

between the age structure of a population and its corresponding effects on economic growth does de facto hold strongly positive (K S James, 2008). However, critics of this theory argue that the Indian economy would not be able to achieve the positive benefits of the dividend due to its several infrastructural bottlenecks. Low literacy rates, poor nutritional & health status along with institutional hindrances such as water and electricity shortages, ambiguous property rights et al, all result in low industrial output. Economists also ascribe an inept macroeconomic and fiscal environment, which could lead to potential wastage of India's demographic dividend.

However, it is not merely inadequate skill development that has stymied growth in the manufacturing sector. The intensity of Indian labour laws has also played a central role in shaping the labour market environment. Labour laws in India are often perceived to be too restrictive on employers as compared to those in other Asian economies and developed nations. Further, the government places greater emphasis on laws that regulate hiring and retrenchment of the labour force than on the working conditions within factories. The Industrial Disputes Act, 1947, responsible for adjudication of disputes and modulation of laws pertaining to retrenchment & exit of workers, has been the most contentious legislation among employers. The most disputative clause of the act requires a firm that has more than 100 employees, to obtain prior authorization from the government before laying off an employee; such permission is seldom granted (Ahsan, Pages and Roy, 2008).

The other law that has been highly polemical among firms is the Contract Labour (Regulation and Abolition) Act, 1970. This act regulates the working

conditions of contractual labourers with the intention of ensuring homogeneity of work conditions across permanent and casual labourers (Ahsan, Pages and Roy, 2008). In the end, the twin effects of both these stringent laws are more detrimental than beneficial to the Indian labour force. The intractability of such legislation generates economic inefficiency in labour markets, which otherwise demand greater flexibility. Consequently, firms attempt to circumvent laws by hiring fewer workers and offering only contractual positions.

In essence, greater FDI is not an elixir to the problems of the industrial sector. However, larger investments coupled with stronger emphasis on development-oriented policies would positively influence India's growth story. Thus, an improvement in the health and nutritional status of workers, along with substantive improvements in education and skill development of the labour force would help accentuate the industrial growth rate. In addition, greater openness to trade and mitigation of the supply-side bottlenecks would contribute positively as well. Further, greater flexibility in the labour markets through reforms of legislation would boost competitiveness of the labour force and thus, promote technological advancement. This cyclical process would, in time, generate multiplicative growth rates in the industry.

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India: Growth or Inclusive Growth?

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Summary: Best-fit growth strategy conundrum has been a pivotal point of discussion among economists. Whether a top down approach to growth via a trickle

down growth strategy or a bottom-up approach fits the Indian model best, is highlighted upon in this article. What is required in the Indian context? Should

the strategy focus on mere growth thereby dismantling the inclusive aspect, or should it be a more inclusive growth model? This article makes the case for an inclusive growth model and highlights the means to achieve the objectives of such a growth strategy.

Ill fares the land, to hastening ills a prey,
Where wealth accumulates, and men decay:
Princes and lords may flourish, or may fade—
A breath can make them, as a breath has made:
But a bold peasantry, their country's pride,
When once destroyed, can never be supplied
-Oliver Goldsmith

Since time immemorial, the idea of progress and development has intrigued the human mind; the advancement from the Stone Age to the age of technological revolution testifies the success in this quest. Similar has been the fate of economies and economists across nations, ubiquitously bewitched by this fascinating idea but disappointed by the bitter realization that their growth has been confined to the gigantic growth of the select few, leaving a major chunk of population in a lurch, for whom development still is a pipedream. Realizing the faux pas of their reliance over the trickle down effects of growth, many economists have questioned their parochial approach to development, resulting in much hullabaloo in the economic diaspora and a litany of debates about inclusive growth.

The incredible Indian growth story has ironically painted a two faced economy, one competing internationally and leveraging the benefits of globalization; while the other, and more prominent, face of India living in abject poverty with greater proportion of malnourished children than the poorest of sub-Saharan Africa.

While India ranks fourth in the Forbes list of country with the most billionaires, it is rather heart wrenching that 450 million Indians still live in abject poverty, below a meager \$1 per day. A nation with a population of over a billion cannot boast of an equitable growth with the top 100 richest men possessing a net wealth equivalent to one fourth of its GDP. The fact that India ranks at the bottom of the pyramid in the HDI report of the UNDP (129th out of 146 economies) and 55th out of 76 economies in the Global Hunger Index (2014)

paints a dismal picture of the Incredible India, and calls for a more Inclusive India to be painted on the growth canvas.

The exclusion in India is rife in terms of unbalanced sectoral growths, low employment, poor human development indicators, regional disparities, gender biases, and the glaring divides of formal and informal sector in the labour market. With the chasm between the urban affluent and the rural desolate increasing to cataclysmic proportions, Inclusive Growth has become the harbinger of hope in the 12th five-year plan to bring about a more equitable and just society.

It cannot be naively said that growth hasn't had the trickle down effects, but it cannot be left to function for an infinite time, for there has to be a tipping point when the rising tide, rather than pulling up small boats, will leave many rotting in sediments. Small businesses are being walloped by taxes and large businesses dictate their terms to State. Businesses that grow into behemoth corporations rather than creating jobs would soon destroy the small businesses through consolidation and mergers. The model of trickle down effects of growth is highly unstable and its effects would be uncontrollable if the approach isn't revisited and realigned to a more inclusive sustainable bottom-up development. Alluding to this fact, India has to realize that targeting mere growth would mean barking up the wrong tree.

To make growth more inclusive and hence pro-poor, we need less of populist measures like entitlement programs for the poor, which only do little for growth. They actually worsen the fiscal deficit and act counterproductively. Even though, the government job schemes (MNREGA) and food entitlement programs are a good way to garner votes, they end up creating labour market distortions and inflation without improving rural productivity. What is required is investment in assets, which build capabilities of the poor. Studies across show those economies that invest heavily in education (human capital) and health care experience a multiplier effect on growth. Countries like China, and South Korea have reaped the benefits of this approach, which has helped in alleviating poverty. India has to work on these fronts rather than take the convenient pathway of populist measures sustained on a small tax base.

Creation of jobs in manufacturing is equally needed. Unlike China, India has skipped the growth of the manufacturing sector. It is now pivotal to make manufacturing vibrant by enabling a conducive environment for SMEs to flourish and reducing the burden of taxation and regulations on them. Imparting skills through training is important to keep labour abreast with changing technology. The advantage of demographic dividend is a boon for India; but to reap its benefits, investment in education (human capital formation) and job creation in manufacturing and service sector is necessary which will make growth more participatory.

The all-pervasive corruption specter is eating into the vitals of the economy so much so that the grand welfare schemes and programs are put on paper but hardly reach the beneficiaries due to resource drain. The delivery and the implementation systems need to be made more transparent and robust.

Apart from these, certain bottlenecks of infrastructure and power scarcity continue to cripple the economy requiring expansion and continuous upgradation to meet demands of economic growth. These bottlenecks limit the scope of development for majority of the people who are denied access to basic necessities of

safe water, electricity, and sanitation in many parts. Decentralizing production and maintenance of vital resources like power will help promote inclusive growth and ease burden of centralized governance.

Financial inclusion through banking penetration and channelizing of the surplus towards the poor is essential to bring them under the growth orbit. The experience of the Grameen Bank of Bangladesh has set a new paradigm; testifying how financial inclusion can lead to a positive social transformation. India needs to lay greater emphasis on financial literacy and inclusion.

India also needs to learn from China in easing its red tapism in terms of clearances for business projects and streamlining government regulations especially in states like Bihar, Orissa, and Uttar Pradesh for attracting investments and flourishing business for a more inclusive development of the country.

A scratch here and a fiddle there would not help achieve sustainable and inclusive growth. What is required is a metamorphosed, proactive and responsible role of businesses and government and also graciousness of every agent of Indian growth story to share the pie of their growth and make Incredible India's story more inclusive.