
This valuable volume in honour of one of our most eminent and socially sensitive economists, Professor R. Radhakrishna, is an apt tribute to the outstanding and prolific contributions made by him. He has distinguished himself not only through his insightful and widely recognised research in the fields of development economics, econometrics, welfare economics, and agricultural economics, but also in institution development and nurturing. He has also been a very popular and successful teacher. It is no surprise that several festschrifts have come out in his honour including the present volume under review, with one or two more in the pipeline! This is a well deserved honour for the adorable professor. The editors of this volume have to be congratulated for bringing together some of the very well known economists who were associated with him. They have all done a praiseworthy job through their rich contributions. Though the major focus of the volume is on India, there are at least two articles on other developing countries bringing out the significance of their experience in particular fields. The volume also carries an insightful Foreword by Prof C.H. Hanumantha Rao.

The volume acknowledges that there has been significant economic growth in India, with some reduction in poverty, but rues that not only the reduction in poverty has been very inadequate, but inequality also has increased disproportionately to unprecedented levels. To our shame, India finds itself today among the lowest ranking countries in human development and related indicators, in spite of the significant growth achieved. It is clear that this growth has not been shared with the poor in improving their quality of life. This outcome is not at all good for the health of our democracy, because a very unequal economy produces an equally or more unequal polity and society, making the country as a whole vulnerable, unsustainable, and unstable. This will in turn counteract against potentialities of further growth. To add to this, our environmental problems also have aggravated, including air and water pollution, municipal waste creation, and scarcity of drinking water. Unfortunately, the cost of environmental deterioration also falls more on the poor. The present Covid-19 pandemic with its consequent lockdowns has further deprived the poor of even their meagre livelihoods. The situation today, therefore, may be far worse than what is assumed in the volume, as it was finalised before the pandemic struck. Poverty – even acute poverty - has in all probability increased. The pandemic has also exposed the poor state of our health infrastructure. But the situation is not the result of the present pandemic alone. It has been long in the making. The pandemic has only highlighted how vulnerable the country is. What are the factors behind the poor performance of India in human development and removing deprivation? How did this happen? What can be done to improve the situation? The book is not against growth; it only wants that the growth be inclusive. What are the issues and challenges involved in doing so? It is these important questions that the book raises and ably tries to answer.

In addition to a comprehensive Introduction to the volume by its editors – Maria Saleth, Galab, and Revathithi, there are sixteen articles divided into eight parts, each part having two articles. Editors’ Introduction summarises each article admirably well, but is not limited to it. It also provides a history of the concept of inclusive development and its official adoption by policy makers in India especially since 2007, while framing the Eleventh Plan (2007-2012). It points out significantly that inclusive development is not a question merely of income distribution but also of equitable distribution of economic opportunities (p.3). The issue of sustainable development also has to be brought within
the gambit of inclusive development (p.4). In the name of creating more jobs for the poor, reckless exploitation of natural resources and environmental pollution cannot be allowed. A damaged environment will aggravate poverty and harm future growth. U. Sankar takes up this issue comprehensively in his article on ‘Challenges in Achieving Inclusive and Sustainable Growth in India’. Barbara Harriss-White deals with the problem of the waste economy which is relatively neglected in policy formulation and given a low priority. She points out how important it is to develop an effective waste policy, linking it also with social policy of inclusion, as waste collection, disposal, and recycling involve employing the socially excluded poor.

S.R. Hashim and S.L. Shetty provide an excellent review of economic development in India in their respective articles, shedding light on why it has not been inclusive. Hashim shows that economic growth was not labour-intensive and the share of labour in gross domestic product (GDP) started declining since about 1988-89 itself. In reducing poverty, there was too much focus on food inadequacy, not realising that malnutrition can result also from lack of healthy environment, lack of access to good drinking water, and even lack of education on the part of mothers, and lack of proper housing. These aspects were relatively neglected in planning and implementation (p.35). Even as late as in 2011-12, India spent only 3.8 per cent of GDP on education, and 1.4 per cent of GDP on health (in 2014). This is much lower than in other countries (p.36). Privatisation of education and health sectors has made them inaccessible to the poor, and what has remained in the government sector is qualitatively so poor that even the poor are reluctant to use it (p.36). Poor families would prefer sending their sons to more expensive private schools, and withdraw daughters from schooling. Thus privatisation of education has reinforced gender bias. Shetty, in his article rich with statistical evidence, shows that the government deprived itself of resources necessary to provide free or inexpensive schooling and health, by lowering tax rates for the rich below what prevails in other countries, which also allowed inequality to rise sharply (pp.45-46). Even property taxes are lower in India, clearly favouring the rich (p.54). The remuneration of company executives is disgustingly high for a country like India (pp.57-59). Such a policy drastically reduced resources which could have been used for social sectors. Shetty cites a study which showed that according to a wider concept of poverty including deprivations other than food, the poor accounted for 69 per cent of India’s total population, as against only 26 per cent in official estimate in 2005-06 (p.60).

Amiya Kumar Bagchi cites a study by Radhakrishna and Ravi (2005) to point out that about half of India’s population suffers from malnutrition, and a third suffers from severe malnutrition. This is in spite of the fact that India has achieved self-sufficiency in food grains production and is a leading producer of milk and milk products. (p.175). Malnutrition among tribal people is particularly high (p.180). S. C. Babu et al. cite a report by FAO (2013) to show that 17 per cent of India’s population suffers from food insecurity as measured by chronic hunger (p.121). Under the targeted public distribution system (PDS), two-thirds of India’s population (75 per cent of rural, and 50 per cent of urban) are entitled to receive highly subsidised food grains (p.125, 128). Consequent upon a shift from welfare approach to rights-based approach, the National Food Security Act was passed in 2013, which ensures food grains distribution. There is also a Mid-day Meals Programme for school children. PDS has been in operation much before this Act was passed. Yet it failed in eradicating the problem of hunger and malnutrition. It was found in 2011 that 40 per cent of grains did not reach the targeted beneficiaries but diverted to the open market (p.136). Babu et al. suggest improvement in operational efficiency (storage and transport), and plugging leakages through effective monitoring. They also recommend diversification so as to improve nutritional content, including provision of milk or milk products (p.136). There is no discussion in their article about whether a direct cash transfer to the poor in their bank accounts to buy food, or a system of issuing food stamps, is more cost-effective and has a better chance of ending hunger and malnutrition.
C.G. Ranade says that an increase in agricultural production has a significant impact on employment and real wages in the non-tradable/unorganised sectors, reducing poverty and inequalities (p.94). However, our agriculture suffers from under-investment both on public and private accounts. There is no discussion on what ails our agriculture and what could be done about it.

There is an interesting article by C.P. Timmer on the Indonesian experience of price stabilisation through managing public grain reserves or stocks. He observes that in Indonesia, the issue of food security revolved around stability of rice price. But after the advent of democracy in 1998, the state aimed at keeping rice prices high rather than stable to encourage self-sufficiency (p.111). Though the policy seems to have been successful in Indonesia in achieving self-sufficiency, the author cautions that ‘a bad stabilisation policy (or bad implementation) is worse than none at all’ (p.114).

Industrial growth is important even for employment creation, as it can reduce the burden of population on agriculture for livelihood. In a short but insightful article, Y.K. Alagh observes that even with a low employment elasticity of say 0.20, with a ten per cent growth rate in industry, employment can grow at 2 per cent which is above the growth of labour force (p.150). Unfortunately, the Index of Industrial Production which grew at an average rate of 8.8 per cent per annum between 2005-06 and 2007-08, declined to an average of only 5.83 per cent between 2009-10 and 2012-13 (p.146). Gross capital formation in the economy also fell sharply. Most of the small industries are treated very badly (p.144). Productivity per worker in small industries is low, requiring support in technological upgradation and improvement in skills (pp.145 and 148). It is not entirely correct to say, therefore, that in spite of growth, poverty has not declined. Growth itself has been inadequate, though it has to be both inclusive and sustainable. Even industrial growth has a good potential for reducing poverty both directly and indirectly, provided it is also sustainable. However, industrial growth cannot be ensured by leaving it to free market forces. A visionary industrial policy is needed whereby the state can directly encourage it in the desired way. In a very interesting article, Muchkund Dubey has critically traced the development of Industrial Policy in India since Independence up to 2017. The policy has been full of twists and turns. On the whole, it has become more liberal now. From a highly restrictive stand, foreign investment is allowed now even in defence and the food retail sector. ‘During the last three decades, the state has progressively withdrawn from large scale investment to build industries or institutions which support industrial development’ (p.165). Dubey rues that most of the institutions created during the early post-Independence period, are decaying and reduced to mediocrity (p.165). We do not have the educational foundation to develop skills of acceptable quality, required for industrial growth (p.165). What makes the scenario more dismal, a big portion of talented and knowledgeable persons in the country are pushed out of the country because of lack of opportunities (p.166). Dubey makes a number of suggestions to boost employment generating industrial growth, including improving the education system and skills, galvanising agriculture, a shift from export-led growth to one based on domestic demand, making land acquisition more easy and transparent, creation of infrastructure, and caution in highly integrating with the world economy.

Does globalisation help inclusiveness? Going by African experience, it does, as an interesting article by V.J. Jani and R. Dholakia found through a multiple regression analysis of cross section data of 45 African countries for 19 years from 1995 to 2013. Using KOF Globalisation Index, they found that it significantly reduces Infant Mortality Rate and improves life expectancy, both when considered separately for economic, social, and political globalisation and when aggregated. The impact of other independent variables – GDP per capita, health expenditure per capita, education, and population covered by sanitation facilities – have the expected beneficial impact, while per capita CO2 emission has the expected adverse impact on the two health indicators. According to this evidence at least, integration of even developing countries into the global world seems to be beneficial for the poor, though this alone is not enough. A similar analysis of poverty levels across countries would be revealing.
A question arises, however, about ‘whether the advanced countries are facilitating feasible access and unconditional opportunity to the latest technologies used in the advanced countries to emerging economies’ in the process of globalisation. This question is taken up by K. Kalirajan and S. Nasir, using ‘meta-frontier approach’. They conclude that there is no strong inclusive growth in the export of modern services, and that high performing developing countries, including India, have captured only a small segment of potential market for modern services (p.284). The authors emphasise that making available skilled labour and suitable graduates is the first and most important requirement for the growth modern services. Developing countries should also improve their competitiveness to move up in the value chain, by investing in high-value added ICT infrastructure and R&D (p.285).

An important problem of integration with the global economy is the vulnerability to global ups and downs. Vishwanath Pandit provides a perceptive analysis of the global financial crisis of 2008. Though originated in the USA, it soon affected Europe and South East Asia including Japan, leading to a fall in GDP and employment in many countries with a snowball effect. The impact was particularly severe both on the middle class and the poor.

There are three articles on the methodological issue of limitations of the widely used approach based on poverty line to measure poverty, offering better approaches. The articles are respectively by T. Krishna Kumar et al, S. Subramaniam, and by Rohit Mutatkar. Their main contention is that the poverty line approach is arbitrary and has no theoretical basis. It also ignores other dimensions of poverty apart from food. Mutatkar suggests that self-targeting schemes like MGNREGS are better, and that the scheme should be extended to cover urban areas too. He also significantly observes that ‘with an increasing demand for reservations from various communities in the country, a focus on poverty issues cutting across communities will also contribute towards shifting the political discourse away from identity politics to developmental politics’ (p.267).

I conclude this review by quoting from my Prologue to a book edited by me on the same theme: ‘India has to actively play the role of a welfare state which its Constitution has entrusted to it. There has to be universal health care, food security, universal and free primary and secondary education, unemployment insurance, and an old age pension for the poor. There is scope to tax the rich for raising resources for the purpose. By these measures, extreme inequality and marginalisation would be moderated, and Broad-basing promoted’ (Nadkarni ed. 2020: p.9). Without this, inclusive development would only remain a dream.

NOTES

1. An exercise by me on this line is in progress along with a colleague.
2. ‘Broad-basing is a process by which more and more social groups that were formerly marginalised or deprived enter the mainstream of social, political, and economic life to derive the same advantages as the groups already in the mainstream. It also means that the social basis of the power structure widens, and in the process becomes more inclusive.’ (Nadkarni ed. 2020: p.xii).

REFERENCES