap this dividend.

However, demographic dividend only provides a short window of opportunity and does not guarantee automatic growth and development unless efforts are made to take advantage of it. For example, Pakistan began experiencing a demographic dividend in 1990and is expected to have its window of opportunity open till 2045. However, it has been unable to capitalize on this opportunity over the past two decades.

Hence, it is important to use the period in which a demographic dividend exists to make investments in education, healthcare, and job creation. As per the 2011 Census, the decadal growth rate of the Indian population has seen a decline for the first time since Indian independence, having dropped sharply from 21.15% in2001 to 17.64% in 2011. Although the percentage of the 15-34 age group reaches its peak (35.4%) in 2010and tapers off from then onwards, the percentage of the 15-59 age group reaches its peak (64.6%) only in2035, and tapers off gradually over the next 15 years to 61.6% in 2050.

Attempts of the government to provide rapid and inclusive growth in the past have often been made difficult due to lack of infrastructure. The role of public private partnership in development of the infrastructure required for promoting inclusiveness in India has been recognized to be crucial. Inclusiveness can be realized by high growth rates only when the sources of growth are expanding and there by including an increasing share of the population in the growth process.

GOVERNANCE

Good governance is at the core of improving the delivery of essential publicly provided services. It provides the mechanism for linking inclusion, decision making, and accountability. Problems in infrastructure, critical for building an inclusive India, can often be traced back to poor governance. Red tape, lack of accountability, and corruption has plagued India since independence.

The government has launched a large number of initiatives over the years in order to achieve the objective of rapid growth coupled with poverty alleviation and inclusiveness. Many of these initiatives have failed to achieve their goals because of poor design, insufficient accountability, and corruption at various levels. Without effective implementation, even substantial government expenditure results in limited success.

As of October 2010, out of the 559 projects undertaken by the government for infrastructure development, 14were ahead of schedule, 117 were on schedule, 293 are delayed and for the balance 135 projects, no dates had been fixed for commissioning.

Realizing that accountability and transparency are critical elements of good governance, the Right to Information Act (RTI) was enacted in 2005. RTI empowers people to get information from the government and thus constitutes a big step towards transparency and accountability.

Good governance depends on processes and incentives to not only design good policies, but more importantly on institutions to implement these policies efficiently and with efficient utilization of resources. Transparency and accountability in the delivery of public services can be implemented through involvement of local self governments, community, and civil society groups. Although governance is largely the mandate of a democratically elected government, private sector expertise can be leveraged as has been done in the case of the Unique Identification Number (UID) project, wherein the central government is implementing the project under the leadership of Nandan Nilekani, whose career was largely in the private sector. Utilizing the knowledge and expertise of private sector leaders in other governance mechanisms, such as the Planning Commission, public distribution system, and rural employment can help deliver better governance at both, the central and the state levels. Private sector can play a bigger role in implementing these initiatives in the e-governance space. For instance, Mind tree, a Bangalore-based IT company, is working on developing and maintaining applications for rollout of the UID program.

EDUCATION

Over the past few decades, the global economy has shifted from being manufacturing-centric to a knowledge driven one. The services sector contribution of world production has grown from around 52% in1970 to 68% in 2005.

India's increasing integration with the global economy and the growth of sectors such as IT, BPO, and financial services have led to an increased demand for knowledge workers. Although India currently has around 480 universities and 22,000colleges, in the next 10 years, India will need 700 new universities and 35,000 new colleges. The population of India, cutting across regions, languages, and socioeconomic status, has begun to appreciate the value of education in a global economy and demonstrated an increased willingness to pay for quality education.

The government has passed the Right to Education Act, which makes education a fundamental right for all children in the age group of 6-14, but for the goal of complete literacy to be achieved, greater investment is needed in the physical and intellectual infrastructure. The midday meal scheme enacted by many state governments, with support from various NGOs and the private sector companies, addresses a fundamental problem that has plagued the education sector — increasing student attendance and decreasing dropout rates. However, other problems continue to persist. Reports of teacher absenteeism, gender inequality in enrolment, and inadequate infrastructure, such as crowded classrooms are not uncommon. For example, the Right to Education Act mandates a maximum pupil-to-teacher ratio of 30:1, but according to the National University of Education Planning and Administration, over 12% of the nation's schools had a pupil-to-teacher ratio of 60 or more in 2010.

At the tertiary level, of the 600 universities in India, less than one-fifth are in the private sector.However, it is estimated that over 800 new universities will be added in India in the coming decade.

The private sector can play a significant role in establishing new universities given its access to capital and physical infrastructure, provided that the regulatory regime for setting up and operating universities is reformed to enable faster approvals and accreditations. Infosys, for example, has set up a facility in Mysore, which is capable of training 13,500 employees at a time in a residential program which lasts around four months.

ENERGY AND RESOURCES

Economic growth and higher incomes have led to an accelerating demand for energy and natural resources in India but India's generation capacity and effective utilization is currently inadequate. The energy sector suffers due to very high distribution losses and theft. Lack of competition in many critical segments of the industry, especially distribution, results in inefficiencies as the existing monopolies of state owned distribution continue to underperform. This results in unreliable power supply, which hampers agriculture and industry and also penalizes households while causing large welfare losses. Rural electrification is an important tool to bring about inclusive growth by making electricity available to farmers and in rural areas. Electricity supply is thus one of the crucial inputs in the context of inclusion.

INFRASTRUCTURE

Investment in infrastructure drives the growth of a country's economy. In 1980, India had a greater investment and infrastructure base than China, but today, China is ahead in physical infrastructure availability, quality, and quantity.

The Prime Minister of India, Dr. Manmohan Singh has said that India needs to invest over USD 1 trillion in infrastructure by 2017 if the country is to achieve 10%annual growth rates.

The Eleventh Five Year Plan envisages improving 26,000 kilometres of arterial routes, the development of the golden quadrilateral, the North-South-East-West corridor, two dedicated freight corridors, and the up gradation and expansion of over70 airports.

In addition to funding, a proper monitoring mechanism is needed to monitor projects so that they do not overrun budgets and schedules, leakages are minimized, and that the assets created are of international standards. Innovative models such as the use of the National Rural Employment Guarantee Act (NREGA) to create road networks and expand railway networks while simultaneously creating jobs can be used to speed up the pace of infrastructure asset creation.

HEALTHCARE

The healthcare industry in India promises to be one of the fast growing ones and is expected to be a USD280 billion industry by 2020.

The country has world-class hospitals, highly qualified medical personnel, and is gradually emerging as a preferred destination for medical tourism for citizens of the developed world. However, the actual delivery of healthcare services is inadequate for a large section of the local population. India compares poorly to other developing countries on parameters, such as hospital bed density, physician density, number of doctors graduating every year from Indian universities, and public expenditure on healthcare.

Also, the low penetration of health insurance (only 15% of the population has any form of health insurance) implies that a serious illness or hospitalization causes significant economic hardship to many sections of society, especially the urban poor and the rural population. In the context of healthcare, inclusive growth implies that healthcare resources are allocated equitably such that the benefits are shared by all segments of the society.

FINANCIAL INCLUSION

A society can be considered financially inclusive when all segments and strata of society have access to financial services and timely and adequate sources of formal credit. Similar to access to education and healthcare, the access to finance is an important one for all segments of society, and especially to the poor and marginalized sections, as it can facilitate them to eke out a sustainable living and alleviate them from poverty. For example, the law on exclusion (1998) in France underscores the individual's right to a bank account. Similarly, the Community Reinvestment Act of 1997 in the USA mandates banks to offer credit to all population segments within its area of operation and prevents specific targeting of the rich. Today, the bulk of India's population lacks access to financial products and services, such as savings accounts, loans, insurance, pension schemes, payments, etc. Banking penetration is estimated to be only about5% among the lower income classes, and even among the middle- and high-income classes the penetration is about 45%.

Most of the population belonging to the lower income groups does not have access to formal banking and credit. This leads to a vicious cycle in which the vulnerable are forced to resort to borrowing from informal sources (such as moneylenders) at usurious rates of interest. This not only hampers their ability to pay back and get drawn into further debt, but also takes away a substantial portion of their already meagre earnings. This debt trap worsens poverty levels and cases where the debtor has committed suicide fearing an inability to pay debts are not unheard of.

Realizing the importance of financial inclusion, the Reserve Bank of India has pushed for the same through policy measures. Recognizing that private banks can have an important role to play in increasing banking penetration, in early July 2011, the RBI issued a circular mandating all scheduled banks to open at least 25%of their new branches in rural areas. Further, the RBI has identified over 70,000 villages with populations greater than 2,000 that are currently unnerved by banks. However, in addition to opening new branches in currently underserved areas, it is also imperative to address other factors that impair access to financial services.

CONCLUSION

In order to achieve inclusive growth, holistic and integrated solutions are needed to facilitate rapid and sustainable growth. The task of building an Inclusive India for its 1.2 billion people is so large and complex that it cannot be accomplished by either the government or by the private sector working in isolation.

Achieving inclusive growth is not only to be seen as a priority in the Planning Commission's Five Year Plans, but also as an equally significant opportunity for every enterprise in the public and the private sector. Today, 'Inclusion' for India isn't a mere buzzword that individuals and enterprises talk about, but an imperative that calls for concerted action towards bringing inclusion in every aspect of how individuals, public and private enterprises as well as the government operate and envisage to grow.

Focus of the government on better and more efficient delivery mechanisms to improve access to currently backward regions is crucial. It has already been observed that majority of the low-income states have rich geographic resources. However, due to poor infrastructure, these regions are often caught in a vicious poverty circle from which they find difficult to breakout. However, if these regions can take a leaf out of experiences in countries such as Australia and tailor it for local needs, they present a greater opportunity for its people. It has been argued that the demographic dividend played a role in the economic miracles of the four East Asian Tigers — Hong Kong, Singapore, Korea, and Taiwan.

India has a strategic opportunity as a result of its demographics dividend, its entrepreneurs, its technology prowess, its democracy, and the large English-speaking population. However, this window of opportunity could be short and hence it is imperative for the government to try and achieve rapid, sustainable, and inclusive growth.

Private sector participation can bring access to talent, capital, processes, and technology innovation needed to drive inclusive growth. The challenge for the private sector is to incorporate inclusiveness in its corporate philosophy and to facilitate its leaders and business managers to actively participate and play their role in fostering new products, services, and business models that enable a more widespread and equitable growth in the years to come. Additionally, the private sector must take on a larger role by consistently providing its skills, such as structured and goal-oriented processes, effective program management, efficient execution and monitoring mechanisms, to the government and the public sector towards the unified goal of achieving the target.

The progress of inclusiveness is more difficult to assess as it is a multi- dimensional concept. However, its result should be lower incidence of poverty, increased access to education, health and reflected in better employment opportunities with an improvement in basic amenities.

Most of the schemes have some drawbacks due to administrative inefficiencies and corruption. Therefore, the agenda for the 12th Plan is being resolved as „Faster, Sustainable and More Inclusive Growth. As far as India is concerned, although available parameters depicted improvement, effectiveness of implementation differs from state to state. The rate of change of these marked improvements is much lower than required to achieve desired targets.

To achieve desired targets, the Indian government also needs to concentrate on agriculture and allied activities, research and development, infrastructural development and effective implementation of anti-poverty programmes. Similarly, more stress has to be given to microfinance through which remarkable empowerment of women is taking place. More concrete actions are required for major health concerns such as nutrition, drinking water, sanitation facilities etc.

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