

Strategic Debate on Inclusive Growth in India

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I. Introduction

Arguing inclusive growth anticipation to promote equity among different sections that are claimed to be remained behind the developmental race, to dismantle the gap between rich and poor, between rural and urban that is widening especially after introduction of neo-liberal economic policies (Kanan, 2013) and to involve each and every in the growth process, the strategy for redressing these economic problems holds pivot role in policies framing. Average per capita expenditure in rural areas rose at the exceedingly low rate of about 1 per cent per year between 1993-94 and 2009-10 and even in urban areas; average per capita expenditure grew only 2 per cent per year in this period. The corresponding growth rates of per capita expenditure for poor households in both areas would have been even lower, since there was growing inequality of per capita expenditures in that period described by AmartyaSen and Jean Dreze, (2013). Inclusive growth is defined as broad based, shared and pro-poor growth. It is claimed that inclusive growth is the panacea that can resolve all the economic disease sprung due the fallacy of either wrong approach about people inclusion or economic policies. Inclusion of people into economic system remained always one of the key issues to regulate the society. A society is claimed to be prosperous if it's all people productively contribute in to and benefit from it. Poverty targeting policies received pivot concern after Washington consensus (WC). Later debate on poverty alleviation converted in to the pro poor policies whose main focus was on redistribution and so called trickle down principle that growth will automatically trickle down compromising some sort of inequalities. But that has not happen inequality in India is still above tolerable limits (32.44) and continue increasing gap between rich and poor and between rural and urban (Kanan, 2014). Reducing inequality along with poverty require inequality sensitive pro-poor growth.

Ever increasing state expenditure on public services (health, education, sanitation and public distribution system) indicates that inclusive growth strategy is dominated by active state interventions to alleviate poverty, dismantling inequalities and improvement in human development. The main ideas behind active state intervention is propounded by AmartyaSen that state is the sole provider of basic public services that are important to build the human capital that is key factor behind the economic growth. In this way he strengthened the idea of direct state interventions in the provision of basic public services. Proposing state as an active participant in the provision of final goods and services of limited alternatives (people have to choose whatever provided by the state) undermined people's rationality of choice. It is not worth to say that these economists undermined the importance of growth in the economy instead it was claimed that growth itself was important for income generation as a whole because it can certainly help to improve people's lives (not only by rising per capita incomes but also by creating public revenues that can be used for purposes of social advancement of the people) Sen and Dreze, (2013). The more concern these economists relate to the biased growth process which was generated by a small privileged class on the cost of rest of the countrymen.

On the other hand there are economists and other thinker who propounded the idea of indirect state intervention; indeed they forwarded the idea of free market economy where state is seemed as facilitator among the various economic agents. The idea they forwarded that state must limit itself to the role of regulator and deciding the rule of the game. JagdishBhagwati and ArvindPangariya are the main persons behind this idea. The ideas put forwarded by them rely on the indirect state interventions and remained the part of functions in the hands of economic agent. It is argued that without growth it was even not possible for the state to spend huge amount on public services so growth was primary which would add something in the treasury and then state should adopt indirect measures to enhance the human development measures. In their book 'India's Tryst with Destiny' put forward the approach alternative to the state direct intervention, which include the direct cash transfer instead of public distribution system and slashing labour laws to improve productivity. ArvindPangariya (2008) in his book 'India: The Emerging Giant' put forward the idea of cash vouchers instead of direct state expenditure on education. The main idea behind their strategy is that 'individuals respond to the incentives'. In this way these economist put forward the idea of state intervention on other way round in which individuals are regarded as rational in their choices and act according to their ranking of the demand and attained highest levels of satisfaction.

The current paper focuses on the strategies to achieve inclusive growth. Inquiring the way in which people were being included into the economic system from ancient time and its consequences. India, having the home of largest pool of poor population (21.9 %), world's largest malnourished (48 %), underweight children

(40 %), and agriculturist country (71 %), require a growth strategy that led to productive contribution of the second largest population wise country on the one side and dismantle the inequality between rich and poor and between rural and urban on the other. Inclusive growth is described as holistic approach to introduce all sectors of the economy which work in tandem. In its descriptive approach it is tried to build up an argument for strategy adoption theoretically which will pave the way for policies inclination for inclusion.

II. State and Inclusion

It is technically impossible to each and every person to raise everything individually to attain maximum satisfaction. Other side the world is also inhabited by more than one person, human behaviour is necessity interactive. The function of a person is lesser or more extent constrained by the actions of other and also his functions may pose threat to the satisfaction level to other. Every person is assumed to have some subjectively determined ends and means. In this way if each person's ends and means get together we have different set of every pair contradictory and cooperative to each other. To achieve highest possible level of satisfaction it is not possible for individual person to develop contract to everyone. So it gave rise to mutually benefited authority in the form of the state to organise economic activities in such a way which produce maximum benefit for all members of the society. The ideas behind the origin of state indicate that as society went on increasing and seemed conflict and other natural exigencies, a need for guiding force was felt which regulate society's behaviour and bring better living conditions for all members. So on the basis of above inference it can further devise that main task of state is to include people in to the productive activities and ensure benefit sharing for each member of society to attain highest possible level of satisfaction. The conflict between peoples and all time war on accumulation of resources led to decline in the perceived utility by the society. The contract theory of state indicates about state role in people inclusion in mainstream. It described by Whyne and Bowles in their 'The Economic Theory of State,(1981) that state is regarded as the means for the fulfilment of ends of different individuals on best possible combinations of goods for maximum number of people.

People's contract for state, led to create a system where all participants were ensured to participate in exchange and benefit to attain higher level of satisfaction for which they entered in contract. The people's want for welfare always remained from very outset of institution, but as time passed, few people interpreted contract in their own way which resulted in welfare of few and exploitation of all. This happened in almost all ages which also led spiral development in the society. Now days this is most discussed issue that how should state interfere in economic life of the people that lead to increase well-being of the maximum people. Sometime when state is led by privileged minority on extracted institutions then people voices led to their inclusion and refinement in system. As described by Gough in a book, *The Political Economy of the Welfare State, (1979)* that welfare social policies are the outcome of working class struggle and centralized capitalist state. But the whole stress of state role is asserted to rely on the direct interventions by introduction of welfare schemes not the inclusive policies. In today's changed scenario where man's relation with productive resources has changed and society is going to more complex system, it is of course state duty to provide efficient regulations and confer protective policies to the deprive sections of society to make them capable to contribute and to reap benefit from their contribution.

III. State led inclusion

Various economists, especially Marxist economists primarily abuse market fundamentals behind the deprive conditions of some sections and find its genesis in the capitalistic system. Redistribution of income and assets are suggested as sole solution to redress the economic problems asserted by Ramchandran and Kanagraj, (2010). Progressive taxation on high income class on the one hand and subsidies and state provision of essential public services are viewed as effective way to include the people. The basic argument in their strategy lies in the contribution of people when they able to contribute. This is also the essence of AmartyaSen capability approach. State provision of basic public services in general and health and education in particular are emphasized by many economists of this line as the state responsibilities. State interference in the economic system holds on two approaches by demand and by command as asserted by Rudolph and Rudolph, (1987) that demand policies of state for the inclusion acknowledge people choices and their rationality in consumption and in production. In other way it can termed that demand policies of state led to optimal situation in Pareto optimality condition and limited resources used optimally that led to maximum satisfaction. Demand policies are backed by people legacy and enjoy wide acceptability. On the other hand command policies don't acknowledge people's choices and their rationality in deciding their fate. This is related to long terms goal and objectives which are decided by the state on which future of a country is based. In the other way it can term that economic democracy is not regarded in command policies. Due to limitation of choices and rationality of people their incentive to work is also halt which in turn retard country's growth in general. Various studies and research papers confer this belief (Gulati and Saini, 2015 and Kuttumuri, 2011)) on PDS and its inefficiency in working and leakages. Another striking defect of PDS is described by Kochar, (2005) that related to PDS and nutrition and concluded that food

grain distributed through PDS was not ensuring proper nutrition. A study conducted by Thakur and Singh, (2005) on 'Extent of Absolute Poverty among the Different Socio Economic Groups in Rural Area of Himachal Pradesh: A Nutrition and Nutrition-Plus Approach' among different socio economic groups concluded that with rising income people tend to consumption for higher nutrition value food that is not provided through PDS. All these studies are indicating the defects in our policies and programmes for inclusion of people.

The similar apprehensions have reported on education. It is observed that enrolment in state led schools is continuously falling and that increasing in the private school. Despite huge direct state expenditure on education the peoples are indifferent to send their children in state led schools. One side state pouring huge money on education and secondly this is leading to create gap between rich and poor. State led school's pass outs relatively fall behind in getting enrolment in good institution and further lags behind in decent job hunting. Rural schools were seriously understaffed, unwillingness of most teachers to accept remote rural posting creating rural urban gaps as described by Chaudhary et.al, (2006) and Ruzzi and Murlidharan, (2005). The same problem is also described in a report by Nordic Recognition Information Centres, (2006). To check the origin of this new type of cast demanded the state role in other way which will helpful in creating equal societies from very initial stages and ensure efficient peoples inclusion in system.

Similar situations in health care system also reported in Direct Response, (2013) that private health care system in India cares about 78 per cent of outpatients and 60 per cent of inpatients and controls 80 per cents of doctors, 26 per cents of nurses, 49 per cent of beds and 78 per cent of ambulatory services. All the inferences of growing reach of private sector in health care system indicating towards inefficiency of public health system in India despite ever increasing state expenditure on it. This sector also begs for alternative state intervention approach to ensure quality and reach to health system by poor and deprived.

IV. Market led inclusion

On the other hand there are many economists who argue that intensive state intervention led to corruption which in turn led to exclusion of poor. The often referred example by them is globalizing Indian telecom industry that reduced corruption tremendously and reached to common masses. Prior to 1980s people who owned telephone was forced to undergo through the tardy licence raj process and to bow before their political masters. As mentioned by JagdishBhagwati and ArvindPangariya, (2012) that disinvestment in telecom industry brought level of corruption to minimum level. Philosophy of market led inclusion is developed on the basis of competition, incentives, and hidden hand equilibrium. The idea proposed that people incentive to work in a competitive environment is seriously halted by state provision of final goods to the people which limited their choices and rationality on one hand and led to decrease in national growth on the other (Pangariya, 2007). In this way direct state involvement in provision of public services led to two pronged inefficiencies that need to be addressed through ensure a level playing field for individual decision makers.

V. Inclusion of people in ancient society

People participation in economy is core concern of inclusive growth and people participation in economic system is decided by relationship between polity and economy. This relationship is emergence of changing economic phenomenon since people had started settled life and started surplus production. The strategies for the inclusion of people into mainstream are evidenced changing from nomadic life where relationship was driven by demands of the people which were confined to limited region. Demands, which were basically related to survival, were fulfilled by the limited resources, but human process to achieve higher and higher satisfaction level cannot be limited so it went to continuous change. Further development in this system of settle life lead to complexities involving exchange between various goods on the one hand and man relations with means of production on the other. With changing economic relations, change in governing the people was also evidenced from time to time in the feudalistic and in the despotic forms of rule. These forms of govern included the people in more stringent way but barely from point of view of their well-being. As the ancient times agriculture was single most productive and wealth provider to the state, the main focus of the rulers was remained on enhance the more and land under cultivation. It is described in various ancient texts on economic or on politic systems that what should be the means adopted by rulers to make one's kingdom prosperous. As it is evidenced in *Kautiliya'sArathsashtraedt*. by L. N. Rangarajan, (1987).

The king shall populate the countryside by creating new villages on virgin land or by reviving abandoned village sites. Settlement can be effected either by shifting some of the population of his own country or by immigration of foreigners. Arable land shall be allotted to tax-payers for their lifetime. Land allotted to those who not cultivate it shall be confiscated and given to others. Alternatively employees of the village, whether salaried or not, or village merchants may cultivate them. The loss suffered by the state due to non-cultivation shall be made good by the offending holder.

In the later periods, the objective and system to rule the people remains more or less the same only the despots were changed. The idea behind the inclusion of people into the economic system remained the same (only to enhance the treasury through agriculture taxation) The revenue demand by imperial authorities was thus designed ideally to approximate to the surplus produce leaving the peasant just the barest minimum level for subsistence. It was inevitable that actual burden on the peasantry had become so heavy in some areas as to encroach upon their means of survival when the *arrayatos* (rayat peasants) could not pay the revenue they were beaten up unmercifully and maltreated. Frequently therefore the peasants were compelled to sell their women and children and cattle in order to meet the revenue demand described by Habib, (1999).

VI. Imperial strategy and objective for the inclusion

Imperial rule is not emancipated from the blame that its objective was changed from treasury enhancement to the well-being of the people. Imperial rule is seen as the extension of ancient economic brutalities in reformed and more technical way. Imperialism was itself sprung by industrial progress in Western countries and will to find markets for industrial surplus. That is clearly evident from the writings of the Mercantilists whose main focus was on the theorem of active balance of trade. The economic policies of England were designed in such ways that lead to accumulation of specie. Duty free importation of raw materials that could not be produced domestically, protection for manufactured goods and raw materials that could be produced domestically, and export restriction on raw materials is called 'fear of goods' described by Bruce, (2000). That is nothing but their focus on enhancement of their country's treasury on cost of colonies. So if the idea of colonization is itself designed on the foundation of specie accumulation, the thinking of well-being of colonial people by rulers is flawed. It also described by HelgePeukert, (2012) in Handbook of History of Economic Thought ed. byJurgen George Backhaus that Mercantilists were nationalists, their concern was not the wealth of nations but only the wealth of their nation. The riches of the earth were seemed constant so the wealth of nation was lies in the zero sum game. The intentions of inclusion of colonial people of India are also proved by above mentioned specie accumulation doctrine. Although some may claim that in economic sphere British brought country under transport connections, introduced commercial farming and worked for agriculture irrigation, but main intensions behind all these initiatives were wealth accumulations and provision of raw material for British industries. These all imperial interests were held responsible for extent of famines in India. The same is described by Sundaram, (1986) that process of commercialization of agriculture was concomitant with ruin of Indian manufacture handicraft and also resulted in a phenomenal fall in the production of food crops. The deplorable fall in food grain production was responsible for frequent famine in India during the British days, from beginning of 11th century and end of 17th century there were fourteen famines all of which were confined to local areas, but under the British India Company (1757-1858) there were twelve famines and four major scarcities overall. Between 1858 -1947, 21 famines occurred. Railways and road facilitated the movement of food grain from areas of abundance to areas of shortage, but prices of food grain were also high during famine. All these colonial brutalities intensified people anger which eventually led to freedom.

VII. Period after Independence till NEP (1991)

The roots of contempt of Indian people against colonial rule lies in the economic discrimination and their continue deprivation on all fronts. Poverty was among one of the forefront economic disease. Inequality was of course existed but chronically held only second after poverty. After independence the major work for builders to reconstruct the economy in limited resources on the one hand and provide the relief to the people on the social front on the other. This two edged approach of the state was limited by availability of the resources. When Jawaharlal Nehru was chosen as first prime minister of independent India, the hopes of Indian people were too addressed by him as he was universally accepted leader of the country. He spoke to the nation at the midnight hour. He dwelt upon all the great themes that had marked the independence movements. In which, on the economic front the removal of poverty was emphasized most along with democratic system for the inclusion of people in the system. (Nehru, 1946)

Different strategies were adopted to address poverty but it still continues exist on a large extent as huge population (27 per cent) is reported to be living below the poverty line (Planning Commission, 2014). The policy shift to achieve economic goals continues remain shifting throughout the economic history of India. As sometimes the agricultural means were gained importance to address the problems (First Five Year Plan, 1951-55), sometime industrialist approach was adopted (Second Five Year Plan, 1955-60). In later periods mixed strategy (focus on industry as well as on agriculture) were adopted to address the economic problems. The forms and extent of patterns of means were also changing. At the Nehruvian era these were on socialistic patterns but less stringent. The left intellectuals termed the economic measures took by Nehru as to pursue growth for its own sake and termed that growth had failed to result in poverty alleviation. They also insisted that redistribution was only effective measure to poverty alleviation. The social goal of reducing disparities also influenced the policies of agricultural development that results in the tenancy reforms. After implementation of land reforms

the highest priority was given to methods and techniques as well as plan implementation in agriculture (Frankel, 1971). In Indira regime the Socialistic measures were adopted more stringently that manifested in the rapid nationalisation of core industries and banks. Among the measures she took were forced dilution of foreign equity in virtually all firms to 40 per cent or less; confinement of investments by large domestic and foreign firms to nineteen narrowly defined highly capital intensive industries; reservation of a large number of labour intensive products for exclusive production by small scale enterprises; strict limits on the size of urban land holdings and prohibitive restrictions on the layoff of workers in large firms. (Bhagwati and Pangariya, 2012). Failing on economic front and facing exchange crises in the beginning of 1980s lead to change the focus on economic policies, resulted in the slashing politico-economic laws and partly opening of economy to world's players. Although the idea behind massive nationalization of banks and industries remained to uplifting the people and dismantle the gap between rich and poor and ensure equitable development, but this strategy was failed due to apprehensions among the majority of people that their personal contribution will not be acknowledged and that reduced the incentive to work. This phenomenon is rightly mentioned by M.M. Sury, (2011), and Pangariya, (2008) that the key objectives behind myriad interventions introduced by Mrs Gandhi during her regime of 11 years to achieve an equitable distribution of income and wealth. In pursuance of mentioned objectives she introduced policies that effectively killed the incentive to create wealth at various levels. Likewise small scale industries excluded all but tiny firms from entering the manufacturing of virtually all labour intensive products with no large firms allowed to manufacture these products (Pangariya, 2008). India excluded itself from world market for them.

After 1991 more space was opened to foreign players in economic system through liberal measures. At the time it was found that public enterprises were highly inefficient and was not operating on efficient level. Increasing lockouts and agitation on one side and decreasing productivity on the other were main reasons that led to disinvestment in the industries. As rightly pointed out by Rana, (1991) and Naib, (2004) that Indian industries were paralysed by mass absenteeism, decreasing productivity, trade union lockouts, worsening fiscal deficit, large imbalances on internal and external account and agitation that affected the efficiency on one side and national interests on the other, which resulted in adoption of alternative approach for development of the country.

On the base of above descriptions about the people inclusion into the mainstreams produced economic phenomenon leading to further examinations about the consequences of way and strategies of the inclusion and its impact on the incentive of work, competitiveness and contribution in the national income.

VIII. Forced productive inclusion but not benefit sharing

This approach for the inclusion of people derives its legacy from pre-independence (ranging from starting of settled life to 1947). That is based on the wealth centric not on the people centric. People were considered as means to acquire the wealth and wealth was considered as end in itself. Merely focus on wealth accumulation produced many fallacies in linking institutions (e.g. in politics, social and technical).

In politics it produced extractive institutions that were based on principle of self-feeding. Extractive institutions further lead to increment in the well-being of a small group of people on the cost of rest of the society. That created inequalities on various fronts.

On social front wealth centric ideology created new institutions like specialization (in which particular profession was assigned to a particular community) that excluded a section of people from taking part in most valued profession in the economy. Through these social barriers certain groups of people were assigned particular profession. This extracted contours for person role in the society on pre-defined rules and norms, which caused limited persons capacity on the one hand and created monopoly like situations for the others who had assigned highly valued productive profession. This happened all over the world, but was more undesirable in India. In India approximately in *post-vedic* period (1500-1000 BC) with the advent of *Dharmasutra* and *Manusmriti* the society was divided into four parts (*varnas*) namely priest (*Brahman*), warrior (*Kshatriya*), merchant (*Vaishya*) and untouchable (*shudra*) as described by Ambedakar, (1946) and Basham, (1967). This stratification of society further led to division of society in many folds. The most unbearable backdrop of this system was linked to division of profession also. Top on hierarchy was assigned most valuable profession and last was with least desirable profession. Although this system is gradually disappearing now but still holds importance in some parts of country.

Technical institutions are referred to the means of production that were possessed by a limited group of people. There are many evidences in the history about resource ownership by a small group of people. The technical institutions can be seen as relationship between man and production. The feudalistic system in all over the world in medieval period was manifestation of wealth centric approach. In that system the land was owned by feudal lords and remains have to do work in the fields as a slave or as a fief (Mukhiya, 1980).

In this way the wrong approach for the inclusion of people in the economic system produced many upheavals in the society and led to grow the tensions and dent on the harmony in society. So this approach is liable for rejection for inclusion of people.

IX. Benefit sharing but not productive inclusion

At the outset, it may seem fascinate that a country is well sensitive towards its people in sharing of fruit and dues of growth, but it has proved that unless the active participation of all economic agents is not ensured in the growth process, it brings unsustainable results on one side and halt team spirit on the other. Again this team spirit accompanied by belongingness. Agents' belongingness to the system brings fascinating results. The result of Japan's rising on economic front is carried by belongingness of the people as countrymen among all other important factors of a nation building. As described in the book 'Japan Miracle'70', (1970) that there is famous corporate spirit of the Japanese, the spirit that make big companies care for their employees with a fatherly concern unequalled anywhere in the West and return call fourth an impressive quantity of work from employees. State regulated competition indirectly spurred incentives for individual investment and incentive for work, described by Ohkawa and Rosovsky, (1973). Above description of Japan's economy is enough to deduce that belongingness and state indirect participation in economy can bring substantial results in economic growth and also can ensure production inclusion of the people. The policies adopted after independence were mainly about benefit sharing through direct state interventions. Programmes related for alleviation of poverty were mainly designed to benefit sharing not for productive inclusion of people in system. The extraction of more institutions on the name of each new scheme made huge state expenditures and not any value addition in the economy. The direct state intervention through new institutions led to reduce the incentive and created psychic impotency as also described by Ivan Illich, (1970). This gradually led to one's inability to fend him and wholly depend on the state provision of essential goods and services that could produce individually with little effort. The policies of state after independence more or less caused reduction in belongingness and lessen the incentive to work. The strategies of state intervention in economic matters need to be reformulated according demand and command combinations.

It is necessary here to discuss that what relation between incentive to work and productive inclusion is. Incentive to work is necessary pull factor of inclusive growth which derives people into the work and ensures their participation.

X. Incentive to Work and Productive Inclusion

This argument is built on the base of above description of ways of people inclusion into the economic system. It is described that the system until 1947 was highly commanded by central ruling authorities. Man was regarded as sole factor of production not as end. Much part of production was confiscated by the small beneficiaries. A very small part of the produce left for the survival. This system distorted the basic rule of the game that why man should work, what motivate man to undergone through physical trouble. There are basic two things which motivate man to undergo suffering as discussed by Daron Acemoglu and James A. Robinson, (2012) that although needs describe man willing for work but incentive bypass the need and he ultimately respond to incentive. Incentives also depend on many things again namely, state recognition of property rights, security of property from others and state interventions to correct the fallacies in the system. As argued by Adam Smith, (1776) in his *Wealth of Nations* that economic system on market fundamentals is the best system, in which people respond to the incentives and eventually brings prosperity in the economic system. In the passage of the time refinements in the Adam Smith principles of economics were made as these were failed. Later Keynes suggested even greater role for state intervention in economic system to ensure smooth working of the system and to overcome market failures.

Today's economic system has changed tremendously as it was in the Smith or in the Keynes time. Today no economy can claim absolutely that it is completely *laissez faire* economy or absolutely communistic or socialistic economy, instead the economic system today is mixed of the two extremes. One side state work as a facilitator of economic system and other side it se the rule of the game. The extent of intervention is of course different in countries. The debate on inclusive growth is also inbound in extent of state intervention contours. As described by Rudolph and Rudolph, (1987) that state intervenes into the economic system in two ways through demand and command and both these require equity in allocation of benefits and sacrifices. Demand polities tend to maximise legitimacy, support and producers commitment by stressing equity with respect to sacrifices. In this way argument proves that in contrast to the wellness of people if state imposes some system on them it produce less results and also produce inefficiency. One side it lacks in the legitimacy and other side it discourage people to contribute in economic system productively that again leads to reduction in national income and secular poverty trap that designed by the state by offering rent seeking income.

XI. Productive inclusion vis-a vis benefit sharing (Concluding Remarks)

In concluding remarks on the strategic debate on inclusive growth carried by above based descriptions suggested that forced inclusion of the people in the system as it was in pre-independence times led to deviation from the people's contract for the state, and also proved to be harmful for state existence in the passage of time. The discourse of ends and means were changed their places and wealth accumulation was put on the ends and man regarded as means that caused reduction in the level of satisfaction and brought misery to the majority of the people. Few privileged peoples always decided the fate and desired objectives to the society as whole. The period after independence realised the discourse of end and means but still it did not fully realised the way of means which could lead to end. Direct intervention of state in the economic system, initiated by command policies lacked people's legitimacy and brings inefficiency in the economy. Demand policies are legitimised by people and bring highest level of satisfaction in the economy. Demand policies undermined the role of the state and inclined towards laissez faire and reduced state role to the maintaining law and order. 11th (2007-2012) and 12th (2012-2017) five years plan have been described policies and strategies about inclusive growth.

India having democratic diverse country not in geography but also in creed, cast religion, so demand here may reflect the interest of one group on the cost of other and can worsen economic problems as rise in inequality and poverty. This command and demand strategy begs balanced approach. State motivated productions by economic agents make them participants in the system and bring belongingness that have potentials to bring highest level of satisfaction and can ensure productive inclusion. The idea behind formation of state also cannot deviate from its principles. Indirect interventions of the state in economic matters in the forms of regulation and ensuring level playing field for individual agent have potential to bring fascinating results. The introduction of education voucher, health cards and direct cash transfer are some of the tools through which maximum governance with minimum government can ensured.

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