

# Inclusive Economies: States of India

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with: Gabriela Giusta and Bidisha Chaudhuri

# Outline

- Background & Evolution of the Inclusive Economies framework
- Sub-national case studies: Colombia, South Africa and India
- India: Overview of conceptual framework and preliminary results
- Discussion



**Chris Benner, Director**

Rooted in urban/economic geography and political-ecology, his research examines the relationships between technological change, urban and regional development, and structures of economic opportunity.

**USC Dornsife**

*Program for Environmental  
and Regional Equity*

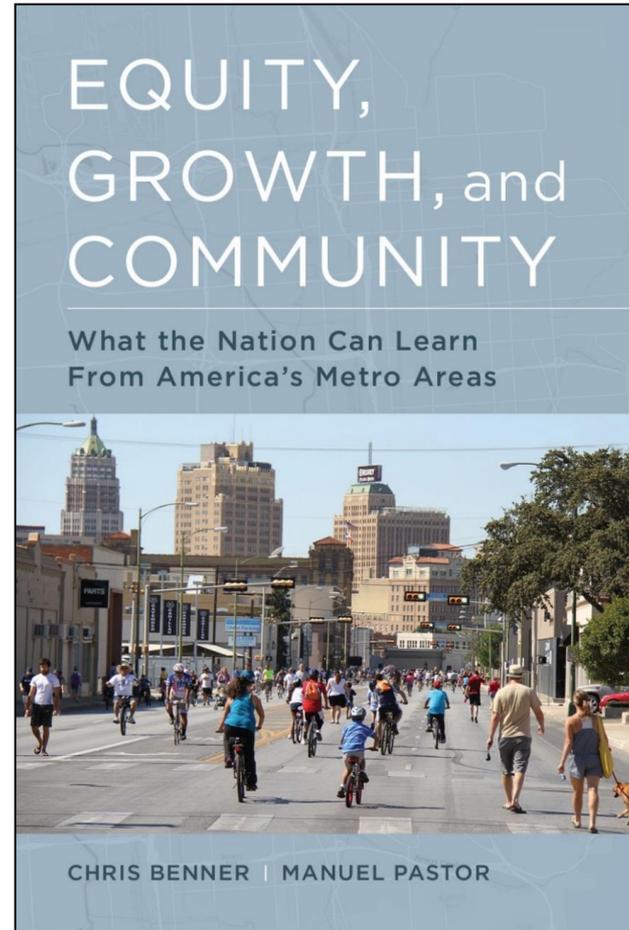
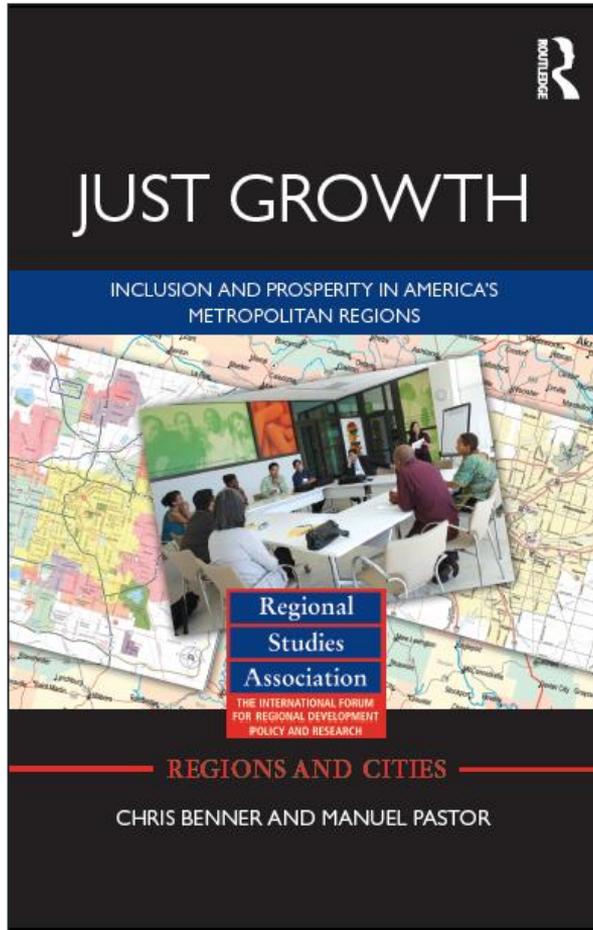
**Manuel Pastor, Director**

His work focuses generally on economic issues, the environmental and social conditions facing low-income communities in urban areas, and social movements that try to change those realities.



**Gordon McGranahan,  
Research Fellow**

With a background in development economies, his work focuses on the politics, economics and practicalities of urbanization & economic productivity, social inclusion and environmental sustainability



<http://www.luminosoa.org/site/books/detail/5/equity-growth-and-community/>

## In this work, we learned...

1. Inclusive economies are possible and can function better
2. What helps to make this happen in metropolitan areas of the United States is knowledge communities and cross-sectoral conversations
3. Data and indicator projects are not just about measuring change, they are tools to promote these conversation

*First Phase:*

# *Inclusive Economies: Evolution of the theoretical framework*

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*Goal: to review the evolution of the inclusive economy concept, followed by an overview of the existing indicator initiatives that attempt to measure inclusive economies and related concepts.*

# Evolution of theory



## 1. THE OLD "TRICKLE-DOWN" THEORY DIDN'T WORK.

Growth was supposed to bring improvement at the bottom but evidence was scant and inequality increased as debt and other crises hit.



## 2. PRO-POOR GROWTH DIDN'T ALWAYS DELIVER.

One response--devising policies to better ensure that growth would benefit poor--had its strengths, but also neglected the relative positions of the poor and wealthy, and non-income factors for disadvantage, such as race, gender and region.



## 3. INCLUSIVE GROWTH IS KEY BUT NEEDS A BROAD DEFINITION.

A more comprehensive understanding of inclusion also incorporated more non-income measures of well-being, as well as more robust and equitable participation in both the economy and decision-making, but still neglected ecological concerns and economic stability.

## INCLUSIVE ECONOMIES

*Incorporating insights from ecological economics, theories of social well-being, and these concepts of pro-poor and inclusive growth, The Rockefeller Foundation defines an inclusive economy as one in which there is expanded opportunity for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being. In developing this understanding, the Foundation argues that inclusive economies have five broad characteristics: they are equitable, participatory, growing, sustainable and stable.*

# Inclusive Economies

*Inclusive economies expand opportunities for more broadly shared prosperity, especially for those facing the greatest barriers to advancing their well-being. The Rockefeller Foundation defines an inclusive economy using five inter-related characteristics: equity, participation, growth, sustainability, and stability.*



# Landscape analysis

More than 30 major indicator initiatives around the globe were reviewed to better understand related theories of change, and how concepts connected to inclusive economies are being measured.



# Key insights from landscape analysis

## Processes and outcomes

Initiatives often differentiate between indicators of outcome and of processes that create those outcomes. However, it is not always feasible or desirable to distinguish between processes and outcomes particularly since outcomes in one arena are often inputs in other processes. As a result, processes and outcomes can become a virtuous cycle towards inclusivity (or represent a vicious cycle towards greater exclusion).

## Indicator development

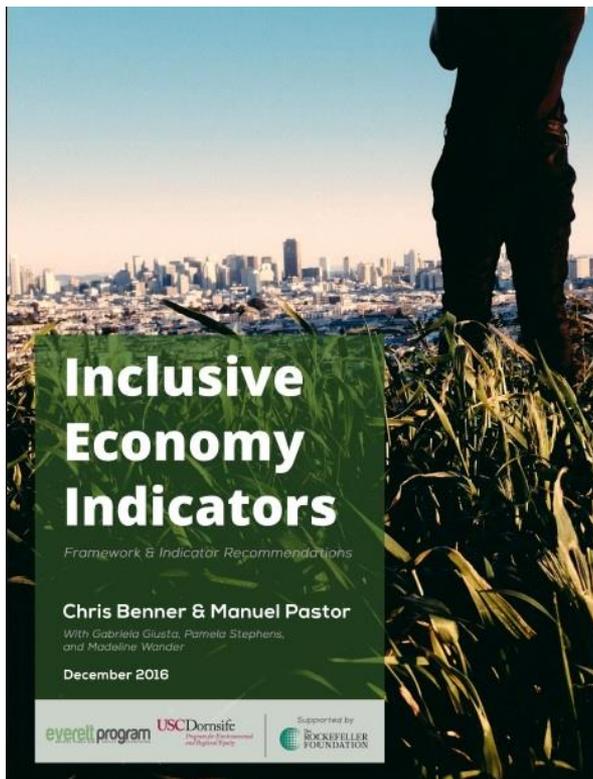
The general picture shows volumes of scattered information being put forth by different organizations, with little consensus on what is most important to measure, and highly uneven efforts to integrate approaches. If we are to promote conversation around inclusive economies, we must develop a common language as well as shared metrics for tracking progress.

## Embedding indicators

Some indicator initiatives are explicitly embedded in a theory of change in which indicators are chosen because they relate to clear understandings of how a more inclusive society can be created. The benefit of articulating indicators within an explicit theory of change is that it gives greater focus to the complex nature of the various social, economic, governmental and institutional processes, and feedback loops, that are involved in delivering social change.

# Final Product First Phase

The projects of this work includes a [report](#) that details the process of this investigation, an [executive summary](#) and a [web-site](#) that gives access to these documents to the general public



## Indicators

Recommended indicators are selected following these criteria: (1) Data must be available at least at the national level, but have potential for replicability across different contexts, regions and scales; (2) Data must be available for a large number of economies; (3) Indicators must aim to be measures of outcomes rather than leading processes. Most recommended indicators are currently gathered by reliable government, private sector, or non-profit organizations with substantial international coverage. In addition to 46 core indicators, 8 additional indicators are designated ideal ("ideal") or should be considered ("considered") but don't fully meet the criteria described above. Furthermore, many of our indicators can be disaggregated by different population groups, such as gender, race, and age. Where possible, it is valuable to use these disaggregated measures for greater insight.

- A1 Percentage of population with higher educational attainment than their parents (OECD)
- A2 Intergenerational income mobility (OECD)
- A3I (ideal) Proportion of the lowest earning 25 to 30 year olds that experience wage progression 10 years later (SDI)
- A6 (considered) Early Childhood Education (SDG)
- B1 Ratio of income/consumption of the highest quintile to lowest quintile (ADB)
- B2 Percentage of households with incomes below 50% of median income (SDG)
- B3 Wealth share of top 1% (OECD)
- B4 Gender inequality index (GII) (UNDP)
- C1 Proportion of population using safely managed sanitation services, including a handwashing facility with soap and water (SDG)
- C2 Proportion of population using an improved drinking water source (SDG)
- C3 Share of households with electricity or other modern energy services (SDG)
- G4 Primary completion rate (WB)
- G5 Infant and under-5 mortality rate (WHO)
- G6C (considered) Proportion of population that has convenient access to public transport (SDG)
- G7C (considered) Rating on level of women's social rights (SDI)

- D1 Labor force participation rate (of working age population) (WB)
- D2 Share of informal employment (SDI)
- D3 Household final consumption expenditure per capita (WB)
- D4 New business density (new registrations per 1,000 people ages 15-64) (WB)
- E1 Ease of Doing Business (EaDB) Distance to Frontier (WB)
- E2 Voice and accountability indicator (WCI)
- E3 Control of corruption indicator (WCI)
- F1 Mobile cellular telephone subscriptions per 100 population (SDG)
- F2 Percentage of households with internet (SDG)

- G1 Employment-to-population ratio (of working age population) (ADB)
- G2 Growth rate of average per capita income PPP \$ (ADB)
- G3 Proportion of population below \$1.25 (PPP) per day (SDG)
- H1 GDP per capita, PPP (current international \$) (WB)
- H2 Proportion of population above minimum level of dietary energy consumption (SDG)
- H8 Durable structures (Slum population as percentage of urban) (SDG)
- H4 Life expectancy at birth (OECD)
- I1 Labor productivity (GDP per hour worked) (OECD)
- I2 Research and development expenditure (% of GDP) (WB)
- I3 High-technology exports (% of manufactured exports) (WB)

- J1 20 year change in proportion of population above minimum level of dietary energy consumption (WB)
- J2 20 year change in durable structures (Slum population as percentage of urban) (WB)
- J3 20 year change in life expectancy at birth (WB)
- K1 Energy Intensity (TPES/GDP PPP) (SDG)
- K2 Proportion of total water (fresh) not used (% (FAO)
- K3 Proportion of wastewater safely treated (SDG)
- K4 CO2 emissions (kg per PPP \$ of GDP) (WB)
- K5 Annual mean level of fine particulate matter (e.g. PM2.5 and PM10) in cities (population weighted) (SDG)
- K6 The Natural Resource Protection Indicator (NRPI) (SEDAC)
- K7C (considered) Share of Renewables in Total Primary Energy Supply (% (SDG)
- L1 Resource Productivity: Ratio of GDP to Domestic Material Consumption (DMC) (EUROSTAT)

- M1 Standard deviation of year-to-year change in GDP, previous 20 years (WB)
- M2 Regulatory quality indicator (WB)
- M3 Percentage of population using banking services (WB)
- N1 Percentage of population aged 15+ who have borrowed from a financial institution (WB)
- N3 Microinsurance coverage ratio (MIC)
- N4 Country Policy and Institutional Assessments property rights and rule-based governance rating (1=low to 5=high) (WB)
- N5C (considered) Level of internal conflict, International Country Risk Guide rating (SDI)
- O1 Government expenditure on social security and welfare as a percentage of total government expenditure (ADB)
- O2 Social protection and labor rating (WB)
- O3 Herfindahl-Hirschman (Export Product Concentration Index (ADB)
- O4C (considered) FDI versus FPI, both as a % of GDP (WB)
- O5I (ideal) Response time for emergency response services from initial call (WCCD)

# *Second Phase*

## Inclusive Economies: Sub-national case studies

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*We apply the Inclusive Economies framework across three different contexts, both conceptually and geographically. The goal is to explore how the framework fits (or comes short) in measuring inclusivity around the globe.*

# Case Studies

Three emerging economies were selected to explore the framework's application across diverse sub-national contexts. Our aim, through both data analysis and convenings with local experts, is to better understand the processes that explain patterns of inclusion (and exclusion) around the world.

## India

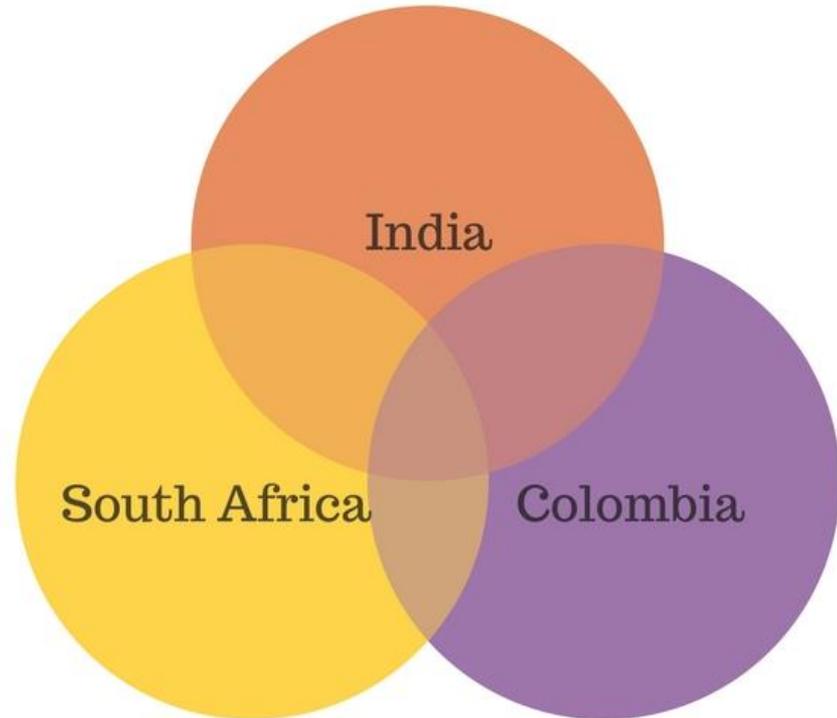
Looks at levels of inclusivity in rural development for different rural states.

## South Africa

Focuses on regional development, more specifically on linkages between rural and urban areas.

## Colombia

Explores patterns of intra-urban and inter-urban spatial inclusion (exclusion) in metropolitan cities.



# Some Insights from: South Africa

- Key Inclusion issues:
  - Overcoming Racial/Spatial Divides
  - Relationship between Cities, Metros, Nation
  - Rural/urban politics
- Process
  - Indicator initiatives exist—key goal is to improve them
  - What is the value-added of this framework

# Colombia

- Key Inclusion Issues
  - Legacy/Influence of Violence and Drug Trade
  - Large internally displaced population
  - Civil society suppressed
- Process
  - City driven data initiatives growing
  - Trying to adapt framework to local context
  - How to lift-up local community voices/perspectives?

# Inclusive Economies: States of India

**5 broad dimensions**

**15 sub-categories**

**45 indicators**

*To explore the diversity of experience in inclusion across the country, we focus our analysis on four representative rural states from different regions, namely **Andhra Pradesh, Assam, Bihar** and **Rajasthan**. In addition to these four states, we also include **Kerala** as a reference state because of its strong socioeconomic development history.*

# General Comments

**5 broad dimensions**

**15 sub-categories**

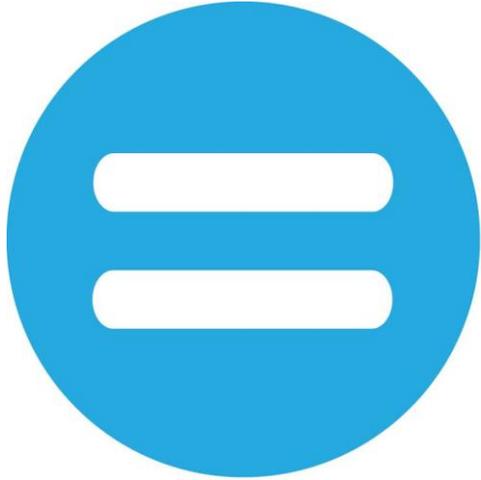
**45 indicators**

- *Aiming for maximum applicability at the sub-category level, with hopefully universally applicable concepts*
- *Specific indicators are highly dependent on the context, and are limited by data availability*
- *Most indicators also should be broken down by population sub-groups (e.g. gender, race, caste, religion) were possible*
- *Indicators are for states, which combines urban and rural populations*

# Preliminary results

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*We recommend indicators across the five broad dimensions indicated in the framework above, as well as indicators that are specific to rural development in India. Data on selected indicators are currently gathered by reliable government, private sector, or non-profit organizations.*



# EQUITABLE

*More opportunities are available to enable upward mobility for more people. All segments of society, especially the poor or socially disadvantaged groups, are able to take advantage of these opportunities. Inequality is declining, rather than increasing. People have equal access to a more solid economic foundation, including equal access to adequate public goods, services, and infrastructure, such as public transit, education, clean air and water.*



## EQUITABLE

**A** *Upward mobility for all*

**B** *Reduction of inequality*

**C** *Equal access to public goods & ecosystem services*

### A. Upward mobility for all

- Intergenerational education mobility.
- Intergenerational income mobility.
- Income mobility within a person's lifetime.

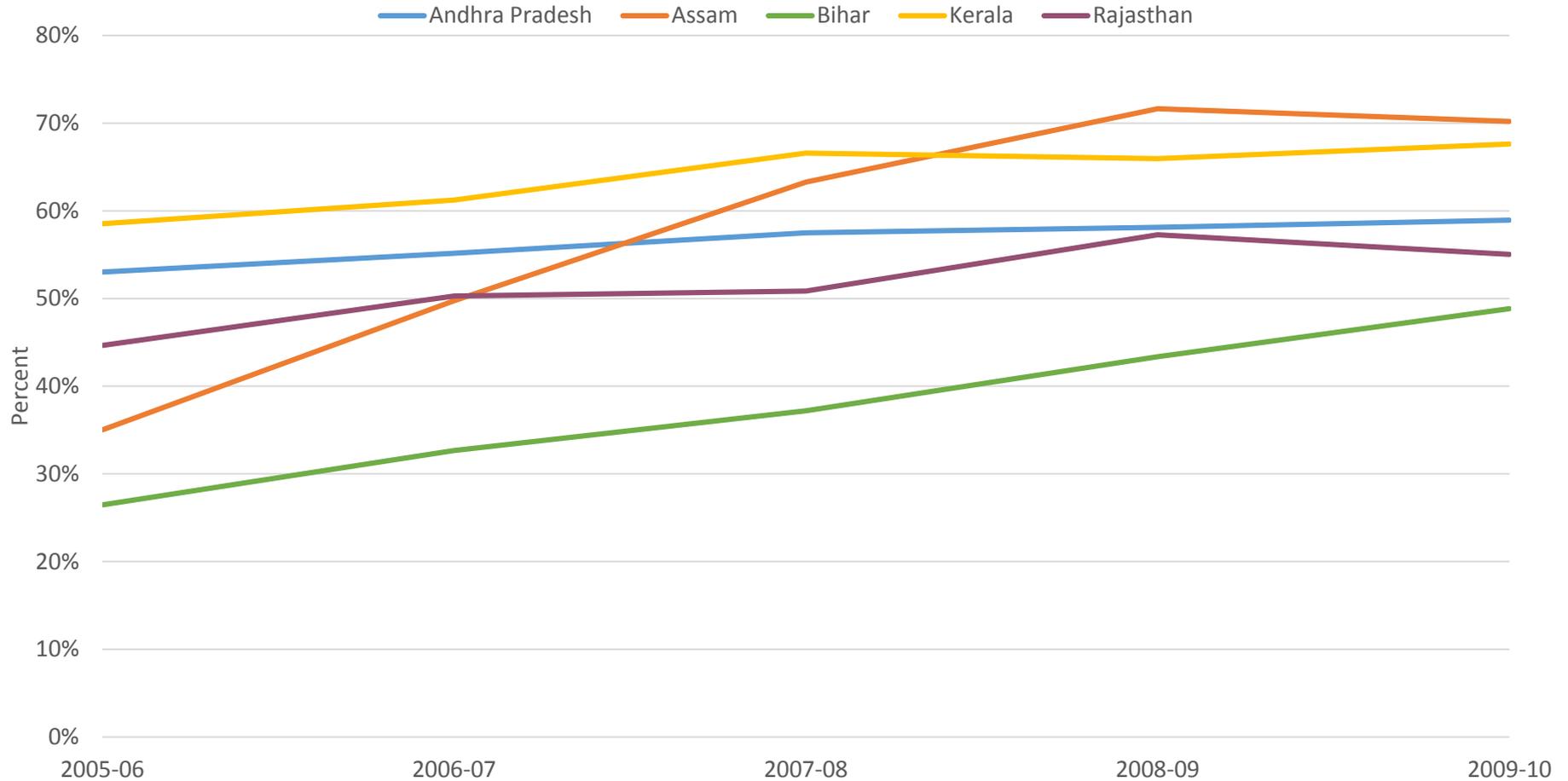
### B. Reduction of inequality

- Relative income poverty.
- Concentration of wealth at the top.
- Gender equity.

### C. Equal access to public goods & ecosystem services

- Access to safe water and sanitation.
- Access to commercial energy services.
- Access to education and health for children.
- Access to public transportation.

### C4. Net Enrollment Ratio in upper primary all population



Source: Planning Commission, Govt. of India.

# Overall states' level of inclusion for all indicators:

		Indicator	Andhra Pradesh	Assam	Bihar	Kerala	Rajasthan
Equitable	A. Upward mobility for all	A4c. Enrollment of all categories female students in pre-primary schools (2011)	4%	10%	0%		5%
	B. Reduction of inequality	<b>B1. Gini Coefficient (Rural, 2011)</b>	<b>27%</b>	<b>22%</b>	<b>22%</b>	<b>35%</b>	<b>21%</b>
		<b>B3. Percent of population in highest national wealth quintile (2005-06)</b>	<b>17%</b>	<b>12%</b>	<b>9%</b>	<b>45%</b>	<b>19%</b>
		<b>B4. Reproductive Health: Maternal Mortality Ratio (Per 100,000 Live Births, 2011-13)</b>	<b>92</b>	<b>300</b>	<b>208</b>	<b>61</b>	<b>244</b>
		<b>B4. Reproductive Health: Adolescent (15-19) Birth Rates (2005-06)</b>	<b>10%</b>	<b>9%</b>	<b>13%</b>	<b>4%</b>	<b>10%</b>
		B4. Empowerment: Women Members of Legislative Assembly (MLA) (% ,most recent year, 2010-14)	11%	10%	10%	5%	14%
		B4. Empowerment: Per 1000 Distribution of Persons (Female) of Age 15 Years and above with at least secondary (2011-12)	124	124	78	184	65
		B4. Economic status: Women's Workforce Participation Rate (All population, 2011)	36%	22%	19%	18%	35%
	C. Equal access to public goods and ecosystem services	C1. Proportion households having toilet facility within the premises (2011)	50%	65%	23%	95%	35%
		C2. Access to safe drinking water in households (All population, 2011)	91%	70%	94%	34%	78%
		C3. Households having electricity (% , 2011)	92%	37%	16%	90%	67%
		C4. Net Enrollment Ratio in upper primary (2009-10)	59%	70%	49%	68%	55%
		<b>C5. Infant mortality rate (per 1000 births, 2013)</b>	<b>39</b>	<b>54</b>	<b>42</b>	<b>12</b>	<b>47</b>
		<b>C7c. Alleged human rights violation of women (2012-13)</b>	<b>53</b>	<b>21</b>	<b>202</b>	<b>13</b>	<b>278</b>

Source: own calculations

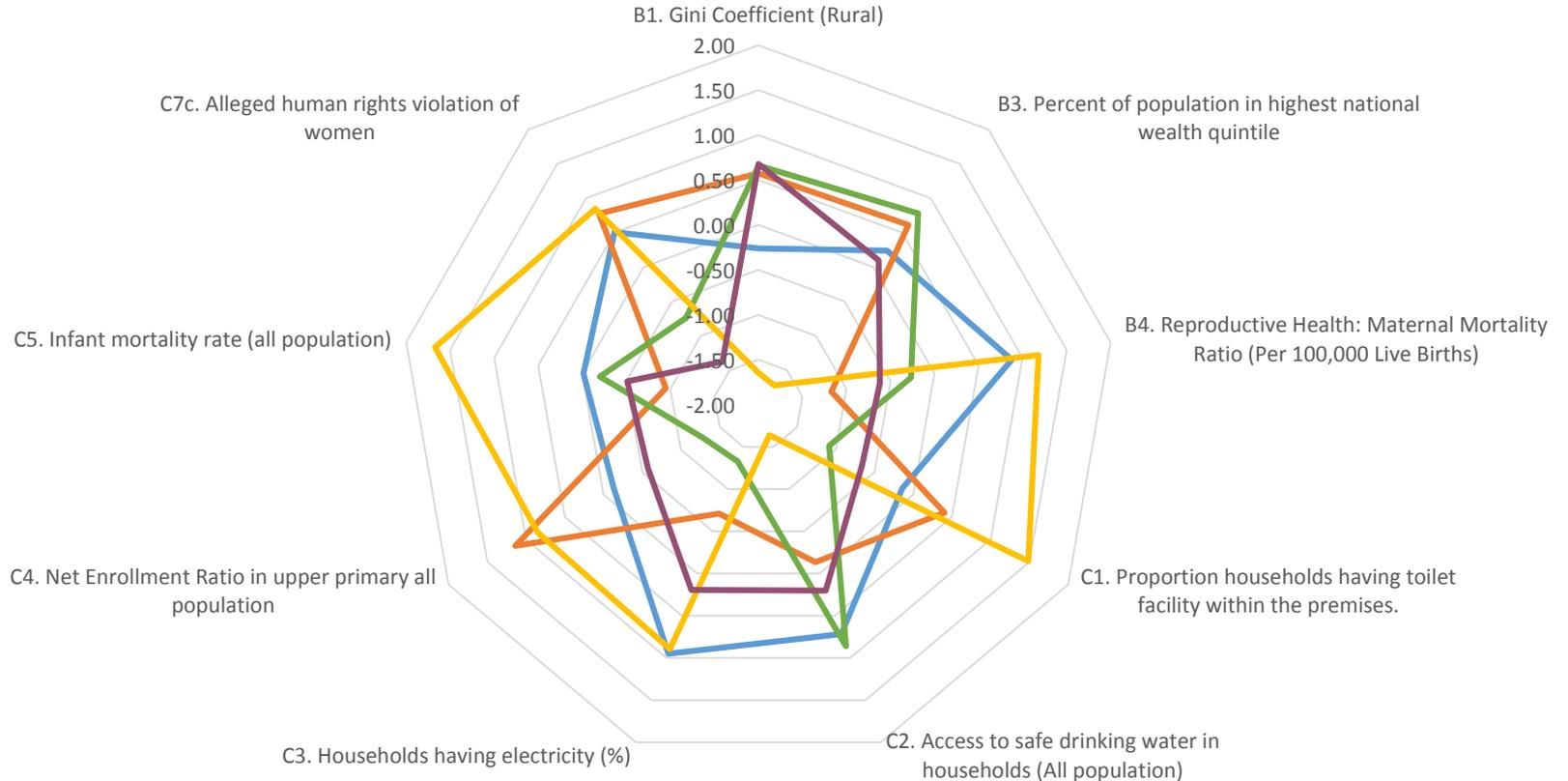
\*Green values = greater inclusion.

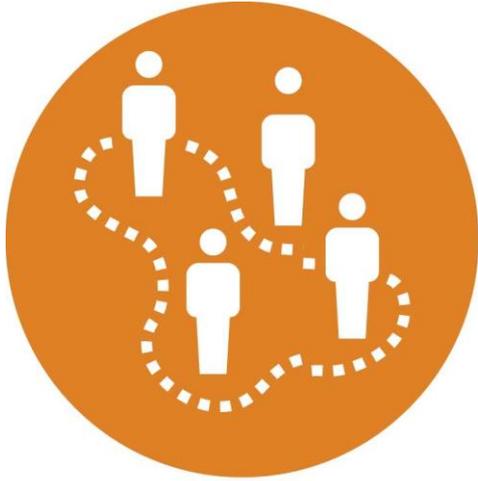
\*\*Red values = less inclusion.

\*\*\*Bolded indicators indicate that higher values mean less inclusion.

# Equitable

— Andhra Pradesh — Assam — Bihar — Kerala — Rajasthan





# PARTICIPATORY

*People are able to participate fully in economic life and have greater say over their future. People are able to access and participate in markets as workers, consumers, and business owners. Transparency around and common knowledge of rules and norms allow people to start a business, find a job, or engage in markets. Technology is more widely distributed, and promotes greater individual and community well-being.*



## PARTICIPATORY

**D** *People are able to access and participate in markets as workers, consumers, and business owners*

**E** *Market transparency and information symmetry*

**F** *Widespread technology infrastructure for the betterment of all*

### **D. People are able to access and participate in markets as workers, consumers, and business owners**

- Formal and informal employment.
- Household consumption.
- Business development.

### **E. Market transparency and information symmetry**

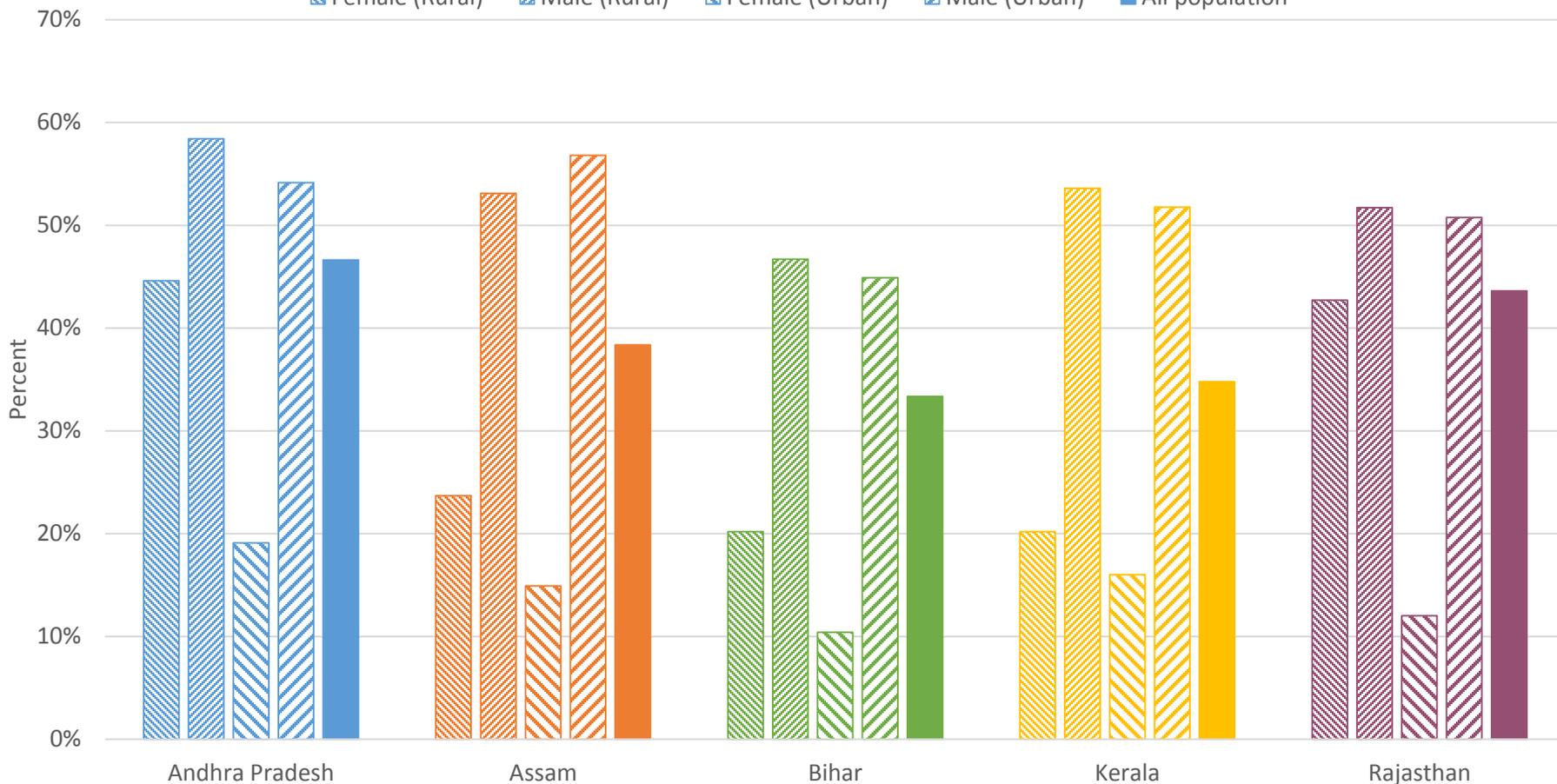
- Market regulation.
- Freedom of expression and association.
- Government power and corruption.

### **F. Widespread technology**

- Access to telecommunication devices.
- Access to internet.

## D1. Rate of Workforce Participation (2011)

Female (Rural) Male (Rural) Female (Urban) Male (Urban) All population



Source: Ministry of Statistics and Programme Implementation, Govt. of India.



# GROWING

*An economy is increasingly producing enough goods and services to enable broad gains, well-being and greater opportunity. Good job and work opportunities are growing, and incomes are increasing, especially for the poor. Economic systems are transforming for the betterment of all, including and especially poor and excluded communities. Economic growth and transformation is not only captured by aggregate economic output measures (such as GDP), but must include and be measured by other outcomes that capture overall well-being.*



GROWING

**G** *Increasing good job and work opportunity*

**H** *Improving material well-being*

**I** *Economic transformation for the betterment of all*

## **G. Increasing good job and work opportunity**

- Access to employment.
- Change in per capita income.
- Absolute measure of poverty.

## **H. Improving material well-being**

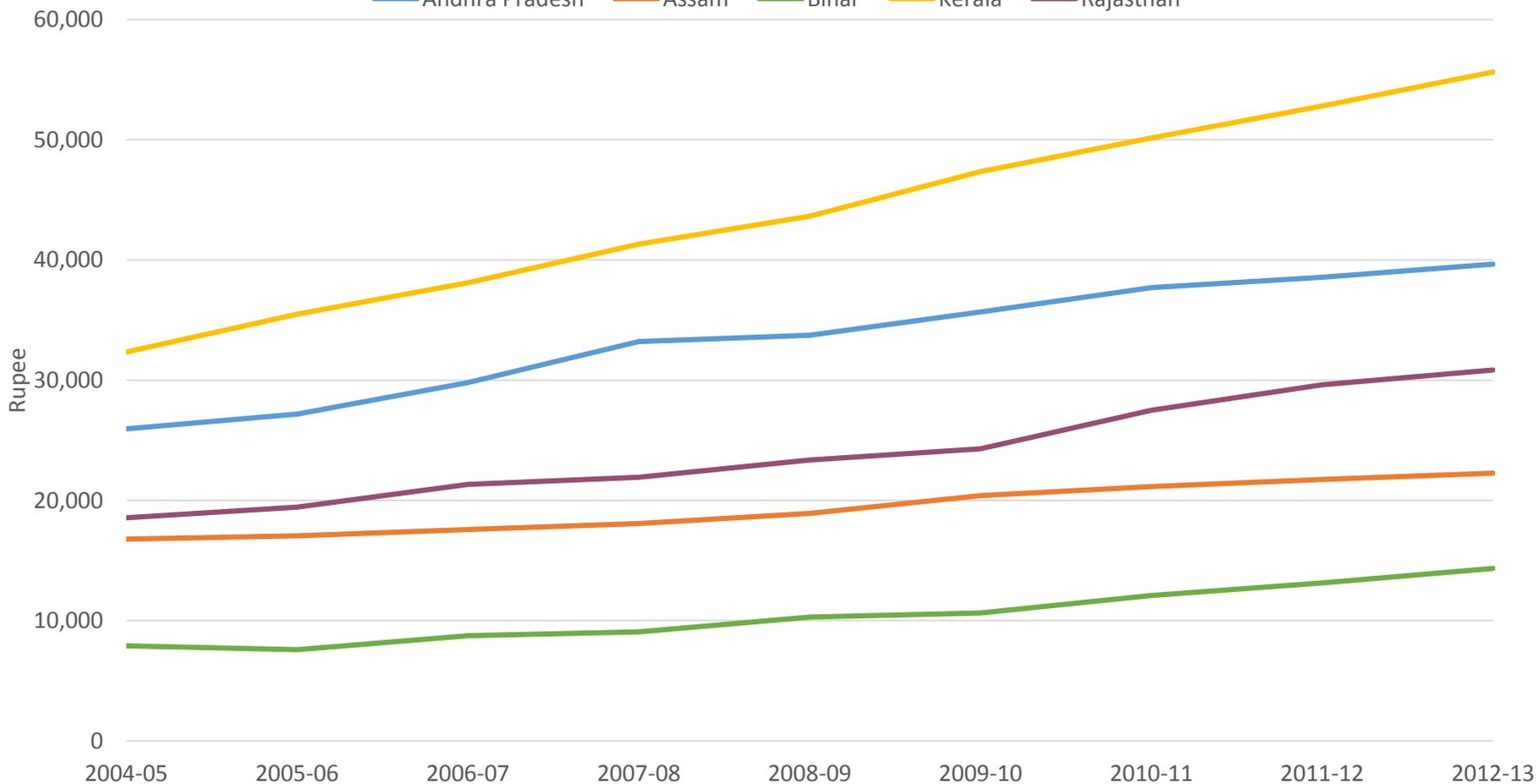
- Absolute level of per capita income.
- Nutrition and overall health.
- Household infrastructure.

## **I. Economic transformation for the betterment of all**

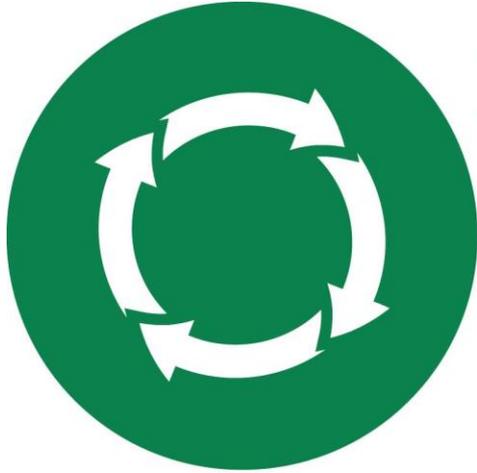
- Effectiveness of the labor force.
- Domestic investment in innovation.
- Competitiveness in the global information economy.

# H1. Per Capita Net State Domestic Product (NSDP) at constant prices

— Andhra Pradesh — Assam — Bihar — Kerala — Rajasthan



Source: Ministry of Statistics and Programme Implementation



# SUSTAINABLE

*Economic and social wealth is sustained over time, thus maintaining inter-generational well-being. In the case of natural capital, inclusive economies preserve or restore nature's ability to produce the ecosystem goods and services that contribute to human well-being, with decision-making incorporating the long-term costs and benefits and not merely the short-term gains of using our full asset base.*

## **J. Social and economic well-being is increasingly sustained over time**

- Change over time in nutrition.
- Change over time in household infrastructure.
- Change over time in overall health.

## **K. Greater investments in environmental health and reduced natural resource usage**

- Consumption of clean energy.
- Water consumption and quality of water.
- Air pollution
- Natural resource conservation.



SUSTAINABLE

**J** *Social and economic well-being is increasingly sustained over time*

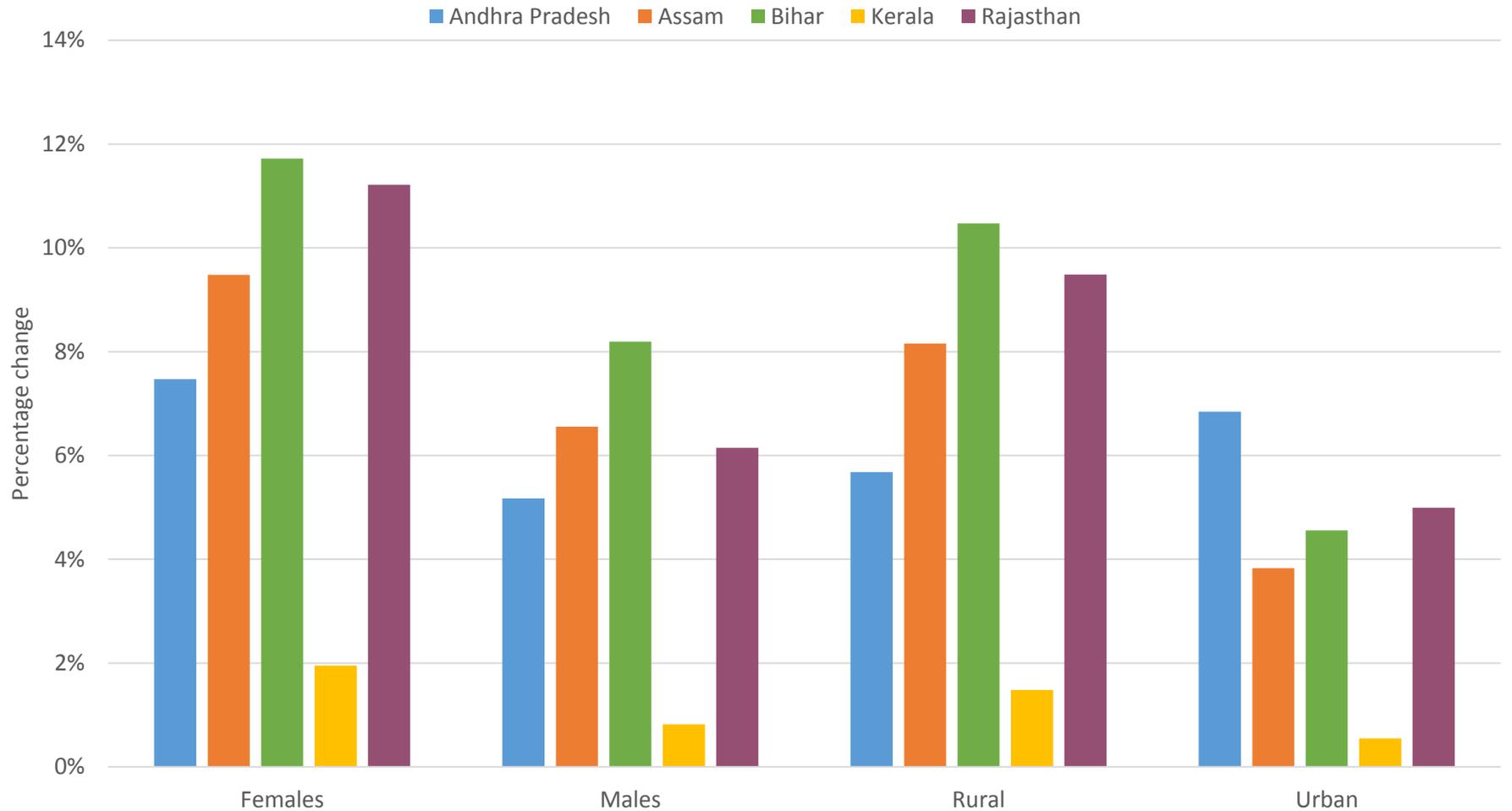
**K** *Greater investments in environmental health and reduced natural resource usage*

**L** *Decision-making processes incorporate long-term costs*

## **L. Decision-making processes incorporate long-term costs**

- Sustainable material production and consumption.

### J3. Change in life expectancy by sub-category (2002 to 2014)



Source: Ministry of Home Affairs & Office of the Registrar General and Census Commissioner, India.



# STABLE

*Individuals, communities, businesses and governments have a sufficient degree of confidence in the future and an increased ability to predict the outcome of their economic decisions. Individuals, households, communities and enterprises are secure enough to invest in their future. Economic systems are increasingly resilient to shocks and stresses, especially to disruptions with a disproportionate impact on poor or vulnerable communities.*

## STABLE



**M** *Public and private confidence in the future and ability to predict outcome of economic decisions*

**N** *Members of society are able to invest in their future*

**O** *Economic resilience to shocks and stresses*

### **M. Public and private confidence in the future and ability to predict outcome of economic decisions**

- Variability in GDP per capita.
- Sound government policies and regulations.

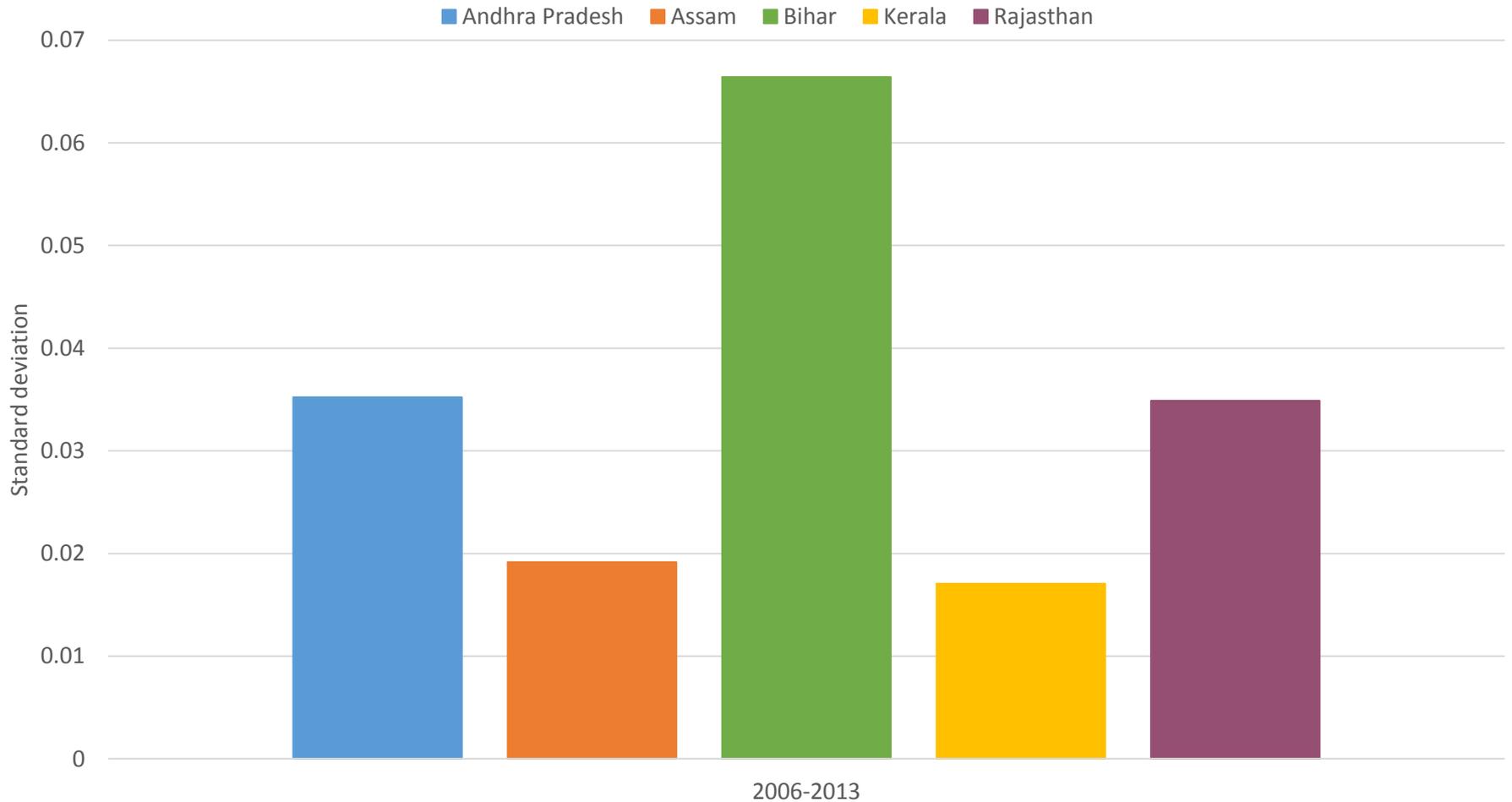
### **N. Members of society are able to invest in their future**

- Access to banking services.
- Protection of property rights.
- Political and civil unrest.

### **O. Economic resilience to shocks and stresses**

- Social security and government public programs.
- Export diversification.
- Liquidity of foreign direct investment.
- Emergency preparedness.

# M1. Standard deviation of year-to-year GDP growth



Source: Ministry of Statistics and Programme Implementation.

# Rural/Agricultural Indicators

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*Apart from measuring inclusion across all of the five broad categories of the inclusive economies framework, we also analyze patterns of inclusion in the context of rural development in India.*

# Indicators and Data Availability

IE Framework Indicator	India Indicator	Green: closely matched; Yellow: reasonable alternative provided; Red: no data; Orange:N/A
<i>Access to Irrigation</i>	<i>Share of irrigated land for all crops</i>	
	<i>Share of irrigated land by source</i>	
<i>Water availability and variability</i>	<i>Variability in annual rainfall</i>	
	<i>Source of drinking water</i>	
<i>Crop Intensity and Land Quality</i>	<i>Cultivated area as a percentage of total land in operational holdings</i>	
	<i>Soil fertility</i>	

## Overall states' level of inclusion for all indicators:

		Indicator	Andhra Pradesh	Assam	Bihar	Kerala	Rajasthan
Rural	Access to Irrigation	Share of irrigated land for all crops (2010-11)	49%	5%	62%	24%	32%
		Share of irrigated land by wells (2010-11)	13%	1%	1%	38%	32%
	Water availability	<b>Average annual rainfall (millimetre, 2002-14)*</b>	1,040	2,266	1,125	2,926	641
		Source of drinking water within the premises (% of HH, 2011)	62%	74%	65%	79%	69%
	Crop intensity	Cultivated area as a percentage of total land in operational holdings (2010-11)	97%	97%	96%	86%	92%

Source: own calculations

\*Green values = greater inclusion.

\*\*Red values = less inclusion.

\*\*\*Bolded indicators indicate that higher values mean less inclusion.

# Discussion, Questions

*•When you think about inclusion in India, what are important factors, and are they included in our sub-categories? What is missing?*

*•What are the lessons that people in other parts of the globe could and should learn from India's experience with inclusiveness?*

# Small Group Discussions

- **Sustainability:** *How do you think the category and sub-categories of sustainability shed new lights on issues of inclusiveness in rural economy?*

- **Stability:** *How do you think the category and sub-categories of stability shed new lights on issues inclusiveness in rural economy?*

- **Participation:** *How do you think the category and sub-categories of participation shed new lights on issues inclusiveness in rural economy?*

- **Actors and Processes:** *Who do you think are the main actors (state, civil society, market) in shaping inclusiveness in rural economy and what has been their relative importance?*

# Discussions around key questions

- **1. Empirical:** *How can this framework help us better understand causes and patterns of inequalities within & between different states in India?*
- **2. Linkages:** *How do the different dimensions relate to each other, and to an inclusive economy? What trade-offs exist across dimensions? Are there ones that are more important than others?*
- **3. Practice:** *How can measuring inclusiveness help promote a more inclusive economy? Who would use these indicators and how could they be used?*
- **4. India Lessons:** *What are the lessons that people in other parts of the globe could and should learn from India's experience with inclusiveness? What unique challenges does India face? What successes have been achieved?*

# Final Discussion-Next Steps

- What value added emerges from this broad framework?
- Who could be the audience for this work?
- How does it relate to other efforts to understand inclusive economies across the globe?
- How can we best disseminate our learnings from this work to a broader audience?
- What would be useful final products?
- What processes for furthering discussions about inclusive economies would be useful to pursue?