

6

Inclusive and Sustainable Development

Bibek Debroy*

Inclusive development and sustainable development are related, but they are also distinct in nuance. Growth, measured as GDP or otherwise, is not an end in itself. It is a means to an end. In any event, it is an aggregate measure based on value of goods and services, and does not incorporate distribution. Hence, in addition to income or per capita income growth, down the years, economists have thought of additional indicators to measure development, and its obverse, deprivation. Thus, going beyond head-count ratios of poverty, there have been other measures to supplement GDP – physical quality of life indicators, human development index, multi-dimensional poverty index and MDG & SDG frameworks, with a nesting of goals, targets and indicators. Stated simply, benefits of growth must be broad-based. There must be improvements in social sector indicators, health and education. The composition of growth must be such that it leads to poverty reduction and employment creation. That is the canvas of inclusive development, which encompasses both equity and equality. Equality is about

* Chairman, Economic Advisory Council to the Prime Minister of India

the distribution of outcomes, such as income, while equity is about equality in access. It is equity that brings about empowerment.

That is why India's priorities for the 2023 New Delhi G20 Summit included "Accelerated, Inclusive & Resilient Growth," "Accelerating progress on SDGs," "Technological Transformation and Digital Public Infrastructure," and "Women led Development." These along with a focus on the challenges posed by climate change are critical elements as the world looks to achieve inclusive and sustainable development for all. India's G20 priorities have been carefully chosen based on some of its own experiences. It is also the result of a global consultative process.

First, a look at India's own experiences and how that has shaped its G20 priorities. Since 2014, the Narendra Modi government has been conscious about the importance of growth and entrepreneurship, reflected in various initiatives under the Ease of Doing Business head, including liberalization and private sector entry. Entrepreneurship does not mean for the corporate sector alone, but also for MSMEs and women entrepreneurs. The guiding principle behind policies has been "Sabka Saath, Sabka Vikas, Sabka Vishwas, Sabka Prayas". "Sabka Vishwas" means "everyone's trust". For both G2B and G2C transactions, this implies reducing the malign hand of excessive government intervention, imparting transparency and using IT to curb rent-seeking associated with human interfaces. This facilitates growth and entrepreneurship. Without growth, redistribution will be inadequate. It can amount to a redistribution of poverty. Growth unleashes public and private resources that can be used to further the cause of inclusive development. India's growth record, particularly after Covid, has been remarkable. Per capita income has increased and India is on its way towards becoming the third largest economy in the world, measured in official exchange rates and US dollars. In PPP (purchasing power parity) terms, India is already among the top three economies of the world.

NITI Aayog in a recent report pointed out that a record 135 million people had moved out of multidimensional poverty between 2015-2016 and 2019-2021. The broad methodology followed for measuring multidimensional poverty is in consonance with the global methodology. It is based on measurements of simultaneous deprivations across the three equally weighted dimensions of health, education, and standard of living that are represented by 12 SDG-aligned indicators. These include nutrition, child and adolescent mortality, maternal health, years of schooling, school attendance, cooking fuel, sanitation, drinking water, electricity, housing, assets, and bank accounts. Marked improvement is witnessed across all the 12 indicators, according to the report. The report, states that India has registered a significant decline of 9.89 percentage points in number of India's multidimensionally poor from 24.85 per cent in 2015-16 to 14.96 per cent in 2019-2021. The rural areas witnessed the fastest decline in poverty from 32.59 per cent to 19.28 per cent. In the urban areas, the reduction in poverty was lower -- from 8.65 per cent to 5.27 per cent.

Another report on poverty by the United Nations Development Programme lauded India for lifting 415 million people from multidimensional poverty in a period of 15 years between 2005 and 2019. With 415 million people exiting multidimensional poverty in the last 15 years, this has significantly contributed to the decline in poverty in South Asia. For the first time, South Asia is not the region with the highest number of poor people, at 385 million, compared with 579 million in Sub-Saharan Africa.

India now has a template for *Amrit Kaal*, the development trajectory leading up to 2047, when India will celebrate 100 years of Independence. Prime Minister has set an aspirational target of "Vikashita Bharata" by 2047, which translates into a "developed" India by 2047. Though India will achieve "upper middle income" status by then, as defined by the World Bank, the aspiration of "developed" India should not be construed in narrow per capita income terms.

Growth is a necessary condition for inclusive development, not a sufficient one. “Sabka Saath, Sabka Vikas”, (with everyone, and development for everyone) captures the essence of inclusive development. Reducing government’s malign role may be important, but increasing its benign presence is no less so. Especially, in a relatively poor country like India, government cannot afford to abdicate. Therefore, there has been a conscious provisioning of collective goods in areas and parts of society hitherto bypassed and marginalized. This applies to neglected geographical segments, not mainstreamed in the development process earlier, too. Such interventions cover physical infrastructure (roads, railways, civil aviation, waterways and drinking water, electricity, cooking gas, sanitation, sewage treatment), social infrastructure (education, skills, health, social security like pensions and insurance), financial products (bank accounts, credit) and the digital public infrastructure known as India Stack.

While reforms allow markets to function, the disadvantaged and deprived need such collective goods or inputs to tap opportunities that markets open up, not to speak of sectors like digital public infrastructure where market failures exist. In addition, some collective goods are merit goods. Thus, targeted beneficiaries need subsidies. In this, leakages have been reduced by using direct benefit transfers into bank accounts, linked to Aadhaar numbers. This kind of welfare model has been achieved without giving up the goal of fiscal consolidation. Even before the Covid pandemic, India’s success in ensuring this inclusion and provision of basic necessities was applauded. That became more evident after the pandemic and India’s digital success in eliminating the digital divide has not only been praised, it has also sought to be emulated. In passing, the “Sabka Prayas” (with everyone’s effort) is no less important. The Swachh Bharat Mission is an example of this, highlighting that governance is broader than government alone.

SDGs have several goals, targets and indicators that are part of the inclusive development agenda. Traditionally, sustainable

development has meant protecting interests of future generations and curbing over-exploitation of the earth and environment. This has been part of the Indian heritage and ethos, repeatedly mentioned in sacred texts. This narrower meaning of sustainable development cuts across all the SDGs, but is especially articulated in SDG 13. India's endogenous attempts have taken the forms of the International Solar Alliance, clean energy transition and commitments on net zero emissions by 2070 and production of 50 per cent of electricity from renewable energy sources by 2030. At COP-26 in Glasgow in October 2021, Prime Minister Modi introduced the concept of Mission Life, a mass movement to introduce behavioural changes, encompassing energy, water, single-use plastic, sustainable food systems and waste and e-waste reduction. Such a nudge is also about "Sabka Prayas".

On sustainable development, India's endogenous attempts can, at best, be limited, taken in isolation. Post-Covid, all countries have deviated from 2030 SDG targets. But India's deviation has been less than that of more advanced economies, tracked across indicators. Partly because of Covid and its consequences, and partly because of geo-political tensions, more advanced economies have turned protectionist and have withdrawn from globalization and SDGs. The slogan of "vasudhaiva kutumbakam", "the world is one family", is not meant for India alone. India's priorities are those of reducing poverty and providing basic necessities to its citizens. Many sustainable development initiatives are technology and resource intensive, which is why something like SDG 13 is a collective responsibility. As the G20 Presidency, that is the message India conveyed on behalf of the Global South.

In his address to the G20 Development Ministers' meet organised at Varanasi, the Prime Minister said: "I strongly believe that it is our collective responsibility not to let the Sustainable Development Goals fall behind. We must ensure that no one is left behind. It is imperative for this group to send a strong message to the world that we have an action plan to achieve this. Our efforts

must be comprehensive, inclusive, fair, and sustainable. We should increase investment in fulfilling the SDGs and find solutions to address the debt risks faced by many countries. Multilateral financial institutions should be reformed to expand the eligibility criteria, ensuring that finance is accessible to those in need.”

Prime Minister’s appeal to the G20 Development Ministers came after India organised a summit of leaders from the Global South in January 2023 during India’s G20 presidency. The aim was to ensure their voices – their concerns and aspirations - are heard at the global high table at the G20 summit in New Delhi. As the world’s largest democracy, India’s G20 presidency is a watershed moment to showcase its strong commitment to multilateralism and people centric development that India itself has followed at home. India has been piloting the G20 platform to resonate with the Global South’s perspective, pushing for systems that ensure equity for the developing world.

The problems of debt, financing, growth and the need to fulfil SDGs are among the challenges afflicting the Global South besides the complications brought on by the climate crisis and geo-politics. The latter includes food, fuel and fertiliser shortages. As External Affairs Minister S Jaishankar put it at the G20 Foreign Ministers’ meeting in March 2023, the crises around food, fertilizers and fuel security scarcity are “truly make or break issues for developing countries....Such issues should not be relegated to the periphery of the international discourse. They are in fact, crucial to the global economy and must be treated as such. Indeed, we urge that they be central to any decision making.”

As G20 Presidency India’s effort has been to keep the spotlight steady on these issues while offering its homegrown solutions as answers. Indeed India’s Digital Public Infrastructure has gone a long way in ensuring that people were sustained on rations and monetary aid handed directly to them during the pandemic. India’s record of providing benefits to its citizens directly was acknowledged

by the International Monetary Fund. This infrastructure, which is publicly owned but also used by private entrepreneurs is what is driving digital transformation in India that, in turn, drives the path to increased productivity.

As India wrapped up the Gandhinagar G20 meet of the Finance Ministers and Central Bank Governors, Finance Minister Nirmala Sitharaman pointed out that India had been “able to take the issues to the G20 which the Global South had raised in ‘Voice of the Global South Summit’ in January 2023. “We have been able to push the agenda of debt distress, which is happening in the Global South as well, and that there’s a need for speedy and effective resolution. I’m glad that since February when we started talking about the issue, resolutions are now happening speedily and effectively,” she said.

At the Gandhinagar meeting, there was agreement on many key issues, including a common framework for debt. Besides ensuring that the Global South is heard by the world’s most influential grouping, Prime Minister Narendra Modi has also aimed to ensure fair and inclusive representation within the G20 forum. This is why India has also ardently advocated the inclusion of the African Union as a permanent member of the G20. The Prime Minister has already written to all G20 leaders to advance this cause and several countries have already indicated their support. An inclusive G20 is key to ensuring a more equitable and more sustainable world.

Also important for inclusive and sustainable development is the reform of multilateral lending institutions. Multilateral lending institutions need to be made more democratic and responsive to the challenges of our times – they need to help nations of the Global South with resources to meet their development goals and climate challenges of adaptation and mitigation besides health issues.

Under its G20 Presidency, India has constituted a G20 Expert Group on Strengthening Multilateral Development Banks (MDBs). The objectives of the group constituted in March 2023 includes

providing a roadmap for an updated MDB ecosystem for the 21st century, with milestones and timelines, touching upon all aspects of MDB evolution. The Group evaluated various estimates regarding the scale of funding required by MDBs for addressing the member countries' increased financing needs for SDGs and transboundary challenges, and mechanisms for coordination among MDBs to address and finance global development and other challenges more effectively, and has come up with interesting recommendations.

As the G20 Presidency, India is bridging the gap between the G7 and G20 forums. Ultimately, any bridge between the two can only be built on the solid foundations of international cooperation. With its economic, geographic and cultural diversity, besides a large emerging market economy whose economic growth in 2023-24 will be the strongest, according to the IMF, India is the perfect candidate to bring the international community together in a meaningful dialogue that goes beyond mere words and delivers tangible results to touch lives.

“It's not in the nature of India or Indians to be inward-looking or self-centered. We are a forward-looking civilisation and a vibrant democracy that looks to interact with other countries to build a better world.”

*— Shri Narendra Modi
Hon'ble Prime Minister of India*