

UNVEILING THE FRAMEWORK OF INCLUSIVE ECONOMIC DEVELOPMENT IN INDIA

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Inclusive development is not a dream. It is a necessity if a new age of global growth is to emerge. India, with its vast and diverse population, is undergoing a transformative journey towards inclusive economic development and through effective policies and collaborative efforts, India can build a more resilient and equitable economy that uplifts every segment of society.



The entire human history the people have been fighting for their rights, recognition, equality, justice etc. We now live in 21st century wherein most countries have recognized the importance of equality and value of human life and yet it is surprising to note that economic inequalities still persist and have increased over the years especially after the COVID-19 crisis. This makes it altogether more important to understand the concept of inclusive economic growth and its present scenario in our country. This will help us form an acceptable base taking which we can evolve and formulate effective public policies to form a more socially inclusive society that has sustained and inclusive economic growth.

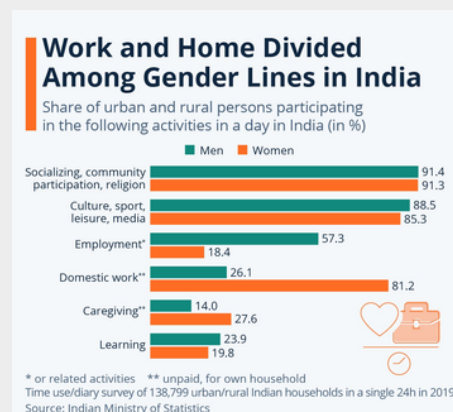
Inclusive economic growth is the kind of growth that distributes the resources and gains fairly among the members of the society by creating equal opportunities for all. Some other terms that are often used synonymously for inclusive economic growth are “broad based growth”, “shared growth” and “pro-poor growth”. However, all three of these are elements of inclusive economic growth and not inclusive economic growth in themselves. Hence, the distinction between these three

terms is important. For example, a broad based growth doesn't necessarily mean that it is a pro poor growth (it won't necessarily incorporate poverty alleviation specific policies) or a pro poor growth doesn't necessarily mean that it is a shared growth (because it will be specific to the needs of poor and not other excluded people if they aren't poor, like, women from a middle class family). The distinction is necessary to not to limit the scope and understanding of inclusive economic growth in the formulation of effective public policies. Ideally, a comprehensive development strategy may incorporate elements from all three approaches to achieve sustainable and inclusive economic growth.

Inclusive economic growth is possible only in a socially inclusive society. Thus, identification of socially excluded classes and their economic condition is essential. As per NITI Aayog's thematic report on “Social Inclusion” (September 2022) social exclusion in India pervades on the basis of caste (labelled as SCs, STs and OBCs),

religious discrimination (labelled as religious minorities), age (comprising senior citizens and street children), economic status and occupation (comprising economically weaker sections, homeless, manual scavengers), physical and mental ability (comprising physically and or mentally challenged people, victims of alcohol and substance abuse) and gender identity (LGBTQ+ community). Any policy in India that aims towards inclusive economic growth therefore needs to first understand the demography and needs of the above mentioned excluded classes to distribute the gains of the economy as required among these people. This article is going to cover inclusive economic growth in India giving a special focus on women and castes in India.

According to Forbes, the average salary for men in India is 19,53,055 INR, while the average salary for women is 15,16,296 INR. According to The Hindu Business Line, between July 2022 and June 2023, the average salaried Indian male made 20,666 INR per month, while the average salaried Indian female made 15,722.25 INR per month. This data shows that there is significant gap between the wages of men and women. Even now in India women have to face many barriers such as cultural norms, lack of access to education and skills training and limited opportunities in certain sectors on their way to become a part of the economic system. As a result, even if employed women employment is concentrated in low skilled and low paying jobs. Inclusion of women in the economy on the principle of equality of genders is essential for inclusive economic growth.



The Maternity Benefit (Amendment) Act, 2017 increased maternity leave from 12 to 26 weeks, providing women with more recovery time to spend with the infant during the initial period. This policy has been designed keeping in mind the needs and priorities of a working mother. The act grants maternity leave to adoptive mothers also, as it acknowledges the importance of maternal bonding and care during the initial days of adoption. The post birth maternity leaves and full salary benefits impose a financial burden on employers and this could discourage them from hiring women of childbearing age. Pradhan Mantri Mudra Yojana provides financial assistance to women entrepreneurs for setting up small businesses. This has enhanced women participation in economy through entrepreneurial ventures. However, a significant number of Mudra loans could turn into Non-Performing Assets (NPAs) because most of them are small businesses and have huge risks which would not be good for the banking sector and the overall financial health of the scheme. Mahila e- Haat was launched by the Ministry of Women and Child Development. It facilitates women entrepreneurs to showcase and sell their products online. It promotes financial independence and market access for women. However, the platform's success may be constrained by its reach and awareness.

It would come as a little surprise that economic inequality in India is split along caste lines. As per the 2011 Census (as used in Niti Aayog's thematic report on Social Inclusion), there are 1241 ethnic groups covering 16.6% population of India in scheduled castes and 705 ethnic groups covering 8.6% population of India when it comes to scheduled tribes. Religious minorities of which Christians, Muslims, Sikhs, Jains, Buddhists, Parsis etc. form a major part cover 19.3% population of the country. OBCs form 41.7%, PwD 2% and senior citizens 8.56% of the population. Historically scheduled castes have faced discrimination and social exclusion, which has led to economic disparities. Traditional occupations of SC communities often involve manual labour and are low-paying.

Government initiatives aim to address historical injustices. Reservation is provided in government jobs and educational institutions for SCs to ensure representation and access to opportunities. Despite reservation policies, challenges such as educational gaps, lack of skill development, and discrimination persist.

Scheduled Tribes communities are mostly concentrated in forests with proximity to nature because of their historical cultural practices where economic opportunities are limited. Traditional occupations and cultural practices of ST communities may not always align with mainstream employment opportunities. This can contribute to challenges in integrating ST individuals into the formal job market. Similar to SCs, reservation policies are in place for STs to ensure representation. However, the effectiveness of these policies can vary based on the region and the availability of suitable opportunities.

Other Backward Caste are a heterogeneous category comprising various communities with diverse socio-economic backgrounds. Employment conditions differ significantly among different OBC groups. The recommendations of Mandal Commission in 1990 has led to the implementation of reservation for OBCs in government jobs and educational institutions. However, challenges such as unequal distribution of benefits within the OBC category and lack of adequate representation persist.



The major step after independence to promote economic well-being and social inclusion of such castes was to implement the reservation system for them. The effectiveness and the current need for reservation system is a controversial topic as of now but what one cannot ignore is the fact that reservation has helped pull out lakhs of minority castes' families out of poverty and raised their standard of living. SCs and STs are engaged in employment of poor quality; a majority of them are working as casual wage labourers with very low and irregular incomes. Their access to regular salaried jobs is limited and while their share in public sector employment has improved, the rapid shrinkage of government jobs in the post-liberalization era has had an unfavourable effect on these marginalized groups. The ownership of non-farm enterprises among SCs is proportionately much lower as compared to that of other groups. SCSP and STSP are specific planning strategies aimed at ensuring the allocation of financial resources in proportion to the population of Scheduled Castes and Scheduled Tribes. These plans are designed to bridge the development gaps and improve the socio-economic conditions of these communities. Critics argue that the allocated funds for the SCSP and STSP are often not sufficient to meet the actual needs of the Scheduled Castes. Additionally, there have been instances of funds not being utilized effectively at the ground level. There are concerns that the SCSP and STSP might be subject to political exploitation, with allocations and policies being influenced by political considerations rather than the genuine needs of the Scheduled Castes.

India, with its vast and diverse population, is undergoing a transformative journey towards inclusive economic development. In recent years, India has made significant strides in this direction, acknowledging the importance of addressing disparities and creating opportunities for marginalized communities. Inclusive economic development is not just a moral imperative but also a strategic necessity for a country as diverse as India.

While significant progress has been made, challenges persist, and sustained efforts from all stakeholders are essential to realizing the full potential of inclusive development. By addressing income inequality, rural-urban disparities, and social exclusion through effective policies and collaborative efforts, India can build a more resilient and equitable economy that uplifts every segment of society.

THE GIST

- Inclusive economic growth is crucial for distributing resources and gains fairly among all members of society.
- Socially inclusive societies are essential for achieving inclusive economic growth.
- Gender and caste-based disparities intersect in India's workforce, with women encountering cultural barriers and limited education access, while SCs, STs, and OBCs face historical discrimination and social exclusion.
- Reservation policies aim to address these disparities, but challenges like unequal distribution of benefits and inadequate representation persist.
- Specific planning strategies like SCSP and STSP allocate financial resources to bridge development gaps and improve socio-economic conditions for these communities.
- Critics raise concerns about the effectiveness and political exploitation of these allocation schemes.
- India is making strides towards inclusive economic development, acknowledging the importance of addressing disparities and creating opportunities for marginalized communities.



Maansi Tripathi, Batch of 2027

Maansi Tripathi, a dedicated first-year Economics Honours student, actively contributes her insights and expertise as a valued member of the Editorial Board at the prestigious Ramjas Economic Review (RER). Her academic pursuits are centered around the intricate realms of developmental economics and gender economics, reflecting her commitment to understanding and addressing socio-economic disparities.