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**INCLUSIVE GROWTH AND REGIONAL DISPARITIES IN ANDHRA PRADESH****V. VANEENDRA NATHA SASTRY****ASST. PROFESSOR****DEPARTMENT OF HUMANITIES & SOCIAL SCIENCES****NALLA MALLA REDDY ENGINEERING COLLEGE****DIVYA NAGAR****ABSTRACT**

*This paper deals with inclusive growth and regional disparities in Andhra Pradesh. The Eleventh Five Year Plan, approved by the National Development Council on 19<sup>th</sup> December 2007 reaffirms India's commitment to a planned economic development to improve the economic conditions of our people and an affirmation of the role of the government in bringing about this outcome through varied social, economic, and institutional means. It provides a comprehensive strategy for inclusive development, building on the growing strength of the economy, while addressing weaknesses that have cropped up. The aim of strategy for growth in the 11<sup>th</sup> five year plan is to achieve a growth process that meets the objectives of inclusiveness and sustainability. It also includes policies that are sector specific to ensure that the structure of growth that is generated and the institutional environment in which it occurs achieves the objective of inclusiveness in all its many dimensions. To meet the needs of a growing economy and to promote social equality, education and skill development sectors receive high priority in the 11<sup>th</sup> plan. This can be achieved by empowering those currently excluded due to unequal access to education and skills to participate in the growth process. The main objective of this paper is to explain the factors that are neglected in the 11<sup>th</sup> five year plan in the context of social sector development. Immediately after the state was formed, the challenge of development policy was to form a single economic entity from the existing diverse units and to hasten the growth of its productive sectors along with the promotion of adequate opportunities to ensure broad based participation by all sections of society. This paper identifies the important elements of inclusive growth as: agricultural growth, employment generation and poverty reduction, social sector (health and education) development and reduction in regional and other disparities. Here, we confine our discussion to health and education from the four elements of inclusive growth.*

**KEYWORDS**

Inclusive growth, Social sector, Regional disparities, Poverty, Education, Health.

**INTRODUCTION**

The five year plans in our country are aimed at achieving a balanced development. However, the structure of the economy and social set up underwent many changes with the economic liberalization followed in the early 90s. Though the main strategies of the five year plans were growth with justice, alleviation of poverty, etc., it was noticed before the 11<sup>th</sup> five year plan that there are various reasons that were dividing the society vertically as well as horizontally. So, the 11<sup>th</sup> plan followed a strategy by bringing the marginalized sections into the development process that is called "Inclusive Growth".

The spending on the social sector has been increased to Rs. 1, 37, 674 crores in 2010-11 which is 37% of the total plan outlay of the 10<sup>th</sup> five year plan with special focus on the education and health sectors. Plan allocation for school education increased from Rs. 26, 800 crores in 2009-10 to Rs. 31, 036 crores in 2010-11 which constitutes a 16% increase. Additionally, under the Thirteenth Finance Commission grants for 2010-11, states will have access to Rs. 3, 675 crores for elementary education. In the health sector, an Annual Health Survey is proposed to be conducted in 2010-11 to prepare the District Health Profile of all districts. Plan allocation for health and Family Welfare increased from Rs. 19, 534 crores in 2009-10 to Rs. 22, 300 crores in 2010-11, which is an increase of 14%.

In a diverse country such as India, caste issue and the problems of inequality related to it, discrimination, regional imbalances, etc are hindrances to achieve inclusive growth. The time has arrived to discuss the issues that cropped up while inclusive strategies are implemented. The contribution of the economic development in the enhancement of the quality of life of the people evaluates the economic development of the country.

Human development is a measure to estimate the process of inclusion. The relationship between economic growth and human development suggested that nations may enter either a virtuous cycle of high growth in human development or a vicious circle of low growth of human development. The existence of these cycles depends on the strength of the links between economic growth and human development. The human development ratio of 2009 clearly illustrates that good education and health contribute to the economic growth and rise in people's income.

**OBJECTIVES**

1. Examine how inclusive growth is building bridges or creating tensions between groups and regions.
2. Examine the various social problems of SC, ST, OBC, women and religious minorities during the implementation of inclusive policies.
3. Assess the impact of inclusive policies on women empowerment.
4. Examine the hurdles in the path of inclusive growth.
5. Evolve certain strategies to formulate inclusive policies to uplift the weaker sections.

Globalization and economic reforms have been criticized that they have not achieved inclusive growth or equitable development. It is agreed internationally that we should have policies that achieve inclusive growth. Though there has been a significant growth in the economic condition of our country in the post reform period, the exclusion problems have not been addressed by the programmers and strategies of the government.

Andhra Pradesh has been formed into a state by combining regions of different historical legacies, backgrounds and institutional arrangements. The challenge of development policy immediately after the formation of the state was to integrate these different units into a single economic entity and accelerate the growth of its productive sectors by providing all sections of the society opportunities to participate in it. Though growth was higher in the last two decades, inclusive growth or equitable development is missing. The important elements of inclusive growth are: agricultural growth. Employment generation and poverty reduction, social sector (health and education) and reduction in regional and other disparities.

Before dealing with the health and education elements which are the focus of this paper, we examine the performance of economic growth, analyze the issues and challenges in social sector development, provide some suggestions to achieve inclusive growth and give concluding observations. An examination of Gross Salaried Domestic Product (GSDP) growth rates for Andhra Pradesh (A.P.) reveals that in the last ten years (1994-95 to 2004-05) GSDP was lower at 5.8% as compared to 6.4% during the decade 1984-85 to 1993-94. Growth rate in per capita GSDP increased significantly from 2.8% in the 80s to 3.9% in the 90s and to 4.8% during 2000-05. The higher growth rate in per capita GSDP was compared to all India in the last five years was partly due to lower population growth in A.P. than all India.

The per capita income in terms of net SDP in A.P. has always been lower than all India. The ratio of A.P. to all India per capita net SDP was 95.7% in the period 1993-96 which increased to 99.3% in the period 2002-05. Thus, A.P. seems to be catching up with all India in per capita income in recent years. Thus, we can conclude that, the economy of A.P. seems to be on a relatively high growth path of 7 to 8% in recent years. The fiscal performance is satisfactory. Population growth also declined significantly in the state. However, inclusive growth is important to reduce poverty and various types of inequalities in the economy and society.

Structural transformation in terms of workers shifting from agriculture sector to non agriculture sector is also important for alleviation of poverty. There are many challenges for achieving inclusive growth even if the economy records high growth of 7 to 8% per annum in GDP. In other words, achieving inclusive

growth is much more challenging than achieving 7 to 8% in GDP. There have been improvements in education and health in A.P. However, the state is backward in human development with a rank of 10 for Human Development Index. There are basically five problems in social sector in A.P.

1. The levels of social sector indicators in A. P. are much lower and progress slower than many other southern states of the country. The 61<sup>st</sup> Round NSS Survey shows that the literacy rates of A.P. are very low compared to other states. A. P. has the lowest literacy level among the rural males. 74% of rural males and 86% of rural females were either illiterate or educated only up to primary level. Only 7% of the rural females were educated up to secondary level. The literacy levels of the rural males and females are 55.8% and 39.1% which are less compared to that of urban males and females which are 76.7% and 62.5% respectively. The literacy rates among Muslims both male and female have been lowest among all religious minorities. The Sanchar Committee Report found that enrolment of Muslim children aged between 6 and 14 years was 81.8% which was lower than that of all-India level of 85.3% for all communities though it was higher than that of SCs and STs which was 79.3%. The literacy rate of Muslim girls is very low for many reasons such as risk due to growing communalism, dependency of the younger ones on older siblings for care, child labour for self employment due to high level of poverty etc. Muslim parents want to provide religious education along with the general curriculum to their children and the school timings clash with those of Madrasas and Maktabas. Regarding health indicators, in spite of decline in infant mortality rate from 7% in 1992-93 to 5.3% in 2005-06, A. P. ranks 11<sup>th</sup> among 17 states in the year 2005-06. In case of malnutrition among children, A. P. ranks 6<sup>th</sup> out of 17 states in the year 2005-06 though there is a decrease in percentage of underweight children from 4.5 in 1992-93 to 3.7 in 2005-06.
2. There are considerable social, regional, gender and rural-urban disparities in social sector indicators. For instance, female literacy rate varies from 32.8% in Mahabubnagar to 70% in West Godavari district. Infant mortality rate is lower in Krishna and Guntur compared to Vijayanagaram. Similar disparities exist among social groups and human development progress is lower in women than men.
3. Public expenditure on health and education is low. Lower funds are allocated to social sector expenditure in the post reform period than in the pre-reform period. Finance Ministry argues that enhanced public financing must be preceded by reform of the delivery mechanism. In A.P., the social sector expenditure as per cent of GDP was between 6 and 7 % in 2002-06 and social sector expenditure as per cent of total expenditure was between 30 and 35 %. In A.P., the expenditure on education and health has been between 10 and 13% compared to 12 to 17% in the country.
4. Infrastructure and quality of services are bad in health and education sectors. To ensure good quality of instruction, is the most difficult task. A recent study conducted at all India level revealed that 38% of children who completed 4 years of schooling are unable to read a small paragraph of short sentences and perform simple divisions. Similar problems exist in our state too which urges the need to improve quality of secondary and higher education.
5. Privatization of the health and education sectors is causing problems for the poor. The NSS data shows that the role of private sector in health care increased in A.P. The private sector accounted for about 70% inpatient care in rural areas as compared to 62% in urban areas in 1980s, which increased to 77.5% in rural areas in mid 90s. In case of outpatient care, the share of private sector was high in A.P. along with other states. Similarly, there are developments in education sector also. The suicides of some farmers are due to higher private expenditures on health and education in the state. These problems have to be dealt with for improving human development in A.P.

The Government of A.P. is implementing a statewide rural poverty eradication programme known as 'Velugu' or 'Indira Kranti Pathakam' based on social mobilization and empowerment of rural poor women which aims at enhancing assets, capabilities and the ability of the poor to deal with shocks and risks. This programme has contributed a lot to the improvement in the women's empowerment at the household and community level. The National Rural Employment Guarantee Scheme (NREGS) is another important scheme in wage employment programmes, the initial reports of the working of which have been positive though there are a few ground level problems. This scheme is better implemented in our state as we can efficiently track its progress with IT, social audit, post-office involvement etc.

### REGIONAL DISPARITIES IN ANDHRA PRADESH

One of the important elements of inclusive growth is reduction in regional disparities. Growth rate in district domestic product (DDP) provided by the Directorate of Economics and Statistics, shows that 7 districts of Telangana and 2 districts of North Coastal Andhra recorded higher growth rates than that of state average, while all the districts of South Coastal and Rayalaseema, 3 districts of Telangana and 1 district of North Coastal Andhra showed lower growth than that of state average.

In terms of per capita income, the gap between the poorest 4 districts and the richest 4 districts has widened. The high growth rates could be due to low base in some districts. However, out of 9 districts that recorded high growth rates compared to the state average, 4 have low base. Thus, definitely quality of growth is important. We are not sure of the quality of growth and whether it is inclusive growth in the Telangana districts with high growth rates.

Secondly, there are significant disparities in social development despite some favorable trends in DDP. The literacy rates for Telangana (excluding Hyderabad) and North Coastal Andhra were much lower than that for South Coastal Andhra. Female literacy rate is lowest in the Telangana districts. The drop out rate at primary education level for boys and girls were quite high in Telangana especially for SCs and STs. With regard to health care, private sector concentrated mainly on developed districts which lead to regional inequalities in the availability of medical facilities. The infant mortality rate is quite high in North Coastal Andhra, Rayalaseema and South Telangana.

Let us now check the progress of Millennium Development Goals in A.P. The recent study by CESS on the achievement of MDGs in A.P. tracks the progress at the state level and disparities across regions, social and economic groups in rural areas, considering 14 indicators including poverty, education, health, and gender equity. In case of education, the MDG is to ensure that by 2015, the net primary enrolment ratio is 100% and are retained until grade 5. There is a considerable progress in the enrolment in A.P. However, 100% completion rate is not likely to be met by all the groups in the state. Retaining enrolled children is the major task. Similarly, the gender equality in education will not be achieved by all groups except in urban areas. The rate of decline of infant mortality slowed down in rural A.P. In this trend, the goal of reducing the infant mortality rate by two-thirds is not achievable.

### SUGGESTIONS FOR ENHANCING INCLUSIVE GROWTH IN ANDHRA PRADESH

Though there is an increase in economic growth in the state, inclusive growth has to be improved. The following are some suggestions to improve inclusive growth.

1. Inclusive growth is important for enhancing growth and development. Growth is enhanced by reducing rural-urban disparities and regional disparities. Inclusive growth and economic growth go hand in hand if equity is defined in terms of empowerment and increase the participation of the poor.
2. Agriculture is the strength of our state and so its development has to be given top priority to enhance inclusive growth. Irrigation and water management, land issues, credit, marketing etc have to be improved to reduce farmers' suicides and improve agricultural growth.
3. Investment in infrastructure is important for inclusive growth, for which sequencing of reforms or phasing of public policy is important. Priority should be given to policies that improve quality and quantity of employment growth. Priority to public. Investment in physical and human infrastructure is one of the important factor responsible for inclusive growth.
4. Structural change in economy should follow agriculture-industry-service sequence. In GDP shares, A. P. jumped from agriculture to services without concentrating on manufacturing. Also, the share of employment in agriculture which is more than 58% is higher than the share of employment in manufacturing. Thus, industry has to be developed to improve employment.
5. It is important that opportunities for better health and education must be equally distributed to all the people. The state government should implement policies that focus on social change ending discrimination on the basis of caste, class and gender. Access to better health care and high quality education must be provided to one and all in the state. A constant emphasis on quality education and proper health care is required for inclusive growth.
6. In order to improve MDGs and reduce regional disparities in our state, it is necessary to concentrate on economic growth in agriculture and employment to reduce poverty. If gender disparity is reduced, the relevant MDG will be achieved. There is a need to target resources geographically to reduce poverty and



increase public expenditure on health and education. Sector specific interventions must be carefully targeted to achieve MDGs. Plans of action must be developed and implemented to bring about reduction in infant mortality rate and malnutrition in children. AIDS is another problem in the state that has to be tackled. Several institutions have failed in delivering better services in health and education in rural areas. To improve the performance of service sector, institutions have to be developed and the present service delivery institutions have to be strengthened. Public expenditure on health and education has to be increased and less developed areas have to be focused.

7. Globalization with better initial conditions has increased employment and income of workers and lead to equitable development.
8. The spread of green revolution in the state shows that small farmers have benefited from technology as the gains from it are widely distributed. So, development of technology is important for inclusive growth.
9. Better governance is very important for inclusive development, for better implementation of sectoral policies and poverty alleviation programs. For this, social mobilization, community participation and decentralized approach are required. Decentralization of power to local councils is important for rural development.
10. Economic reforms in line with socio-political factors must be related to socio-economic environment.
11. Rights approach has an important role in improving development programmes as the rights put pressure on governments to deliver services to the people. Thus, there is a need for an operational plan to achieve inclusive growth during the current five year plan and beyond in our state. This plan should cover agriculture, employment and social sectors, remove economic and social deprivation across all regions and socially disadvantaged sections.

## CONCLUSION

Though Andhra Pradesh is improving its economic growth, the post reform period witnessed increase in regional disparities and disparities among social groups and between rural and urban areas. A broad based and inclusive growth is needed to benefit all sections of the society. Lack of inclusive growth leads to unrest among the people. The measures that raise equity also promote economic growth. Clearly, the development process in the state must become more socially and economically inclusive, to reduce exclusion, social tensions, inequality and to improve overall economic development. So, government interventions must be focused and civil society must be enlightened for the success of pro-policies, sectoral interventions, targeted poverty alleviation programmes and to go beyond MDGs. The state has to learn from its five decade experience and focus on the priority areas of agriculture, health and education in social sector in the present and coming decade to achieve 'Swarna Andhra Pradesh', otherwise it may lag behind in achieving broad based development.

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