

# Inclusive growth

- Def<sup>n</sup>: distributes the dividends of increased economic prosperity equitably to every section of the society

- 4 attributes (OCAS)

- opportunity: Equality of opp.
- Capability: Productivity > Income transfer
- Access: Basic amenities
- Security: Against temporary/permanent unemployment

- Inclusive growth = Growth in

- sectors in which poor work (agri)
- spaces the poor inhabit (regional balance)
- Factors of production the poor possess (unskilled labour)
- ↓ price of consumables that poor consume (food, fuel, clothing etc.)

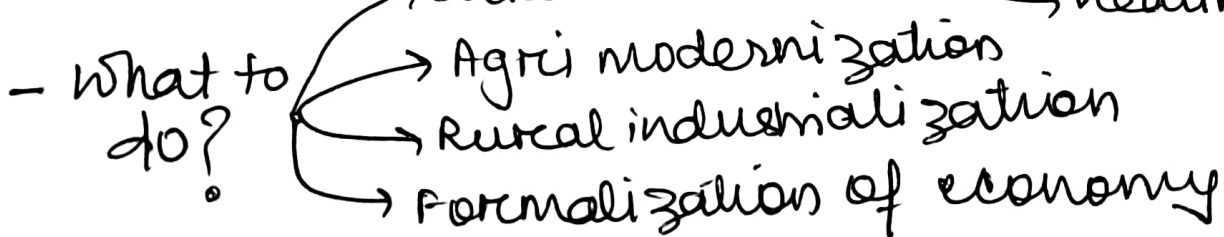
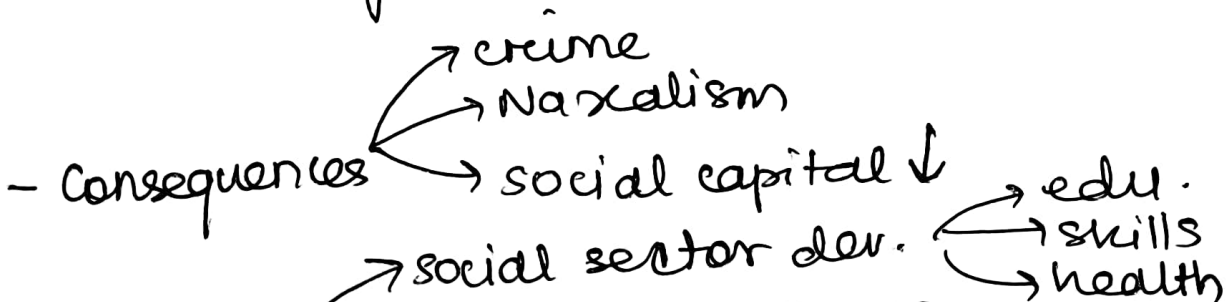
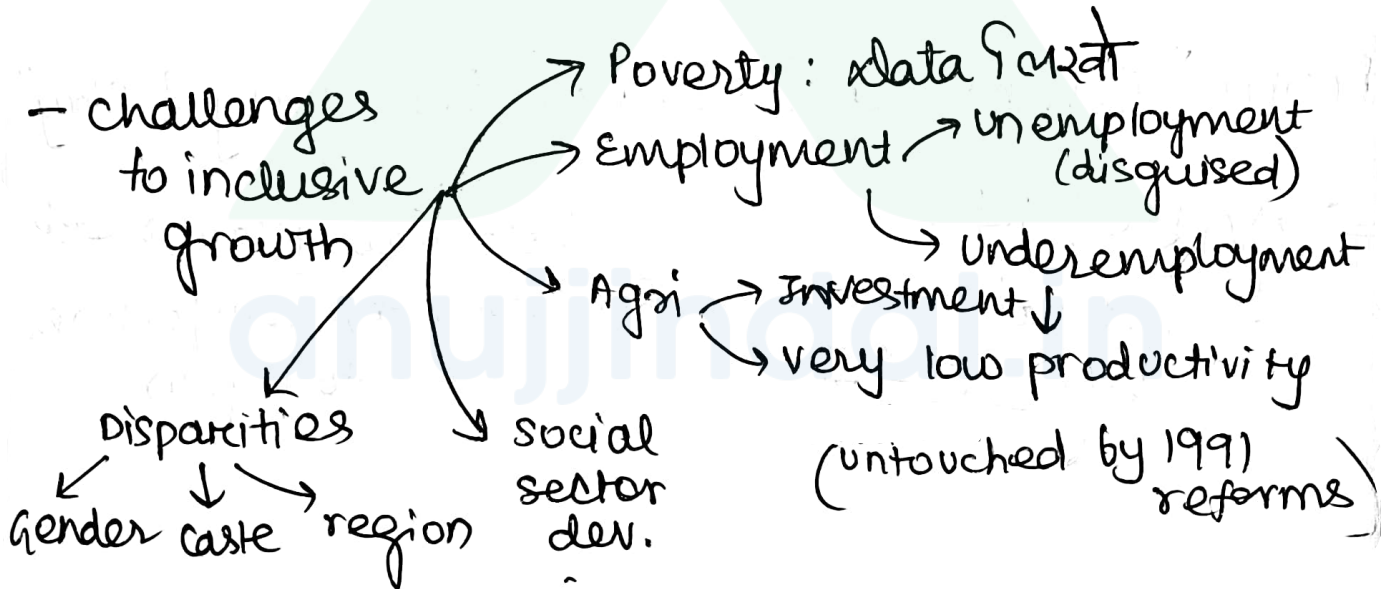
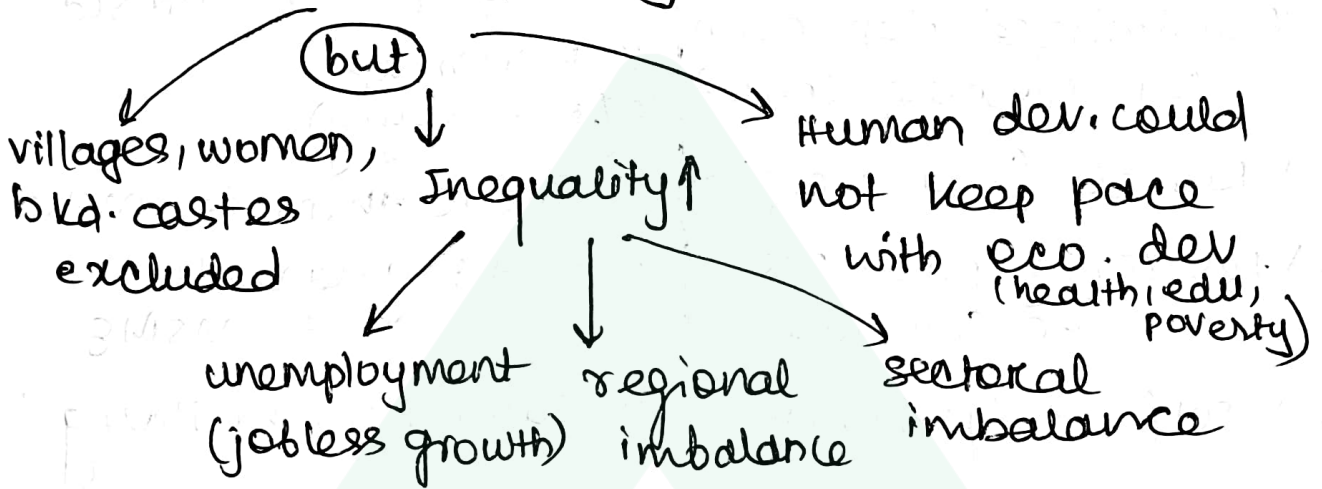
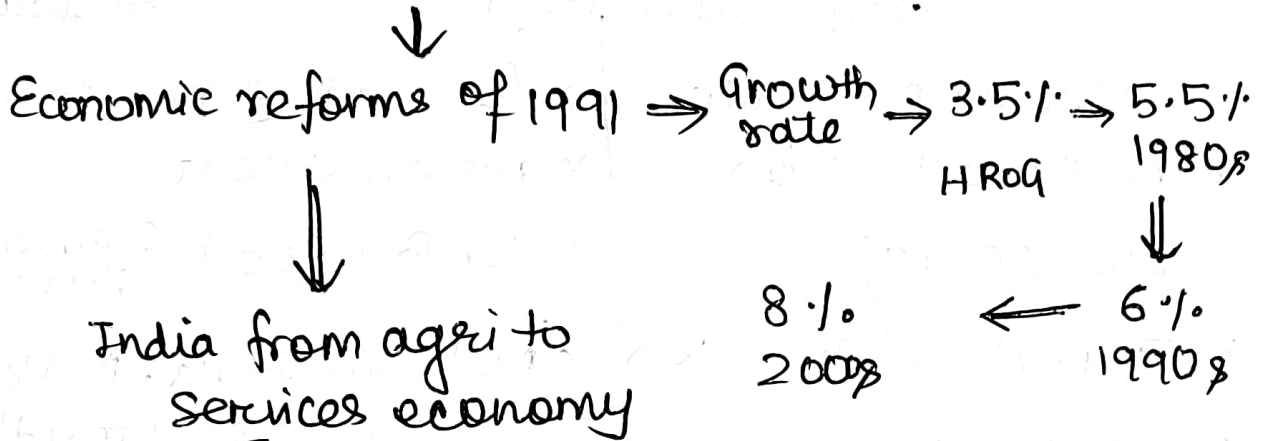
- Inclusive growth vs Income transfer

- Long term vs short term
- sustainable vs unsustainable (in poor country esp.)
- productive employment vs temporary sustenance
- poverty alleviation vs fiscal ruination

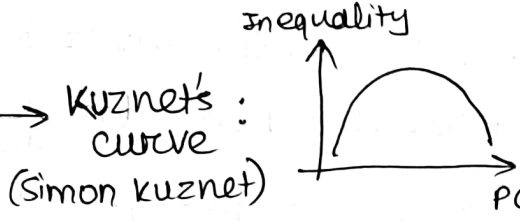
- Inclusive growth features (as per WB)

- pace + pattern of growth
  - broad-based across sectors (eco. diversification)
  - Inclusive of large part of the country's labour force thru equality of opportunity
- In-line with absolute poverty defn (not relative)

- Need for inclusive growth in India  
(good intro for Qs)



# - Inequality & Inclusive growth: How to tackle?



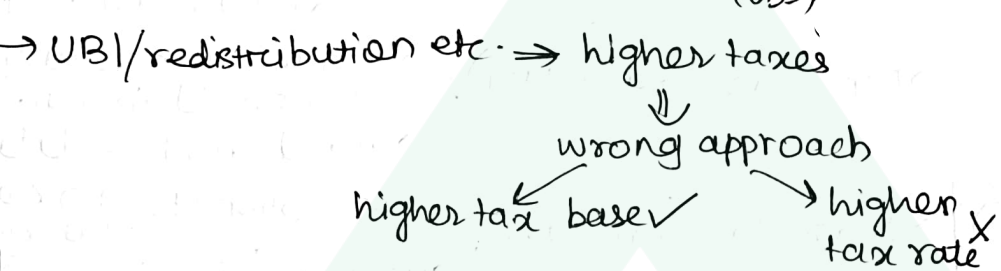
Explanation: 1991 opening up  
 ⇒ Those with financial & edu resources could utilize benefits of open economy (investment)  
 PCI ⇒ Inequality ↑

Also influx of rural labour keeps wages down  
 ⇒ widening income gap

But subsequently, growth ↑ ⇒ govt. welfare ↑  
 Can be fastened thru industrialization  
 ⇒ edu, health, opp. to all  
 ⇒ equality of opp. ⇒ inequality ↓

→ what can govt do? → redistribution (UBI) vs universal basic services (UBS)

Services include basic services like health, edu, sanitation, housing, electricity, toilets etc. that ensure a dignified life & have aspirational vision



→ equality of opp. >> Redistribution      Against growth

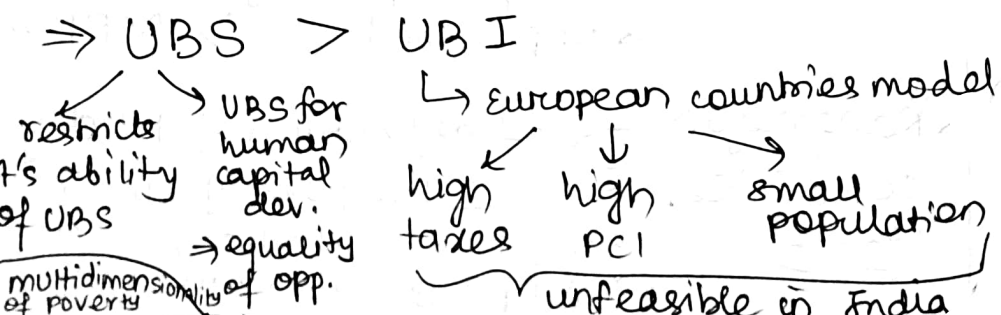
Growth helps reducing poverty by both trickle-down impact & more revenue to govt. for welfare expenditure

→ UBI is a band-aid that evades the issue of equalizing capacities of individuals thru health & edu  
 ⇒ equality of opp.  
 ⇒ inequality ↓

If there is a tricky Q on why India has not been able to eliminate poverty despite so many schemes/measures, of course be positive and say that we have come a long way but mention our shortcomings on these lines:

→ welfare for poverty alleviation + Public services delivery for poverty elimination

-Approach of public policy to the problem has been to initiate schemes which could serve as no more than a palliative, as suggested by the term 'poverty alleviation' commonly used in the discourse over time.



-These schemes failed to go to the root of poverty, which is capability deprivation that leaves an individual unable to earn sufficient income through work or entrepreneurship.

-Income poverty is a manifestation of the deprivation, and focussing exclusively on income shortfall can address only the symptom

**Equality of opp. ~~outcome~~**

-Poverty is capability deprivation. Health, education and physical infrastructure are central to the capabilities of individuals, and the extent of their presence in a society determines whether the poor will remain so or exit poverty permanently

Net-net, poverty is not income deprivation but capability deprivation that manifests as the former ←