

The introduction of economic reforms meant structural adjustment from a predominant role of the state in the economy to growing importance of market forces. Market driven economic structure is likely to have more emphasis on growth and less on social equity. Hence, since the early phase of economic reforms there has been a call for ‘structural adjustment with human face’; ‘human face’ referring to equity and increased empowerment. The experience of economic reforms in India has shown relatively high growth performance. But there has been slow rate of reduction in poverty, low levels of employment growth, increase in rural-urban disparities, inequalities across social groups, and regional disparities. Agriculture suffered neglect causing widespread distress among farmers. The rate of decline in infant mortality has slowed down in the reform period. The high growth rates reflecting the growth of services, information and communication technologies, foreign trade and foreign exchange reserves, financial markets etc. brought unprecedented prosperity to a small section. But a large segment of rural and informal India has been excluded from this prosperity. There has been social exclusion in terms of regions, social and marginal groups, women, minorities, and children.

It is, in this context, that the Approach Paper to the Eleventh Five Year Plan suggests moving ‘Towards Faster and More Inclusive Growth’. It acknowledges that the economic growth has failed to be sufficiently inclusive, particularly after the mid-1990s. The Eleventh Plan aims at restructuring policies to achieve a more broad-based and inclusive growth.

Check your Progress – 1

1. What is the basic difference between growth and development?

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2. What is the rationale for the role of state in an underdeveloped economy?

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3. What is the place of distributional aspect in ‘inclusive growth’?

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