**[On inclusive growth](http://www.thefinancialexpress-bd.com/more.php?news_id=143211)**

Abdul Bayes
12.09.2012

Inclusive growth has become one of the most important areas of thoughts in recent times. The reasons are not far to seek. Growth could be greasing for some but gruesome for others in the absence of participation in economic activities. There are ample evidences where high economic growth failed to reduce poverty and ensure equality. Dr Rizwanul Islam, a former adviser of ILO, succinctly summarises the issue in the context of Bangladesh. To feed our readers with findings, we can reproduce his versions.

Admittedly, there is no universally accepted or suggested definition. The World Bank's definition represents a roll back to a growth-centred paradigm. Although they talk about the importance of the pattern of growth and mention the importance of productive employment, they categorically reject the idea of special focus on labour-intensive industries.

Likewise, income inequality is also not considered in their definition. The Asian Development Bank (ADB) also suggests a growth-centred approach, but includes productive employment and social safety nets in their definition. Some of their own officials consider equity as an element in their definition of the term. It is thus clear that while ADB's approach is at odds with that of the World Bank, there are differences in approach within the ADB itself. UNDP (United Nations Development Programme) focuses on both process and outcome of growth and emphasises on equity in their concept of inclusive growth.

Therefore, it is suggested that the following elements be considered as important in defining inclusive growth: (i) stable and sustainable economic growth, (ii) reduction of poverty and inequality, (iii) improvement in the access to education and health, (iv) productive employment and employment-intensive economic growth, and (v) basic social protection floor for all citizens. For employment, the importance of the pattern of growth and a shift in the structure of the economy and labour market is emphasised.

One may wish to examine the status of Bangladesh with regard to these pillars as far as the performance of the economy of the country is concerned. While benchmarks set by the MDGs (Millennium Development Goals) are used for this purpose, the analysis goes beyond such benchmarks.

The basic conclusion that emerges from the data and analysis presented by Dr Rizwan is that while there has been noticeable acceleration in economic growth in the country and significant reduction in poverty has been achieved, if other dimensions of inclusive growth, e.g., equity, productive employment, and a basic social protection floor for all citizens, are taken into account, the performance appears to fall short of a truly inclusive growth. Even in terms of per capita income, Bangladesh has not been able to narrow the gap with other countries of South Asia like India, Pakistan, and Sri Lanka.

The economy of Bangladesh has the potential to achieve higher growth than has been achieved in the recent past; and effort needs to be made to attain and sustain such growth. That, in turn, would require serious efforts at removing the constraints on investment, domestic as well as foreign. Mobilisation of domestic resources (especially, raising revenue/GDP ratio) should be a priority.

However, single-minded pursuit of a growth agenda would not be sufficient from the point of view of achieving the ultimate goal of development, viz., reduction (and eventual elimination) of poverty and achievement of other Millennium Development Goals through a wider sharing of the benefits of growth. Higher rate of growth of productive employment, a faster transfer of workers to sectors/activities with higher levels of productivity, reversal of the trend of rising income inequality, and greater attention to social aspects of development would have to be important elements in an agenda for inclusive growth.

By and large, the performance of Bangladesh economy in terms of economic growth should be pitted against inclusiveness of growth. While we claim to find a space of comfort in transcending to a higher growth trajectory, the concerns loom large on the horizon as the growth has not been an inclusive growth. Bangladesh will have to strive very hard to achieve the goal of inclusive growth. The budgetary allocation to social safety nets programmes need to be raised, corruption needs to be curbed drastically in all spheres of transaction and a regime of good governance with the rule of law in operation should prevail.

Abdul Bayes is Professor of Economics at Jahangirnagar University. abdulbayes@yahoo.com

http://www.thefinancialexpress-bd.com/more.php?page=detail\_news&date=2012-09-13&news\_id=143211