Poverty and Inequality in Post Liberalization India: the Road Map for Inclusive Growth

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Some developing countries in the global south have exhibited remarkable economic growth in recent times. But this spectacular growth has manifestly failed to reduce poverty. The fruits of growth are not being shared equally. Economists are airing concern about rising inequality as a sad part of the growth story. Serious questions are being raised in development discourse about the sustainability of the contemporary growth performance. Debates now have centred on the issue whether 'growth is for growth's sake' or growth is for reducing poverty and inequality. Leading economists are arguing that 'sustainable high growth must be judged in terms of its impact that economic growth has on lives and freedom of people' (Amartya Sen, 2013). Economic growth coupled with rising income inequality is fraught with the risk of social tension and instability.

India perfectly fits in this description. India's GDP growth after 1991 is remarkable. Second only to China, India is fastest growing economy. But income inequality is widening fast. India is more unequal now than China. This paper looks in to the trajectory of India's growth and inequality over the years since its birth as free nation. From her birth till the middle of late eighties, growth rate, on an average, was 3.5 per cent. Economists named this as Hindu growth rate. The first turnaround in growth occurred in late eighties. In 1991, India adopted economic policy reform the fundamental premise of which was Liberalization, Privatization and Globalization (LPG). It was bold switch over from Nehruvian development model to neoliberal growth path. More than two decades have passed since the reforms. In statistical scale and economic parameters, post reforms accomplishments of Indian economy are remarkable. In terms of GDP measured in US dollar, at 1.95 trillion, India is tenth richest country in the world now. India is now macro economically stable with fiscal control and monetary policy. But this accomplishment of the economy in the post liberalization era does not go well with a large section of Indians suffering from abject poverty, malnutrition and deprivations. About 42 per cent of the India's population of around 1.28 billion live under global poverty line of $ 1.25(Rangarajan 2014). Going beyond the money-metric measure of global poverty line, if we consider many other dimensions of human deprivations, over half of the Indian populations is poor. Some of the Indian states, even the rich state like Gujarat, have horrible human development record. Infant mortality, child mortality and maternal mortality rates in those states are worse than the occurrences in Sub Saharan Africa. Thus higher growth rate is unfortunately accompanied by rising inequality and deepening poverty. Eminent development economist, Kaushik Basu has noted “the bulk of India’s aggregate growth is occurring through a disproportionate rise in the income at upper end of the income ladder (Basu, 2008). Wealth created in contemporary India is associated with unprecedented intra-state and inter-state economic disparities.

India is a unique example as a nation beset with fundamental social division, hierarchies and disparities. Caste and gender-based inequality is reinforced by class differences. So India stands apart from other emerging economies on the issue of its unique social configuration. Inequality is deeply entrenched for thousands of years. Independent India inherited multiple inequalities. It was a challenging task for the Indian government under Jawaharlal Nehru to unify the new nation and to reduce inequality and poverty. Building an egalitarian society was set as primary goal in the first five year plan that came in to effect in 1951. But over the years of planned development, India’s record of reducing poverty and inequality is not satisfactory. The progress was slow. A large section of Indians continue to suffer from chronic deprivation. Economists tried to find the causes of persistent poverty. Lack of investment and lack of suitable policy led to slow growth in agriculture. Majority of Indians were dependent on agriculture for livelihood. Spectacular growth in Indian agriculture could have generated employment and income for majority of Indians. India lives in villages but rural infrastructure did not receive adequate investment. Poverty alleviation programmes implemented since the first five year plan centred on subsidies and dole for the poor. Enterprise and entrepreneurship of the poor to uplift economically was not emphasized. These subsidies gave rise to the culture of dependence on the political parties in power.

The first structural break in the trend in GDP was recorded in 1987-88. The first manifest drifting from the Hindu rate of growth that hovered around 3.5 percent was recorded. Indian economy started to grow by 5 – 6 per cent, a remarkable accomplishment in the back ground of its past performance. But complete turnaround in India’s economic policy took place in 1991 Neoliberal economic policy was adopted to push the growth rate further. The result was amazing. From 2004- 05 to 2008-09 Indian economy posted an average of eight to nine per cent growth rate. But the debate kicked off among economists whether this unprecedented and spectacular growth rate could reduce poverty. Poverty-reducing effect of this stunning growth in India would be extremely weak in view of the structure of India’s economy. Growth has occurred in India’s service, other sectors fell back in comparison to service sector growth. The service sector led growth witnessed slow growth in agriculture, low quality employment, poor education, insufficient health infrastructure, rural urban divide and regional disparity. It was expected that growth would have trickledown effect on the poor. The head count of poor in India would drastically fall. But the speed of poverty reduction was very slow. In some states like Bihar and Odisha, half of the population of them is still poor.

Post liberalization Indian economy is saddled by growing inequality across sectors, regions and households. The Growth has created a huge potential for economic advancement but it has given rise to various vulnerabilities and insecurities. Regional imbalance was associated with heightened inequality in the distribution of opportunities for growth. In addition to rural urban divide triggered by the neo liberal policy, there is widening inequality within the urban sector. This inequality is caused by massive skill differential among the workers in urban area. Information technology (IT) sector and IT enabled sector flourished in urban areas in the after math of new policy. Two types of jobs are created in the IT sector, one for the highly skilled professional and other for the semiskilled and unskilled in urban informal sector. Income difference between two categories of job in the urban India is not only staggering; it is growing over the years. Agriculture sector that employs 60 per cent of India's work force did not receive the boosting from the growth in service sector.

In the back ground of the persistent inequality in India, this paper endeavour to understand the long run dynamics of poverty and inequality in India. Indian society is deeply heterogonous; the diversity of India is unique having no parallel in the world. The internal diversity in India offers a great opportunity to learn from within (Sen. 1999). Given the heterogeneity of India, the question of learning from the country itself has to be integrated with learning from others (Torsten Person, 2014). In reducing poverty in such a heterogeneous country like ours, distributional aspect of growth is most important. The economic policy that set the direction of the fruits of growth to roll down in the society is important.

II. Per capita income in states of India

India is a union of constituent states. There are 29 states and 7 union territories. The primary reflection of growth in India is manifest in the changes in the per capita income of the states over a long period of time. We take period that precedes the adoption of neo liberal policy in 1991 up to a period more than decade after 1991. Our objective is to know how the per capita income in each state of India improved and changed over the period spanning more than four decades. This section tries to find whether economic reforms have benefitted the poor northern states in India that accounts for 40 per cent of India's population. The table below shows that India's traditional 'POOR ZONE' refereed as BIMARU states of India held on the same ranking after more than a decade of neoliberal policy adopted in 1991. The richer states have improved their relative position in per capita income after neo liberal policy came in to effect. Some of the poor states like Uttar Pradesh, Rajasthan have gone down in the ranking scale of per capita income after liberalization. Some of the states in the Hindi belt like Bihar and Madhya Pradesh are stuck to the same position after liberalization. Among the major fourteen states listed below BIHAR is the poorest. The gap between richer and poorer states has gone up. Punjab in the eighties had a per capita income which around three times that of Bihar. This gap is now further widened to three and half times. After so many years of economic reforms the gap between per capita income of Maharashtra and Bihar is five times.

Table 1: Per capita income (actual income and ranking) across states

Year	1970/71 to 1972/73	1980/81 to 1982/83	1990/91 to 1992/93	2000/01 to 2002/03	2007/08 to 2009/10	2010/11 to 2012-13
Andhra Pradesh	585(9)	1504(8)	2078(8)	17042(8)	34767(8)	38636(8)
Bihar	402(14)	933(14)	1106(14)	6402(14)	10626(14)	13198 (14)
Gujarat	829(3)	2011(4)	2704(4)	18312(6)	45463(3)	56535(3)
Haryana	877(2)	2419(3)	3476(3)	25603(2)	51250(2)	61188(2)
Karnataka	641(7)	1563(6)	2193(7)	17623(7)	36419(7)	41819(7)
Kerala	594(8)	1487(9)	1858(10)	20804(4)	43148 (5)	52866(5)
Madhya Pradesh	484(12)	1369(10)	1617(12)	11248(11)	18616(12)	23281(12)
Maharashtra	783(4)	2452(2)	3573(2)	22532(3)	53877(1)	61986(1)
Odisha	478(13)	1265(12)	1463(13)	10468(12)	22706(11)	24558(11)
Punjab	1070(1)	2818(1)	3829(1)	25978(1)	41314(6)	46316(6)
Rajasthan	651(6)	1261(13)	1891(9)	12942(10)	22905(10)	29318(10)
Tamil Nadu	581(10)	1555(7)	2290(5)	19910(5)	43687(4)	56320(4)
Uttar Pradesh	486(11)	1299(11)	1631(11)	9733(13)	15442(13)	18012(13)
West Bengal	722(5)	1727(5)	2236(6)	17012(9)	28581 (9)	32552(9)

Note: Figures in brackets are of respective ranking of states.
Source: India, CSO, *Estimates of State Domestic Product* (various years) and *National Accounts Statistics* (various years)

Rising Income inequality in Contemporary India.

In the discourse of development in the aftermath of neo liberal policy in India , the central issue has been inequality. Economists are sharply divided on this issue. There are some scholars who argue that inequality is not that big issue of concern for India(Bhagwati & Panagariya, 2012, Bhagwati 2010. On the other side, some economist (Bardhan, 2010, Ghosh, 2010, Motiram and Sharma 2011, Weisskopf 2011) have aired serious concern about rising inequality that jeopardises equity and sustainably of India's growth process.

Table 2: Inequality (Gini) for major states

States	1993-94			2004-05			2009-10		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Andhra Pradesh	0.290	0.323	0.312	0.294	0.375	0.345	0.286	0.395	0.364
Bihar	0.225	0.309	0.253	0.213	0.355	0.259	0.234	0.358	0.273
Gujarat	0.240	0.291	0.279	0.271	0.310	0.334	0.261	0.338	0.343
Haryana	0.314	0.284	0.311	0.339	0.366	0.355	0.310	0.368	0.339
Karnataka	0.270	0.319	0.309	0.266	0.369	0.361	0.240	0.341	0.350
Kerala	0.301	0.343	0.316	0.381	0.410	0.393	0.439	0.527	0.473
Madhya Pradesh	0.280	0.331	0.315	0.277	0.407	0.357	0.297	0.367	0.351
Maharashtra	0.307	0.357	0.376	0.312	0.378	0.393	0.276	0.423	0.409

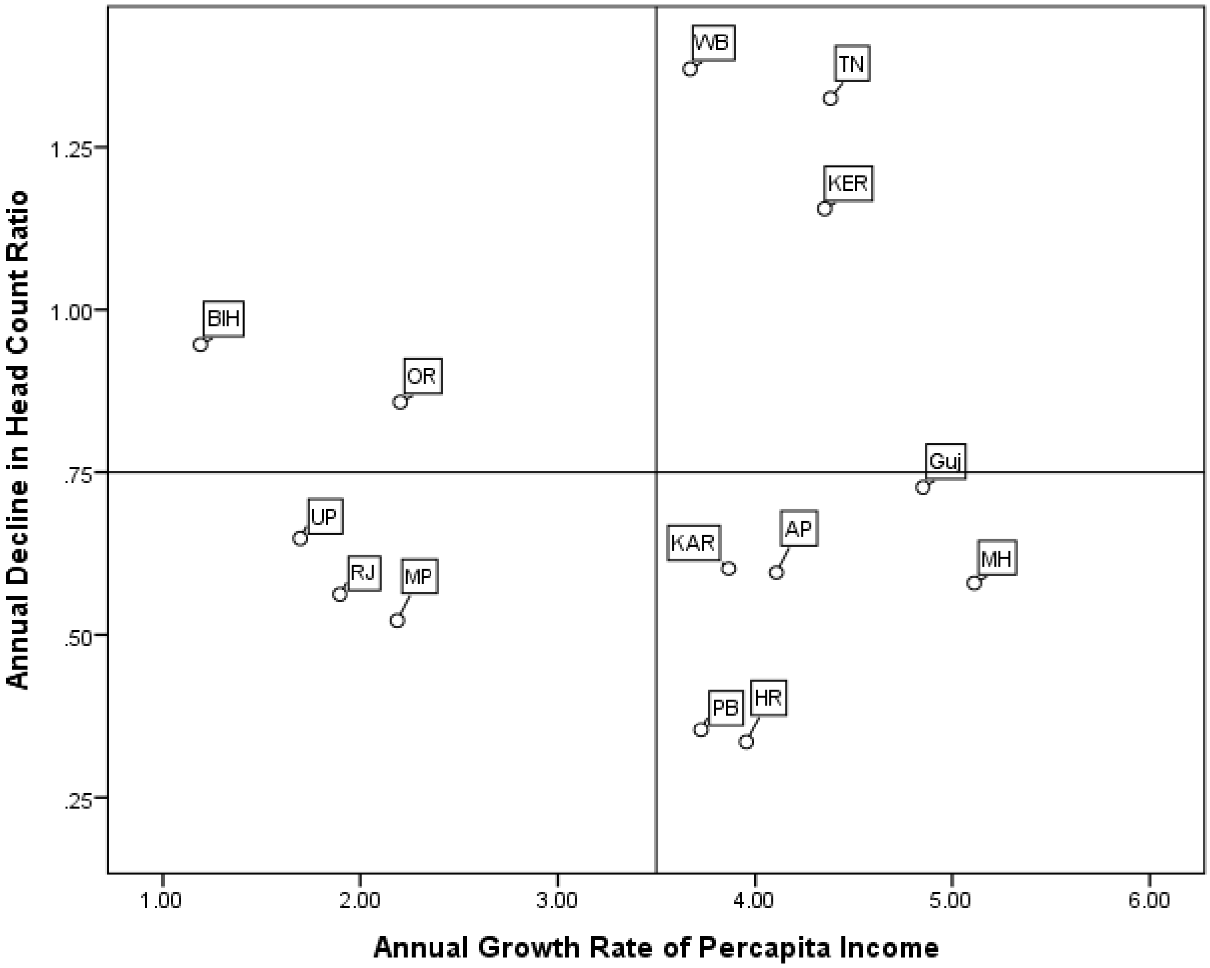
Odisha	0.246	0.307	0.282	0.285	0.353	0.324	0.268	0.401	0.326
Punjab	0.281	0.281	0.285	0.294	0.402	0.351	0.297	0.382	0.339
Rajasthan	0.265	0.293	0.280	0.250	0.371	0.303	0.230	0.396	0.300
Tamil Nadu	0.312	0.348	0.344	0.323	0.361	0.379	0.271	0.340	0.342
Uttar Pradesh	0.282	0.326	0.302	0.291	0.367	0.327	0.281	0.367	0.322
West Bengal	0.254	0.339	0.308	0.274	0.383	0.353	0.245	0.393	0.338
All India	0.286	0.344	0.326	0.305	0.376	0.363	0.300	0.393	0.370

Source: Estimates using various rounds of NSSO Unit level data on Consumption Expenditure in India.

The table reveals that from 2004-05 to 2009-10 rural inequality slightly decreased in India but urban inequality went up and for the entire country inequality rose during the period. During last two decades after reform , interpersonal inequality has gone up. In most of the states in India urban and rural inequality increased from 1993 to 2005. If one looks at consumption for the poor and the wealthy as a percentage of the median consumption, we can see that the expenditure of an individual at the 90th percentile as a percentage of the median has increased since the 1990: 212.63 per cent (193-94), 235.20 per cent(2004-05) and 234.41 per cent (2009- 10). On the other hand , expenditure of an individual at the 10th percentile as a percentage of the median has decreased sadly since the 1990: 56.67 percent(1993 – 94), 56.32 percent (2004-05) and 55.99 per cent(2009-10)

3. India’s growth performance and poverty reduction

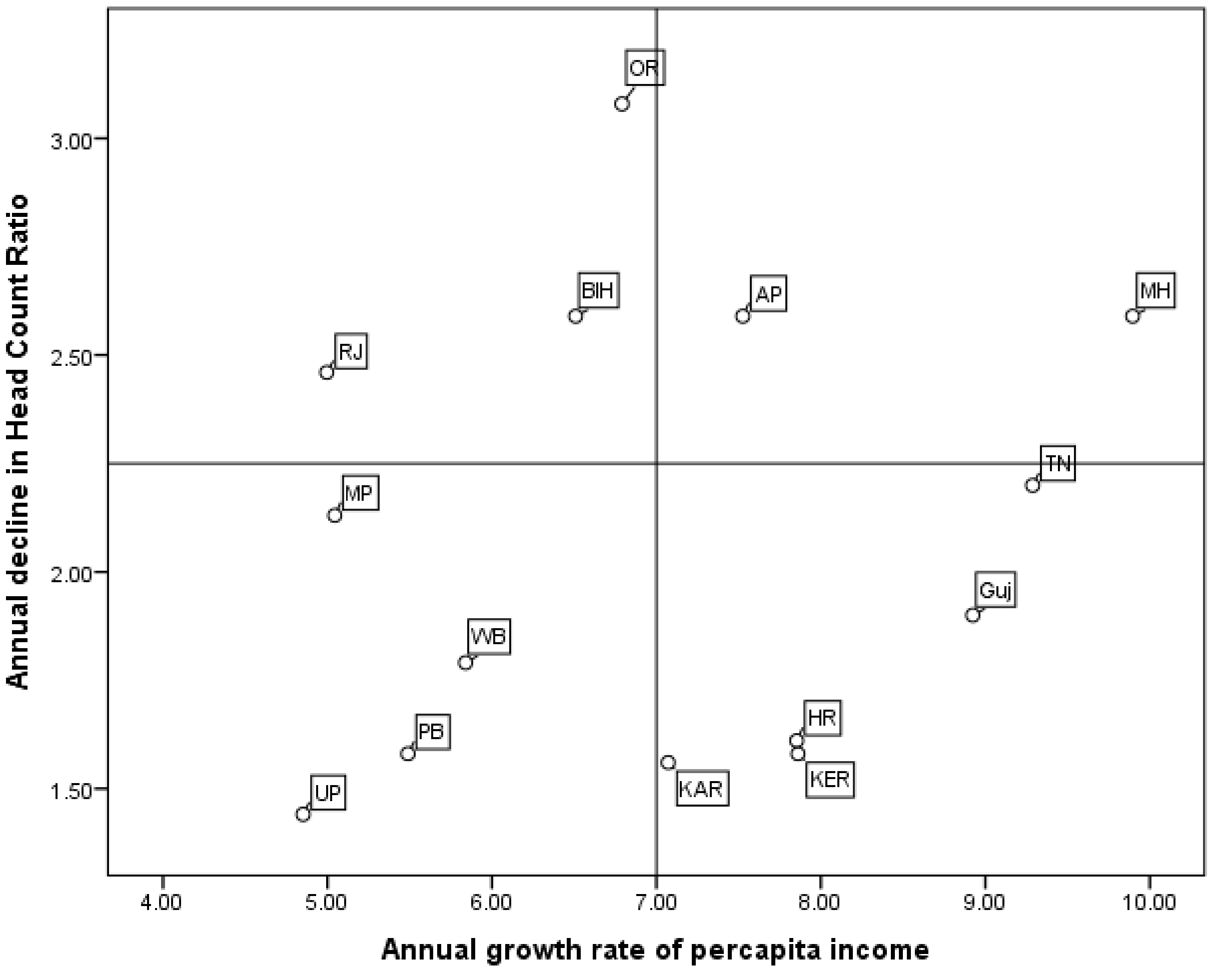
It would be interesting to judge the outcome of economic growth by the yardstick of poverty reduction. Poverty and deprivation are fundamental features of India. It has been reported in the Government’s report that more than thirty per cent of the Indian population is still living below poverty line (Government of India, 2014). India is union of constituent states. So poverty reduction should be equally distributed across length and breadth of India. Let us look at variation in the state of poverty across regions in India. The crucial issue is that whether economic reform had succeeded in reducing poverty in India. The claim of reduction in the number of poor, however, is mired in controversy. The official estimate of poverty in India is measured by per capita consumption expenditure obtained by National Sample Survey Organization (NSSO), many economists in India disapproves of this narrow definition of poverty(Sengupta 2008, Kannan(2011). They insist on a comprehensive definition to get at the actual estimate of deprivation. Going by the official estimate we come across the following features of the movement of poverty ratio over the years.



In Figure 1 we have studies the temporal movement of per capita income growth and poverty decline during a long period between 1983 and 2004-2005. We have taken in to account 14 major states of India to relate between annual decline of head count poverty and annual growth rate of per capita income. On the whole there is decline in the proportion of poor below poverty line but the rate of decline is not uniform across the states. In some states there is still high poverty ratio. States like Kerala (Ker), Tamil Nadu (TN) and West Bengal (WB) have attained higher per capita income growth along with higher decline in poverty ratio over the years. But there are states like Maharashtra(MH), Gujarat(Guj) , Andhra Pradesh(AP) , Karnataka(Kar), Punjab(Pu) and Haryana(Hr) which have attained more than average income growth but have not correspondingly reduced the magnitude of poor people in those states. Uttar Pradesh(UP) , Rajasthan(Rj) and Madhya Pradesh(MP) have failed in attaining higher per capita income growth and poverty reduction. Bihar (Bih) and Orissa(Or), despite doing well in attaining higher income growth and considerable reduction of head count poverty are still saddled with huge backlog of poor

Figure 2. Annual growth in per capita income and poverty decline in India (2004-05 to 2011-12)

Figure 2 prsents the recent movement of annual decline in head count ratio and annual growth rate of per capita income in all major states of India. All the states have witnessed higher income growth for the period from 2004 to 2012. But the grwoth rate is not uniform. Uttar pradesh is laggards among the growing states. Its grwoth rate is only 5 per cent, lowest among them. .



Madhya Pradesh, another highly populous state, is at par with Uttar Pradesh in income growth and poverty reduction performance.. Rajasthan, Bihar and Orissa are far behind Maharashtra and Andhra Pradesh in per capita income growth and poverty reduction. Gujarat presents itself as a typical case of contrast where economic growth is robust and which is the fastest growing state but the rate of poverty decline is slow. The situation of Gujarat is the testimony to the fact that mere economic grwoth is not enough to reduce poverty any where in the world. Redistibutive policy .and action are of paramount importance. Kerala and Tamil nadu could bring the poverty rate much faster becuaue of redistributive policy and public action. The examples of Gujarat and the two southern states prove that growth is primary condition but not sifficient condition to bring down the poverty. Some leading economists in India(Himanshu 2007, Dev and Ravi 2007) pointed out that number of poor in the total polulatioin have gone up in Madhya Prdeseh, Maharasthra, Orissa and Uttar Presdeh over the period. The magnitude of rural poor in Madhya Pradesh, Orissa, Uttar Pradesh has gone up in 2004-05 compared 1993 94. So rural poverty, instead of going down in the immdiate aftermath of economic reforems in 1991, had gone up in these BIMARU states of India’s hindi heartland. On the other hand number of urban poor had gone up in eight out of fourteen states in India during the same period. These research findings of the scholars have confirnmed that poverty is concentrated in few states revealing the regional nature of poverty India, Economits call it poverty pockets. It lays bare the inefectiveness of poverty erdication measurers of the government. India’s Hindi heartland states comprising of Bihar, Madhya Pradesh, Orissa and Uttar Pradesh had a share of 50 per cent of India’s rural poor in 1983. This share had gone up to 55 per cent in 1993-1994 and after economic reforms this share increased to 61 per cent in 2004-05. Like rural poverty urban poverty also rose. Urban poverty rose in seven states namely Bihar, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, and Uttar Pradesh. Urban poverty in these states rose 61.60 per cent in 1983 to 70 per cent in 1993-94 to 76 per cent in 2004-05.

These studies bring to light that five major states , Bihar, Madhya Pradesh, Maharashtra, Orissa and Uttar Pradesh had total share of 65 per cent of poor in India in 2004-05.

Table 3: Extent of Under-nutrition in Indian states (2005-06)

State	Children [% below -3 SD] Height-for-age (Severely Stunted)	Weight-for-height (Severely Wasted)	Weight-for-age (Severely Underweight)	Body Mass Index [<18.5(total thin)] Women	Men	Per capita Income (2005-06)	Category
Maharashtra	19.1 (6)	5.2 (7)	11.9 (6)	36.2 (8)	33.5 (6)	40947 (1)	
Haryana	19.4 (7)	5.0 (5)	14.2 (9)	31.3 (4)	30.9 (5)	40313 (2)	
Gujarat	25.5 (11)	5.8 (9)	16.3 (11)	36.3 (9)	36.1 (11)	36102 (3)	High Income
Kerala	6.5 (1)	4.1 (3)	4.7 (1)	18.0 (1)	21.5 (2)	34837 (4)	
Tamil Nadu	10.9 (2)	8.9 (13)	6.4 (2)	28.4 (3)	27.1 (3)	34126 (5)	
Punjab	17.3 (3)	2.1 (1)	8.0 (3)	18.9 (2)	20.6 (1)	33960 (6)	
Karnataka	20.5 (9)	5.9 (10)	12.8 (7)	33.5 (5)	33.9 (7)	29231 (7)	Middle Income
Andhra Pradesh	18.7 (5)	3.5 (2)	9.9 (4)	33.5 (6)	30.8 (4)	27486 (8)	
West Bengal	17.8 (4)	4.5 (4)	11.1 (5)	39.1 (11)	35.2 (8)	23808 (9)	
Rajasthan	22.7	7.3	15.3	36.7	40.5	19445	

	(10)	**(11)**	**(10)**	**(10)**	**(13)**	**(10)**	
Odisha	**19.6**	**5.2**	**13.4**	**41.4**	**35.7**	**17964**	
	(8)	**(8)**	**(8)**	**(12)**	**(10)**	**(11)**	
Madhya Pradesh	**26.3**	**12.6**	**27.3**	**41.7**	**41.6**	**15927**	**Low Income**
	(12)	**(14)**	**(14)**	**(13)**	**(14)**	**(12)**	
Uttar Pradesh	**32.4**	**5.1**	**16.4**	**36.0**	**38.3**	**13443**	
	(14)	**(6)**	**(12)**	**(7)**	**(12)**	**(13)**	
Bihar	**29.1**	**8.3**	**24.1**	**45.1**	**35.3**	**7798**	
	(13)	**(12)**	**(13)**	**(14)**	**(9)**	**(14)**	

Source: NFHS 3, IIPS Mumbai.

Economic growth is expected to improve the lives of the common people in any country. Economic growth in any country is unsustainable if the growth benefits only the privileged section of the society bypassing the mass of underprivileged. Malnutrition is one of the indicators of deprivation. This section explores the impact of India's economic growth on widespread malnutrition persisting for quite a long time. Fruit of growth, if distributed evenly among all population, under nutrition is sure to come down. Studies by eminent scholars in different country contexts (Strauss and Duncan (1998), Haddad (2002) reveal that income growth has positive impact on reducing malnutrition. In case of India, some districts are severely affected by chronic under nutrition .Incidence of deaths caused by under nutrition is quite alarming. Table 3 presents extent of under nutrition across Indian states by way of incidence of severely stunted, severely wasted and severely underweight children in India. The table also exposes the magnitude of thinness among adult men and women in India. The anthropometric data in the table has been sourced from the findings in the National Family Health Survey conducted in 2005-06. We have linked the anthropometric data with average per capita income of the states. .The table presents an interesting contrast between richness of a state, as measured by average per capita income, and the health indicators of population. For example, Maharashtra is the richest state in India in term of per capita income but it stands at 6th position among Indian states in terms of percentage of severely stunted children. In other measures of health parameters like severely, wasted, severely underweight and adult thinness as measured by Body Mass Index(BMI), Maharashtra lags behind almost six or seven states. The second most richest state , Haryana, has almost same situation. Performance of Gujarat, despite its high economic growth and high per capita income, is horrible. It stands at 11th position in the ranking of incidence of severely stunted as well as severely underweight children. It also stands at 11th position in the rank of male thinness. The low income states have performed badly in terms of nutritional indicators. But Kerala is a unique example among the states for remarkable performance in reducing mal nutrition. Tamil Nadu's performance in reduction in mal nutrition is equally laudable.

Looking for Explanation

Indian society, for thousands of years since its emergence, bears the distinguishing mark of diversity in terms of caste, religion, language, occupation and geographies. India's Heterogeneity is unique. Economic inequality in India is reinforced by caste hierarchies that have its origin thousands of years back. After independence, the Government of India adopted five year plan to eradicate mass poverty and reduce inequality. The policy makers conceded that inequality with its deep root in Indian soil could not be removed over night. But the state must strive to attain an egalitarian society over the years and bring down the extent of economic equality through appropriate public action in course of planned development. Import substitution, trade protection and control were the hallmarks of the India's economic policy since the commencement of the first five year plan. After almost three and half decades India began to adopt a little bit of market oriented reforms in the middle of late eighties. It was the first departure from Nehruvian socialism. But a complete turnaround happened in the year 1991. India adopted neoliberal economic policy that emphasised liberalization, privatization and Globalization (LPG). Over the last three decades since the adoption of neo-liberal policy India today is the fastest growing economy. It has overtaken china now in GDP growth rate. But the spectacular economic growth in contemporary India has not resulted in shared distribution of its fruits among all sections of people. Resources generated in the wake of liberalization have been inadequately utilized for alleviation of poverty and inequality that still persists and plagues a significant section of Indians. Market oriented reforms undertaken in India is fraught with the danger of state withdrawal from the state responsibility of providing opportunity for development of the underprivileged who lacks the purchasing capacity in the market. The role of state as driver of development is paramount. State is the facilitator of opportunities for the people. The state must build up institution and establish rules for the sake of market to flourish. in such a way that people live happier and healthier lives. Without these state actions, sustainable development would be impossible (World bank, 1997). The world witnessed a magnificent development of the countries in the East Asia after Second World War. In each of the, east Asian countries, state played a vital role as facilitator (Young 1992, Krugman 1994). These countries introduced universal quality education and health to improve the capability of their people. These states equipped their young people with basic skills needed for industrial production in the twenty first century. India, since her birth as a free nation, neglected basic education (Dreze & Sen, 1995), Sen, 1999). Compared to Primary education India, spent more on higher education. An economist calculated that investment on higher education exceeds primary by a factor of Six in India(Balakrishnan, 2010).

INCLUSIVE GROWTH

Economic growth creates opportunities for better lives of the people. Each and everyone in the society must enjoy the fruits of growth. The later is called inclusive growth. Growth is inclusive when it facilitates all members to participate in and contribute to the growth process on an equal footing regardless of their individuals circumstances (Ali & Zhuang 2007.) The importance of equal access to opportunities for all lies in its intrinsic value as well as instrumental role (Ali, 2007). The intrinsic value of inclusive growth relates to human rights on the one hand and ethical point of view on the other hand. All citizens have fundamental right of access to opportunities created around them. It would immoral and unethical to deprive a section of society to deny access to opportunity. The instrumental value of inclusive growth lies in the sustainability of the growth process. Equal access to opportunities creates growth potential, while unequal access of opportunities leads to inefficient utilization of productive resources. It erodes social harmony and paves the way for social conflict and instability.

India's remarkable growth performance in recent years is not credited with bringing down economic inequality which is further reinforced by social discrimination entrenched in Indian society for thousands of years. Inclusive growth process must take in to account the underlying factors that give rise to inequality. It must address the causal factors that trigger economic inequality. This paper has shed light on the per capita income growth over the last forty years among the major states in India (Table 1). Regional inequality in income growth is manifest. Most populous states in Hindi heartland of India had failed to move ahead an inch in the ranking of states during last forty years. Income inequality, for whole of India has gone up. In some rich sates like Gujarat and Maharashtra, income inequality has gone up manifolds over the period after economic reforms. We have noted failures of the ongoing growth process in addressing regional variation, poverty reduction and reduction of mal nutrition in contemporary India. .

Government conceded the rising inequality by airing its concern in the document of 11th Five year plan(2007-20012). The plan document defines inclusive growth to be " a process which yield broad-based benefits and ensures quality of opportunity for all". It spelt out " an equitable allocation of resources with benefits accruing to every section of the society". In the 12th five year plan government declared its commitment to aam admi(common man). Variety of rights based programmes was emphasized to improve the quality of lives of common man in India: national food security act, employment guarantee act, right to education act etc.

Unfortunately anti-poverty programmes including rights based ones, taken up in India since the beginning of India's journey as independent nation have not been successful in enhancing capabilities and expanding agencies of India's common man , particularly of the 'poorest of the poor'. Equal access to opportunities for development for all in India is eluding. Studies are a plenty to suggest that there is correlation between economic growth and level of public expenditure on social development including education and health(Habito 2009). Education is the most significant factor in poverty reduction as education equips the learners with skill. Skilled jobseekers are most likely to get employment in the upcoming business, industries and in service sector. Ravallion and Datt(2002) reported that nearly two thirds of the difference between the elasticity of the headcount index of poverty to non farm output for Bihar and Kerala was attributable to the latter's substantially higher literacy rate. While Bihar, as India's second poorest state has literacy rate of 63 per cent where as Kerala has 94 per cent literacy rate as per latest census of India. Quality of primary education, despite significant increase in quantity in recent years by way of expansion in access and retention, is just horrible. Many other countries of the world with similar economic background and with similar circumstances had done done much better in quality achievement. For example in PISA ranking conducted by OECD India stands at 73rd position out 74 countries in primary education competency test (OECD 2012). Indian now must focus on primary education as priority. India's education investment is too low compared to her fellow members in BRICS forum. As per report named as Development programme released by the World bank in 2013 India's investment on education as per percentage of GDP is 3.3 per cent compared to around 6 per cent for Argentina, south Africa and Brazil. India's public expenditure on health care in 2013 stands at 1.2 per cent of GDP. Shamefully the corresponding share is higher in Afghanistan(1.7), Bangladesh9(1.3) , Nepal(2.6), Sri Lanka(1.4) and Bhutan(2.7). (WHO 2015). This pattern of Government expenditure on health and education testify that spectacular economic growth in India did not translate in to equivalent increase in expenditure on human capital formation. By comparison public expenditure on health in most of the OECD countries hovers around five per cent on an average. Not only public expenditure on health is comparatively low, its distribution is uneven. The rich quintile of its population receives the major share (NRHM-2006). One manifestation of this imbalance is that skilled health workers attend just 16.40 per cent of births among 20 per cent of its population compared to 84. 40 per cent in the richest 20 per cent of it. Less than 3 per cent of India's population has private health insurance. One study in an wealthiest state in India, Punjab, reveals that (Singh-2010) health care cost have led to sale of immovable assets and severe indebtedness.

The role of state is important in providing facilities in areas of health, sanitation and water. Political parties, after coming to power, are least interested to take care of these vital social sector (Sen.& Dreze, 2013). These sectors demand greater focus if we desire to translate economic growth to promote of human development. India, still stands at 131 in the ranking of Human Development Index.

India must focus as priority to sole the long standing problem of poverty, inequality, social exclusion, weak institutions and rampant corruption in public delivery system. The fundamental premise of the new policy and action should be: opportunity, capability, access and security. Opportunity stands for generating facilities for all people for improving their lives. Capability would empower people to access the opportunities. Access means removing all obstacles on the way of the people to improve their lives. Security is the network for state protection from loss of livelihood. Thus inclusive growth calls for reducing social and economic disparities that would only result in sustainable growth.

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