

Inclusive Growth

Definition

- **OECD:** Growth that is *fairly distributed* and creates *opportunities for all*.
- **World Bank:** Focuses on *both pace and pattern* of growth.
- **UNDP:** Growth where *all groups participate and benefit equitably*.

Key Characteristics

- Pro-poor, shared, and comprehensive growth
- Reduces poverty rate
- Ensures **fair access to resources, jobs, and services**
- Focus on *employment creation* rather than only redistribution
- Non-discriminatory and gender-sensitive

Elements / Pillars of Inclusive Growth

1. **Skill Development**
 - Addresses demographic dividend
 - India faces: skill shortage + unemployed trained youth
 - High NEET population
2. **Financial Inclusion**
 - Access to affordable banking & credit
 - Promotes savings → investment → growth cycle
3. **Technological Inclusion**
 - Digital India, Industry 4.0
 - Technology can reduce or widen inequality
4. **Economic Growth**
 - Broad-based, sector-wide growth
 - Necessary but *not sufficient* alone
5. **Social Development**
 - Empowerment of SC/ST/OBCs, women, minorities
 - Investment in health, education, and institutions

Dimensions of Inclusive Growth

- **Equality:** Opportunity, gender, regional balance
- **Good Governance:** Accountability, rule of law, participation
- **Decentralisation:** Empowered PRIs (73rd & 74th Amendments)
- **Transparency & Accountability:** RTI, CAG, vigilance mechanisms
- **Sustainability:**
 - Financial
 - Social

- Environmental

Need for Inclusive Growth in India

- Rural-urban divide
- Regional disparities & distress migration
- Low female labour participation
- Informalisation of the workforce
- Unequal access to health & education
- Climate change impacts the poor disproportionately

Measurement Indices

1. Inclusive Development Index (WEF)

- Parameters:
 - Growth & Development
 - Inclusion
 - Inter-generational Equity
- India: Low ranking among G-20

2. Social Progress Index (SPI)

- Measures **outcomes**, not expenditure
- Covers:
 - Basic human needs
 - Well-being
 - Opportunity

MCQs

Q1. Which of the following best defines inclusive growth ?

- A. Economic growth led by industrialisation alone
- B. Growth that focuses only on poverty alleviation through subsidies
- C. Growth that is fairly distributed and creates opportunities for all
- D. Growth measured solely by increase in GDP

Answer: C

Q2. Inclusive Growth differs from income redistribution mainly because it emphasizes:

- A. Direct cash transfers to the poor
- B. Productive employment and participation in growth
- C. Higher fiscal deficits for welfare spending
- D. Taxation of the rich to fund subsidies

Answer: B

Q3. The Inclusive Development Index (IDI) released by the World Economic Forum measures inequality based on which of the following parameters?

1. Growth and Development
2. Inclusion
3. Inter-generational Equity and Sustainability

Select the correct answer using the code below:

- A. 1 and 2 only
- B. 2 and 3 only
- C. 1 and 3 only
- D. 1, 2, and 3

Answer: D

Q4. Which of the following is NOT a core dimension of inclusive growth?

- A. Equality of opportunity
- B. Good governance
- C. Decentralisation
- D. Import substitution

Answer: D