



## RESEARCH ARTICLE

### INCLUSIVE GROWTH: THE CASE OF STATE BALANCED GROWTH FUND IN TAMIL NADU, INDIA

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#### ABSTRACT

Indian economy has entered into a new phase of 'Inclusive Growth' after the eleventh five year plan of 2007 – 2012. The rising inequality in economic growth has pushed the Planning Commission to consider 'Inclusive Growth' for balanced economic development. The concept "Inclusion" should be seen as a process of including the excluded as agents whose participation is essential in the very design of the development process, and not simply as welfare targets of development programmes (Planning Commission, 2007). Inclusive growth entails *comprehensive growth, shared growth, and pro-poor growth*. The necessity of inclusive growth in India can be stressed with ease while glancing at its Human Development Index (HDI). India's rank is 130 out of 188 nations, according to UNDP HDI report 2015. Tamil Nadu has been India's most progressive state and is amongst the top three on several economic and social indicators. Although the State has achieved reasonable levels in terms of Human Development Index, inter-regional disparities within the State, particularly in levels of poverty in its various dimensions, per capita income, literacy, health, and gender related indicators are significant. Recognising the regional disparities in terms of Income, Employment, Health, Education and Gender attainments, the State has formulated a new scheme "State Balanced Growth Fund" to address the inter-district and intra-district disparities. This paper intends to unearth the ground realities of the fund and its impact on the overall development of the state.

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## INTRODUCTION

The Indian economy, which has over the last six decades passed through various phases of growth, is now all set to enter an altogether different orbit: one marked by a high rate of expansion, combined with 'inclusive growth'. In the last few years, inclusive growth has been at the forefront of studies sponsored by multilateral aid agencies, such as the United Nations, the World Bank, Asian Development Bank, and several Non-Governmental Organizations (NGOs). The 'inclusive growth' as a strategy of economic development received attention owing to a rising concern that the benefits of economic growth have not been equitably shared. Growth is inclusive when it creates economic opportunities along with ensuring equal access to them (Yogeshwar Shukla, 2014). Apart from addressing the issue of inequality, the inclusive growth may also make the poverty reduction efforts more effective by explicitly creating productive economic opportunities for the poor and vulnerable sections of the society. Inclusive growth entails comprehensive growth,

shared growth, and pro-poor growth. It lessens the fast growth rate of poverty in a country and upsurges the participation of people into the development of the country. Inclusive growth infers an impartial allocation of resources with benefits incurred to every section of the society.

### Human Development Index (HDI) of India

The need for inclusive growth in India can be emphasized strongly by comparing the Human Development Index of India with its neighbours as shown in the Table 1. This data indicates the performance of India among the South Asian nations for the year of 2015.

### Necessity of Inclusive Growth in TN

The HDI of Tamil Nadu is 0.761 (High) next to the state of Kerala (0.980) and Himachal Pradesh (0.837). (Economic and Political Weekly, Sep 29, 2012). Although the State has achieved reasonable levels in terms of Human Development Index, inter-regional disparities within the State, particularly in levels of poverty in its various dimensions, per capita income, literacy, health, and gender related indicators are significant. For instance, although the State average per capita income (2008-09) at constant prices is Rs. 48216, Kanyakumari district

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is highest with Rs. 68459, while Perambalur is lowest with Rs. 17761. Similarly, income poverty ratio (2004-05) is highest in Perambalur with 47.5% and lowest in Nagapattinam with 10.9% while the State average is 29.4%. Similar wide gaps exist in education and health related indicators.

**Table 1. HDI of South Asian nations**

S. No.	Name of the Country	Human Development Index	HDI Rank (out of 188)	HDI Category
1.	India	0.609	130	Medium
2.	China	0.727	90	High
3.	Pakistan	0.538	147	Low
4.	Sri Lanka	0.757	73	High
5.	Bhutan	0.605	132	Medium
6.	Maldives	0.706	104	High

Source: UNDP Human Development Report - 2015

### State Balanced Growth Fund (SBGF)

Recognising the regional disparities in terms of Income, Employment, Health, Education and Gender attainments, the State has formulated a new scheme “*State Balanced Growth Fund*” to address the inter-district and intra-district disparities. The Scheme targets the most backward blocks and one-fourth of Town Panchayats, Municipalities and wards of all Corporations of the State. The most backward areas are identified based on the performance of the blocks/ taluks/urban areas. A sum of Rs. 100 crore has been provided from the year 2012-13. This is implemented by the State Planning Commission. At the district level, the District Collectors are responsible for the overall implementation of the programme. The Project Director (DRDA), District Planning Officer and District Planning Cell assists the District Collector in the implementation and monitoring progress of the programme. The backward areas are covered in a phased manner over the period of eight years, to bring out balanced development through focussed attention.

### Objectives of SBGF

- The *primary objective* of the scheme is to reduce regional disparities in key measurable socio-economic development indicators, thereby improving the overall status of the State in Human Development Index (HDI).
- The *secondary objective* would be to create capacity in districts to monitor human development status at district and sub-district levels in order to achieve inclusive economic growth.

### SBGF blocks of Tamil Nadu

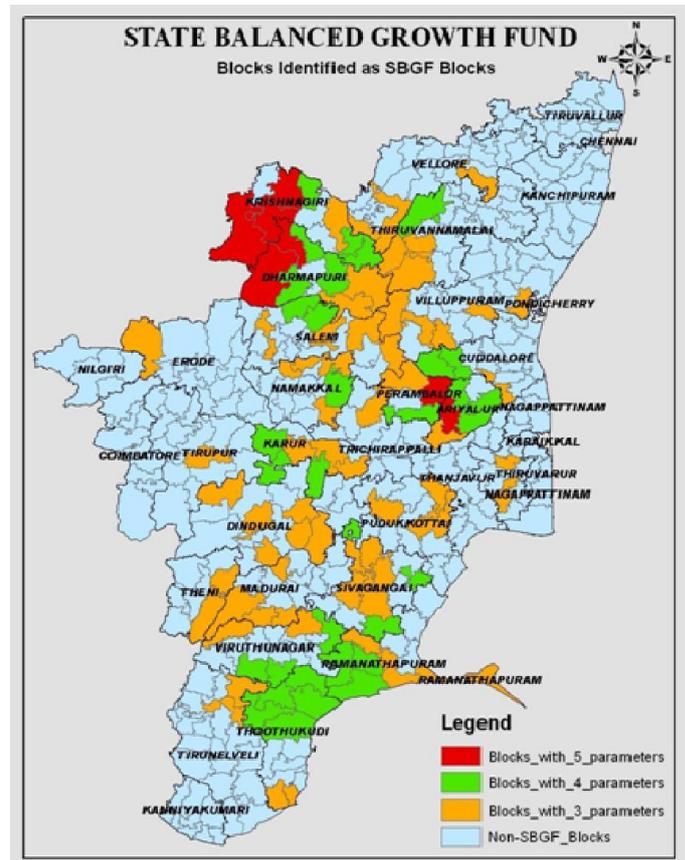
The State Planning Commission has selected 105 backward blocks through a reasonable methodology on five development parameters viz, Poverty (PV), Industrial Backwardness (IBB), Health, Drought prone (DPAP) and Educational backwardness (EBB). These parameters are highly inter-related and therefore, any programme or scheme is likely to have cross-parameter impacts. The selected blocks are categorised further into blocks with 5, 4 and 3 parameter backwardness. Out of 105 blocks, there are seven 5 parameter backward blocks, thirty three 4 parameter backward blocks and sixty five 3 parameter backward blocks.

### Methodology of the study

In order to have a better understanding of the fund and its effectiveness, an SBGF block is selected purposively by

deliberate sampling technique. The administrative block selected for the study is the Kadamalaikundu – Myladumparai of Theni district, mainly because of the familiarity of the researcher to the locality. This block is backward in Poverty (PV), Industry (IBB) and Health. This block is a three parameter backward block and the District Planning Office, with the support of other development departments is striving hard to uplift the block in these three parameters.

### Tamil Nadu map showing SBGF Blocks



### Objectives

The study is aimed at two specific objectives. They are,

- To analyse the impact of SBGF on the three backward parameters of Kadamalaikundu block.
- To enlist the improvements to be done in SBGF for better outcome.

### Sample size

Proportionate sampling is used for the study. Parameter – wise sample size is listed below.

- Poverty – 20 respondents (10% of the total population of 200)
- Industrially backward – 16 respondents (5% of the total population of 322) & block – level officials.
- Health – Only secondary data from the PHCs.

### Methods of Data collection

Since the study is based on both primary and secondary data, equal emphasis has been given to both. Primary data has been

collected through interview method and secondary data from the appropriate agencies like District Planning Cell, Deputy Director of Health and Joint Director of Agriculture etc.

### Statistical tools used

In this study, only Average is used for analysing the data to arrive at the conclusion.

### Scope of the study

The study will bring out the real facts behind SBGF and its contribution to inclusive growth.

## RESULTS

The findings of the study are illustrated parameter – wise below.

### Parameter 1 - Poverty (PV)

The average Per Capita Income of the block is around Rs. 25,000 which is far less than the district average of Rs. 33,918. The project undertaken to overcome this parameter is Integrated Farming System (IFS).

### Causes of Poverty

Since the major area of cultivation is under rainfed condition, the farmer has no other way to increase the cropping intensity i.e., the number of crops grown in a year. Monsoon based single cropping is the system followed in this area. Agricultural operations are done for a short duration and the farmers hesitate to invest for the infrastructure facilities like godowns, threshing floors and drying yards. Due to the dependence on the agriculture which is characterized by single crop and frequent crop failures due to natural calamities like drought, the per capita income is considerably reduced. It leads to unemployment as well as poverty in the society.

### Description of the project

At present, the farmers concentrate mainly on crop production which is subjected to a high degree of uncertainty in income and employment to the farmers. In this context, it is imperative to evolve suitable strategy for augmenting the income of the farm. Integration of various agricultural enterprises viz., cropping, animal husbandry, fishery, forestry etc. have great potentialities in the agricultural economy. These enterprises not only supplement the income of the farmers but also help in increasing the family labour employment. The Integrated Farming System approach introduces a change in the farming techniques for maximum production in the cropping pattern and takes care of optimal utilization of resources. The farm wastes are better recycled for productive purpose in the integrated system. A judicious mix of agricultural enterprises like dairy, poultry, piggery, fishery, sericulture etc. suited to the given agro – climatic conditions and socio – economic status of the farmers would bring prosperity in the farming.

The various goals of Integrated Farming System are:

- Maximization of productivity.
- Generation of steady and stable income.

- Reduced use of chemical inputs.
- Risk in single enterprise is reduced.
- Best use of inputs and the by-products.

### Subsidy assistance for Integrated Farming System

The following subsidy pattern shown in the Table 2 for one unit (1 ha.) for adopting Integrated Farming System (IFS) is provided to the small and marginal farmers with a minimum land holding of 1 hectare.

**Table 2. Subsidy pattern for IFS**

S. No.	Name of the Component	Cost (Rs.)
1.	Agriculture inputs	15,000
2.	Milch cows - 2	66,000
3.	Desi Poultry (30 birds)	5,000
4.	Goat (10+1)	30,000
5.	Vermicompost shed (12'x4'x2')	15,000
6.	Farm pond (10 cents)	20,000
	Total	1,51,000
	SBGF Contribution (90% subsidy)	1,35,900
	Community Contribution (10%)	15,100

Source: Joint Director of Agriculture, Theni.

### Impact of SBGF on Poverty

Integrated Farming System was implemented in phases (1 phase = 1 year) from the year of 2014 – 2015, covering 100 farmers in each phase. Now, two phases are completed as on March 2016. The third phase is ongoing. Hence, the impact study is conducted by randomly selecting 20 farmers (10% of the population) from the 200 population. Since the outcome of this project is increase in annual income of the farmers, the study was aimed at analysing the annual income before and after SBGF era.

### Average Annual Income before SBGF – Rs. 23,350

### Average Annual Income after SBGF – Rs. 50,800

### Parameter 2 – Industrially Backward (IBB)

Lack of industries also contribute towards the backwardness of the block with poor employment opportunities. To overcome this lacuna, an MSME unit (Cashew Processing unit) was started at Thangammalpuram under the Kadamalaikundu – Myladumparai – Varusanadu Cashewnut processing Service Industrial Cooperative Society Ltd.

### Rationale of the project

The block is totally agricultural based with cashew as major agricultural activity. Cashewnut is being cultivated to the extent of 2550 acres in and around Myladumparai. Most of them are below poverty line. The cashew is a seasonal crop and the season begins from April and ends in July every year. Due to the production of the cashew in that particular period, the small and marginal farmers were not able to market it directly and get fair price for the cashew products and also there is no sustainable income for the rest of the months due to unemployment. This can be solved if proper cooperative effort is undertaken by forming a cooperative society which procure the cashew product for processing and market the same so that agriculturist can get better price.

## Budget for the project

The fund allocated for the processing unit is shown in the Table 3.

## Impact of SBGF on Industrially Backwardness

The outcomes fixed by the State Planning Commission for this project is increase in number of workers provided employment, quantity of cashew procured by the society and purchase rate given by the society. As the project is only a month old at the time of study in October, 2016 and the area is witnessing a drought - like situation, the outcomes in cashew procurement and purchase rate is not significant for the study. The opinion of the member farmers is studied by randomly selecting 16 farmers (5% of the population of 322 members).

enterprise has been established, a sizeable number of population may be provided with employment.

## Parameter 3 – Health

To address the health sector backwardness of the block, three projects are implemented in the block. They are explained in the Table 4 given below.

## Impact of SBGF on Health

The impact of SBGF fund on the health sector was studied by availing the secondary data from the Kadamalaikundu PHC and primary data from the Medical Officer of Kadamalaikundu PHC. The expected outcome and achievements of the projects are illustrated in Table 5.

**Table 3. Funding pattern for Cashew Processing Unit**

Name of the activity	Estimated amount (Rs.)	Funding pattern (Rs. in lakhs)	
		SBGF	Society contribution
Cashewnut Processing unit at Thangammalpuram	Machinery cost & Instalment cost	21 lakhs	25.00
	Working capital	5 lakhs	1.00
	Total cost of the project	26 lakhs	25.00

Source: District Industries Centre, Theni

**Table 4. Health projects under SBGF**

S. No.	Name of the project	Estimated cost	Rationale of the project
1.	New PHC at Kumananthozhu area	Rs. 25 lakhs	There are 40 villages in this hilly area. These villages are very scattered, transport and communication facilities are very difficult to access to the health care facilities. This area people seek health care at Kadamalaikundu PHC. So any emergency or new born care is very difficult to access which leads to increased IMR and disease incidence.
2.	Birth Waiting room for Kadamalaikundu PHC	Rs. 10 lakhs	The PHC has 50 villages, scattered around the hilly area. The transport and communication facilities are very poor to assess the health care. If birth waiting room is provided, the high risk AN cases can be admitted 2 to 4 days prior to EDD.
3.	Laying of distribution pipe line from 1 lakh litre OHT to the Kadamalaikundu Panchayat	Rs. 35 lakhs	For the villages of Kadamalaikundu Panchayat, drinking water is being supplied from OHT having a capacity of 1 lakh litre. The existing distribution pipeline is PVC and is in a damaged condition, laid before 30 years. Since the ground level surface is rocky, it is difficult to identify the damage. So there is a possibility of back flow of contaminated water which causes diseases like diarrhoea, Typhoid, Malaria etc.

Source: Deputy Director of Health Services – Theni

**Table 5. Impact outcome of SBGF on Health in Kadamalaikundu block**

Health Projects	Expected outcome	Achieved outcome
Project - 1	Decrease in number of out – patients in the Kadamalaikundu PHC.	Kadamalai PHC September 2015 – 3,731 September 2016 – 3,479 Kumananthozhu PHC September 2016 - 800
Project - 2	Reduction of IMR from 31.8 to 28.8.	The outcome of this project is too early to analyse since it was implemented only on August, 2016.
Project - 3	Bring down the number of disease incidence cases in the Panchayat.	Disease incidence in 2013 ADD – 68 Dengue – 11 Chekunguniya - 3 Disease incidence in 2015 ADD – 22 Dengue – 0 Chekunguniya - 0

Source: Primary data

Number of workers to be provided with employment – 60 (55 Female and 5 Male) with wages of Rs. 120/ day.

Current marketing price of Cashewnut – Rs. 120/ kg

Procurement price of Cashewnut after SBGF (expected) – Rs. 122/ kg

Though the project is of great benefit to the cashew farmers, the block – level officials opined that this is a small enterprise and holds less impact on employment. If a medium or large

## DISCUSSION

During the process of the study, some of the constraints in SBGF has been identified while interacting with the implementing agencies and beneficiaries. They are listed below with possible suggestions for appraisal.

## Constraints in SBGF

- Too much procedure in the disposal of funds leads to slow implementation of the projects.

- The subsidy amount fixed under the projects is most of the time too low for actual execution of the project which causes poor performance.
- Proper training and capacity building for the implementing agency is not done efficiently often. This results in conflict of interest between the implementing agency and the executing agency.

### Suggestions for appraisal

Any research study must end with suitable suggestions to bridge the gap between 'what is' and 'what ought to be'.

- Cut off the hectic procedures involved in approval of projects and disposal of funds. A time frame must be fixed for the completion of each procedures.
- The amount of fund for each project must be fixed through participatory methods by involving all the stakeholders of that particular project. Only after the consent of the local bodies, any project should be finalised.
- Joint sitting of all stakeholders of a particular project must be organised then and there to sort out conflicts that may arise while mid-way. Also, all the stakeholders should be informed from alpha to omega of the project.

### Special features of SBGF

- Bottom – up model.
- Tailor made projects, specific to the block.
- Replication of successful component of a state or central programme.
- Flexible standardization approach.
- Opportunity for preparation of block / Panchayat level annual plans.
- Strengthening Human Development data sets of a district or a block.

### Conclusion

State Balanced Growth Fund is a first of its kind scheme in India to address regional disparities. Though achievement of inclusive growth is vital for Tamil Nadu, it is need of the hour for India as a whole. The Planning Commission of India had

initiated the process of inclusive growth in the Eleventh five year plan (2007 - 2012) itself. Researchers may explore these development parameters and the ways to measure them accurately, so that the development status of a district or state is estimated with ease.

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- Kadamalaikundu Public Health Centre, Kadamalaikundu Panchayat.
- Block Development Office, Kadamalaikundu.
- Kadamalaikundu – Myladumparai – Varusanadu Cashewnut processing Service Industrial Cooperative Society Ltd., Thangammalpuram.

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