**“Concept of inclusive growth and its relevance in contemporary world”**

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**Introduction**

Inclusive growth refers to the growth of the economy from internal aspects of view. Economic growth is a continuous process in which real national income and per capita income increases for the long time period. At present so many world level institutions measures the growth of the nation like India’s growth is measure by moody’s,forbes and other foreign institution. This type of growth is not called inclusive growth. It is only measure by these institutions exclusively instead of inclusively. In India there are so many problems exists at present like poverty ,unemployment, high population, inequalities of income and wealth, environmental degradation, corruption, crimes, illiteracy, food problem, malnutrition, hunger and starvation, low standard of living etc. With the presence of these problems if any world institution measuring the growth of the nation and saying that country is growing, it means they have seen externally improvement like infrastructural development, rapid increase in service sector like banking, insurance, transportation, communication, shipping corporation, information technology etc. But on the ground level, 70% people are still living in rural areas and more than 50% people are still engaged in agricultural sector for employment and pre-dominance of agriculture sector exist in India.

 **Inclusive growth** is based on and expands equal opportunities and access. It focuses less on the benefits of growth and more on the participation in economic processes.

Addison and Addison and Nino-Zarazua (2012) emphasis a policy angle: “Inclusive growth deals with policies that allow people from different groups-gender, ethnicity, religion-and across sectors-agriculture, manufacturing industry services, to contribute to, and benefit from economic growth.” Thus, it is clear from the definition of inclusive growth, as growth which improves the poor’s access to expanding economic opportunities and reduces inequality.

Inclusive growth cannot be reached simply by the state redistributing the gains from economic growth (generated by a private sector). Policies for inclusion need to focus also on the conditions under which small entrepreneurs including in the informal and rural sectors generate their livelihoods, on redistribution of assets and other opportunities to participate in growth processes, and on the conditions of jobs which is the single-most important source of livelihood of poor people.

Inclusive growth target was firstly introduced in India in 11th five-year economic planning period (2007-2012) by Dr. Manmohan Singh, who was the prime minister of India at that time period. The main objective and focus of this plan were on inclusive growth and socio-economic development of the country. But in this contemporary world so many problems exist then how can we achieve this target. So inclusive growth concept is very important and relevant. Policies and strategies should make to achieve inclusive growth.

 **Inclusive growth in Northern Africa**

Northern Africa comprises Egypt, the northern half of Sudan, Libya, Tunisia, Algeria, and Morocco. Early Stone Age axes have been found throughout North Africa, from the Red sea to the Atlantic ocean from the Mediterranean coast Southward. In other words, North Africa is an amalgamation of six countries, having broad similarities and significant structural variations. Apart from being ruled by Europeans for a considerable period of time, the obvious common feature is cultural: Arabic, Islam and customs.

The countries within the region are heterogeneous in terms of population, resources and capital endowments.

Growth is less likely to be sustainable with high and /or growing inequalities, and inequality can hamper growth.

The need for more ‘inclusive growth’ has now been recognized in many countries. The African Development Bank has used the term in response to the Arab Spring, which is thought to have been prompted by failures of growth models to deliver progress in well-being.

. **Economic performance of Northern Africa**:

**Economic growth**: GDP Per capita, which measures the level of total economic output in a year per unit of population, has stagnated in all countries of North Africa region during the period 2008-2012, with Libya showing a very volatile economic performance. In 2012, North Africa ‘s GDP per capita was 3.5 & 1.2 times lower, respectively, than that of the world average & developing countries. The two most populated countries of North Africa (Egypt &Sudan) have very low GDP per capita. In the same year, the GDP per capita of the North Africa region was 3.2, 2.7 & 2.1 times lower, respectively, than that of Central America, Latin America and West Asia.

**Natural Resources**: Algeria &Libya are rich in natural resources, specifically natural gas and oil. Egypt and Morocco have the two largest industrial bases in the region while Tunisia has traditionally been the country with the highest industrial intensity. The region includes one least developed country, namely Sudan. The region has undergone significant social and political changes in the recent past which in turn, have also affected its economic performance.

**Industrial development:** Industrial development in North Africa may play a leading role in bringing about the necessary structural transformation of the region & ensure the sustained and substantial economic growth necessary to create decent jobs & improve the population living condition. The recent performance of the North African industrial sector needs to be reversed and its growth, sophistication and diversification, both in terms of production & trade, need to be boosted.

**State of manufactured exports in North Africa**: In North Africa there is a large contribution of primary sector in export than manufactured sector. Primary sector contributed 59% in exports and 41% in manufactured good. The structure of exports of North African countries indicates that on the one hand, resource rich countries, namely Algeria and Libya, heavily rely on the export of natural gas and oil. The largest part of revenue for both the countries derived from the export of natural gas &oil. On the other hand, the three main African countries, namely Egypt, Morocco, Tunisia endowed with a much larger industrial base displayed a significantly larger share of exports based on manufactured products at 63%, 78%, and 83% respectively.

**Structural Change**: Structural change drives economic growth by shifting from lower to higher productivity sectors, mainly from agriculture to industry and services. Manufacturing thus offers a country’s economy the possibility to sustain growth by moving to higher productivity sectors and significantly contribute to the creation of jobs with higher labor productivity. The Manufacturing base of the North Africa region remains comparatively weak & its potential contribution to sustained economic growth of the region is far from being realized. The manufacturing base of the two natural resource rich countries, Algeria and Libya, remains weak & calls for an urgent diversification of their economies which are almost exclusively dependent on their natural resources like natural gas and oil. Despite having a relatively large manufacturing base, the second group of countries, Tunisia, Egypt and Morocco, have witnessed a stagnation or decline in the contribution of their manufacturing sector to their economic growth over the last year due, among other reasons, to the political and social changes & to their strong dependence on a handful of markets which have suffered severe downs turn.

**Agriculture sector**: The primary or agriculture sector plays a prominent role in most African regions. It accounts for 60% of GDP in central & western Africa & for nearly four fifth in eastern and north Africa. Within agriculture, there are also great variations in density of working people on land; the area of potentially cultivable land; and the extent of reliance on rainfall for staple food production. The region comprises countries of different economic structure: a predominantly agricultural low- income economy (Sudan); balanced middle-income economies (Algeria, Egypt, Morocco and Tunisia); and the oil based high income economy (Libya). Mineral resources are also important contributors to GDP in western Africa (28%), North Africa (25%), and South Africa (19%).

**Demographic transition**: The demographic transition generates a large supply side shock to the economy, potentially increase the number of workers, the human capital of the work force, and the level of saving, but if the demographic dividend is to produce economic growth, thus supply has to be matched by an increase in demand. While many Asian countries benefitted from the demographic dividend, Latin America and North Africa have seen much smaller economic gains from their changing age structure. The key challenge in realizing the demographic dividend is to employ the working age share of the population productively, which will increase output per capita and economic growth. North Africa needs economic growth of more than 6% per year to create enough jobs for its large and growing population.

In the best-performing countries in the region like Tunisia and Egypt, in the last 40 years growth rates have averaged 4 to 5% but were not enough to create jobs because labor force is growing by 4% so they need a growth rate of more than 6% to employ these people.

A lack of accountability, quality governance, and rule of law were the missing piece that held back the growth needed to create enough jobs

**Human development index**: Human development index is a comparative summary measure of countries achievement in three basic dimensions of human development: a long and healthy life (life expectancy at birth), access to knowledge (means years of schooling &expected years of schooling) and a decent standard of living (GNI Per capita). According to HDI Report of 2013, the value of HDI for the world was 0.694on average, 0.77 for Europe, 0.633 for Asia, 0.720 for Latin America compared to only 0.486 for Africa. Resource rich countries such as Libya 0.769 (rank 64) & Algeria 0.713, have high HDI value whereas Sudan has a low HDI value (0.414). Tunisia (0.712), however, attained a higher HDI value despite having limited natural resources compared to Morocco (0.59), the world’s largest producer and exporter of phosphates. The regions advancement over the last decades to reduce the shortfall of HDI can mainly be explained by investment in education and health (UNDP, 2013).

**Food Availability**: In North Africa the common development objective is food self-sufficiency from domestic production, for example increasing food production faster than domestic demand. The task is daunting in the face of increasing their dependency on food imports. This situation contrasts with what is known from time immemorial about the region’s cereal production surplus which attracted European countries to the conquest of North Africa. Paradoxical as it may appear, and despite the twentieth century’s rapid advancement in yield increasing technology, the region has, since the 1960s, been a net importer of cereals. At present, it comprises three food deficit countries (Egypt, Morocco, and Sudan) classified by the United Nations to be eligible for food aid. Nevertheless, dependency on food imports is substantial and wheat imports together with cereal-aid have remained over the last two decades a permanent feature of food situation in North Africa. As urban population do not produce their own food, rapid urbanization has compounded food problem.

**Rural-Urban population**: A salient feature of the population in North Africa is its mobility in three forms. The first and the oldest is pastoral nomadism on the old established land, communally held by tribal organization. Owing to their continued mobility in search for rainfall and to their dispersion in vast grazing areas, the pastoral nomads and their livestock are under numerated in population census, & they are not easily reached by public services. Yet, the socio-ecological system of pastoral nomadism employs millions of the rural population & determines the value& quality of production of a considerable proportion of food, wool& hides. The second form of rural population mobility is the steady migration to urban of those seeking higher earnings. Urban population in the six countries of North Africa has more than doubled between 1960 &1980; from 28 million to 60 million. Between about 40 &45% of this growth is roughly attributed to net rural urban migration. The centralized bureaucracy, economic activities& political institutions in capital cities & large towns have tended to expand their population. The frequent droughts have also forced many pastoral nomads & small farmers in rain fed areas to migrate to cities, seeking food & jobs. The third type of rural population mobility is the emigration to Western Europe& to the oil rich Arab states. As in the case of rural urban migration, the fundamental cause has been economic, for example high wage rate, better quality of life, and wide income gap between native and foreign countries.

For the continent, it is North Africa in which life expectancy has increased from 42.4 years in 1950 to 68.3 in 2010, an increase of nearly 26 years. The weakest life expectancy is in South Africa 51.9 years, although it has significantly increased: In the early 1950s life expectancy in sub-Sahara Africa increased from 36.2 years to 52.9 years in 2010.

North Africa is still one of the least integrated sub-regions of the continent with less than 5% exports to member countries. The persistence of political instability, security threats in some countries, the weak growth in the euro zone, and the drop of the world oil prices impact-to varying degrees-the performance of the North African region.

**Foreign Investment**: FDI is measured by net FDI inflows, for example, the sum equity capital, reinvested earning, long term capital and short-term capital etc. During the 2008-2010 period, in Egypt, Libya, and Mauritania, FDI was directed into petroleum extraction industries; in Morocco, FDI inflows were essentially in the services and tourism industries, (finance, business activities, restaurants and hotel industries). Almost no FDI went to the primary sector in Morocco and very few into the manufacturing sector. In Algeria, FDI mainly received in the construction sector and “Unspecified” secondary sectors, and less FDI went into tertiary and agriculture sectors. In Tunisia, the main beneficiary industries of FDI inflows were the Utilities sector, i.e., the electricity, gas and water industries.

**Climate change:** Climate change represent a veritable threat to the region’s socio-economic development and to its population (Agouni, 2003). The severity of climate change impacts on North African countries is related to the geographic and ecological particularly of the region. North Africa’s major economic sectors are vulnerable to current climate sensitivity, with huge economic impacts, and this vulnerability is exacerbated by existing developmental challenges such as endemic poverty, complex governance and institutional dimensions; limited access to capital, including markets, infrastructure and technology; ecosystem degradation; and complex disasters and conflicts. These in turn have contributed to Africa’s weak adaptive capacity, increasing the continent’s vulnerability to projected climate change. North Africa has a total area of about 5 million km2, of which more than 90% is desert. The climate of North Africa varies substantially between coastal and inland areas of the region. Along the coast, North Africa has a Mediterranean climate, which is characterized by mild, wet winters and warm, dry summers, with ample rainfall of approximately 400 to 600 mm per year. Inland, the countries of North Africa have semiarid and arid desert climates, which are marked by extremes in daily high and low temperatures, with hot summers and cold winters, and little rainfall approximately 200 to 400 mm per year for semiarid regions and less than 100 mm per year for desert regions (CIA, 2009). Low- efficiency surface irrigation practices may produce higher water losses, decrease in land productivity, and increased salination. The adverse impacts of climate change include reduced crop yield due to drought and reduced water availability. As the causes of climate change are global, however, the challenge can only be met with all countries of the world working together.

 **Conclusion:**

The five largest North African economies are populous-home to slightly over 200 million people, similar to the population of Brazil-relatively well-educated and geographically positioned to access market in Europe, the Middle East and the rest of Africa. The good news for most of the economies have been implementing reforms, ranging from reducing energy subsidies to taking steps to boost trade and attract international investment. They have some short-term and long-term challenges also like political and security concerns remain the biggest risk to North Africa and can be a drag on investment. The long-term challenge is relatively highly educated workforce is one of the best assets that many of the countries in the region have. But generating adequate economic opportunities for the skilled workforce continues to be a challenge. With the working- age population set to rise by 68 million-more than Germany’s current workforce- by 2050, policy makers need to work hard to create an environment that businesses will invest in.

Inclusive growth cannot be reached simply by the state redistributing the gains from economic growth (generated by a private sector). Policies for inclusion need to focus also on the conditions under which small entrepreneurs including in the informal and rural sectors generate their livelihoods, on redistribution of assets and other opportunities to participate in growth processes, and on the conditions of jobs which is the single-most important source of livelihood of poor people. As important as redistributive schemes like cash transfers are, economic governance institutions, operating at national and international levels, such as tax regimes, competition authorities, consumer organizations, trade negotiations and institutions, etc. Political instability and oil production troubles continue to undermine growth prospects in North Africa, in particular in Egypt, Tunisia and Libya.

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