

## Unleashing our growth potential

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***The slogan for policy-makers this year should be Debate, Decide, Do and Deliver.***

From a social scientist's point of view, understanding the body politic of Indian populace and the roots of societal and economic changes could be extremely interesting and analytically rewarding. From a policy-maker's perspective, the actionable research output could help develop targeted policies to unleash the growth potential. Banks and financial institutions need to know and evaluate need-based credit-worthiness of diverse consumer segments and how best they can harness their finances. In our quest to market top-end luxuries to the "rich" and to search for fortune at the "bottom of the pyramid", corporate houses often end up sidestepping the class that lies sandwiched between the rich and the poor, i.e. "middle tier", and need to better understand what products and services can cater to the demands of this group.

Social, political and financial inclusion are parts of the whole that characterises inclusive growth, which encompasses equity, equality of opportunity and protection in market and employment transitions, and is an essential ingredient of any successful growth strategy. For growth to be inclusive, it must be broad-based across sectors and inclusive of a large part of the labour force. In recent times, national and local governments have put great emphasis on inclusive growth, as growth per se has not benefited all sections of society equally. Exclusion may be assessed in terms of poor access to public goods and social services, inaccessibility to financial services, exclusion from any kind of union or civil society organisation, denial of particular human and political rights, lack of participation and civic engagement, and feeling of discrimination and alienation. In this context, the findings from the ICE 360° survey 2014 have revealed that some of these indicators are worthwhile to note.

The survey indicates that the level of education and skill development has the highest impact on earnings and standards of living of both the individual earner and household. It can be proved by the fact that illiterate urban households earn a whopping 506% less than their highly educated counterparts.

The survey reveals that a majority of Indian households are engaged in manual labour and account for the lowest incomes among all categories of households. Another alarming finding is that despite two-third rural workforce being associated with agricultural activities, such households earn significantly lower levels of income than those deriving incomes from non-agricultural activities, and this income divide between the agricultural and non-agricultural classes has continued to persist in India's socio-economic landscape.

As far as employment is concerned, three-fourths of salaried/wage earners or casual labourer households do not have any written job contract and a little over one-third are eligible for paid leave, as well as a similar proportion get at least a weekly day off and only 45% get paid regularly. The proportion of households covered under provident fund, pension scheme and gratuity is 53%, 29% and 31%, respectively. The pace of growth must be rapid and the focus should be on sustainable productive employment rather than on income redistribution.

Financial inclusion is another focus area. The survey found that apart from bank account ownership of households (87%), the access to all other services like mobilisation of formal savings (most preferred form

for 45% households as compared to 47% for informal credit), life insurance (30%) and formal credit (14%) is still low in India.

Apart from factors like income, expenditure, saving, financial inclusion or access to material well-being, consumption-led economic growth also depends on how consumers feel about their personal financial situation and the overall state of the economy. One may infer from the responses that when people were asked general questions of subjective well-being like their satisfaction of present situation or their perception about the future, their responses were noticeably optimistic. For instance, a substantial proportion of 50% CWEs of Indian households reported they are satisfied with their current financial situation. However, when probed about specific aspects of economic status like stability of income, income sufficiency to meet basic needs, duration of finding an alternative source of income or future economic situation, their responses were far more subdued. One-third (34%) CWEs reported they are able to meet basic needs easily with their current income, while a huge 64% CWEs said they find it difficult to meet their needs. Nearly half of CWEs are not confident about the stability of their income source.

The country still has a long way to go in terms of access to basic amenities or public goods. The goal of universal coverage of basic services—safe drinking water, toilet, kitchen and LPG as a cooking fuel—remains unattained; about 37% Indian households have tap water within premises; 60% have toilet facility; 53% have separate kitchen; and 50% use LPG as cooking fuel.

Social inclusion was also sought to be assessed by collecting information on household members' affiliation to religious, social and civil society organisations as well as the level of attachment household members have with their neighbourhood or locality. The survey confirms that the level of civic engagement is low among Indians. Only 17% households reported that someone from the household is a member of some kind of civil society organisation.

Discrimination based on economic status appears to be the most common form of discrimination experienced by Indian households, followed by caste, religion and state of origin. Gender discrimination is the least reported form. At the all-India level, 47% households reported facing economic discrimination.

India has for long been compared to the elephant—its size not only makes it slow but also difficult to ignore. However, when it comes to people's aspirations, the nation displays an amazing alacrity that belies its size. The ground reality is the conventional wisdom that had been held as true for decades. Currently, India is at a very advantageous stage of development and here is the opportunity to plug ourselves in the world order. It is a time to debate, decide, do and deliver (4Ds). There is huge room for public policy.

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