Incredible India to Inclusive India: ICICI Foundation—A Case Study

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Abstract

The paper raises the curtain on the reason why inclusive growth is becoming a much hyped term. It has two distinct sections. Section A differentiates between inclusive growth and pro-poor growth and then establishes how the eleventh five year plan has progressed with regards to inclusive growth. The direction given by the twelfth five year plan is also studied. Section B then studies the ICICI foundation in its role of an institution in India towards inclusive growth.

Key words: Inclusive growth in India, ICICI foundation, pro-poor growth

Introduction:

In the last few years, inclusive growth is becoming a much hyped term; being used by Indian government agencies as well as multilateral aid agencies, such as the United Nations, the World Bank, Asian Development Bank and several nongovernmental organizations (NGOs).

While poverty and living standards have improved in the Asia Pacific region, more than 900 million people in Asia and the Pacific still live on less than $1.25 a day. Large numbers of people are being left behind or left out in terms of economic growth and access to social services. The social indicators of poverty in the region, as expressed in the Millennium Development Goals (MDGs) have also shown substantial improvement since the 1990s.

It is in this context that "inclusive growth" has emerged as a new development paradigm in many countries.

Section A of the paper differentiates between inclusive growth and pro-poor growth. It then establishes how the eleventh plan has progressed with regards to inclusive growth and what is the direction taken by the twelfth five year plan. Section B takes up ICICI foundation as a case study to study its role in developing inclusive growth.

Section A

Inclusive growth Vs Pro-poor growth:

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.

Inclusive growth believes in a long term perspective and follows the following two principles:

(a) For growth to be sustained in the long run, it should be broad-based across sectors.
(b) It should also be inclusive of the large part of the country’s labor force, where inclusiveness refers to equality of opportunity in terms of access to markets, resources and unbiased regulatory environment for businesses and individuals.
Thus inclusive growth focuses on **productive employment** rather than income redistribution.

**Incredible India and the Five Year Plans:**

Following are the Eleventh Plan achievements of Inclusive growth:

1. GDP growth in the Eleventh Plan 2007–08 to 2011–12 was 8 per cent compared with 7.6 per cent in the Tenth Plan (2002–03 to 2006–07) and only 5.7 per cent in the Ninth Plan (1997–98 to 2001–02). The growth rate of 7.9 per cent in the Eleventh Plan period is one of the highest of any country in that period which saw two global crises.

2. Agricultural GDP growth accelerated in the Eleventh Plan, to an average rate of 3.7 per cent, compared with 2.4 per cent in the Tenth Plan, and 2.5 per cent in the Ninth Plan.

3. The percentage of the population below the poverty line declined at the rate of 1.5 percentage points (ppt) per year in the period 2004–05 to 2009–10, twice the rate at which it declined in the previous period 1993–94 to 2004–05. (When the data for the latest NSSO survey for 2011–12 become available, it is likely that the rate of decline may be close to 2 ppt per year.)

4. The rate of growth of real consumption per capita in rural areas in the period 2004–05 to 2011–12 was 3.4 per cent per year which was four times the rate in the previous period 1993–94 to 2004–05.

5. The rate of unemployment declined from 8.2 per cent in 2004–05 to 6.6 per cent in 2009–10 reversing the trend observed in the earlier period when it had actually increased from 6.1 per cent in 1993–94 to 8.2 per cent in 2004–05.

6. Rural real wages increased 6.8 per cent per year in the Eleventh Plan (2007–08 to 2011–12) compared to an average 1.1 per cent per year in the previous decade, led largely by the government’s rural policies and initiatives.

7. Complete immunization rate increased by 2.1 ppt per year between 2002–04 and 2007–08, compared to a 1.7 ppt fall per year between 1998–99 and 2002–04. Similarly, institutional deliveries increased by 1.6 ppt per year between 2002–04 and 2007–08 higher than the 1.3 ppt increase per year between 1998–99 and 2002–04.

8. Net enrolment rate at the primary level rose to a near universal 98.3 per cent in 2009–10. Dropout rate (classes I–VIII) also showed improvements, falling 1.7 ppt per year between 2003–04 and 2009–10, which was twice the 0.8 ppt fall between 1998–99 and 2003–04.

The twelfth five year plan (2012-2017) talks about faster, more inclusive and sustainable growth. While focussing on rapid growth of GDP, it details out what inclusiveness means from different perspectives:

1. Inclusiveness as poverty reduction: Ensuring adequate flow of benefits to the marginalized and poor.

2. Inclusiveness as group equality: Growth seen as fair by all socio-economic groups those constitute our society. Inclusiveness should also include SC, ST, OBC and minorities, the differently abled and other marginalized groups. Gender based equality also forms a focus group.
3. Inclusiveness as regional balance: Whether all states, and all regions are getting the benefits of growth. many of the erstwhile backward States have begun to show significant improvement in growth performance and the variation in growth rates across States has narrowed. However, both the better performing and other States are increasingly concerned about their backward regions, or districts, which may not share the general improvement in living standards experienced elsewhere.

4. Inclusiveness and inequality: The extent of inequality is measured by indices such as the Gini coefficient, which provide a measure of the inequality in the distribution on a whole, or by measures that focus on particular segments such as the ratio of consumption of the top 10 per cent or 20 per cent of the population to that of the bottom 10 per cent or 20 per cent of the population, or in terms of rural–urban, such as the ratio of mean consumption in urban versus rural areas.

5. Inclusiveness and empowerment: Finally, inclusiveness is also about empowerment and participation. It is a measure of the success India has achieved in building a participatory democracy that people are no longer prepared to be passive recipients of benefits doled out by the Government. This brings to the fore issues of governance, accountability and peoples participation to much greater extent than before. This also covers areas like access to information about government schemes, knowledge of the relevant laws and how to access justice.

Inclusive growth is largely the responsibility of the government. However, the private sector can also play an important part. Section B of the paper studies what the ICICI foundation has been doing for inclusive growth.

Section B

ICICI Foundation: A Torch Bearer of Inclusive Growth

The ICICI foundation was established in 2008 with an objective of scaling up and accelerating philanthropic initiatives of the ICICI bank. It has a vision of “A world free of poverty in which every individual has the freedom and power to create a just society in which to live”. Inclusive growth has been a priority for the ICICI group both from business and social perspective. The focus of ICICI foundation has been on the following identified areas:

1. Elementary education
2. Sustainable livelihoods
3. Primary health and
4. Access to Finance

Elementary Education: For growth to be inclusive and sustainable, elementary education is a prerequisite. The ICIC foundation has a six year partnership with the Government of Rajasthan for the “School and Teacher Education Reform Programme”. This programme aims to deliver child-centric learning environments in elementary schools where teachers act as facilitators for instilling critical thinking and meaningful learning among students. This initiative targets to ultimately impact over 7 million children, 300,000 in-service teachers and 20,000 new teachers in 81,000 government schools across Rajasthan. The Government of India’s National Curriculum Framework (NCF) 2005, National Curriculum Framework for Teacher Education (NCFTE) 2009 and Right of Children to Free and Compulsory Education (RtE) Act 2009 provide the framework for the School and Teacher Education Reform Programme. This programme has four elements: Revision and Renewal of curriculum, syllabus guidelines and new textbooks; teacher education and training; Governance and Institutional
Accountability and Impact Assessment. An English Relay programme is also being run in Assam and a muktangan pre-service teacher education programme is also being run by ICICI foundation.

Sustainable Livelihoods: In India, there is an urgent need to bridge the gap between demand and supply of skilled labour considering the growing employment opportunities emerging with high growth in the economy. In the next decade, economic growth is likely to create over 500 million jobs, 75% of which will be skill based. As of today, 70% of the people entering the job market every year are unskilled and need to be aided through appropriate skill development. Rural Self Employment Training Institute (RSETI), Udaipur and Jodhpur were established on March 5, 2006 and March 10, 2007 respectively under the directive of MoRD as part of eBOR (Erstwhile Bank of Rajasthan). ICICI Foundation offers intensive short-term residential and on location training programmes in various trades. Over 3200 rural youth have been trained across all courses at ICICI Foundation’s RSETIs.

Primary health care: Proper healthcare and nutrition from childhood ensures that individuals become productive members of society. The Foundation’s work in health focuses on strengthening public health delivery systems which will improve access to healthcare for some of the poorest communities across India. Recent studies show that outpatient healthcare focus is on two developments. First there were 676,535 beneficiary enrolments in the Outpatient Healthcare Programme with and second, a new MoU was signed with the Government of Rajasthan to work on Strengthening Convergent Action for Reducing Child Undernutrition, in Baran district, Rajasthan.


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