



INCLUSIVE GROWTH IN INDIA: SOME EMPIRICAL FACTS

Jaya Kumari PANDEY¹, Abhishek K. CHINTU², Rahul RANJAN³

¹Department of Economics, Banaras, Hindu University Varanasi, India, ¹E-mail: 10jayapandey@gmail.com

²Ph.D Economics, ²E-mail: abhi.mcpr@gmail.com

³CSRD, Jawaharlal Nehru University, New Delhi, India

Abstract *Inclusive Growth as the literal meaning of the two words refers to both the pace and the pattern of the economic growth. The Inclusive Growth approach takes a long term perspective as the focus is on productive employment rather than on direct income distribution, as a means of increasing incomes for excluded groups. Inclusive growth is therefore supposed to be inherently sustainable as distinct from income distribution schemes which can in the short run reduce the disparities between the poorest and the rest which may have arisen on account of policies intended to jumpstart the growth.*

Key words:

India, Inclusive Growth,
Economic growth and
Facts

JEL Codes:

O 11, O 47, F 43

1. Introduction

Inclusive growth has become a buzzword across the globe. Inclusiveness – a concept that encompasses equity, equality of opportunity, and protection in market and employment transitions – is an essential ingredient of any successful growth strategy (Commission on Growth and Development, World Bank, 2008). The eleventh approach paper on plan defines as "an opportunity to restructure policies to achieve a new vision based on faster, more broad-based and inclusive growth. It is designed to reduce poverty and focus on bringing the various divides the continue to fragment our society." (GOI 2006:1) The Commission of Growth and Development (2008) considers systematic inequality of opportunity as "toxic" as it will derail the growth process through political channels or conflict. Inclusive growth refers both to the pace and pattern of growth, which are considered interlinked, and therefore in need to be addressed together. The idea that both the pace and pattern of growth are critical for achieving a high, sustainable growth record, as well as poverty reduction, is consistent with the findings in the Growth Report: Strategies for Sustained Growth and Inclusive Development (Commission on Growth and Development, 2008).

The concept of inclusive growth has gained wide importance in several countries including India (Bolt, 2004). The term "inclusive growth" was made popular by the India Development Policy Review 2006 titled "Inclusive Growth and Service Delivery: Building on India's Success". The inclusive growth definition is in

line with the absolute definition of pro-poor growth, but not the relative definition. Under the absolute definition; growth is considered to be pro-poor as long as poor people benefit in absolute terms, as reflected in some agreed measure of poverty (Ravallion and Chen, 2003). In contrast, in the relative definition, growth is "pro-poor" if and only if the incomes of poor people grow faster than those of the population as a whole, i.e., inequality declines. However, while absolute pro-poor growth can be the result of direct income redistribution schemes, for growth to be inclusive, productivity must be improved and new employment opportunities created. In short, inclusive growth is about enlarging the size of the economy, rather than redistributing resources. In short, inclusive growth is about raising the pace of growth and enlarging the size of the economy, while leveling the playing field for investment and increasing productive employment opportunities.

2. What is inclusive growth?

Several definitions abound. Some readily acceptable features of what should be considered inclusive growth are listed below.

1. First and most important is the objective of equality in growth i.e. that the growth is shared equally by all the population. Related to this objective is the desirability of growth being equal to or perhaps even higher for the poorer sections of the population. Note that these objectives say nothing about the static distribution of income. It can be equal, or highly unequal. If the growth rates are similar, then the distribution of income will

broadly stay at its original value. Equal growth rates will mean that whatever growth occurs, it was inclusive.

2. Growth should be inclusive across different sectors. In the case of India, there are historical divides between different caste groups, as well as divides based on gender e.g. girls have traditionally had lower levels of education than boys, *ceteris paribus*. In addition, growth should be relatively even across different regions and especially that the backward areas participate fully on a long-term, two to three decades, basis.

3. Inclusion also means a trend towards equality of opportunity. This is an important issue and topic in its own right. It is not explicitly dealt with in this paper; but there is some discussion about the effects of education expansion on both equality of opportunity and inclusion. And it is observed that equality of education broadly leads to an equality of outcomes, *ceteris paribus*.

4. Poverty reduction. This is a central concern. The pace of poverty reduction is indicative of inclusion. Poverty reduction depends on growth and where the poverty line is relative to the distribution of consumption. With inclusive growth, the poverty gap (difference between the average incomes of the poor and the poverty line) should reduce over time. This will ensure that within the poor, there is 'equal' progress.

5. Linked to the effectiveness of social delivery is the judgment or conclusion about the determinants of inclusion/exclusion. There is some belief that inclusive growth means active government intervention. This may or may not be the case and involves an empirical examination.

2.1. The analytics of inclusive growth

As Ianchovichina and Lustrum (2009) stated, inclusive growth country analytics has a distinct character focusing on the pace and pattern of growth. Rapid pace of growth is unquestionably necessary for substantial poverty reduction, but for this growth to be sustainable in the long run, it should be broad-based across sectors, and inclusive of the large part of the country's labor force. This definition of inclusive growth implies a direct link between the macro and micro determinants of growth and captures the importance of structural transformation for economic diversification and competition, including creative destruction of jobs and firms. Policies for inclusive growth are an important component of any government strategy for sustainable growth and the frameworks for inclusive growth analytics are eclectic in spirit. The main instrument for a sustainable and inclusive growth is assumed to be productive employment. Employment growth generates new jobs and income for the individual - from wages in all types of firms, or from self-employment, usually in micro firms – while productivity growth has the potential

to lift the wages of those employed and the returns to the self-employed.

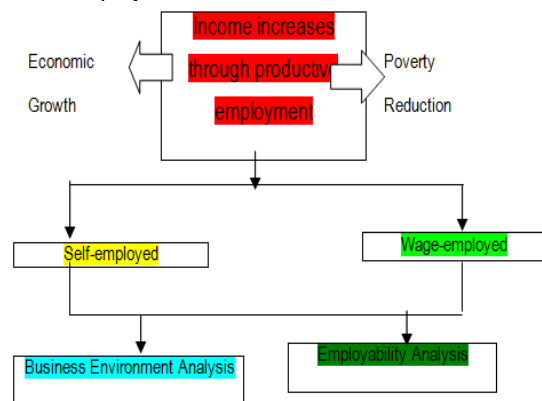


Figure 1. Inclusive Growth Analytics

An analysis of inclusive growth must inevitably address the study of the factors behind the growth rate of the economy. In cases where the income level is low, growth is slow and investments are low, the growth diagnostic analysis developed by Hausmann, Rodrick and Velasco (HRV) could become a relevant tool. That's the reason why the IG approach includes an HRV analysis.

3. Objectives of the Paper

- I. To discuss the challenges before Inclusive growth in India.
- II. To explore different problems present in achieving Inclusive Growth in India
- III. To study the inclusiveness among the various social groups.
- IV. To investigate the future aspect of Inclusive Growth with regard to proposed XIIth Five Year Plan in India.
- V. To suggest certain measures for the achievement of Inclusive Growth in India.

4. Problems before inclusive growth strategies in India

For a developing country like India, the need of inclusive growth is vital to achieve the overall progress of the country. Though it is positive for macro-economic stability, 2008-09 resulted a relative growth slowdown, mostly from the spillover effects of the weakening of the global economic momentum and volatile financial markets. The following problems are the major concerns for developing countries like India to achieve the inclusive growth. They are:

- (a) Poverty;
- (b) Employment;
- (c) Agriculture;
- (d) Problems in Social Development;
- (e) Regional Disparities.

5. Elements of Inclusive Growth

According to Prime Minister, Sir Manmohan Singh, the key components of the inclusive growth strategy included a sharp increase in investment in rural areas, rural infrastructure and agriculture spurt in credit for farmers, increase in rural employment through a unique social safety net and a sharp increase in public spending on education and health care.

6. Economic Growth – Spatial and Temporal Analysis

During the three decades period from the early 1950s to 1980s, the Indian economy was witnessing so-called “Hindu” rate of growth and the major concern was accelerated growth apart from ensuring equity. During that time, although inequality was a major problem, it was not as prominent as in the recent phase of accelerated growth. With the growth in GDP, the issue of rural-urban divide, regional divides and rich-poor divide became evident, which brought “inclusive growth” on high priority. The Indian economy has been growing at a faster rate in recent decades than it did earlier (Table 1).

Table 1: Average Rate of Growth of Real GDP in India

Period	Growth Rate (per cent)
1950-2008	4.79
1980-2008	6.08
1990-2008	6.39
2000-2008	7.19
11th Plan Period (2007-12)	
2007-08	9.2
2008-09	6.7
2009-10	7.2

Source: RBI

7. Potential Output

The Indian economy grew at about 9.0 per cent during 2003-08, which decelerated to 7.0 per cent during 2008-10. Although a part of the gap is due to cyclical factor, different estimation methods suggest that the potential output growth would be around 8.0 per cent during the post-crisis period and 8.5 per cent during the pre-crisis period. It is argued that the loss in potential output could be due to a slowdown of investment in various sectors, more specifically in the agriculture sector. In fact, the public investment in agriculture in real terms has witnessed steady decline from the Sixth Five Year Plan to the Tenth Plan. Trends in public investment in agriculture and allied sectors reveal that it has consistently declined in real terms (at 1999-2000 prices) from 64,012 crore in Sixth Plan to 42,226 crore during the Ninth Plan. However, during the Tenth Plan this has increased in absolute terms to 67,260 crore. It can also be observed that the public investment has

gone down over the year, while private investment remained stagnant (Table 3). The gross capital formation (GCF) in agriculture and allied sectors as a proportion of total GDP stood at 2.66 per cent in 2004-05 and improved to 3.34 per cent in 2008-09. Similarly, GCF in agriculture and allied sectors relative to GDP in this sector has also shown an improvement from 14.07 per cent in 2004-05 to 21.31 per cent in 2008-09.

Table 2. Plan-wise investment in Agriculture

Five Year Plan	Investment (in crore)
Sixth Plan (1980-85)	64012
Seventh Plan (1985-90)	52108
Eighth Plan (1992-97)	45565
Ninth Plan (1997-2002)	42226
Tenth Plan (2002-07)	67260
Eleventh Plan (2007-12)	-

Source: Economic Survey, 2010, Government of India

Table 3. Public and Private Investment in Agriculture & Allied Sector at 2004-05 Prices

	Investment in agriculture & allied sector (crore)		Share in total investment (per cent)	
	Public	Private	Public	Private
2004-05	16183	62665	20.5	79.5
2005-06	19909	73211	21.4	78.6
2006-07	22978	71422	24.3	75.7
2007-08	23039	86967	20.9	79.1
2008-09	24452	114145	17.6	82.4

Source: Central Statistics Office

8. Poverty

Poverty is a major issue in the emerging economies, though its intensity varies across countries as reflected in the World Bank’s data on the poverty head count ratio at \$1.25 a day (PPP). As per the official estimates, the incidence of poverty has declined over the years though it remains still at a very high level. The percentage of the population below the official poverty line has come down from 36 per cent in 1993–94 to 28 per cent in 2004–05 (Table 4). However, not only is the rate still high, but also the rate of decline in poverty has not accelerated along with the growth in GDP, and the incidence of poverty among certain marginalized groups, for example the poverty rate of the STs, has hardly declined. Moreover, the absolute number of poor people below poverty line has declined only marginally from 320 million in 1993–94 to 302 million in 2004–05. This performance is all the more disappointing since the poverty line on which the estimate of the poor is based is the same as it was in 1973–74 when per capita incomes were much lower. If we take the World Bank measurement of poverty about 41.6 per cent (as

per PPP) of population is below poverty line, which is much higher than the official national poverty ratio of about 28 per cent.

Table 4. Trends in Poverty in India

Poverty (Head Count Index) Percentage				
Year	Rural	Urban	Total	No of poor (million)
1973-74	56	49	55	321
1983	46	41	45	323
1993-94	37	32	36	320
2004-05	28	26	28	302

Source: www.rbi.org.in

9. Employment and Unemployment Situation

Nature and extent of employment is crucial for poverty reduction and inclusive growth. It can be observed from Table – 5 that although employment in the industrial and services sector has increased in 2004 in comparison to 1961, agriculture still remains the major sector which continues to employ the largest segment of the population.

Table 5. Sector-wise Employment (per cent)

Sector	1961	2004
Agriculture	75.9	56.4
Industry	11.7	18.2
Tertiary	12.4	25.4
Total	100	100

Source: www.rbi.org.in

According to NSSO data, compared to 1999-2000, during 2004-05, the unemployment rate in terms of the usual status remained almost the same in rural and urban areas for males, though it has increased by around 2 percentage points for females. As can be observed from Table 5, overall unemployment rates are not too high. However, urban unemployment rates are higher than the rural rates. The unemployment rates according to current daily status (CDS) approach are higher than the rates obtained according to 'usual status' approach and 'weekly status' approach, thereby indicating a high degree of intermittent unemployment. The unemployment rate, measured through the usual status is very low in the rural areas.

Table 6. Unemployment rates in India according to usual status, current weekly status and current daily status during 1972-73 to 2004-05

Year (Round)	Rural					
	Male			Female		
	Usual Status	CWS	CDS	Usual Status	CWS	CDS
1972-73 (27 th round)	1.2	3.0	6.8	0.5	5.5	11.2
1977-78 (32 nd round)	2.2	3.6	7.1	5.5	4.1	9.2
1983 (38 th round)	2.1	3.7	7.5	1.4	4.3	9.0
1987-88 (43 rd round)	2.8	4.2	4.6	3.5	4.4	6.7
1993-94 (50 th round)	2.0	3.1	5.6	1.3	2.9	5.6
1999-2000(55 th round)	2.1	3.9	7.2	1.5	3.7	7.0
2004-05 (61 st round)	2.1	3.8	8.0	3.1	4.2	8.7
Year (Round)	Urban					
	Male			Female		
	Usual Status	CWS	CDS	Usual Status	CWS	CDS
1972-73 (27 th round)	4.8	6.0	8.0	6.0	9.2	13.7
1977-78 (32 nd round)	6.5	7.1	9.4	17.8	10.9	14.5
1983 (38 th round)	5.9	6.7	9.2	6.9	7.5	11.0
1987-88 (43 rd round)	6.1	6.6	8.8	8.5	9.2	12.0
1993-94 (50 th round)	5.4	5.2	6.7	8.3	7.9	10.4
1999-2000(55 th round)	4.8	5.6	7.3	7.1	7.3	9.4
2004-05 (61 st round)	4.4	5.2	7.5	9.1	9.0	11.6

Source: NSSO various rounds

10. Occupation distributions among the social groups in areas

a) Percentage distribution of households by occupational category for each social group in rural (All India)

Household	ST	SC	OBC	Others	All
Cultivator	69.3	46.7	61.3	64.2	59.7
agri-labour	15.4	26.4	11.6	8.3	14.4
artisan	1.9	7.2	6.4	3.2	5.2
other	13.5	19.8	20.7	24.3	20.7
All non-cultivators	30.7	53.3	38.7	35.8	40.3

Source: All India investment and Debt survey 2006

The Rural area can be divided into Farm and Nonfarm sector. The farm sector can be divided into cultivator and Non cultivator household can be divided into agricultural labour, artisan and others. The others generally landlords, moneylenders, commission agents etc. Among the cultivators ST accounts for highest in number at 69.3% while the lowest percentages is recorded for the at 46.7%. This state that land distribution is most skewed distributed among the SCs. The Major sources of labour supplying household (Agricultural labour) consisting of SCs. The results show that Farm sector is decline while the nonfarm sector is growing. The vast majority of the activity in rural non-farm activities are undertaken by small-scale

artisan and informal enterprises (Liedholm,1979).The impulses of the rural nonfarm activities in rural areas comes from the agricultural sector(Mellor and Johnston(1961) ,Mellor(1976) .They vast potential of growth and provide to the employment of the people. The artisan and other combined to get considered as rural nonfarm sector. Traditional nonfarm sector (artisan) is still dominated by OBC categories which 6.4% while lowest is ST which is around 1.9%.Other activities is dominated by Other social group in the category, while the lowest is dominated by the STs .

b) Percentage distribution of households by Occupational category for each social group in Urban (All India)

Household	Social group				
	ST	SC	OBC	Others	all
1. Self employed					
Professional etc(NCO 0-1)	0.3	0.7	1.5	2.3	1.7
Administrative etc(NCO 2)	4.6	4	7.5	9.8	8
Clerical etc (NCO 3)	0.1	0.1	0.4	0.4	0.3
Sales workers etc(NCO 4)	5.8	7.4	11.5	13.2	11.5
Service workers etc(NCO 5)	3.1	1.2	4.1	2.2	2.7
farmers etc (NCO 6)	1.4	2.2	2.5	1	1.7
Production workers(NCO 7-8-9)	5.9	13	12	7.9	10
Others	0.1	0	0	0.2	0.1
All Self Employed	21.2	28.7	39.4	37	36.1
Others:					
Regular Wage earner	44.1	41.7	36.4	45.8	41.9
Casual labour	20.7	23.3	14.3	6.4	12
Other household	13.6	6.1	9.8	10.8	9.9
All Others	78.5	71.1	60.5	63	63.8
All Household	100	100	100	100	100

Source: All India investment and Debt survey 2006

There has Indian labour markets are going to the change where there is rise in the self employment and decline in the casual labour force. There has been a shift in the pattern of employment in recent years .There has been process of casualisation and self employment going up both in rural and urban areas for men as well as women (Brajesh Jha 2006).The self employed can be defined as persons who operated their own farm or non-farm enterprises or were engaged independently in a profession or trade on own account or with one or a few partners were deemed to be self employed in household enterprises.(NSSO)The self employed consists of Professional, administrative, sales, services ,farmers etc. The self employed for the ST is lowest at 21.2% while for the others is highest at 37%.Others are included Regular Wage earner, casual labour, other Household. Other occupation occupied by ST Household (78.5%), followed by SC (71%), OBCs (60.5%) and other (63%). In some self employed occupation like administrative, professional, clerical etc require certain level of education and skills which have

better access to the Others, OBC social group rather than SC,ST household.

11. The Asset ownership among the social groups

Average value of total assets (AVA) owned per household on 30.06.02 for each social group.

Social Group	AVA (Rs)	
	Rural(2)	Urban(3)
ST	136640(0.5885)	240295(0.7203)
SC	125954(0.5582)	182351(0.6419)
OBC	266033(0.5937)	334161(0.6665)
Others	429513(0.6078)	560362(0.6228)
All	265606(0.6291)	417158(0.6643)

Note: 1 'all social groups' includes household with n.r. cases of social group 2. Figures within parenthesis give Lorenz ratio for the distribution of assets.

Source: All India investment and Debt survey 2006

The above table show average value of total assets and Lorenz ratio for the distribution of assets. The

Lorenz curve shows the income inequity. It helps in study the social inequity among the social groups. In Rural area the lowest of asset inequity exist for the SC (0.55) while the others (0.60) have the highest level of asset inequity. In urban area surprisingly the others have the lowest level of Inequity (0.62) and ST (0.72) has the highest level of the asset inequity. There has vast inequity of assets in distribution between the rural and urban India. There is Intra group inequity exist among the social groups.

Percentage of household's borrowings in cash (IOB) among social groups during 2002-03 All-India

Credit agency	IOB (%)				
	ST	SC	OBC	Others	All
(1)	(2)	(3)	(4)	(5)	(6)
Rural					
Institutional	4.2	4.7	8.9	10.5	7.9
Non -Institutional	7.8	16.5	15.7	12.2	14.1
All	11.6	20.5	23.2	20.8	20.8
Urban					
Institutional	5.9	5.4	6.6	5.5	5.9
Non -Institutional	7.9	12.9	14.5	6.6	10.3
all	13.3	17.1	20.0	11.6	15.8

Rural	Indicators social group				
	ST	SC	OBC	Others	All
TD (Rs. crores)	4834	15103	50356	41171	111468
% share of debt	4	14	45	37	100
Urban					
TD (Rs. crores)	1528	6270	21570	35959	65327
% share of debt	2	10	33	55	100

Note: Total amount of outstanding cash dues (TD), as on 30.6.02

Source: NSSO All-India Debt and Investment Survey Report No. 503(59/18.2/4) NSS 59th Round (January–December 2003)

Source: NSSO All-India Debt and Investment Survey Report No. 503(59/18.2/4) NSS 59th Round (January–December 2003)

Note: The figures under a column may not be additive as a household may report cash loans

The table shows the borrowing in cash by each social group both at institutional and non-institutional level. In the Rural India the ST (4.2%) have the lowest level of institutional borrowing in cash followed by a negligible SC(4.7%) OBC (8.9%) and others (10.5%). Surprisingly SC have the largest borrowing among the non-institutional credit, while ST have the lowest borrowing from the Non institutional credit agency. In Urban India the also follows the same trend as in Rural India for the borrowing from the Institutional credit agency. Similarly In the Urban India, also show SC (17.1%) followed by ST(13.3%) later followed by OBC (20%) and Other (11.6%). The Non SC\ST likely to have better access to the institutional credit rather the SC\ST (Laxmi Iyer, Tarun Khanna, Ashutosh Varshney (2013). This shows non-institutional credit more easily access to the vulnerable groups. 4 Percentage of indebtedness among the Social groups:

The Percentage of indebtedness among the various social groups. In the rural India, Debt is highest among the OBCs have 45% of the indebtedness followed by, others have 37%, SCs have 14% and STs have lowest 4% of the share. While in Urban Area others have highest 55% followed by OBCs have 33%, while have SC have 10% followed by STs in 2%.

12. Growth of Higher Education in India

Since Independence Higher Education has grown steadily over the years. The growth is evident in the form of institutional growth as well as enrolment growth. The data relating to the growth of institutions and their intake capacity are presented in table 7.

Table 7. Institutions of Higher Education and their Intake Capacity (1950/51 to 2010/11)

Capacity indicator	1950-51	1960-61	1970-71	1980-81	1990-91	2000-01	2010-11
No of University level	28	45	93	123	177	266	611
No of Colleges	578	1819	3227	4739	7346	11146	31324
No of Teachers (in thousands)	24	62	190	244	272	395	588
No of Students Enrollment (in millions)	0.1	1.7	2.5	2.7	4.9	8.3	13.6

Source: UGC Report 2010

From the data it may be observed that the number of universities level Institutions in India increased from a mere 28 in 1950-51 to 45 in 1960-61 to 93 in 1970-71 and rapidly increased to 123 in 1980-81. The growth of these institutions is found to be very rapid during the post liberalization period and the numbers of university level institutions are estimated at 611 in 2010-11. With

regard to the number of colleges also the growth is found to be steady during the first three decades and is found to explosive during the liberalization period. The total number of colleges increased from 578 in 1950-51 to 1,819 in 1960-61 and further to 3,227 in 1970-71. However, the growth of colleges is found to be explosive during the liberalization period and the total

numbers of colleges are estimated at 31,324 in 2010-11.

With regard to number of teachers also the same trend continued. The total number of teachers working in higher education institutional increased from 24,000 in 1950-51 to 244,000 in 1980-81 and further increased to 588,000 by 2010-11. The growth in terms number of students enrolled in higher education institutions is also found to be very rapid during the liberalization period. The total number of students enrolled in higher education institutions is found to be 0.1 million 1950-51 to 2.7 million in 1980-81 and further increased to 13.6 millions by 2010-11. Thus, it is clear that higher education witnessed a rapid growth in terms of number of institutions, teachers and students enrolled during the liberalization period compared to the pre-liberalization.

13. Proposed XIITH five year plan and inclusive growth

As India's government prepares to submit its approach paper for its 12th five-year plan (a plan which covers years 2012 to 2017), the Planning Commission's focus on instilling "inclusive growth" is making headway. The plan is expected to be one that encourages the development of India's agriculture, education, health and social welfare through government spending. It is also expected to create employment through developing India's manufacturing sector and move the nation higher up the value chain. Prime Minister Manmohan Singh, however, warned that maintaining fiscal discipline is important as well. The commission will likely strive to enact policies that will achieve somewhere around a 10 percent growth rate in factories and a 4 percent growth rate in farm produce, though Prime Minister Singh has asked the plan to set the nation's growth rate firmly at 9 percent to 9.5 percent. Come May, a view into the implementation of these goals should be apparent. A question that India's government will have to grapple with, much like that of any emerging market, is whether to continue to focus on GDP growth in the face of soaring food prices and economy-wide inflation. An important aspect of generating "inclusive growth" is shifting the target of government aid to rural areas. Typically, large projects such as power generation, roads whereby freight can travel, and airports receive the lion's share of government subsidies, while rural infrastructure receives comparatively little. A recent op-ed piece in the Wall Street Journal by Saurabh Tripathi, a partner with Boston Consulting Group, echoed these sentiments. "Rural infrastructure, which serves 70 percent of the population, doesn't get the attention it deserves. The Basic objective as stated in the Planning Commission presentation is "Faster More

Inclusive and Sustainable Growth". It was said that the priority areas in 12th Five Year Plan would be Betterment of Farmers, Small Industries, Cottage Industries etc. It is asserted by the Planning Commission that for growth to be more inclusive we need:

1. Better Performance in agriculture
2. Faster Creation of Jobs, especially in manufacturing
3. Stronger Efforts at health, education and skill development
4. Improved effectiveness of programs direct aimed at the poor
5. Special programs for socially vulnerable groups
6. Special programs for disadvantaged or backward regions

The objectives and targets of the Proposed 12th Five Year Plan put emphasis on the achievement of Inclusive Growth but it is still a burning question that whether this time India would be able to achieve all the targets decided for the achievement of Inclusive Growth or like 11th Five year.

14. Suggestions:

1. Equity is important for economic development so it should be preferred.
2. Agricultural Development is necessary for economic development.
3. Economic reforms are important. But macro-poor policies (fiscal, trade, financial, monetary etc.) should have pro-poor focus.
4. Structural change should have followed agriculture-industry-services sequence.
5. Development of manufacturing sector is important for creation of productive employment.
6. Equality of opportunities (education) should be given.
7. South East Asian and East Asian experience can be used.
8. Shift focus of reforms to delivery systems
9. Importance of women's economic and social empowerment
10. Decentralization
11. Economic reforms in relation to socio-political environment

15. Conclusions

Inclusive growth implies participation in the process of growth and also sharing of benefit from growth. Thus inclusive growth is both an outcome and a process. But in India high growth phase started in India in the 1980s and appropriately the reference or benchmark year of investigation is 1983. Indian experience for this long 30 year period is one of genuine inclusive growth, and inclusive growth in most dimensions considered. The dual side of this result is that government policy,

particularly in the form of poverty alleviation, has been singularly ineffective in generating the inclusive growth outcomes.

References

1) Mellor, John W. (1976). *The new economics of growth- A strategy for India and the developing world*, Cornell University Press, Ithaca.
2) Enyinna Chuta and Carl Liedholm (1979). *Rural non-farm employment: A review of the state of the art*, MSU Rural Development, Paper no. 4 .

3) Johnston, Bruce F. and John W. Mellor (1961). *The role of agriculture in economic development*, *American Economic Review*, 51, no.4: 566-43.
4) Brajesh Jha (2006). *Rural nonfarm employment in India, Macro-trends, micro evidences and policy option*, IEG Working paper 267.
5) Laxmi Iyer, Tarun Khanna, Ashutosh Varshey (2013). *Caste and Entrepreneurship in India*, *Economic and Political Weekly*, Feb 9, 2013, Vol XL VIII, No. 6.