

**INCLUSIVE GROWTH THROUGH STATE INTERVENTION - A STUDY OF
TELANGANA STATE**

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ABSTRACT

Inclusive growth refers to the economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across the society. Economic growth results in tangible achievement in areas of health, education and standard of living of all sections of society if it is inclusive. In light of this definition, evaluating the inclusiveness of the growth of Indian Economy seems to be rather appropriate, especially when the country is celebrating diamond jubilee celebrations of independence. The economic growth of India is reflective of the growth of its constituent state economies. Therefore, examining the inclusiveness of the growth of Telangana state with reference to that of India and other states is the objective of this study.

I. INTRODUCTION

Economic growth has been generally accepted as the effective instrument to deliver prosperity and pull the masses out of poverty for the last century. Economic growth is expected to result in improvement in quality of life of people by providing them with access to basic amenities such as safe drinking water, sanitation, housing, education and health. Therefore, achievement of economic growth has continued to be the prime agenda of economies and subsequently the main objective of the economic policies. Now, the million-dollar question is has the growth delivered the goods and being inclusive in its nature. There is no universally accepted definition of inclusive growth different definitions are given by different sources in different contexts. However, the Organisation for Economic Cooperation and Development (OECD) defines inclusive growth as “economic growth that creates opportunity for all segments of the population and distributes the dividends of increased prosperity, both in monetary and non-monetary terms, fairly across society”. Further, Indian Council for Research for International Economic Relations (ICRIER), in its working paper no. 375 stated that each country is different and hence will have different focus sectors for achieving inclusive and sustainable growth. The developing countries focus more on expansion and quality of services while developed countries focus on delivery of services. In light of these, being a developing economy, India’s focus has to be on expansion of services. Therefore, there is a need to examine whether the economic growth achieved by the Indian economy has led to expansion of essential services across all the sections of society in an equitable manner. Regional inequalities and quality of delivery of services – educational, health outcomes and access to basic facilities such as electricity, sanitation, drinking water, and financial services will indicate the level of standard of living of people

India as a union of states in its political entity and a mixed economy in its economic nature has pursued planned model of economic development for nearly seven decades in its post-independence period and implemented twelve five-year plans beginning with the first five-year plan in 1951-52 to the twelfth five-year plan in 2012-17. During this period, achieving economic growth has always remained one of the major objectives of the plans. In the year 2017, the planning commission was dispensed with and in its place, a new body (National Institute for Transforming India) NITI Ayog was brought in. Since 2017, inclusive growth has been the prime focus of the NITI Ayog mission. NITI Ayog has been constituted to actualise the important goal of cooperative federalism among the states. Accordingly, NITI Ayog is taking steps to foster cooperative federalism through structured support initiatives and engagement with States/Union Territories on a continuous basis. Further, it is evaluating the performance of states in social and economic areas including education and health and bringing out periodical reports on these issues. According to indicators of the NITI Ayog the performance of states significantly vary and in this paper, an attempt is made to look into the performance of Telangana State.

The performance of a state in India is to be examined with respect to the national average and compared with other states in the country. As far as the history of Indian economic growth is concerned, there is general opinion among the economists that the economic growth failed to benefit all the regions and all sections of the sections in an equitable way. This trend is not just confined to India only globally there is growing discontentment among the masses in many countries, which is evident in public protests and reflective in multiple performance indicators relating to the areas of education, health. Therefore, it can be stated that economic growth cannot be inclusive and unless it results into improvement in quality of life indicated by better performance indicators pertaining to human development. In this paper, an attempt is made to examine the performance of Telangana State with reference to India and other states.

Telangana State came into existence as the 29th State as it was carved out of the erstwhile state of Andhra Pradesh on June 2nd 2014. The Telangana State is the 12th largest state in the country in terms of both area and population. The State has the geographical area of 1, 12,077sq.km and population of 3.5 Cr as per the 2011 census. The State has geographical borders with Maharashtra and Chhattisgarh to the North, Karnataka to the West and Andhra Pradesh to the Southeast and northeast. The State is strategically located in the Deccan plateau region and situated in the middle of the country. 61.12 percent of the population lives in rural areas and 38.88 percent live in urban areas the State has more urban population compared with the national average of 31.16 percent as per 2011 census. Around 30 percent of the urban population the State resides in capital city Hyderabad only.

Formation of Telangana State is a dream coming true for 3.5 crore people of Telangana, especially the marginalized sections of the society. Therefore, there was euphoria prevailing across all sections of the society the newly formed state would deliver the much-awaited development. Seven years have elapsed by the year 2021-22 since the state came into existence in the year 2014. Now, I think seven-year period is considerably enough to examine the status and performance of the economy vis-a-vis that of the country and other states. Further, to what extent the development achieved by the newly formed state has been inclusive in its nature.

II. METHODOLOGY

Research Design: The research is descriptive in nature and uses the secondary data on various variables relevant to inclusive growth of Telangana and India. Simple economic tools such as graphs and bar diagrams are used to make an effective presentation of the analysis and findings wherever they are needed.

Data: Secondary data is collected from multiple relevant sources such as reports published by different departments, agencies of both state and central governments and also international agencies such as Organisation for Economic Cooperation and Development (OECD). Inclusive growth refers to how the economic growth quantified in terms of GDP, GNP, Per Capital Income is translated into improvement in quality of life of all sections of the society reflected by certain performance indicators of education, health. Therefore, data pertaining to GDP, GSDP, PCI, Poverty Headcount Ratio, Maternal Mortality Rate, Infant Mortality, Scholl attendance, access to sanitation and electricity is collected from secondary sources. The reports of RBI and NITI Ayog are accessed.

Tools Analysis: The research aims at examining the inclusiveness of economic growth reflected in various indicators no complex statistical tools are used. Simple statistical tools such as Graphs and diagrams are for analysis and presentation.

DISCUSSION AND RESULTS:

Table-I :Gross State Domestic Product (GSDP) of Telangana State vis-à-vis of Gross Domestic Product (GDP) of All India at 2011constant prices

Year	(Rs in Crores)				
	All India		Telangana		
	GDP	Growth Rate	GSDP	Growth Rate	GSDP as percentage of India
2011-12	8736329	--	359434	--	4.1

2012-13	9213017	5.5	370113	3.0	4.0
2013-14	9801370	6.4	389957	5.4	4.0
2014-15	10527674	7.4	416332	6.8	4.0
2015-16	11369493	8.0	464542	11.6	4.1
2016-17	12308193	8.3	507946	9.3	4.1
2017-18	13144582	6.8	557410	9.7	4.2
2018-19	14003316	6.5	612148	9.8	4.4
2019-20	14569268	4.0	648595	6.0	4.5
2020-21	13512740	-7.3	644599	-0.6	4.8

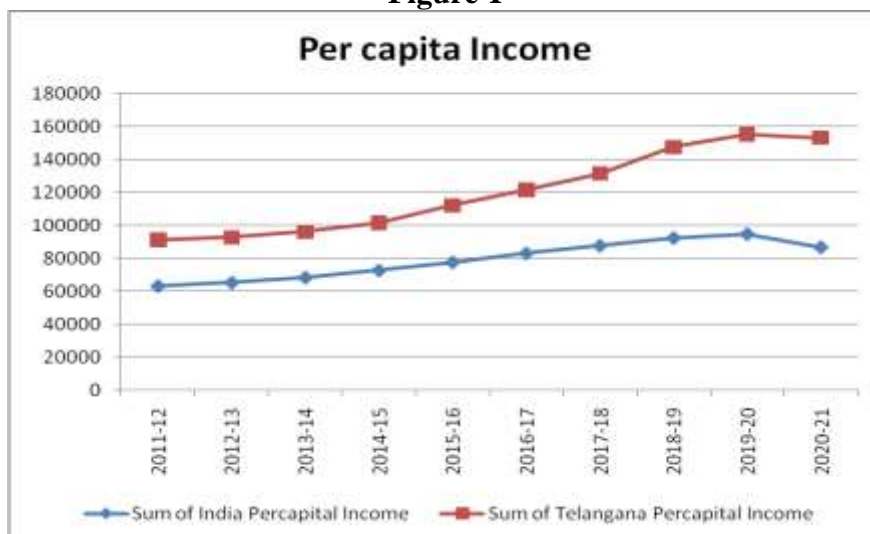
Source: Ministry of Statistics and Programme Implementation GoI & Advance Estimates, 2017-18(15.3.2018) by Directorate of Economics and Statistics, Government of Telangana, Hyderabad
The GSDP growth rate was less than that of the Country during the period from 2011-12 to 2014-15 i.e. before formation of the State. Since 2015-16, Telangana State GSDP has been consistently higher than the GDP of India. Telangana State has emerged as one of the fastest growing economies in the Country contributing around 4 percent to the Country's GDP. The Per capital income of the Telangana State has been 25% to 30% higher than that of India.

Table-II :Per-capita Income of Telangana State vis-à-vis of Gross Domestic Product (GDP) of All India at 2011constant prices

Year	All India		Telangana		
	Percapital Income	Growth Rate	Percapital Income	Growth Rate	Telangana PCI as percentage of All India
2011-12	63462		91121		143.58
2012-13	65538	3.3	92732	1.8	141.49
2013-14	68572	4.6	96039	3.6	140.06
2014-15	72805	6.2	101424	5.6	139.31
2015-16	77659	6.7	112267	10.7	144.56
2016-17	83003	6.9	121512	8.2	146.39
2017-18	87586	5.5	131503	8.2	150.14
2018-19	92241	5.3	147787	12.4	160.22
2019-20	94566	2.5	155521	5	164.46
2020-21	86659	-8.4	153298	-1.2	176.90

Source: Telangana Statistical Abstract – 2021 by Telangana State Development Planning Society (TSDPS), Planning Department- Telangana State

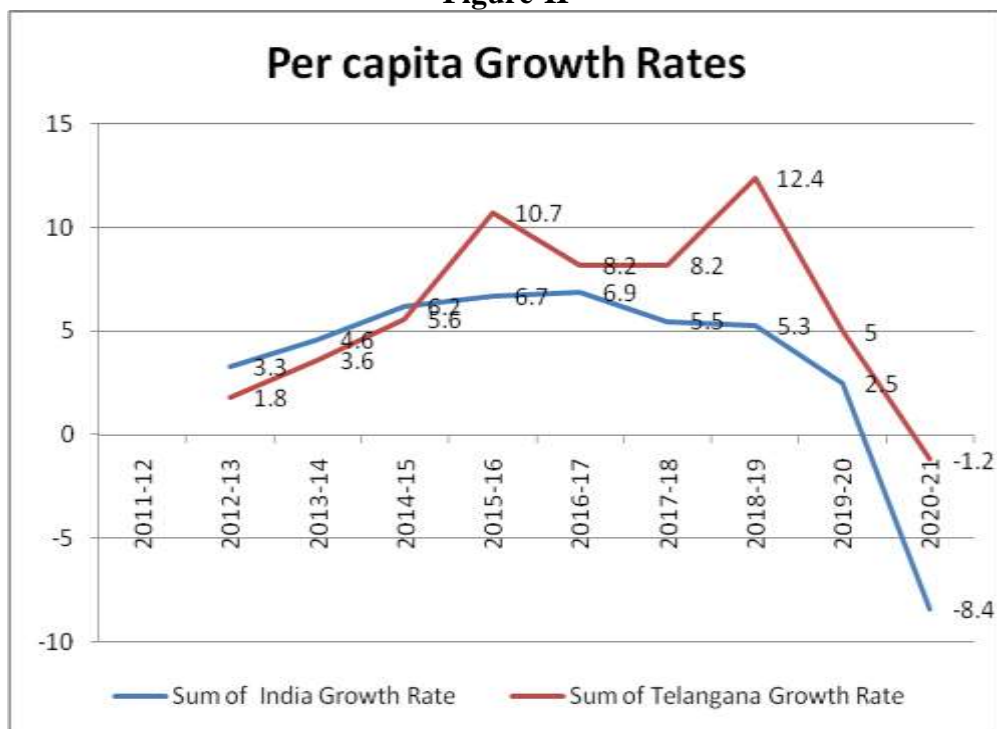
Figure-I



Source: Telangana Statistical Abstract – 2021 by Telangana State Development Planning Society (TSDPS), Planning Department- Telangana State

The Table-II and Figure-I reveal that the per-capita income of Telangana State has been higher than that of India since 2011-12. It was around 140 percent of that of India during the period 2011-12 to 2014-15. But during the period from 2015-16 to 2020-21 it increased consistently from 144 percent to 176 percent a remarkable performance. It is evident from the above graph that the gap between the two state per-capita income and that of India has increased after 2015-16 reflecting relatively better performance of Telangana State.

Figure-II



Source: Telangana Statistical Abstract – 2021 by Telangana State Development Planning Society (TSDPS), Planning Department- Telangana State

The above Figure-II shows that the per-capita growth rates of India and Telangana. Since the formation of the state in 2014-15, the per-capita growth rate of Telangana has always been higher than that of India. It vindicates the main argument that Telangana had the potential but could not grow due to the negligence shown towards it during in the erstwhile-united Andhra Pradesh state.

Table-III :Per Capita Net State Domestic Product at Constant Prices (2011-12)

State	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
Jammu & Kashmir	50724	59967	60557	63195	67697	NA
Goa	241081	278601	305875	308296	337031	303687
Delhi	213669	233115	244255	252960	260967	274671
Sikkim	180675	195066	207355	232483	240743	251494
Chandigarh	182867	195205	208231	218201	224768	233658
Haryana	125032	137833	150259	158039	164976	176199
Gujarat	111370	120683	129738	143604	154887	164310
A&N Islands	106711	114660	129532	145562	154233	159884
Uttarakhand	118979	127249	138784	148090	154549	158919
Telangana	101424	112267	121512	131503	147787	155221
Karnataka	105697	116813	131186	141229	148690	154861
Maharashtra	115058	122889	133686	139958	147097	152566
Kerala	112444	120387	129251	137181	145521	149563

Tamilnadu	107117	115875	123206	133029	141844	149329
Himachal Pradesh	104241	112723	122208	129303	136664	142155
Puduchery	117102	121000	126556	134870	134115	141918
Mizoram	85056	91845	99089	117272	118795	131781
Punjab	95807	100141	105848	110857	115784	119162
Andhra Pradesh	79174	88609	94115	103177	107286	113927
Arunachala Pradesh	91034	88766	91319	94013	99242	105451
Tripura	63992	61612	69860	75020	82313	89234
Odisha	55123	58838	67851	72922	77531	82257
Rajasthan	64496	68505	71324	73109	75555	78390
Chattisgarh	61122	61433	67139	68374	72537	75278
West Bengal	54520	57255	60618	64007	68212	71719
Nagaland	60372	60663	64259	66813	70218	71247
Meghalaya	55880	56039	57752	58493	60132	62435
Madhyapradesh	44027	47351	52782	54829	57401	62236
Assam	44809	50642	53575	57835	59943	60660
Jharkand	48781	44524	48826	52277	56133	57246
Manipur	44101	46389	47151	52211	51180	53930
Uttarpradesh	34583	36973	40847	41832	43670	44618
Bihar	23223	24064	25455	26719	29092	30621

Source: Telangana Statistical Abstract – 2021 by Telangana State Development Planning Society (TSDPS), Planning Department- Telangana State

The Table-III the percapita incomes are arranged in descending order as per the year 2019-20. It reveals that Telangana stood at 15th position among all the states and union territories of India in terms of Per-capital Net State Domestic Product (NSDP) the in the year 2014-15 when it came into existence as 29th State of India and remained at the same position in the following two years 2015-16 & 2016-17. Then it slightly improved its position from 15th to 14th position in 2017-18 and then it reached the 10th in the year 2018-19 significantly improving its position. Finally, the State landed at 9th position in the year 2019-20. It can be inferred from the data the state has emerged as one of the best performing states in the country.

The table-III also reveals the huge inequalities among states in respect of Per-capita NSDP. The Status of Telangana is far better than Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan and Orissa. It was five times that of Bihar, 3.17 times of Uttar Pradesh, 2.49 times of Madhya Pradesh, 1.98 times of Rajasthan and 1.88 times of Orissa. The performance of Telangana in comparison with the other southern states is almost equal except Andhra Pradesh. In the year 2019-20, Per-capita NSDP of Telangana (155221) was slightly higher than that of Tamilnadu (149329), Karnataka (154861), Kerala (149863), Pondichery (141918) but 36% higher than that of Andhra Pradesh (113927). It may be inferred from the above table that Telangana is performing well at par with other states in the region and far better than Andhra Pradesh, which together constituted the erstwhile-united Andhra Pradesh. It also reveals that the economic growth of Indian Economy is not inclusive which is reflective in huge differences across the states.

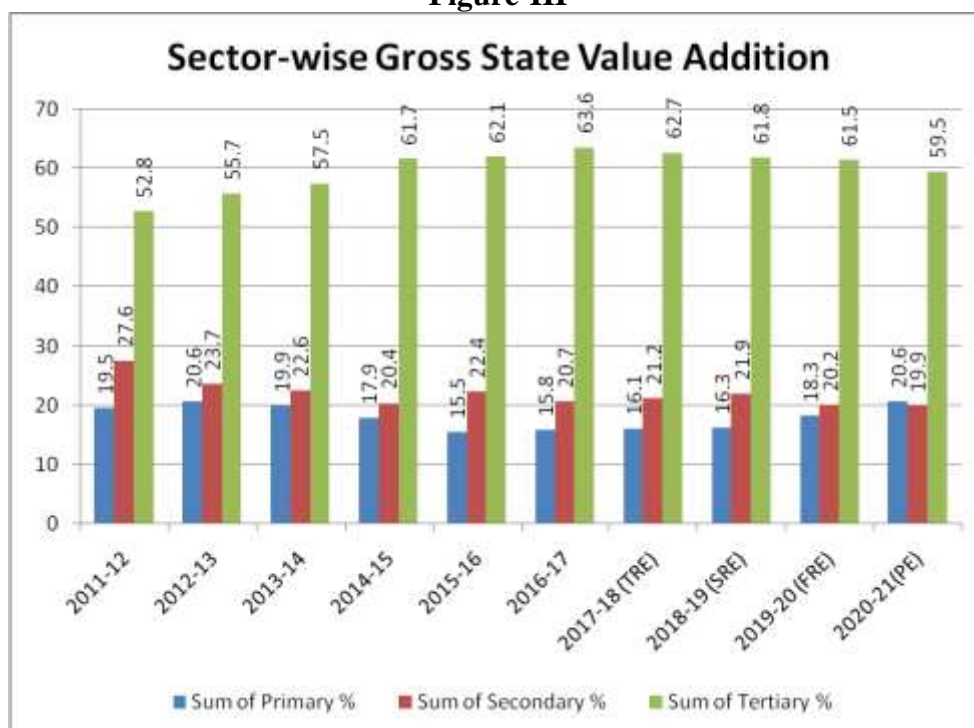
The above discussion reveals that Telangana state has achieved commendable growth in terms of both GSDP and Per-capita GSDP and now there is a need to examine to what extent the growth is inclusive in its nature. The following section analyses from where did the growth come and where did the benefits of growth go.

Table-IV : (Telangana Gross State Value Added by Economic Activity at constant 2011-12 Prices: Sector-wise Gross State Value Addition (GSVA))

Year	Primary Sector		Secondary		Tertiary-	
	Growth Rate	Percent age of GSVA	Growth Rate	Percentage of GSVA	Growth Rate	Percentage of GSVA
2011-12		19.5		27.6		52.8
2012-13	8.6	20.6	-11.7	23.7	8.4	55.7
2013-14	1.8	19.9	0.4	22.6	8.7	57.5
2014-15	-5.8	17.9	-4.9	20.4	12.9	61.7
2015-16	-4	15.5	21.4	22.4	11.3	62.1
2016-17	10.3	15.8	0.1	20.7	11	63.6
2017-18 (TRE)	10.9	16.1	11.7	21.2	7.6	62.7
2018-19 (SRE)	11.1	16.3	13	21.9	7.9	61.8
2019-20 (FRE)	19.2	18.3	-2.1	20.2	5.7	61.5
2020-21(PE)	12.1	20.6	-2.1	19.9	-3.9	59.5

Source: Telangana Statistical Abstract – 2021 by Telangana State Development Planning Society (TSDPS), Planning Department- Telangana State

Figure-III



The above Table-IV and Figure-III show the percentage of Gross State Value Addition GSVA contributed by primary, secondary and tertiary sectors of the state economy. the share of primary sector has almost remained the same 19.5% in 2011-12 to 19.9% in 2020-21 where as the share of secondary sector has declined from 27.6% to 20.6%. The share of tertiary sector increased from 52.8% to 59.5%. However, there are visible change as the growth rate of primary sector mainly consisting of agriculture and allied activities has been growing at a double digit during the last five years i.e., from 2016-17 to 2020-21. It is attributed to pro-agriculture policies adopted and special schemes implemented by the state government like free power supply, Rythu bandhu a scheme providing investment to farmers and the huge public investment made in creating irrigation facilities like rejuvenation of tanks. Despite this Telangana economy is largely a service sector driven economy and on the contrary the largest percentage of population i.e., 50% depends on agriculture

for their livelihood. Therefore, it may be inferred that the growth of the state economy does not adequately reflect the inclusiveness.

Outcomes of Economic Growth: Having discussed from where the growth came now it is pertinent to discuss where the growth went. The multi poverty index prepared by NITI Ayog is taken as reference to examine the attainments of Telangana State vis-à-vis India. The index reflects the performance in three broad areas health, education and standard of living and twelve parameters. Each area consists of relevant parameters for quantification of outcomes as given in the below Table-V.

Table-V

S.No	Parameter	Telangana	India – Percentage Population
	Population who are multidimensionally poor - Head Count Ratio	13.74%	25.01%
I	Health:		
1	Population deprived of nutrition Uncensored Headcount Nutrition	31.10%	37.6
2	Child & Adolescent Mortality	1.38%	2.7%
3	Population deprived of Maternal Health	10.87%	22.6%
II	Education		
4	Years of Schooling	15.84%	13.9%
5	Population deprived School Attendance	2.10%	6.4%
III	Standard of Living		
6	Cooking Fuel	31.7 (7.8%)	58.5% (41.4%)
7	Population deprived Sanitation	49.27% (23.80%)	52.0% (41.4%)
8	Drinking Water	27.8% (3.2%)	14.6%
9	Population deprived Electricity	1.25% (0.4%)	12.2% (3.2%)
10	Housing	25.5% (19.7%)	45.6%
11	Population deprived of assets	12.79%	14%
12	Bank Account	7.5% (2.9%)	9.7%

(Derived from India National Multidimensional Poverty Index, NITI Ayog, Baseline – 2021 based on the data of NFHS-4, 2015-16)

The figures in the brackets denote the provisional estimates of the uncensored headcount ratio based on the data available NFHS-5, 2019-20 Telangana State report)

The Table-V reveals performance of the Telangana state vis-à-vis India in Multidimensional poverty index. The overall ratio of multidimensionally poor in Telangana is 13.74% which is 52% that of India's 25.01%. The multidimensional poverty ratio is a composite measure of the performance of the state in respect of three areas consisting of twelve parameters. Firstly, the percentage of population deprived of nutrition is 31.1% compared with that of 37.6% of India. Secondly, a household is deprived if any child of adolescent under 18 years of age has died in the

household in the five-year period preceding the survey. The Child and Adolescent mortality is 1.38% compared with that of 2.7% of India. Third, a household is deprived of the maternal health it has not received assistance from trained skilled medical personnel during the most recent childbirth. The population deprived of maternal health is 10.87% compared with that of India's 22.6%. In respect of the second and third parameters, Telangana is doing well as the percentages are less than 50% compared with that of India while it is 82% in respect of first parameter relating to nutrition. Therefore, the state has to look into the access, availability and affordability of nutritious food.

In education, the parameter the years of schooling indicates the percentage of households wherein not even one member of the household aged 10 years or older has completed six years of schooling. Telangana is lagging behind India as it has 15.84% percentage of households deprived schooling, which is higher than that of 13.9% of India. Another parameter in education measures the households wherein any school-aged child is not attending school up to the age at which she/he would complete class 8. It simply means dropout from school education below eighth standard. In this respect, Telangana is doing well with only 2.1% compared with that of 6.4% of India. It may be inferred from this that Telangana is able to provide access to education to the children and successfully retain them in education until completion of eighth standard. However, the adult illiteracy seems to be the factor responsible for poor performance in respect of the first parameter of education that is having more percentage of households aged 10 years or older completing six years of schooling. Telangana might have inherited the baggage of adult illiteracy from the erstwhile-United Andhra Pradesh.

Performance in the area of the standard of living is evaluated based on seven parameters from sixth to 12th in the Table-V relating to basic amenities and facilities. Further, the data relating to the two periods 2015-16 and 2019-20 is given and therefore it is possible to examine performance of the Telangana during the given period. The sixth parameter shows the percentages of households deprived of modern cooking fuel and still using dung, agricultural crops, shrubs and wood, charcoal or coal as cooking fuel. Telangana achieved significant progress as the percentage of households declined from 31.7% in 2015-16 to 7.8% in 2019-20. It is far better than that of India's 58.5% and 41.4% during the same period.

The seventh parameter measures the households having unimproved or no sanitation facility. Telangana has reduced the percentage of such deprived households from 49.7% in 2015-16 to 23.80% against from 52% and 41.4% of India during the same period. Sanitation facilities are comparatively much better than that of India as of 2019-20. The 8th parameter quantifies the access to the drinking water in terms of the households having access to safe drinking water within a 30-minute walk from home. The percentage of households deprived of such facility declined from 27.8% to 3.2% during the period from 2015-16 to 2019-20. It is indeed phenomenal as 97% of households have access to drinking water as of now. Still 14.6% of households do not have similar facility in India. The seventh and eighth parameters reflect the basic facilities and Telangana is doing better compared with that of India.

The ninth parameter shows the number of households deprived of access to electricity. The percentages of such houses declined from 1.25% to 0.4% during the period from 2015-16 to 2019-20 in Telangana. It is almost 100% households have access to electricity in the State where as still 3.2% of households in India do not have access to the electricity. The 10th parameter measures the deprived households having inadequate housing. Telangana has 19.7% of households deprived of housing and whereas it is 45.6% in respect of India.

The 10th parameter shows the number of households not owning more than one of the assets mainly consumer durables radio, TV, telephone, computer, motorbike etc. The percentage of deprived households in both Telangana state and India is close as it is 12.79% and 14% respectively.

The last 12th parameter indicates the aspect of financial inclusion in terms of bank and post office accounts held by households. The percentage of such households declined from 7.5% to 2.9% during the period from 2015-16 to 2019-20 in Telangana.

It can be deduced from the above analysis that Telangana has not only been achieving economic growth but also it has successfully translated into outcomes pertaining to improvement in quality of life of the people. Therefore, the performance of state in Multidimensional poverty index of the NITI Ayog is comparatively better than that India.

CONCLUSIONS

The findings of the study reveals Telagana state has been consistently recording impressive economic growth since it came into existence as a seprerate state in June 2014. Its contribution to the GDP of the India has been around 4% during the period from 2011-12 to 2020-21. The percaita income of Telangana state was always around 50% higher than that of India and it was 176% of that of India in the year 2020-21. The economic growth is not inclusive if it does not translate into tangible achievements in welfare of the people. Therefore, the performance of the state in terms of the parameters relating to health, education and standard of living is evaluated with reference to the multidimensional poverty report brought out by NITI Ayog in the year 2020-21.

The outcomes of the growth indicate that the multidimensional poverty ratio of Telangana State is much better than that of India. In health, the three parameters show better performance than that of India. The percentage of people suffering from malnourishment is 31%, which is not significantly less than that of India's 37.6%.The state seems to be providing access to health facilities to the people and hence the deprived households in child and adolescent mortality and maternal health are 1.38% and 10.7% respectively, which are lower compared with that of India.

In education, the two parameters the years of schooling and the retention of students in the school until completion of eighth standard the state is lagging behind the first and doing well in the second. The high illiteracy rate among adults, which the state might inherit from the erstwhile state of united Andhra Pradesh, is the reason for higher percentage of households having less than six years of schooling. However, the retention is comparatively much better than India because of providing access to quality education to students after formation of state.

In the area of standard of living, the state is doing well in terms of all the seven parameters considered. The percentage of deprived households using conventional cooking fuel, sanitation is 7.8% and 23.80% respectively. The state has done excellently in drinking water and electricity wherein the deprived households are just 3.2% and 0.4% respectively. It might be because of the massive infrastructure built after formation of the state. Housing and assets (durable commodities) reflect the purchasing power of the households and the role of the government in improving these areas is limited compared with that of other parameters and therefore the state is not considerably better than that of India. Finally the financial inclusion indicated by access to institutional financial services through bank account. The percentage of households deprived of bank account is only 2.9%. Therefore, can be deduced that the economic growth of Telangana state seems to be inclusive to a considerable extent and is much better than that of India. However, the state is a lot to improve upon and bring down the rate of deprivation to zero.

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