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12th Five Year Plan

Taking "Inclusive Development" from Myth to Reality

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The Planning Commission of India posted the draft Document of the 12th Five year Plan on its website in the first week of December 2012 for feedback from the public before it is adopted by the National Development Council (NDC) on 28 December and declared the Five Year Plan for the country from 2012 to 2017. The stated vision of the Plan Document is "of India moving forward in a way that would ensure a broad-based improvement in living standards of all sections of the people through a growth process which is faster than in the past, more inclusive and also more environmentally sustainable". This mantra of "faster, sustainable and more inclusive growth" is indeed ideal and laudable, but the question is how can we make it possible? More importantly, what could be the consequences if we fail?

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Planning Commission of India first started talking of "inclusive growth" as an objective while formulating the 11th Five Year Plan which was in operation from 2007 to 2012. But we find that while this 11th Plan succeeded in achieving a remarkable rate of growth, it also witnessed impoverishment and exclusion of large sections of the populations from benefits of development. This was because of the singular focus of the planners on growth and not on distribution with the assumption that accelerated growth would trickle down to benefit all. Unfortunately this has not happened. On the contrary, the disparities seem to have increased.

11th Plan: Exclusion and Deprivations

Despite an average 7.9 per cent growth in GDP (Gross Domestic Product) during the 11th Plan Period -sometimes peaking to 9 per cent- the performance of India in terms of the Human Development Index (indicative of inclusive growth and the extent of population benefiting from development) saw a downward slide from 128th and 127th positions in 2000 and 2005 respectively to 134th position in 2009 and 2011. While a handful are reaping benefits and have entered the billionaires club, millions are being forced into deprivation and disempowerment. For the first time in history, four Indians found a place amongst the 10 richest people of 2009, but three out of every ten poor people in the world in the same year were also Indians - an unusual phenomenon of continuing poverty and marginalisation in the midst of galloping plenty.

While Planning Commission of India accepts GDP as a measure for assessing growth, it has not taken any steps to adopt any tool to quantitatively measure "inclusive growth". Models and measures are indeed available to determine inclusivity of growth in the form of Gini Coefficient (the measure of income inequality) and HDI (Human Development Index) etc., but what seems to be lacking is the appropriate development philosophy and political will to adopt them. With such systemic privileging of "growth" and gross omission of any measures to assess "inclusion", our planning process has taken a trajectory that has resulted in the doubling of inequity in incomes in India during the last 20 years, making it the worst performer on this count of all emerging economies according to a report of OECD

(Organisation of Economic Cooperation and Development) released in December 2011. The OECD Report further shows that the top 10 per cent wage earners in India now make 12 times more than the bottom 10 per cent. Ironically, this was also a period when the GDP of the country started increasing at an unprecedented rate making it one of the fastest growing economies in the world.

Further, despite all assertions of social inclusion, India spends an abysmal 5 per cent of its GDP on social protection schemes as compared to more than 15 per cent by Brazil, and during the last two decades India's Gini Coefficient has climbed from 0.32 to 0.38 with 0 being the ideal score.

Conflicts: A Product of Inequity and Marginalisation

The deprivation and exploitation of millions of poor seems to be turning them against the system as they find themselves more and more excluded from the benevolent and protective character of the State. This disenchantment and exclusion of the masses is getting translated into a variety of social and political conflicts and manifests itself as agitations, riots, resistance, militancy and even demands for secession organised around caste, class, communal, regional and ethnic lines. Already one-third of the country is afflicted by some form of serious conflict due to the exploitative and unsustainable philosophy of growth we seem to be pursuing. Even the Planning Commission has explicitly stated in its Plan Document for the 12th Five Year Plan that "agitations around land acquisition, deforestation, water use, air and water pollution, and also our response to natural disasters have become more and pose challenges which this Plan must address squarely."

If left unaddressed, all these conflicts could lead to increased violence between more and more groups and communities, set ablaze most of the country and have the potential of bringing down the legitimacy of the state and cause irreversible damage to the national polity. Hence, it is imperative that any planning process of the State should also focus on deliberations about how development in different spheres is contributing to generation/enhancement of conflicts and explore the possibility of using the planning process for mitigation of conflicts rather than provide conditions for their accentuation as seems to be the case now.

Adoption of Multiple Parameters

The Plan Document asserts that "our focus should not be just on GDP growth itself, but on achieving a growth process that is as inclusive as possible" and rightly accepts that "strong inclusive growth is the only scenario that will meet the aspiration of the people". But in terms of its approach and methodology, it unfortunately continues its primary focus on providing impetus to "growth" (fixing a target of achieving 9 per cent GDP growth), but adopts no methodologies to measure and monitor "inclusive growth" despite explicitly mentioning that "the extent of inequality is measured by indices such as the Gini coefficient". If the Planning Commission is indeed serious and honest about "inclusive growth" then it should also fix targets for Gini coefficient, HDI and other such measures also. Otherwise it would appear that "inclusive growth" is being used more as a slogan for effect than a parameter for the planning process.

Endgame

It is rightly said that growth for the sake of growth is the philosophy of a cancer cell. Whether we are the RBCs (Red Blood Corpuscles) or cancer cells for Mother Earth, the option can change with the Twelfth Plan. All that is required is a politics oriented towards the underprivileged, a will that can resist corporate greed and the power of international capital

Web Link

<http://www.epw.in/web-exclusives/12th-five-year-plan.html>