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Inclusive Growth Policy: An Analysis of Performance of Indian Government During Eleventh Five Year Plan

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INTRODUCTION:

Most Asian countries have experienced higher growth rates in the past two decades. It is interesting to note that this economic growth has bypassed the poor sections of society. The growth has been uneven and often accompanied by income inequality and this gap between rich and poor leads to unbalanced social development. This often deoxidizes the impact of economic growth. Hence, reducing inequality becomes a major concern of developmental policies and this garnered the concept of inclusive growth. The Asian Development Bank (ADB) instructed a group of eminent persons to develop a strategy for inclusive growth. This group recommended that a focus should shift from pro-poor growth to inclusive growth.

In recent years, the inclusive development approach is the thrust area of the United Nations, the World Bank (WB) and the ADB. On the basis of Millennium Development Goals, the ADB has worked out strategies for the inclusive growth of developing Asian countries. If this growth is sustainable and broad-based then the country would be on the path of the inclusive development. It is important to note that growth differs from development in the long term. Inclusive growth is necessary but not a sufficient condition for inclusive development. Growth can be spontaneous and reversible. Development is achieved through deliberate measures and is irreversible. Growth is concerned about the economic dimensions of the economy whereas development is a socioeconomic phenomenon. Thus, development is a broader concept as it involves growth. Therefore, it is essential for any country that each section of society should contribute to the economic growth. At the same time the benefits of the growth should reach to all sections of the society. On this ground, the paper tries to assess India's performance in inclusive growth.

CONCEPT:

Although Asian countries experienced higher growth rates with reduced poverty ratios, it resulted in discrepancies among rich and poor as growth has not reached the grassroots level. Economic growth should necessarily be inclusive from the ethical considerations of equity and fairness, for social peace and to avoid civil unrest. The concept, however, is often referred to as growth coupled with equal opportunities. Inclusive growth emphasizes that economic opportunities created by growth should be available to all, particularly to the poor, to the maximum extent possible.

The growth is often used interchangeably with other terms such as broad-based growth, shared growth, and pro-poor growth. For 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 macro and micro determinants of growth. Inclusive growth is about raising the pace of growth and enlarging the size of the economy while levelling the playing field for investment and increasing productive employment opportunities.

According to Klasen (2010), inclusive growth is a broad term. It extends beyond people below the poverty line. As per outcomes, inclusive growth is not the same as pro-poor growth. The Pro-poor growth approach concentrates on measuring the impact of growth on poverty reduction by implementing various poverty alleviation measures whereas inclusive growth focuses on both the pace and pattern of growth with productive employment rather than income distribution. In other words, pro-poor growth targets people below the poverty line, while inclusive growth is arguably more general as it wants growth to benefit all strata of society.

Dimensions:

The concept of inclusive growth has three broad dimensions, economic, social and institutional. In 2008, the ADB adopted inclusive economic growth as one of its three critical strategic agendas in "Strategy 2020". Under this, it will support regional inclusive growth through financial, policy advice, knowledge solutions, technical assistance and capacity building, with special focus on building infrastructure, providing basic public services such as water and sanitation and education, developing the financial sector and fostering financial inclusion, and enhancing food security. The ADB formulated three policy pillars on the basis of the three dimensions for the achievement of inclusive growth as follows:

(A). High, Efficient, and Sustained Growth:

High and sustained economic growth, an economic dimension, is a necessary condition for inclusive growth, though not sufficient. It is the key to create productive and decent employment opportunities to absorb the surplus labor force. It creates resources for government to invest in education, health, infrastructure, social protection and safety nets etc.

The ADB's strategies for low-income developing Asian countries for the attainment of high and sustainable growth are:

- a) Transforming rural and agriculture dominated economies into highly productive agricultural industrial and service sectors
- b) High integration with their regional counterparts
- c) Exploring the potential for market integration
- d) Investment in physical infrastructure, human capital and skills
- e) Efforts for improving the business environment

(B). Inclusion:

Social inclusion ensures that all sections of society have equal opportunities. To grab these opportunities, human capabilities should be enhanced, especially from marginalized and disadvantaged sections. Thus, providing access to education, basic health and infrastructure facilities becomes an integral part of the social upliftment of the people. Promoting social inclusion requires public interventions in two areas:

- a) Investing in education, health and other social services to expand human capacities
- b) Promoting good policy and sound institutions to advance social and economic justice

(C). Social Safety Nets:

This covers the social dimension of inclusive growth. Social safety nets are basically to protect chronically poor and vulnerable sections of society. They cater to the basic needs of people who cannot participate in and benefit from emerging opportunities created by growth. It not only protects them from ill-health but also from extreme deprivation. It takes forms of labor market policies and programs, social insurance programs, child protection, social assistance and welfare schemes.

All these three dimensions must be supported by good governance and strong institutions as it forms a foundation where all members of society can benefit from and contribute to the growth process

Indian Experience:

In India, the inclusive approach is not a new concept as Indian development strategies relied on the socialistic pattern of society through economic growth with self reliance, social justice and the alleviation of poverty. However, in 2007, India moved to a new strategy focusing on higher economic growth, making it more inclusive. As the economy achieved 5 percent growth rate p.a., the policy makers were anxious about the inclusive growth. As a result, the primary objective of the 11th Five Year Plan was to achieve inclusive growth with development. The Indian economy has entered into the 11th Plan period with an impressive record of economic growth at the end of the 10th Plan. A major weakness of the economy is that the growth is not sufficiently inclusive because it does not cover many groups. Gender inequality persists in India and has an adverse impact on women. The percentage of people living below the poverty line has decreased but the rate of decline in poverty was at a slower pace than the GDP growth rate. Besides, human development indicators such as literacy, education, health, maternal and infant mortality rates have shown steady improvement but with sluggish rates. In order to assess the performance of the 11th Plan, the paper uses the Economic Survey of India (GOI, 2012e) as the major data source.

Performance of Indian Economy with Respect to 11th Five Year Plan:

In the 11th Plan, the targeted GDP growth rate was 9 percent. However, due to the global financial crisis, high inflation rates and economic slowdown, the Indian economy has attained a GDP growth rate of 6.9 percent for the year 2011-12. However, the following Tables clearly depict that the target has not been achieved for most of the sectors.

Table 1: Economic Indicators of India

Sectors	Target	2007-08	2008-09	2009-10	2010-11	2011-12
GDP at Factor Cost	9.0	9.3	6.7	8.4	8.4	6.9
Agriculture Sector	4.0	5.8	0.1	1.0	7.0	2.5
Industry Sector	9.8	8.3	4.1	7.3	5.9	3.7
Service Sector	N.A.	9.9	10.7	10.6	8.7	8.7

Source: Economic Survey, Govt. Of India, 2012

Table 2: Demographic Indicators of India

Indicators	Target	2007	2008	2009	2010
Total Fertility Rate (%)	2.1	2.7	2.6	2.6	N. A.

Infant Mortality Rate (Per1000)	28	55	53	50	47
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Table 3: Infrastructure Indicators of India

Infrastructure Growth	2007-08	2008-09	2009-10	2010-11	1011-12
Power	6.3	2.5	6.8	5.7	9.3
Telecommunications	30.7	91.0	21.9	33.4	N. A.
Roads: Upgraded Highways					
1. NHAI	164.6	30.9	21.4	-33.3	8.9
2. NH (O) and BRDB	12.5	17.3	4.1	-6.8	-36.5

Source: Economic Survey, Govt. Of India, 2012

Notes: National Highway Authority of India (NHAI), National Highways Organization (NH (O)), Border Roads Development Board (BRDB).

Assessment of Flagship Programs:

The development of rural India is an imperative for inclusive and equitable growth and to unlock the huge potential of the population that is presently trapped in poverty with its associated deprivations. The government has realized the role of infrastructure in the poverty reduction. Thus, various programs were formulated and implemented by the Government of India for the construction of rural infrastructure. One of these was the Bharat Nirman program, introduced in 2005, including six components such as irrigation, drinking water, electrification, roads, housing and rural telephony.

Bharat Nirman:

The Bharat Nirman Yojana is considered a milestone in the economic reform process of the Indian economy. It aims to create a suitable environment for the development of rural India by providing rural infrastructure. Various schemes have been introduced based on the six components as follows:

1. Pradhan Mantri Gram Sadak Yojana (PMGSY):

This scheme was launched on 25th December, 2000, as a centrally-sponsored scheme, later included in BN. The criterion to provide road connectivity was revised and habitations with a population of 1000 persons and above in the plains and 500 and above in hilly and tribal areas were eligible under this scheme.

Table 4: Road Connectivity Coverage

R o a d Connectivity	2007-08	2008-09	2009-10	2010-11	2011-12 Dec.
Habitations			33812	38575	42249
All-Weather Roads (km)	35181	71532	36272	28963	19443
Habitations with different level of Completion of Projects	N. A.	N. A.	20067	14995	16126
Proposed New Connectivity to Habitations	N. A.	N. A.	N. A.	54748	63940
Completed New Connectivity to Habitations	N. A.	N, A.	N. A.	3949	3710

Source: Economic Survey, Govt. Of India, 2012

2. Indira Gandhi Awas Yojana (IAY):

One of the flagship schemes of the Ministry of Rural Development is to provide housing for the rural poor. Initially it was launched during 1985-86 as a sub-scheme of the Rural Landless Employment Guarantee Program (RLEGP). Since 1996 it has been operating as an independent scheme and was made one of the components of the Bharat Nirman in 2005. The purpose of the scheme is to provide financial assistance to some of the weakest sections of the society for upgrading or constructing houses for their personal living. The vision of the government is to replace all *kutcha* houses from Indian villages by 2017. The objective of this scheme was to help in the construction or up gradation of dwelling units in rural areas by providing them lump-sum financial assistance. The members of SC/ST, freed bonded laborers, minorities in the BPL category and other BPL non-SC/ST rural households were eligible for this scheme. The unit assistance provided for the construction of a dwelling unit under IAY has been revised with effect from 1st April, 2010, from Rs. 35,000 to Rs. 45,000 for plain areas and from Rs. 38,500 to Rs. 48,500 for hilly and difficult areas.

Table 5: Constructed Houses under IAY

Houses (Lakh)	2007-08	2008-09	2009-10	2010-11	2011-12
Target	21.27	21.27	40.52	29.09	27.26
Construction	9.39	21.05	18.57	27.15	7.26
Achievement (%)	44.15	98.97	45.83	93.33	26.68

Source: Economic Survey, Govt. Of India, 2012

3. National Rural Drinking Water Program (NRDWP):

To achieve inclusive development and growth, the 11th Plan has emphasized the problem of availability and poor quality of water. In order to tackle these issues, the rural water supply program and guidelines have been revised from 1st April, 2009, as the NRDWP. Enhanced access to safe and adequate drinking water is a key to improve public health and, thereby, economic productivity. The goal of this policy was to provide every rural person with adequate safe water for drinking, cooking and other domestic basic needs on a sustainable basis.

Table 6: Coverage of Drinking Water Supply

Habitations	BN Target	2007-08	2008-09	2009-10	2010-11	2011-12
Uncovered	55067	29534	54430	54589	N. A.	55067
Slipped Black/ Partially Covered	331604	174782	354015	383106	N. A.	634413
Quality Affected	216968	159348	203800	315132	N. A.	121754

Source: Economic Survey, Govt. Of India, 2012

* Higher achievement reported as some states reported coverage of habitations other than those included in BN.

4. Accelerated Irrigation Benefit Program (AIBP):

It was launched in 1996-97 with the aim of providing financial assistance to the irrigation projects which were incomplete. The goal was to extend loan assistance to complete some of the incomplete major or medium irrigation projects at an advanced level of completion and to create additional irrigation potential in the country. An additional irrigation potential of 5.44 million hectares has been created through major/medium irrigation projects through this scheme.

05. Rajiv Gandhi Grameen Vidyutikaran Yojana (RGGVY):

The RGGVY has been launched in April 2005. It aims to electrify all villages and habitations, providing them access to all rural households and providing connections to BPL families free of charge. The Rural Electrification Corporation Ltd. is the nodal agency for this program. The BN target for RGGVY was to electrify 1 lakh villages and to provide free electricity connections to 175 lakh BPL households by March, 2012 which was achieved by 31st December, 2011.

06. Rural Telephony:

The system of communication through telecom is one of the very important tools to bring development to rural areas. The Government of India focused on rural connectivity with the aim of providing information of value and transacting business as well as improve their quality of life and to bridge the rural-urban divide. Thus, rural telephony has been considered as one of the six components of the Bharat Nirman (BN). Under BN it was targeted to provide Village Public

Telephones (VPTs) to 66,822 uncovered villages. The aggregate number of VPTs to be provided by the BSNL under BN was 62,302 till March 2010. The recent growth of Indian telecom has encouraged the other infrastructural sectors in India and has become a benchmark for them.

National Rural Employment Guarantee Program (NREGP):

The NREGP has been enacted to reinforce the commitment towards livelihood security in rural areas. The Act was passed on 7th September 2005. It creates a rights-based framework for wage employment programs and makes the government legally bound to provide employment to those who seek it. The objective of the NREGP is to enhance the livelihood security of the people in the rural areas by guaranteeing 100 days of wage employment in a financial year to a rural household, whose members volunteer to do unskilled manual work. The Act further aims at creating durable assets and strengthening the livelihood resource base of the rural poor. It is one of the main planks of rapid poverty reduction in the 11th Plan. Starting with 200 districts across the country in Phase-I during 2005–06, NREGP was extended to an additional 130 districts in Phase-II during 2007–08. From 1st April 2008 onwards, the Act covered the whole of rural India.

Table 7: Households Employed under NREGP

Years	Employed (Lakh)
2007-08	319
2008-09	451
2009-10	526
2010-11	410
2011-12	380

Source: Economic Survey, Govt. Of India, 2012

Swarnjayanti Gram Swarozgar Yojana (SGSY):

It was launched in April 1999 after restructuring the Integrated Rural Development Program (IRDP) and allied programs. It is to generate self-employment among the rural poor. The objective of the SGSY is to bring the assisted swarozgaris above the poverty line by providing income-generating assets through bank credit and government subsidies. Recently, SGSY has been restructured as the National Rural livelihoods Mission (NRLM). It aims at reducing poverty by enabling poor households to access gainful self-employment and skilled wage employment opportunities.

Table 8: Coverage of SGSY

Years	Trained Swarozgaris (Lakh)	SHGs (Lakh)
2007-08	93.21	27.37
2008-09	120.89	34.00
2009-10	0.77*	36.78
2010-11	2.25	40.04
2-11-12	1.83*	42.05

Source: Economic Survey, Govt. Of India, 2012

* Rural Youth

Swarna Jayanti Shahari Rozgar Yojana (SJSRY):

In 2009, SJSRY was revamped to provide gainful employment to the urban unemployed and underemployed poor by encouraging the setting up of self-employment ventures and also by providing wage employment and utilizing their labor for construction of socially and economically useful public assets. During 2008-09, the assisted number of urban poor to set up individual/group micro enterprises were 9,47,390 whereas 14,84,209 urban poor were imparted skill training under SJSRY.

Table 9: Beneficiaries of SJSRY

Years	Beneficiaries
2007-08	787000
2008-09	2431599
2009-10	154714
2010-11	680325
1011-12	363794

Source: Economic Survey, Government Of India, 2012

National Rural Health Mission (NRHM):

The main aim of NRHM is to provide accessible, affordable, accountable, effective and reliable primary health care, especially to the poor and vulnerable sections of society. It also aims at bridging the gap in rural health care through the creation of a cadre of accredited social health activists and improve hospital care, decentralization of programs to the district level to improve intra- and inter- sectoral convergence and effective utilization of resources. Currently, it is implemented in 18 States with poor health infrastructure (Table 10).

The NRHM aims to provide an overarching umbrella for the existing programs of health and family welfare. The sub-centers, Primary Health Centers (PHCs) and Community Health Centers (CHCs) have been revitalized through better human resource management. With AYUSH (Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homoeopathy) the mission also aims at addressing sector-wide health through sanitation and hygiene, nutrition and safe drinking water as basic determinants of good health.

Table 10: Coverage of NRHM

Components	2007-08	2008-09	2009-10	2010-11	2011-12
1. ASHA					
Selected Trainees (Lakh)	5.43	6.49	7.36	8.33	8.55
Actual Trainees (Lakh)	N. A.	5.63	6.94	7.82	8.07
Trainees with Drug Kits (Lakh)	1.86	4.12	4.95	5.70	7.41
Doctors	6232	9073	8782	8284	10851
Specialists	2282	1875	2474	1572	11712
Staff Nurse	17537	20977	26253	26734	32860
Auxiliary Nurse	N. A.	N. A.	46296	53552	66784
Paramedics	N. A.	8645	12485	18272	14434
2. Health centers (24 x 7) Operational	8755	1263	14760	16338	8330
3. Janani Suraksha Yojana (Lakh)	50	160	200	340	N. A.
04. Village Health and Nutritious Days (Lakh)	49.00	58.00	29.00	34.60	N. A.

5. Mobile Medical Units	188	243	343	381	N. A.
6. A Y U S H (Health Facilities)	3203	3360	9608	14766	N. A.

Source: Economic Survey, Government Of India, 2012

Social Protection Programs:

With the view to inclusive growth, the government has ensured a minimum level of social protection of workers in the unorganized sector by introducing the following schemes.

A) Aam Admi Bima Yojana (AABY) launched in October 2007 to provide insurance benefits to rural landless households.

B) Janashree Bima Yojana (JBY) provided life insurance protection to rural and urban BPL families. During 2010-11, a total of 209 lakh lives was covered under the JBY.

C) Rashtriya Swasthya Bima Yojana (RSBY) introduced on 1st October, 2007 with the aim of providing a smart card based cashless health insurance cover of Rs. 30,000 per family per annum to BPL families in the unorganized sector.

E) National Social Security Fund, with Rs. 1000 crore for the unorganized sector workers, has been set up to support schemes for weavers, toddy tappers, rickshaw pullers, bidi workers etc.

Table 11: Coverage of Bima Yojana (Lakhs)

Scheme	2007-08	2008-09	2009-10	2010-11	2011-12
AABY	N. A.	6032	81.99	145	197
RSBY (Smart Card)	N. A.	41.80	97.19	226	255

Source: Economic Survey, Government Of India, 2012

Urban Infrastructure, Housing and Sanitation:

Some of the initiatives of the central government to provide better urban infrastructure, housing and sanitation facilities are as follows:

A. Jawaharlal Nehru National Urban Renewal Mission (JNNURM):

Basic Services to the Urban Poor (BSUP) and the Integrated Housing and Slum Development

Program (IHSDP) are two programs devoted to provide shelter and basic services to the poor under JNNURM. BSUP covered 65 selected cities in all states whereas IHSDP covered other cities and towns in all states/UTs except Lakshadweep. Under this, more than 15.7 lakh houses have been approved out of which 5.69 lakh houses have been completed and 3.80 lakh occupied.

B. Rajiv Awas Yojana (RAY):

The aim of RAY is to provide support for shelter and re-development and creation of affordable housing stock to states that are willing to assign property rights to slum dwellers. It is being implemented in two phases: first, on 2011-13 and the latter in 2013-17 the period of the 12th Plan. Under RAY, a Slum Free City Planning Scheme has been implemented and Credit Risk Guarantee Fund for low income housing has been established to administer and oversee the operations of the scheme. Moreover, various other schemes such as Affordable Housing in Partnership (AHIP), Interest Subsidy Scheme for housing of the Urban Poor (ISHUP) and Integrated Low Cost Sanitation Scheme (ILCS) have been implemented.

Women and Child Development:

Various schemes have been introduced by the government to uplift women and children.

A. Integrated Child Development Services (ICDS):

The scheme is a child-focused intervention to address the interrelated needs of young children and pregnant and lactating mothers. The ultimate objective of the scheme is to reduce the incidence of mortality, morbidity, malnutrition and school dropouts. It aims at enhancing the capability of the mother and family to look after the health, nutritional and developmental needs of the child. It also aims for the promotion of health and nutritional requirements of children up to six years and expectant and nursing mothers. ICDS offers the following services: supplementary nutrition, immunization, health checkups, referral services, pre-school non-formal education and nutrition and health education. All these services are provided through a package system. The ICDS would be one of the major steps for achieving the following goals:

- Raising the sex ratio of the girl child in the age group of 0–6 years from 927 in 2001 to 935 from 2011–12 and to 950 by 2016.
- Reducing IMR to 28 and maternal mortality ratio to 1 per 1000 live births.
- Reducing malnutrition among children of the age group of 0–3 years to half its present level and anemia among women and girls by 50 percent by the end of the 11th Plan.

Table 12: Projects Covered Under ICDS

Years	2007-08	2008-09	2009-10	2010-11	2011-12
1. Sanctioned AWCs (Lakh)	10.53	N. A.	13.56	13.67	14.00
2. Operational AWCs (Lakh)	8.63	N. A.	10.79	12.42	12.96
Achievement (%)	81.96	N. A.	79.57	90.86	92.57
3. Sanctioned Projects	6284	N. A.	7073	7073	7076
4. Operational Projects	5885	N. A.	6196	6719	6779
Achievement (%)	93.65	N. A.	87.60	95.00	95.80

Source: Economic Survey, Government Of India, 2012

B. Rajiv Gandhi Scheme for Empowerment of Adolescent Girls or SABLA (RGSEAG):

The scheme was launched on November 2010 with the objective of empowering adolescent girls in the age group of 11-18 by improving their nutritional health status and upgrading their skills. Kishori Shakti Yojana (KSY) and Nutrition Program for Adolescent Girls (NPAG) are merged in RGSEAG. Anganwadis are focal points in delivering services.

C. Rajiv Gandhi National Crèche Scheme for Children of Working Mothers:

It provides supplementary nutrition, emergency medical facilities for 0-6 year-old children of working mothers provided their monthly family income is not more than Rs. 12,000. It includes supplementary nutrition, health care inputs like immunization, polio drops, basic health monitoring and recreation. In the year 2010-11, functional crèches under this scheme were 22,599 whereas beneficiary children were 5,64,975. In the last fiscal year functional crèches climbed to 23,784 and benefitted children were 5,94,625.

Apart from the above stated schemes many other small schemes have been launched as per the needs of the time namely, Integrated Child Protection Scheme (ICPS), Support to Training and Employment Program for Women (STEP), Dhanalaxmi, Ujjawala, Swadhar Greh Scheme, National Commission for Protection of Child Rights (NCPCR), National Mission for Empowerment of Women (NMEW), Rashtriya Mahila Kosh (RMK) .

Sarva Shiksha Abhiyan (SSA):

SSA is the principal programme for universalisation of elementary education. SSA aimed at providing useful and relevant elementary education for all children in the age group of 6–14 years by 2010. Besides focusing on elementary education of satisfactory quality, the other significant objective is to bridge social, regional and gender gaps with the active participation of the community in the management of schools. With an emphasis on education for life, SSA successfully ensured universal access to primary education.

Table 13: Facilities of SSA

Facilities	2007-08	2008-09	2009-10	2010-11	2011-12
Schools*	N. A.	276903	288155	309727	334149
Construction of Schools*	170320	225383	240888	254935	267209
Additional Classrooms*	173179	918981	1026831	1166868	1410937
Drinking Water*	172381	182019	184652	190961	212233
Toilets*	218075	251023	286862	347857	477263
Number of Children Supplied Free Textbooks (Lakh)	664	840	905	870	870
New Teachers (Lakh)	8.10	9.66	10.11	11.13	N. A.
Training for Teachers (Lakh)	35.00	23.82	21.79	14.04	19.23

Source: Economic Survey, Government Of India, 2012

*Cumulative figures

Mid-Day Meal (MDM):

The MDM scheme, launched in 1995, aims to give a boost to primary education by increasing enrollment, retention, attendance and simultaneously impacting upon the nutritional status of students in primary classes. The scheme, revised in June 2006, provides about 450 calories, 12 GM of protein and adequate quantities of micronutrients such as iron, folic acid, and vitamin A to children. The cooking cost has been enhanced to Rs 2.00 per child per school day.

Table 14: Benefitted Children Under MDM

Years	Benefitted Children (Lakh)
2007-08	910
2008-09	1174
2009-10	1104
2010-11	1046
2011-12	N. A.

Source: Economic Survey, Government Of India, 2012

Total Sanitation Campaign (TSC):

As per the 11th plan the objective of TSC was attaining 100 percent sanitation coverage in terms of households, schools and anganwadi toilets and also providing hygiene education to the people. Funds are also granted for Nirmal Gram Puraskar which accelerated the pace of implementation of TSC and helped in sustainability and maintenance of the sanitation program. The physical target for the Plan is to cover 69 million households, 25769 sanitary complexes, 133114 anganwadis.

Table 15: Coverage of TSC

Year	No. of Toilets Constructed (Lakh)
2007-08	115

2008-09	116
2009-10	62
2010-11	N. A.
2011-12	63

Source: Economic Survey, Government Of India, 2012

Financial Inclusion in India:

Financial inclusion is an important tool for inclusive growth which ensures equal opportunity for all. The focus of financial inclusion is to facilitate a wide range of financial products and services to underprivileged sections at affordable costs. As far as India is concerned, the growth potential in the SMEs sector is enormous. But limited access to savings, loan, insurance and remittances are their major constraints to growth. Financial inclusion provides access to payments and insurance to this sector. Marginal farmers, landless laborers, self employed in the unorganized sector, urban slum dwellers, migrants, ethnic minorities, women and socially excluded groups are often excluded from the formal credit system. Lack of awareness, low income, social exclusion, illiteracy, distance from bank branches, branch timings, higher transaction costs, easy availability of informal credit are important causes of financial exclusion. In order to bring the majority of the Indian excluded population within the ambit of the formal financial system, the RBI has started to reform basic banking functions. Following are the notable developments in India during the last decade:

1. In November 2005, the RBI asked banks to offer a basic banking „no-frills’ account with zero minimum balances.
2. Banks were asked to introduce a **General Purpose Credit Card (GCC)** facility up to Rs. 25,000.
3. Simple **'Know Your Customer' (KYC)** procedure for opening accounts.
4. **Use of Information Technology:** Banks have been urged to scale up IT initiatives for speedy financial inclusion while ensuring that solutions are highly secure, amenable to audit and follow widely-accepted open standards to ensure eventual interoperability among the different systems.
5. **Electronic Benefit Transfer (EBT) through Banks:** This is to encourage banks to enhance their outreach by Information and Communication Technology (ICT) solutions. Under this scheme, the RBI reimburses the banks a part of the cost of opening accounts with biometric access/smart cards at the rate of Rs.50 per account.
6. **Business Correspondent (BC) Model:** The BC Model ensures a closer relationship between the poor people and the organized financial system. In 2006, the RBI permitted banks to use the services of non-governmental organizations, microfinance institutions, retired bank employees, ex-servicemen, retired government employees, Section 25 companies and other civil society organizations as business correspondents in providing financial and banking services.
7. **Bank Branch and ATM Expansion Liberalized:** The RBI has totally freed the location of ATMs from prior authorization.
8. **Financial Literacy and Credit Counselling:** The RBI has advised the convener bank of each State Level Bankers’ Committee (SLBC) to set up a financial literacy-cum-counselling center in any one district on a pilot basis. These centres are expected to provide free financial education to people in rural and urban areas on the various financial products and services. The RBI also initiated the Project of Financial Literacy because financial illiteracy is a major cause of financial exclusion.

CONCLUSIONS:

The progress of inclusiveness is more difficult to assess as it is a multi-dimensional concept. However, its result should be a lower incidence of poverty, increased access to education, health and reflected in better employment opportunities with an improvement in basic amenities. As far as India is concerned, although available parameters depicted improvement, effectiveness of implementation differs from state to state. The rate of change of these marked improvements is much lower than required to achieve desired targets. Most of the schemes have some drawbacks due to administrative inefficiencies and corruption. Therefore, the agenda for the 12th Plan is being resolved as „Faster, Sustainable and More Inclusive Growth”.

To achieve desired targets, the Indian government also needs to concentrate on agriculture and allied activities, research and development, infrastructural development and effective implementation of anti-poverty programs. Similarly, more stress has to be given to microfinance through which remarkable empowerment of women is taking place. More concrete actions are required for major health concerns such as nutrition, drinking water, sanitation facilities etc. Moreover, qualitative employment in the manufacturing sector is also one of the major areas

An interest which has to be concentrated on. Nevertheless, good governance is a base for inclusive development without which nothing can be worked out. Efficient, tough decision makers and corruption-free government is a key to unlock inclusive growth and development.