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Inclusive Development: A Paradigmatic Analysis for Karnataka

Gopal K Kadekodi



**Centre for Multi-Disciplinary Development Research
(CMDR)**

Yalakkishettar Colony, Dr. Ambedkar Nagar, Lakamanahalli
Dharwad – 580004, Karnataka, India.
www.cmdr.ac.in

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INCLUSIVE DEVELOPMENT: A PARADIGMIC ANALYSIS FOR KARNATAKA

Gopal K Kadekodi¹

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INCLUSIVE DEVELOPMENT: A PARADIGMIC ANALYSIS FOR KARNATAKA

1 Preamble:

I have come across at least two meanings of the word ‘paradigm’. One is ‘a philosophical and theoretical framework of a scientific school or discipline within which theories, laws, and generalizations and the experiments performed in support of them are formulated’ (Webster); second, a ‘way of looking at something’ (Cambridge).

Accordingly, this paper is organized in two parts. First part tries to remind the readers of a long march in economic thought process, from growth to inclusive development the world over. I feel that such a discourse may help to understand the paradigm shifts and moves in any society or nation on its journey to well-being, be it in Karnataka or India as a whole. The second part draws glimpses of paradigm moves on inclusive development in the state of Karnataka, once again from growth to inclusive development, historically and empirically. Part 3 brings a close to what is said in Part 1, as a continuity.

But, the reader can choose one or the other parts of the paper to read depending on their interest.

Part 1

In this part, I want to take a short tour of the long march in economic history of the world from Growth to Inclusive Sustainable Development.

2 From growth to sustainable growth: a long journey in history

The world over, there has been a long history of transition of economies riding on different theories of development, well-being and welfare. I cannot resist my temptation from quoting what A C Pigou had said nearly one hundred years back:

“...The misery and squalor that surround us, the injurious luxury of some wealthy families, the terrible uncertainty overshadowing many families of the poor—these are evils too plain to be ignored. By the

knowledge that our [economic] science seeks it is possible that they may be restrained. Out of the darkness light! To search for it is the task, to find it perhaps the prize,...”, preface to 3rd ed., The Economics of Welfare, 1928.

I therefore, begin my quest for paradigm shifts on development and welfare from the last one century. In the middle of world depression in 1930's, 'containing unemployment and economic (production)depression', was a challenge for which a policy of public expenditures or investments, essentially to push up the investment rates was taken up(Keynes, 1936; Rangarajan and Sheel, 2013) the world over. Rightly so, I was necessary for a fast recovery at the end of the war. But the economic prism was thought to be 'growth'. Just around the same time, it was the era of talking of raising the rate of savings to maximise the rate of growth (Ramsey, 1928, Von Neumann, 1945). By the end of the Second World War in 1945, most economies reemphasized basically on growth driven by investment strategies. The challenges then were simply 'making economies to grow against possible stationary state (Pasinetti and Solow, 1994; Mill, 1848), or getting around several odds including issues on poverty and inequality (Solow, 1974; Sen 1989; Atkinson et al., 1997; Dasgupta, 2007 and 2001). But all along, only the direction of growth was the focus.

Serious debates on growth were in air all along since 1950's, questioning its relevance for least developed countries (LDCs).

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Till then in India, like in most other countries, development was thought to come at the end of the road following a 'trickle down path'. However, while emphasizing growth in agriculture sector (e.g., with goals of self-sufficiency in food and employment), it was also felt necessary to shift to modern sectors, industry and service sector growths (Lewis, 1954; Mahalanobis, 1955; Rostov, 1960; also see various Indian Plan models), to make growth inclusive of many productive sectors of the economies. Then inclusiveness meant to be only at the production sectoral levels. The economic instrument was planning with or without a mixed economic model of growth. That was the beginning of growth-balancing

all sectoral growths-**inclusively**. The major economic instrument was planning in a mixed economic framework.

Then came in the 1980's a wave of structural reforms strategies. The old reigning theory of trade as an engine of growth (Smith, 1776) nearly ended by 1970's with emphasis on internal macro structural adjustments of economies (Taylor, 1983). Good examples from Indian polity are economic-e.g., import substitution, mixed economic structures, bank nationalization in 1969; more recently the introduction of GST; political-e.g., empowering the people with RTI in 2006; social-e.g., on Constitutional 73 and 74th Amendments to take development to the grassroots and so on². Then, there was a major shift with return to the policy of open economies in 1990's with economic reforms of liberalization, privatization and globalization in 1991³.

How did development enter in economic thoughts⁴? Over time and history, it becomes necessary to draw the distinction between growth and development. Myrdal (1968) in his famous book *Asian Drama* drew a major line between growth and development. In the context of less developed economies (a term does not exist nay more in literature) he talked about the 'state' and power structures not being strong to implement growth; stressed the need for spreading growth to development by taking up industrialization, implementing land redistribution, prioritizing education, health and population control as the need of the hour. Thus, prioritizing poverty reduction, redistribution of income and wealth, employment creation became additional riders to growth.

Otherwise, **growth refers to economic growth**, in simple words, increase in per capita income. Income is a panacea for all welfare. This is a narrowly defined technical concept which is measurable. **Development**, on the other hand, is not so well defined, be it by Adam Smith (1776), or Schumpeter (1934), at least not as precisely as growth is definable. It is based more on concepts of normative value judgment to find avenues of

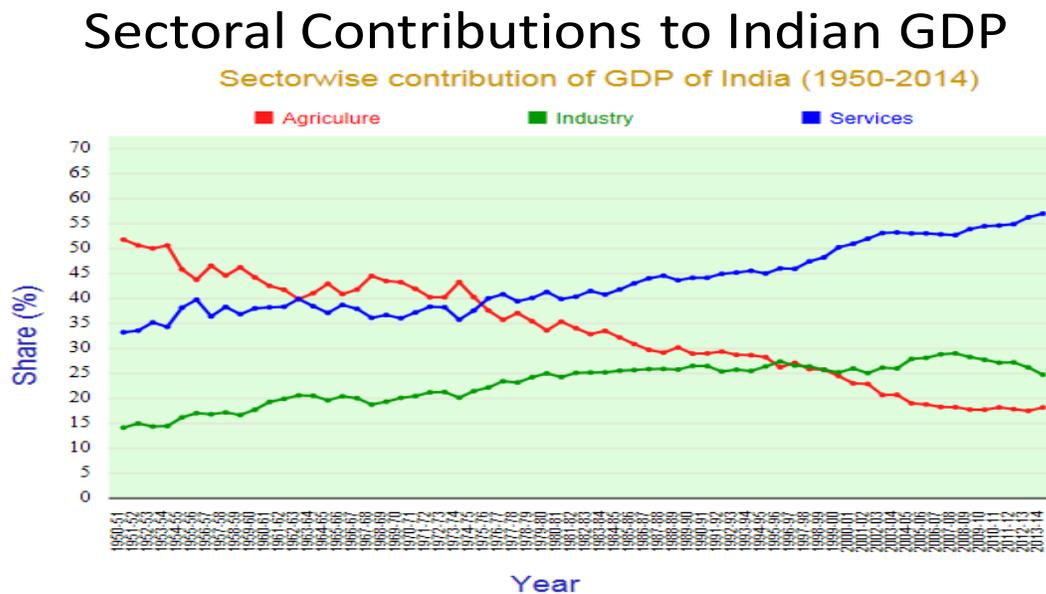
² Several other structural reforms are still in air: such as Uniform Civil Code, or a unified national language and so on.

³ The literature on this being too large already, no attempt is made here to elaborate and discuss on this. But some of the best early writings on this are Dhar (1993); Basu (1993), and Economic Advisory Council's Recommendation (2001).

⁴ Unfortunate for me, in this paper I will not be able to take up several other theories of development-psychological, sociological, political and technological etc. Neither, I venture to pad up with any mathematical expositions on these.

welfare with justice. Under economic development, addressing poverty also means addressing inequality; addressing problems of unemployment also means talking about dignity of work; under income creation is also the question of quality and dignity of life.

Figure 1: Indian growth scenario: Agriculture declining; industry increasing marginally; Service sector growing fast: All under different growth paradigms between 1950 to 2014.

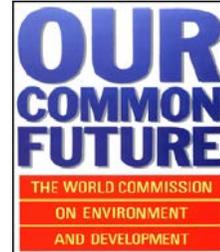


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It all sounds like, development itself means including several normative judgments with growth. At different times the term has been used to refer to (i) just economic growth (Adelman and Thorbecke, 1960), (ii) changes in economic structure of production with appropriate technological mix, rising share of industry and then services from an agricultural base (Mahalanobis, 1955; Lewis, 1954; see Figure 1), (iii) catering to spatial and demographic distribution of population, increasing urbanization (Dreze and Sen, 1997), (iv) improvements in ‘social status’ of education and health (Dreze and Sen, 1995), creating or choosing proper institutional arrangements to take all sections of the society along, and empowering them with capabilities to grow further, and so on⁵.

⁵ One of the best known definition of Development is from Harris and Todaro (1970): ‘Raising peoples’ living levels, i.e., incomes and consumption, levels of food, medical services and education through relevant growth processes; creating conditions to conducive to growth of peoples’ self-esteem through the establishment of social, political and economic systems and institutions which promote human dignity and respect; increasing peoples’ freedom to choose by enlarging the range of variables...’

While hopes were high with various theories of development the world over (Hirschman,1958; Myrdal,1957; Schultz and Strauss,2008), it was the stress from crumbling natural resources that made the world to think all over again about the status and nature of development. That set the seeds of **Sustainable Development** in the middle of 1980's with a much acclaimed report: *Our Common Future*(World Commission, 1987). It stated the boundaries of development as: 'Sustainable development is development that meets the needs of the present without comprising the ability of future generations to meet their own needs.'



Remarkably, thoughts on sustainable development included the welfare of not only the present generation, but also of the future generations. That is another way of understanding inclusiveness.

Otherwise, there are several ways to understand sustainable development. To any simplistic mind, it is a process of sustaining a development process against possible stationary state (Mill, 1848), dealing with irreversibilities (Krutilla and Fisher,1986), building resilience powers (Perrings, 2006; Kadekodi, 2005), adding dignity, empowerment, freedom and quality of life (Atkinson et al., 1997;Dasgupta,2007; Krutilla and Rafael, 2002; Sen, 1984, 1989).

By now it is quite well known that **development without conservation is not sustainable; just as conservation without development is not acceptable.** Hence the emergence of new global paradigm of **Sustainable Development** proposed in 2015as shown in the Box below, with the setting up of 17 goals as targets to be attained by 2030.At least nine of these goals are directly addressed to make development, more and more socially inclusive. They are aimed at reduction of poverty, inequality, empowerment, creating opportunity and adding quality of life.

Box: Sustainable Development Goals:2015

- | |
|--|
| <ul style="list-style-type: none"> 1:End poverty in all its forms everywhere 2:End hunger, achieve food security and improved nutrition, and promote sustainable agriculture 3:Ensure healthy lives and promote well-being for all at all ages 4:Ensure inclusive and equitable quality education and promote life-long learning opportunities for all 5:Achieve gender equality and empower all women and girls 6:Ensure availability and sustainable management of water and sanitation for all 7:Ensure access to affordable, reliable, sustainable, and modern energy for all |
|--|

8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all
 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation
 10: Reduce inequality within and among countries
 11: Make cities and human settlements inclusive, safe, resilient and sustainable
 12: Ensure sustainable consumption and production patterns
 13: Take urgent action to combat climate change and its impacts
 14: Conserve and sustainably use the oceans, seas and marine resources for sustainable development
 15: Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss
 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels
 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development.
 Source: UN.

3 From Sustainable to Inclusive Growth

While the focus of sustainable development was on its spring board, there was a continued discussion about the **cost of waiting for development**. Can ‘*all that is talked about development wait for sustainable natural resource management to come to a reality?*’ That was a moot question and debate in mid 70’s (Meadows et al, 1972Vs Beckerman, 1974). But less developed countries like India then could not wait for the final settlement on such global debates. Thus, by the time of preparing the 11th Five Year Plan in India in 2007 (and also the 12th Five Year Plan in 2012), a major switch on strategies for **Inclusive Growth** took place asking the following question.

*“Is there an opportunity to restructure policies to achieve a new vision based on faster, more broad-based and **inclusive growth**? A key element of the strategy for inclusive growth must be an all out effort to provide the mass of our people the access to basic facilities such as health, education, clean drinking water etc.”.*

Towards Faster and More Inclusive Growth :An Approach to the 11th Five Year Plan (2007-2012), section 1.2.

The 12th Plan, took a back stock of what was possible during the 11th Plan and admitted (as put in the Plan title itself), that a balance between faster and sustainable growth is necessary to make the development process all inclusive (vol.1. chapter 1). It further stated that :

‘To achieve inclusiveness in all these dimensions requires multiple interventions, and success depends not only on introducing new policies and government programmes, but on institutional and attitudinal changes brought about, which take time’, (Approach paper, section 1.6, p.3).

Any vision statement of Inclusive Growth requires some discussion. Most visions talk of broad basing the strategies. This is a welcome approach. In addition to targeting income

growth, invariably it includes concentrating on reduction of poverty, creation of sustained employment opportunities; enabling accesses (to essential services such as drinking water, health care and education, especially for the poor, and so on), enhancing capability and empowerment (equal opportunity to all sections of the society and recognition of women's agency); environmental sustainability, and good governance.

I raise a basic question here. What are the policy alternatives for implementing Inclusive Growth? Broadly I can mention two. One is to provide assured welfare benefits to the needy directly. In Karnataka, the word used for this is providing '*Bhagya*'⁶. Some examples of them showing the link to inclusiveness are: *Anna Bhagya* for hunger, *Krishi Bhagya*—with low or no interest bank credit, *Savayava Bhagya* and *Bhoochetna* schemes for rapid development of agriculture, *Ksheera Dhara* for children's nourishments, *Vidyasiri* to encourage learning among SC/ST, backward and minority students; *Manaswini* to give pensions to unmarried, divorced and widowed women; and *Maithri* to give pension to sexual minorities. In all such cases, the eligible beneficiary under one or the other criteria is the direct gainer from the scheme; to that extent she/he is a **participant but not a partner, nor a contributor to the development process** directly. The purpose is very normative—to make the individual often forcibly 'inclusive'⁷.

The second alternative is to take a more democratic approach. In a society, there are several agents involved in decision making at individual, family, community, village, taluka, district, state and national levels—rich and poor; belonging to one or other religion, caste, sects, or groups; investors and consumers. Can these different segments of the society be involved in development? The answer is 'yes-or-no'. The least that can be done is to make the beneficiaries to be involved all through the development planning process, more as a demanders, decision makers and partners⁸. There is a sense of social

⁶A short list of them is: *Krishi Bhagya*, *Anil bhagya*, *Anna bhagya*, *Ujwala bhagya*, *Thai bhagya*, *Laptop bhagya*, *Manaswini bhagya*, *Ksheera bhagya* and so on.

⁷ This may happen due to political, religious or other social sectarian forces.

⁸ In some sense India tried this since 1960's with (a) mixed economic planning, (b) more recently with PPP mode of development.

inclusiveness here. That is when a notion of **participatory development** was coined⁹. Under this alternative, the citizen also contributes significantly to the development process. Examples are land and financial resource pooling and management, community labour supply, participatory natural resource management, PPP mode of production and so on.

India is rich in the experiments and experiences on both these two approaches. Therefore, I raise a second related basic question: 'Is delivering inclusive growth and the management of a planned development the responsibility of the State or governments only?'¹⁰Till the 11th Plan, the approach has been 'supply oriented meaning thereby state driven, and not demand oriented'¹¹. What are the social and economic implications? Apart from several inefficiencies in the delivery systems and fiscal implications (such as heavy fiscal deficits), such programs push the society to ask more and more doles and subsidies- be it on housing, water supply, health care, education, food and nutrition supply¹². The history and lessons of the earlier plans clearly indicate that the 'State' alone cannot deliver the outcomes of planning in a democratic system such as ours (Chakravarty,1987).Though the 11th and 12th Plans referred to governance and creation and delegation of responsibilities with public and private institutions,it was yet another exercise quite missing in them.

⁹ It is not my intention here to elaborate more about participatory development. The literature on this and model of people's participation is too vast. See Chambers, R (1983) and Chopra et al. 1990.

¹⁰ Dryzek (2000) advocates capacity building on **Deliberative Democracy** for government officials, citizen groups, non-profit organizations to devote time and resources to strengthen citizen engagement.

¹¹ Currently there are many such schemes at the national level. Some examples are: Pradhan Mantri Mudra Yojana; Pradhan Mantri Awas Yojana;Rajiv Gandhi Jeevandayee Arogya Yojana;Sansad Adarsh Gram Yojana;Pradhan Mantri Jeevan Jyoti Bima Yojana; Atal Pension Yojana; sukanya samridhi; Deen Dayal Upadhyaya Gram Jyoti Yojana;Beti bachao beti padhao;Antyodaya Anna Yojana;Deen Dayal Upadhyaya Antyodaya Yojana; Jyotigram Yojana.Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA), Sarva Siksha Abhiyan (SSA), Mid Day Meals (MDMs), Pradhan Mantri Gram Sadak Yojana (PMGSY), Integrated Child Development Services (ICDS), National Rural Health Mission (NRHM), Jan Dhan Yojana and so on.

¹²The central budge support for subsidies stood at 2.72 lakh crores in 2017-18 budget (of which food subsidy is 53%, interest subsidy is 9%, and other direct subsidies of 3%. Indirect subsidies are on fertilizer and petroleum. Some intellectuals from Karnataka have even labeled that such schemes are making people lazy. It is also opined that 'The able-bodied persons should work to earn their livelihood.... The 'bhagya' schemes are aimed at consolidating the vote bank at the cost of tax payers' money'. But the input subsidy programs by themselves are not as bad as the output/consumption subsidies.



How to take the citizen on board? The majority of citizen would make their demands on well-being through available democratic processes such as elections. Then they make their demands on development (perhaps as a bargain or through protests.). But, there are grave chances of minorities and marginalized sections being left out-as their voices may not be heard¹³. Secondly, unless monitoring and deliverable institutions are created and maintained, much of the plan visions may continue to remain in plan documents only (Chakravarty,1987). India has just begun with some progress in this direction of building such institutions. Good examples are, 73 and 74th amendments to the Constitution of India making ways for decentralized panchayat raj governance; Right to Information Act bringing lot more transparency and communication between the ‘state’ and the ‘citizen’; several recent schemes such as Swachha Bharat Yojana, Jan Dhan Yojana, MUDRA Bank Yojana, Start-up program, NREGS etc., all involving the citizen at large. To realize the full benefits of such participatory planning and information system, the institutions and deliverable instruments have to go together. Also, a very high degree of transparency is required on such delivery systems¹⁴. Lastly, the real gains of such inclusive process may still reach only a few-making way for typically known ‘tail-enders’ problem. One is not very sure, given the present state of democracy, the institutions are really technically competent to undertake all those socially relevant responsibilities¹⁵.

4 Need of the hour: Move to Inclusive development

¹³ Kadekodi (2014) argues that ‘in a democratic system, equality begins with voting, and ends then and there only’.

¹⁴ According to a Transparency and Accountability Index constructed by Public Affairs Centre, Karnataka state ranks second in 2016, next only to Kerala. The seven indices used by them are: Adherence to Section 4 RTI; RTPS act legislated or not; No. of Services provided under e-Governance plan Lok Ayukt: Constituted / Bill Passed, Individual Web-sites; and Chairpersons appointment; No. of Anti-corruption cases disposed as a % of total cases registered; Social Audit under NREGA: % of GP's covered Panchayat Devolution Index Score.

¹⁵ Also to be noted is the fact that every newly elected representative member from the public reinvents and sings the same music of ‘development promises’.



ALL INCLUSIVE HOUSING AND EXCLUDED SOLID WASTES HAVE TO CO-EXIST!

I finally come to the main question: Why to talk about inclusive development? This has been the emerging question in the minds of several sociologists and political scientists, apart from few economists¹⁶. This is

something new, emerged after several global consultations in the last decade of the last century. Emergence of Millennium Development Goals (MDG, in 2000) and Sustainable Development Goals (SDG, in 2014) are the latest outcomes. A large number of countries took these as the newest paradigm shift from development to inclusive development. Briefly stated, in these development goals there are four different aspects of adding dignity to human life, which the new paradigm is targeting: **maximizing opportunity, capability, access and security**.

Using such a concept of inclusive development, recently the Asian Development Bank (ADB, 2007,) developed strategies towards equity and empowerment, based on poverty reduction, human capital development (e.g., education, health care), social capital development (e.g., participatory decision-making and community-based steering), gender development (e.g., status, welfare and participation in societal development for women), and social protection (e.g., reducing risks and vulnerabilities associated with age, illness, disability, natural disasters, economic crises and civil conflict) (Rauniyar and Kanbur, 2010; Gupta et al., 2015). If understood specifically, it is talking about:

- Human material, social-relational and cognitive/psychological well-being;
- Inclusiveness focuses attention on the poorest (in income), vulnerable (in terms also of age, sex and location) and the most marginalized or disadvantaged people;
- Inclusiveness includes the knowledge and aspirations of local people in the development process;
- Inclusiveness implies affordable access to civic amenities and basic infrastructure;

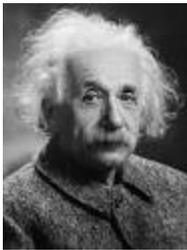
¹⁶ Max Weber (1864-1920) wrote about social stratification and class structure, and the implied property rights structure and their role in public governance. See Weber (1947), and also Myrdall (1968).

- Inclusive development calls for participatory approaches in governance and for capacity building; this implies non-discriminatory and equal opportunities for participation in society (Gupta et al., 2015).

While we discuss much about inclusive processes, it may also be useful to recollect social, political and economic forces that make parts of the **society excluded** from the mainstream of development. There are three factors behind such exclusion processes. First, is the 'kinds of possible deficiencies at the infrastructural level'. Examples are healthcare facilities, educational facilities, drinking water, and sanitation facilities and so on. Second is wrong selection of people as beneficiaries depriving or marginalizing the deserving many others, e.g., women and child suppressed from social participation to avail many such facilities. Third are the kinds of institutions that retain such exclusion processes¹⁷. There is a matter of property rights and lack of legal and traditional institutions¹⁸.

5 Questions

After reviewing such a long drawn process of moving from growth to inclusive development in history, it is natural to raise routine questions. Why such a long route? Why such a long time? How long to wait?



The shortest answers to these loaded questions can be found only from Albert Einstein, who identified three dimensions of any decision/action process- **time, space and situation** (reality). I can best explain these with illustrations. End of the Second World War period is not the same as the first decade of this millennium. Period of oil crisis in 1970's is not the same as the globalization period of 1990s. **Time is changing**. Less developing countries or regions are not the same as European or North American continents. Hyderabad Karnatak region is not the same as coastal or Kaveri delta region. **Development space or platform is not the same** everywhere. **Situations and institutions** such as population pressure, political structures, land holding patterns, legal

¹⁷ In the classical economic literature, bonded labour and slavery are good examples of such classes.

¹⁸ Percy-Smith (2000) lists a number of reasons for social exclusion. Some of them are: Lack of opportunity and legal rights for work; Lack of opportunity to education and skills; Childhood deprivation; Disrupted family life; Barriers to older people to live active; Inequality in health Poor housing; Poor neighborhood; Fear of crime; Belonging to Disadvantaged group.

frameworks, natural resources endowments etc., are not the same everywhere. Recent phenomenon of global climate change is a living example. Another example is that of 13 different Personal Laws in India when it comes to marriages.

Can we devise **timely** relevant, **spatially** appropriate development program suitable to the **situation** that humanities face today? There is a good answer on such a question from Stefen Hawking, world renowned scientist. He set out a question on Internet in 2006: “*In a world that is in chaos politically, socially, and environmentally, how will the human race sustain another 100 years?*” Among the over 25,000 people who logged on to give their answers there were many who wanted to know what this great scientist’s own answer would be. Finally his response came: “*I do not know the answer either. That is why I asked this question.*”

I wish to close this discussion by returning to the most talked about question today- about persistent poverty, inequality and human dignity.



Poverty hurts, not just because it can leave you feeling hungry, cold and sick; but because it can also leave you **feeling ignored, excluded and ashamed**. In *The Theory of Moral Sentiments*, in 1853 Adam Smith argued that all of us want others to pay attention to us and treat us with respect. That dignity and respect of life cannot come purely by growth or songs of inclusive development. It is only a **Participatory Inclusive Development** that alone can take us on a path of sustainable well-being.

Am I suggesting yet a new stage of Development? I will return to this question in Part 3.

Part 2

6 A Tour of Paradigm shifts on Development Front in Karnataka

Karnataka is an ideal state to discuss paradigm shifts in the development process towards Inclusiveness. Being part of Indian planning process, Karnataka also went through the motions of growth, addressing several special issues under growth, twists towards development, sustainable development, inclusive growth, and inclusive development now. All these were part of the Indian planning process, about which I do not wish to go through statistically¹⁹.

Rather, focusing on paradigm shifts in the state, I can recount **three major institutional shifts** and a **series of major socio economic reforms** that have enabled and enhanced inclusiveness in the state. The institutional reforms are, (1) state reorganization in 1956, (2) effectively implementing land reforms during 1972-78 period, (3) effectively implementing Reservation policy in 1990's. Referring to socio-economic reforms, I may list at least two; (a) a variety of participatory development processes and, (b) on-going human development programs (perhaps from 2000). The last one is an envelope of economic, social, political and legal reforms and transformations.

For sure, state reorganization in 1956 is a major paradigm shift in Karnataka. Recognizing this, the much known HPC (2002) report begins with the first sentence as:

"The main purpose of development is to enlarge people's choices." (HPC, 2002, p.3)

The report goes on to say that:

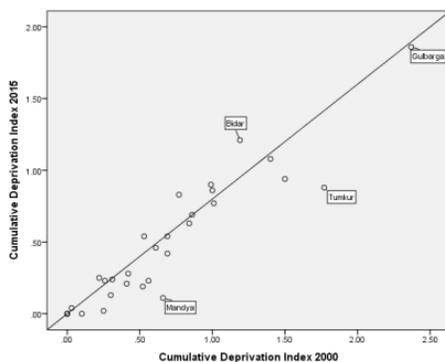
'The linguistic disharmony obtaining within in any state or any part of another state or states can lead to discrimination in favour of the majority in a democracy...Longer the period of such a discriminatory dispensation, greater is likely to be the stagnation in the neglected parts' (opcit., p.4).

¹⁹ Rather, I draw the attention to the first two chapters of Karnataka Development Report (2007): 'An Overview of Karnataka's Economy' (p.43-66), and 'The Dynamics of Karnataka's Growth' (p.67-86). They elaborately run through the development process in Karnataka.

Recognition and correction of inherited regional imbalance in Karnataka, in my opinion, was the **first major institutional paradigm shift** towards more coherent development in the state. As many as five different Kannada speaking regions were brought under one state umbrella. This state reorganization, no doubt, enabled the state to formulate a uniform development policy to bridge regional imbalances.

Stating several challenges under such a unification process, the HPC report in 2002 set out the milestones on redressing regional imbalance in the state by addressing (a) the issues pertaining to *efficient management of resources* (such as land, water, forest, live stocks, minerals and so on), and the reforms needed in the production sectors (such as agriculture, irrigation, power, industry and transport) to manage them; (b) the *social infrastructure* needed for any development (with issues on health care, education, drinking water, urbanization and so on); (c) finally, and this is very important, addressing specifically various *social deprivations* in the state to be nullified (e.g., income disparity, low survival rate, unsafe deliveries, malnutrition among children, low or no access to toilets, unsafe drinking water, illiteracy and gender gaps, and school dropout rates and so on). A package of Special Development Plan was implemented in the state since 2007-08²⁰. By now, there are several evaluation and impact assessment studies on this subject (Aziz and Hanagodimath, 2010; Annigeri and Hanagodimath, 2016; Hanagodimath, 2014).

Figure 2: Cumulative Deprivation Rates across districts in Karnataka: 2000 and 2015



‘With all the planned efforts to reduce the deprivation rates, what has been the outcome’, is a moot question. Treating {1-Comprehensive Composite Development Index} as a measure of deprivation, to be called as ‘Cumulative Deprivation Index’, the district level (also the taluka level) deprivations, as estimated by

Kadekodi and Hanagodimath (2016) are shown in Figure 2, for the years 2000 and 2015. As can be seen from the district level scatter of those indices for the two periods, as many

²⁰ Specifically focusing on redressal of backwardness in backward talukas.

as 11 districts have deteriorated in terms of such deprivations over the five year period²¹; but the rest of 19 district have shown some improvements.

Some more comments on the outcomes of planned efforts are called for. Studies by Kadekodi and Hanagodimath (2016) indicate that (a) the degree of regional imbalances have come down, only marginally²²; (b) but a positive move that has taken place is that, by 2015 a large number of talukas have come very close to the state average (as indicated by a measure of kurtosis, increasing from 3.05 to 16.05); (c) Between 2000 and 2015, as many as 129 talukas out of 176 have improved their development status, suggesting improvements in the resource allocation strategies; (c) however, almost 33% of the allocated resources till 2016 remain unutilized (Annigeri and Hanagodimath, 2016). The reasons for continued regional imbalance can be many. Most obvious can be deficiencies in implementation and monitoring procedures (KDR, 2007, Ch.10).

Land reforms in the state, in my opinion, are the **second most important institutional reform towards inclusive development**. Land reforms have always been argued to be one of the major pace setters in the development process (Myrdall, 1968). It is a program to enhance access to resources. During the periods 1972-78 rigorous implementation of land reforms took place (though the Land Reforms Act existed since 1961, and modified since 2015). While the tenancy land holdings were of the order of 3.98 lakh (11.2% of total holdings) till 1970's with as much as 8.35 lakh acres (7.3% of agricultural lands), the same changed for the better of marginal and small farmers subsequently. After the ceiling of land rights (4.05–8.10 ha per family of irrigated lands, 10.12–12.14 ha of unirrigated lands, and 21.86 ha of dry lands), 2.82 lakh acres were redistributed to the eligible tenants (about 4.48 lakh). According to Thimmaiah (2001), by 1990 the number of tenants benefitted in Karnataka was of the order of 6.05 lakhs, with 14.5 lakh acres of area accrued to them as operational holdings. The average land redistributed to the tenants is of the order of 3.7 acres. It is a different matter whether land reforms in the state have

²¹See Appendix for the table of statistical estimates.

²² Increased degree of positive skewness, Pearson measure of skewness increasing from 0.41 to 0.66 in 2000 and 2015 respectively, suggesting increasing number of talukas below the state average; as many as 97 talukas continue to be below state average in development.

improved the agricultural productivity or not; while empowerment of such small and marginal farmers is a major social and political reform, for sure²³.

The land reforms are to be looked into, more specifically by vulnerable SC and ST beneficiary population. This is a question of institutional empowerment. As against 17.15% of total SC population in the state (as per 2011 Census), in 2005-06 as much as 11.6% of all operational land holdings in the state were held by scheduled caste population, owning about 8.9% of total area operated; likewise, 5.8% of holdings by scheduled tribe population, operating 5.9% of lands (source: Karnataka Agricultural Census-2005-06). In terms of governance, the state has done quite well on this inclusive front (Herring, in Kadekodi et al., 2008). These are healthy indicators.

However, there are serious disturbing factors. A large number, 53.7% of SC land holders own 21% of area as marginal lands (less than one ha), and another 29.5% of them hold 33.5% of land as small land holdings (between 1-2 ha); only 0.4% of holdings in the category of large (i.e., greater than 10 ha) are held by SC population. A scheduled caste land holder holds on average just about 0.49 ha. of land; likewise an ST land holder, of 0.51 ha. This continued institutional inequality has not come down despite of land reforms and empowerment (Rao, CHH, 2008). Secondly, several studies have revealed the inefficiency in agriculture due to increased small holdings and hardships in resource mobilization for land cultivation (Thimmaiah in Aziz and Krishna, 1997). Thirdly, the recent 2015 LARR Act has made land conversion lot more easier for urban and corporate development, the substantial implications are yet to be read. There are strong views to say that under the nose of development lots of lands are being diverted from tribal and forest belts in the country- a notion coined now as 'development by dispossession' (Bhaduri, 2017; Fernandis, 2009). Moreover, land reforms in Karnataka have several indirect political impacts such as 'restructuring the rural power structure', an indication that cannot be easily assessed.

²³ It is a difficult exercise to carry out impact assessment of this value judgment of land reforms on (a) land productivity (b) on social empowerment of farming communities.

In my opinion, the **third major institutional paradigm shift** that took place in Karnataka is about Reservations in government jobs and admissions in higher education. This is a major empowerment policy. Though the process of initiating this policy started way back in 1975, the current legally implemented Reservation Policy came in to existence in 1990 for SC and ST and other backward class populations. With policies of 15% reservation for SC, 3% for ST population, and 32% for other backward class population, the number of such employment streams in state government and its organs have increased significantly²⁴. This reform is due to the degree of inclusiveness proposed by the L G Havanur Committee, appointed in 1974 which adopted a sophisticated approach to inquire into the status of people - **both social as well as economic status** - of people from different race, caste, tribe, social, educational and economic backgrounds for identifying the backward class people deserving reservations.

There are not many studies showcasing the real employment benefits from such a policy. Thorat and Senapati (2006), Yadav (2010) and Kedia (2015) all argue that while the targets are being met according to the central and state laws, there is significant inequality in job hierarchies (between D, C, B and A category of jobs); and lack of proactive and sensitized inclusive governance, reliable or efficient mechanisms for reviewing, and affirmative action²⁵.



The **fourth major paradigm** shift in Karnataka's inclusiveness, in my opinion, can be called implementing various **participatory developments**. By definition, participatory means inclusive. Not just that; it is also an empowerment process. I can identify at least three such major instances over the last 30 year. The first one is implementing 73rd and 74th amendments in the Constitution, by opting for **Panchayat Raj** institutions, both at rural and urban

²⁴ During 1984, SC population in the state had actual reserved jobs to the tune of 12.4%, which reached a high of 17.35% in 2006, but came down to 15.17% by 2016 (Source: Karnataka, DES, 2017).

²⁵ Rajasekhar and Manjula (2015) show that even in NREGS (a job guarantee program), among SC and ST populations as many as 59 and 79% of SC and ST population in Karnataka got less than 20 days of jobs.

levels. Budgetary allocation on rural development in Karnataka in 2016-17 was almost 3.87% of plan and non-plan budgetary allocation of state's capital and revenue budget heads, with matching support from the Central government. I do not think that there is a need for me to elaborate much on this institution, except to remind us that the process had started long back in Karnataka with the *Mandal* panchayat scheme. As of today, there are 5659 gram panchayats in Karnataka, 176 taluka panchayats and 30 zilla panchayats, apart from 69 town panchayats. There are numerous evaluation reports on the functioning of PR institutions in the state (Shivanna, 2017).



Rapid Poverty Reduction

What is the relevance of panchayat raj institutions for inclusive development? By now there are sufficient evidences to say that there is a direct link between the 1993 Panchayat Raj Act in the state with reservations based on several criteria such as caste and gender for

GP members- a truly inclusive process. For instance, 33 percent seats in panchayats are reserved for women; their actual representation in the three levels of Panchayat Raj Institutions are 51.14%, 55.15% and 53.21% in 2015 Gram Panchayat elections. Out of 93465 elected representatives, 20% are from SC, 11% from ST, and 17% belong to OBC communities. Under NREGA program, 100 days of work to eligible poor people is enabled. Further, Rajasekhar and Manjula (2015) show that the women headed gram panchayats have had much better deliveries such as street lighting in the villages. Duflo and Chattopadhyay (2004) show that deliveries of public good services and infrastructure in gram panchayats are 'directly correlated with the needs of their own genders'²⁶. Likewise, Cho (2014) argues that in Karnataka SC and ST children in age group 5-18 have shown better attendance in schools wherever there are SC and ST presidents in gram panchayats. On the whole, Karnataka has been lot more transparent on this mission of panchayat raj development.

²⁶ They further say, 'The gender preferences of men and women are proxy by the types of formal requests brought to the GP by each gender.... Women elected as leaders under the reservation policy invest more in the public goods more closely linked to women's concerns: drinking water and roads in West Bengal and drinking water in Rajasthan. They invest less in public goods that are more closely linked to men's concerns: education in West Bengal and roads in Rajasthan.'

One can also treat the establishment of Anganwadi centres in the villages as yet another instance of a participatory process for the benefit of children to get skills for their better future. At present 61187 AWCs and 3331 mini anganwadi centers are functioning in 204 ICDS projects in the State, covering all the 176 talukas. During 2016-17, 58.26 lakh beneficiaries availed benefits under the scheme.

The **second** participatory institution which has a similar inclusive motive is the establishment of **Self Help Groups**, promoted by Regional Rural Banks, NABARD and several private institutions (but originally started by various NGOs such as MYRADA, growing since 1984). The main purpose of the scheme is to provide needy credit to the registered women groups, to undertake economically beneficial livelihood activities. Currently, there are over 2.8 lakh such groups in the state spread in almost every panchayat and village in the state. Equally important to note is the fact that a large number of private and NGO institutions have promoted the scheme.



CONSTRUCTION OF CHECK DAM-HIROLI GRAM PANCHAYAT,
ALAND TALUK,GULBARGA DISTRICT

The **third** participatory institution that I can list is the **Mahatma Gandhi Employment Guarantee Scheme** in the state. Country as a whole, it is one of the major empowerment policy on employment creation, food security, reduction of poverty and reduction of social hardships on landless labourers in the hands of

landlords. The program enables the rural people and the Panchayat raj administrative machineries namely, the Gram Panchayats, to come together under one umbrella of **participatory development** with governance. While several studies argue that ‘the program is half full and half empty’, let us understand that it is one of the most highly decentralized development and governance program in the country. I am yet to see any theoretical or empirical studies showing the aggregate welfare loss due to such a

decentralized public program²⁷. Some distributional inequities may be visible in the country, but not so much in Karnataka (Kadekodi and Hanagodimath, 2016).

In Karnataka, all the districts are covered under MGNREGS, with a total of 57.15 lakh Job card holders in 2015-16. Being an anti-poverty program, people of specific vulnerable sections are targeted in the program. For instance, as against 20.15% of SC rural population in the state (according to 2011 census), 16.66% of SC rural population has been covered under MGNREGS in 2015-16. This share has remained around 16% during the last five years. In case of ST population, as against the 9.15 per cent in the state, the scheme has covered 8.50 per cent in 2015-16; otherwise averaging around 8-9 percentages during the last five years—an indication of two of the major vulnerable sections having been fairly well covered under this scheme²⁸.

I now turn to the **fifth major basket of paradigm** shifts, namely on human development front. According to UNDP, GoI, to Karnataka government's views, human development is directed to **enhance three aspects of capabilities in human life: capacity** to lead long and healthy life, **access** to knowledge about possibilities, and **ability** to ensure a reasonable quality of life. They are to be used for better health, better education, and employment and income generation for living, quality and dignity of life, all adding to human development. Ever since the 1990 UN meetings on Human Development (subsequently setting up of Millennium Development Goals in 2000, and more recently UN adopting Sustainable Development Goals in 2015), all over the world there is an increasing concern about social deprivation as much as regional disparity. Therefore, human development as a universal paradigm shift is, not restricted only to Karnataka.

A bit of good news is that Karnataka's performance on many of the human development status has been much above the all India average levels; particularly on school enrolments, school dropout rates, health facilities and drinking water and toilet facilities and so on, in general (cf. Socio-economic Survey of 2011 Census).

²⁷ Economic theory can, at best reach up to oligopoly to assess welfare implications. But under MGNREGS there are multiple agencies and players.

²⁸ Kadekodi and Hanagodimath (2016) have given very detailed econometric analyses of the performance under MGNREGS in Karnataka.

In this connection, the basic questions to be addressed universally are: is there a quality of life among the masses? Is there a dignity of life? Is there a social security to personal life and to dependents-spouse and children and the disabled? Are there basic minimal amenities, be it on safe drinking water, hygienic toilets, immunizations against vector and non-vector, chronic and critical diseases? The questions have been many, some posed in one go, and some other posed from time to time (United Nations Millennium Declaration, September 2000). Some of the human development aspects universally addressed now is: eradication of extreme hunger, malnutrition and poverty; universal primary education and quality of education; gender empowerment and equality, reduction of child and maternal mortality; good health and combating HIV/AIDS, affordable clean energy, etc.

How has Karnataka acted on these fronts?

Earlier, in part 1, I have already listed a large number of programs in Karnataka on these challenges. The dimensions of the problems and issues are many. The most recent report of Karnataka government, '*Human Development: Performance of districts, talukas and urban local bodies in Karnataka, 2014*' lists many of those²⁹. Studies show that the gaps are still quite far many; challenges are increasing, as people have become more and more intolerant to the deprivation rates.

For instance, almost 50% of rural people in the state still go for open defecation, according to Ministry of Statistics and Programme Implementation (MOSPI)'s Swachhata Status Report, 2016. Only about 35.2% of SC households have access to treated drinking water taps in the state (as per 2011 Census). Another slice of 30% SC population has untreated tap water supply. All the rest have to fend for water from ponds, open wells and so on. The situation with slums in the state is still very alarming. According to Karnataka Slum Development Board, as many as 2800 slums are habitated in Urban areas, with a share of 22.54% of urban population. The percentage of slums without toilets is of the order of 30.5%, according to 2011 Census; as many as 67.5% of those household have access to treated tap waters, and 16.2% with untreated tap water. The situation with ST population in the state is no better either.

²⁹The notable ones are: deficiency in cooking fuels, toilets, safe drinking water, access to electricity and health care, good housing, income levels, child and maternal mortality, basic literacy and school enrolments (including dropout rates).

Apart from lack of infrastructural and social amenities with access and dignity, a question should be raised at this stage on the governance process and its impact on the inclusive process. Governance, as mentioned earlier in Part 1, should include on monitoring, invigilation, transparency and administrative efficiency. Recently, several studies have revealed the contribution of various governance measures on attainments of socio economic developments, enhancing the overall human development (PAC, 2016). Considering as many as 68 different governance indicators at the state levels, the study from Public Affairs Centre has estimated aggregate indices called Public Affairs Index (PAI).

The link between PAI and HDI is examined by using independent estimates (Kundu, 2016) on Human Development Indices (HDI) for various states in India, as shown in the Figure 3.

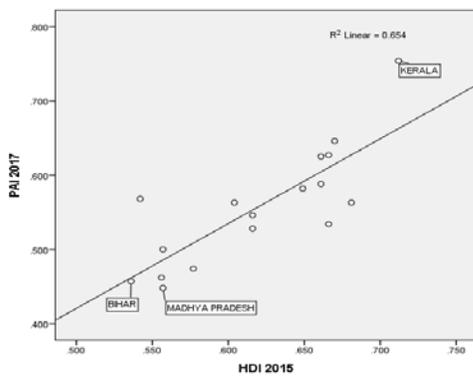


Figure 3: Governance explained by Human Development

Clearly, it is understandable that more concentration be given on such governance measures to bring about effective Inclusive processes, particularly on human

development.

Part 3

7 Development Challenges Ahead

From the Karnataka scene, I return back to proposing an inclusive development process for the future. There are many challenges. The first challenge that I can list is about monitoring and invigilating the development programs to reach the right kinds of people, at right time. In several countries (e.g., France, and even China), there are specialized NGO institutions to act on these fronts. That is truly participatory. In absence of these, no amount of ‘*man-ki-baat*’ can make the programs truly deliberative (Dryzek, 2000).

I wish to cite, as an illustration, a basic challenge on enhancing skill formation (a program both at the central and state levels). It is a strategy of capacity building, confidence building and empowerment. Demographically speaking, this is to take almost one third of population in the youth category to potential employment oriented jobs. It was felt in Karnataka (also at the all India level), that skill development has to be a major thrust in this direction³⁰. According to the policy document of the government (GoK, 2017), Karnataka's policy is to focus on as many as 1.88 crore youths in the age group of 16-35 (about 75 lakhs existing, and another 113 lakhs joining in by 2030), to provide appropriate work skills. This is indeed a gigantic task, to provide basic skills to about 13.4 lakh youths in the coming years, annually. There is a need to identify the skills among the young children (preferably by their 7th or 8th standard in schools) about the kinds of job skills to which they can be guided and directed³¹. There is a need to focus on a vast diversified skill linked jobs, such as in tourism, catering, construction, to be good teachers in education, in high agricultural technologies, paramedical and health care, textiles, in small-medium and cottage industries etc. One does not see much of preparedness on these front.

I now jump to, what I consider as most fundamental, a final challenge on human development; that is about dealing with natural resources about which I have mentioned briefly in Part 1 already. Even in 21st century, we have not learnt to consider nature as belonging to all-homo sapiens and animals alike. Humanity has learnt, over history of thousands of years to institute property rights on their personal properties such as, own house, land, cattle, movable properties etc., as private property, establishing legal frameworks for their protection, and also learnt to manage them. But, when it comes to nature (including air which is an open access resource), public or common properties such as roads, lakes, parks, wildlife and forests, biodiversity, grass lands, even office space etc., we have not learnt to manage them³². Economics teaches that the public

³⁰ There are several other similar programs introduced since then. Notable ones are Make in India, Start-up program and so on).

³¹ Way back in 1980's China realised the potential benefits from skill development reforms with technical and vocational education, and training system. China has a strong program on vocational and Educational and Training at the secondary level in higher education institutes, vocational training in training centres, adult training and retraining, training of vocational trainers, and financing as well as industry participation (with an school entrance examination called the "*Zhongkao*"). Moreover, the involvement of enterprises is mandated by the 1996 Vocational Education Law. Between 1980 and 2001, the proportion of secondary vocational school students among total secondary students increased from 19% to 45% (Kadekodi, 2015).

³² About Rs. 3000 crores have been spent in the last two years on Ganga cleaning, without any visible result (ET, August 02, 2016).

properties of the kinds mentioned above are highly complementary to the management and upkeep of their private properties, and deriving livelihoods and quality of life³³.

Second, there is a myth in the minds of people that ‘development is all about finding substitutes’. At the cost of repetition let me state that ‘*development without conservation is not sustainable; just as conservation without development is not acceptable*’. Any development process that breaks such an ecological chain process will end up with degraded or depleted and broken environment and natural resource base. Construction of large dams over river or diverting rivers, thereby breaking the link between the tribal people, forests and watersheds has been making the environment subject to climate changes including warming, spread of diseases, threat to livelihood of the poor and so on.

This gap in understanding on ‘treating private and public goods and services alike’ can come only from a different educational set up. It also calls for creating a social capital of awareness about environment, the social responsibility and social sanctions for negligence of environment or destruction of it. Kautilya talked about such institutions. He talked about environmental management; the role of the state and public in managing solid waste, forest and water resources; common property resources and biodiversity. He even advised the king to develop a system of disaster management against floods, fires, famines and diseases³⁴.

That is the most wanted participatory inclusive concept.

That is the remaining challenge everywhere now-be it in Karnataka, India and the world at large. The new paradigm shift yet to arrive is therefore, **Participatory Natural development; and not just Inclusive Development. Hope we do not have to wait too long for it.**

³³ For instance, if there are good grass lands (a public or panchayat property), the cattle (a private property) can be better fed. If there are good cattle, we get better food-milk, butter and ghee.

³⁴ An old Chinese wisdom: ‘Each square *li* of land should be divided into nine plots, the whole containing nine hundred *mu*. The central plot will be the public field and the eight households, each owning a hundred-*mu* farm, will collaborate in cultivating the public field. Not until the public has been properly attended to, may each household attend to its private plot. This is how the country men should be required to learn’, Mencius, Extracted from Ch’u Chai and Winberg Chai (1965), p. 118

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Appendix

Table : District-wise Share of Deprivation based on Cumulative Deprivation Index (CDI) in Karnataka 2000 and 2015

District	Cumulative Deprivation Index (CDI) (%)	
	2000	2015
Bagalkot	2.74	1.58
Belgaum	3.46	3.70
Bijapur	6.91	7.41
Dharwad	1.10	1.68
Gadag	1.54	1.68
Haveri	2.58	3.73
Uttara Kannada	2.02	1.47
Bellary	4.90	5.95
Bidar	5.82	8.27
Gulbarga	11.70	12.72
Koppal	4.87	6.26
Raichur	7.43	6.39
Yadgir	5.02	5.29
Bangalore	0.50	0.00
Bangalore Rural	0.17	0.29
Chikkaballapura	3.41	2.91
Chitradurga	4.28	4.73
Davanagere	4.11	4.28
Kolar	1.25	0.13
Ramanagara	2.57	1.34
Shimoga	1.28	1.63
Tumkur	8.79	6.08
Chamarajanagar	2.99	3.20
Chikmagalur	1.45	0.88
Dakshina Kannada	0.00	0.00
Hassan	2.09	2.01
Kodagu	0.00	0.00
Mandya	3.23	0.74
Mysore	3.81	5.66
Udupi	0.00	0.00
Source: Kadekodi and Hanagodimath, 2016		

STATE WISE HDI AND PAI

States	PAI 2017	HDI 2015
Andhra Pradesh	0.546	0.616
Assam	0.462	0.556
Bihar	0.457	0.536
Gujarat	0.528	0.616
Haryana	0.588	0.661
Himachal Pradesh	0.646	0.67
Jammu and Kashmir	0.582	0.649
Karnataka	0.563	0.681
Kerala	0.754	0.712
Madhya Pradesh	0.448	0.557
Maharashtra	0.534	0.666
Odisha	0.5	0.557

Punjab	0.625	0.661
Rajasthan	0.474	0.577
Tamil Nadu	0.627	0.666
Uttar Pradesh	0.568	0.542
West Bengal	0.563	0.604

Sources: (1) HDI - Kundu, Tadi (17 December 2015). "Why Kerala is like Maldives and Uttar Pradesh, Pakistan". Live Mint.

Retrieved 2 May 2017.(2)PAI- <http://www.publicaffairsindex.in/#/themes/inequality/table>; Note: The estimated correlation between PAI and HDI is 0.65.