

# Inclusive Economic Growth and Indian Constitution: A Critical Study

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**Abstract:** There are three main pillars to check the Human development of any nation. These are as follows- First is the Social System that prevails in the society, second is the political system of the society and third is Economic growth of the society. As a whole India is doing well on all three fronts, but in regards social and political system India is doing much better than most of the developing countries. On economic issues as a whole India is doing so well that we are the 12th largest economy at market exchange rate, and 5<sup>th</sup> largest economy based on the size of GDP (Gross Domestic Production).

**Keywords:** Economic growth, Growth Rate, Human Development.

**Introduction:** Earlier GDP alone was the criteria to decide the economic growth of the country but now a new trend is emerging worldwide, and that is Inclusive Growth. It means benefits of economic growth should reach the maximum and discrimination in the distribution of wealth should come down. The international organization UNDP has rightly described inclusive growth as “the process and the outcome where all groups of people have participated in growth and have benefited equitably from it”.

The Inclusive Development Index (IDI) opted by World Economic Forum is based on 12 performance indicators. In order to provide a more complete measure of economic development than GDP growth alone, the index has three pillars — Growth & Development, Inclusion & Inter generational Equity, and Inclusiveness & Sustainability. Lithuania tops the list of 79 developing economies that also features Azerbaijan and Hungary at second and third positions, respectively.

In the ‘Inclusive Growth and Development Report 2017’ of the World Economic Forum (WEF), India has been ranked 60th among 79 developing economies, below neighbouring China and Pakistan, the report said that most countries were missing important opportunities to raise economic growth and reduce inequality at the same time because the growth model and measurement tools that have guided policymakers for decades require significant readjustment.

While India is placed at the 60th spot, many of the neighboring nations are ahead in the rankings. China is ranked at the 15th position, Nepal (27th), Bangladesh (36th) and Pakistan (52nd). It is clearly understood with the latest study that distribution of wealth is not so favourable in India. In signs of rising income inequality,

India's richest one per cent now holds a huge 58 per cent of the country's total wealth — higher than the global figure of about 50 percent; a new study has showed recently.

The study informed that just 57 billionaires in India now have same wealth (\$216 billion) as that of the bottom 70 per cent population of the country. Globally, just eight billionaires have the same amount of wealth as the poorest 50 per cent of the world population.

Developing India's stellar gross domestic product (GDP) growth rates have covered rapidly rising relative and absolute disparities those results in dual face of India. A "shining India", which is conflicting internationally and benefiting from the powers of globalization, technological developments and economies of scale, has grabbed the attention of the media and the world. On the contrary, another facade of India is "suffering India", not as well exposed but even more important, and has unsatisfactorily wide samples of its population who are poor and weak.

For all the above mention problems, Inclusive Economic Growth is one of the best answer. As per this, the policy makers must draw their focus on the elements of Economic growth such as equal distribution of wealth, poverty reduction, employment generation etc.

#### **Elements of Inclusive Growth:**

Major components of the inclusive growth strategy included a sharp upsurge 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.

There are several interrelated elements of inclusive growth:

- Poverty Reduction
- Employment generation and Increase in quantity & quality of employment.
- Agriculture Development
- Industrial Development
- Social Sector Development
- Reduction in regional disparities
- Protecting the environment.
- Equal distribution of income

The inclusive growth approach takes huge perspective as the focus is on productive employment instead of direct income redistribution, as a means of increasing incomes for excluded groups. In the short run, governments could use income distribution schemes to weaken negative impacts on the poor of strategies intended to jump start growth, but transfer schemes cannot be an answer in the long run and can be challenging also in the short run. In poor countries such schemes can impose major burdens on already stretched budgets, and it is theoretically impossible to reduce poverty through redistribution in countries where average income falls below US\$ 700 per year. OECD study signified that even in developed countries, redistribution schemes cannot be the only response to rising poverty rates in certain segments of the populace.

Instead of redistribution of wealth among poorer through various schemes it should generate funds needed to invest in healthcare and education. The government must increase its public expenditure on health from 1 per cent GDP to three per cent of GDP and on education from three per cent of GDP to six per cent.

### **The Constitution of India and Economic Growth:**

The Indian people had solemnly resolved to constitute India by enacting a Constitution. That Constitution was given to themselves by the said people in order to constitute India into a SOVEREIGN DEMOCRATIC REPUBLIC and to secure to all its citizens, **JUSTICE**, social, **economic and political**: LIBERTY of thought, expression, belief, faith and worship; **EQUALITY** of status and of opportunity; and to promote among them all **FRATERNITY** assuring the dignity of the individual and the unity of the Nation;

As per the preamble the Constitution of India is supreme law for India, government of India is bound by Indian constitution's guidelines to make its policy and laws. Our constitution framers are smart enough and they had visualized the same at the time of making the constitution itself and they have categorically mentioned the same under various heads in the constitution. It starts from the preamble and run through all the provisions of constitution in spirit. Some articles of Indian specifically states the inclusive economic growth are hereby reiterate in the following paras:

**Article 37** spoke about application of the principles contained in that Part in the following manner "The provisions contained in this part shall not be enforceable in any court, but the principles therein laid down are nevertheless fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws".

Directive Principles of State Policy have been grouped into four categories. These are:

(1) The economic and social principles, (2) The Gandhian principles, (3) Principles and Policies relating to international peace and security, and (4) Miscellaneous, Out of these four the first two are related or having

impact on the overall growth of economy so for the sake of brevity the first two heads has been mentioned in with proper details.

The economic and social Principles the state shall Endeavour to achieve Social and Economic welfare of the people by:

- (1) Providing adequate means of livelihood for both men and women.
- (2) Reorganizing the economic system in a way to avoid concentration of wealth in few hands. (3) Securing equal pay for equal work for both men and women.
- (4) Securing suitable employment and healthy working conditions for men, women and children.
- (5) Guarding the children against exploitation and moral degradation.
- (6) Making effective provisions for securing the right to work, education and public assistance in case of unemployment, old age, sickness and disablement
- (7) Making provisions for securing just and humane conditions of work and for maternity relief. (8) Taking steps to secure the participation of workers in the management of undertakings etc.
- (9) Promoting education and economic interests of working sections of the people especially the SCs and STs.
- (10) Securing for all the workers reasonable leisure and cultural opportunities.
- (11) Making efforts to raise the standard of living and public health.
- (12) Providing early childhood care and education to all children until they complete the age of 6 years.

The Gandhian Principles:

There are certain principles, based on the ideals advocated by Mahatma Gandhi. These Principles are as follows: -

- (1) Organize village Panchayats.
- (2) To promote cottage industries in rural areas.
- (3) To prohibit intoxicating drinks and drugs that is injurious to health.
- (4) To preserve and improve the breeds of the cattle and prohibit slaughter of cows, calves and other mulch and drought animals.

Upon the reading of other articles of Indian constitution there are some confusion on enforceability of directive principles of state policy, as per **Article 13(2)**. There comes two questions, how our judiciary or legislature had attempted this problem and how a written Constitution could emphatically provide that although the provisions of Part IV were not enforceable in Court, the principles laid down therein were nevertheless fundamental in the governance of the country and it shall be the duty of the State to apply these principles in making laws. Judicial decisions though very rich on this point, seem to arise in answer to legislative attempt in carving out exceptions

to given fundamental rights on an assumed difficulty in adoption of attempts to make harmony between the two and also on a subjective assessment regarding the governance aspect. But 'making laws' whether includes constitutional amendments by way of addition without violating

**Article 13(2)** or whether such necessity is there or whether such an attempt would actually fail to stand scrutiny of **Article 13(2)**, keeping **Article 13(4)** out of consideration for the time being, need to be gone into judicially and in legislative debates.

Now more interesting question it seems, what is the relief if in the governance of the country, the principles laid down in Part IV ,becomes less fundamental or if the State (as defined in Part III or if meant otherwise, that entity)fails in its duty, either in its actions or in inactions, in applying these principles in making laws, the only probable answer seems **Articles 100** and **75(3)**,which has, of late, become apparently redundant by **10th Schedule, Article 102(2)**

When concept of inclusive economic growth pertains to Indian economy, it becomes more important as the following factors are also makes it an important concept for the Indian economy

- i. India is the 7th major country by area and 2nd by population. Yet, development is not visible in India .
- ii. The exclusion in terms of low agriculture growth, low quality employment growth, low human development, rural-urban divides, gender and regional disparities etc. are the problems for the nation.
- iii. Decreasing of poverty and other disparities and rising of economic growth are major objectives of the nation through inclusive growth.
- iv. Studies assessed that the cost of corruption in India amounts to over 10% of GDP. Corruption is one of the ills that prevent inclusive growth.
- v. Though child labour has been banned by the law in India and there are stringent provisions to deter this inhuman practice. Still, many children in India are unaware of education as their lives are spoiled to labour work.
- vi. Literacy levels have to rise to provide the skilled workforce required for higher growth.
- vii. Economic improvements in the country are overwhelmed by out dated philosophies and allegations by the politicians and opposition parties in India.
- viii. Achievement of 9% of GDP growth for country as a whole is one of the boosting factor which gives importance to the Inclusive growth in India.

Inclusive growth has many positive aspects such as Lower incidence of poverty, Broad-based and significant improvement in health outcomes, Universal access for children to school, increased access to higher education and improved standards of education, including skill development, Better opportunities for both wage employment and livelihood, Improvement in provision of basic amenities like water, electricity, roads,

sanitation and housing. To achieve the target of inclusive growth Indian government already runs various schemes under various heads through various ministries and departments which are very effective in achieving the goal of inclusive economic growth.

<b>Sl. no</b>	<b>Programme</b>	<b>Ministry/Department</b>
1	<b>MGNREGA</b>	<b>Rural development</b>
2	<b>Indira Awas Yojana(IAY)</b>	<b>Rural development</b>
3	<b>Pradhan Mantri Gram Sadak Yojana(PMGSY)</b>	<b>Rural development</b>
4	<b>NHRM</b>	<b>Health and Family Welfare</b>
5	<b>Sarva Shiksha Abhiyan(SSA)</b>	<b>School Education and Literacy</b>
6	<b>JNNURM</b>	<b>Urban Development</b>
7	<b>Rajiv Gandhi Gramin Vidyutikaran Yojana (RGGVY)</b>	<b>Power</b>
8	<b>Rashtriya Krishi Vikas Yojana</b>	<b>Agriculture and cooperation</b>

After execution of so many programs still the position of Indian society is not up to the mark. A lot is still left to do and few problems which are still left to be removed are as follows: extension of irrigation facility in India is one area which needs immediate attention in the interest of inclusive growth in the country. Conservative estimates show that nearly 60% of India's arable land is rain-dependent. It means only 40% of agricultural land is fully under all-season irrigation facility. Another estimate shows that yearly average rain-fall in India is 3 lakh cubic feet and only one third of that is retained in the country and two lakh cubic feet drains down to sea. It implies that without disturbing the ground water level and just by using a substantial part of the unutilized rain-fall, irrigation facility can be extended massively. Hence, adequate investments to quickly extend the reach of



minor/major labor-intensive irrigation projects will not only enhance land productivity but also provide access route of the hitherto excluded agents to enter the growth process. Certainly there are hurdles for jumpstart extension of irrigation facility; but the hurdles should not be insurmountable in the interest of common people of India.

Secondly, everybody agrees that in the present global economic scenario educated workers are more productive than illiterate labors. However, according to Census Data of India nearly 26% Indians were not literate at all in 2011 which are far below world average. Hence, erasing illiteracy and massive expansion of primary and technical education can enhance labor productivity and gainful employment opportunity of the excluded agents in the current growth process.

Thirdly, In India 70% of health related expenditure is made by individuals and only 30% is spent by the government - just opposite scenario of many countries. It is also estimated that only due to increasing medical expenditure 38 million Indians are joining below-poverty-line population every year. Hence for a meaningful inclusive growth and poverty reduction, massive extension of affordable health-care, control of drug prices, free availability of drinking water and sanitation facilities are to be ensured to the citizens of India.

Emphasis on the building of physical infrastructure, particularly roadways, railways, ports and cold-chains, is another area which is to be improved rapidly. In a huge country like India physical infrastructure is far behind Asian front-runners. But targeted development of physical infrastructure can create large scale employment opportunity to the army of unskilled/semi-skilled workers in India.

The percentage of the population below the official poverty line has come down from 36% in 1993–94 to 28% in 2004–05. However, not only is this still high, 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 STs, has hardly declined at all. Because population has also grown, the absolute number of poor people 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.

### **Conclusion:**

At the last we can say that though Indian economy is one the fastest growing economy in the world but still on the issue of inclusive growth, there are many slips between cup and lips. As discussed above it is clear that even after implementation of so many schemes, the Indian economy is not in such robust position. Around 320 million people are still living below the poverty line which is based on 1973 Index; if the same is updated the number of poor will increase. To solve this problem we will have to implement the existing schemes

effectively. Only when we will reach the goal, we can say, India is a truly developed nation, inclusive all the sections of the society. To achieve this, government of India has to increase the taxes and remove corruption from the system so that the best could be reached to the marginalized sections of the society.

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