

The Story Behind the Book

Towards the end of 2012, I, as Director General, Sharjah Department of Seaports & Customs and Sharjah Free Zones Authority, was invited by the Confederation of Indian Industry (CII), India's apex body of industry, to be a Guest Speaker in the Global Summit on MSMEs which supported by the Ministry of Micro, Small and Medium Enterprises, Government of India. The Summit was aimed at highlighting various issues facing the MSMEs sector not only from the Indian perspective but from also at the global level.

The Summit was a big draw. My 20-minute presentation on 'Sustainability and Economy' outlining my vision on Sustainable Development for Micro, Small & Medium Enterprises (MSME) and the initiatives Hamriyah Free Zone Authority has taken to strengthen the MSMEs sector was indeed very well received. Among a battery of media

persons who met me was Mr. Rajen Kumar, Chief Editor, SME WORLD, India's exclusive magazine on the MSMEs sector. Mr. Rajen Kumar while appreciating my presentation complimented me for a very pragmatic vision of the sector alongside the initiatives taken to promote sustainability.' We discussed at length how sustainable development could lead to inclusive growth and to respond to ever growing problems of poverty alleviation in the context of the fast depleting resources in the world.

Thus was born the idea of writing this book. I thank Rajen Kumar for his unstinted support during the writing this book. I must also thank the dedicated team of SME WORLD magazine which has been very instrumental throughout especially for helping me with relevant research.

Rashid Alleem

SUSTAINABILITY

**The fourth wave of
ECONOMY**

**To almost
One billion people
who sleep with hunger and pain
every night.**

Introduction

'The best way to become acquainted with a subject is to write a book about it.' -BENJAMIN DISRAELI

The thoughts shared in this book are my vision, my guiding light in life and actions. I have the privilege of interacting with people from all walks of life on a regular basis. I love to hear their stories, views, approach to life and derive inspiration from them. The key 'take away' from these valuable interaction are 'Hope and Desire' for a better tomorrow; not for individuals but for the community as a whole. These interactions set me to think that how easily we take life and its elements for granted with an assurance of continuity and abundance.

I am all for capitalism and economy that is bountiful but are we making sustainable choices? Are we considering the lives of those who lack access to even basic amenities? Where are they in our scheme of things?

A glass of drinking water which is an insipid little thing for us can be the difference between life, disease and even death for many. Do we even look before dumping down the left over three fourth glass of water into the bin? Imagine the quantum of wastage and how many people would benefit from the same in arid zones.

Today, when I walk out of my office, I try to make efforts to switch off the light and the air conditioner. I am trying to influence others to do the same. This change came upon after coming across areas in certain parts of the world where people do not have basic electricity for a tube-light and fan.

The most horrifying moment of life was when I was narrated a story of how many infants died simply because of lack of healthcare for their mothers. In this developed world, we are trying to create life in a Petri dish while in other parts of this planet precious lives are withering away for ridiculous deprivation.

But there is hope. And the straws of hope are education, the power to change self and the world. I am awestruck at how people are starting up business ventures with

innovative ideas and making wonderful progress. And this is not about people living in big cities and going to Ivy League colleges but from every nook and corner of this planet. Internet has truly changed the entire access and delivery of education to people both in the formal and informal sense. Massive Open Online Courses (MOOCs) are becoming revolutionary. Can you envisage how a girl from a third world country can learn all about Artificial Intelligence through a simple computer and internet connection? The power is enormous and transformational.

The chapters are my thoughts and rumination on elements of life that need our immediate attention and structured action. These are issues where we should be putting our efforts to bring about significant change. My aim is to nudge readers to think and introspect on the fundamental premises of life and pitch in to bring about the desired change in this world, not for us but for our children and our descendents in the times to come.

Dr. Rashid Alleem
Sharjah, UAE
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The Fourth Wave

Change is the only constant in our lives. Every moment brings some transformation, subtle or otherwise. Thus, change is no longer an option but a stark reality as Thomas Jefferson, the 3rd US President said, “*Every generation needs a new revolution.*” And revolutions essentially mean a change. The choice is how we react to these changes and adapt ourselves to it. And choose we must, extremely carefully because every choice has its own consequences – good or bad.

Here I recall *Khalid*, a young student, seemingly impatient and ambitious, who graduated in Business Administration, expressed his mind to me. “*I want to do something different, something out of the world.*” *Khaled* truly represented the generation of tomorrow. He was

mind-ready to ride a wave of the change revolution.

The First Wave

In the beginning, people ate food solely to survive. They depended on fruits that grew on the trees and slowly started killing animals for their flesh especially in regions where the flora was limited. Slowly, with the invention of wheel and discovery of fire, life started changing faster and for the better. During this period, agriculture was a major mean of subsistence. Countries and communities came together to work on various aspects of agriculture and secure the food demand of their nations.

This was the *First* wave of economy where the entire focus of nations was on strengthening *agriculture* backbone of nations and more people were employed in this sector for livelihood.

However, in many nations the method of agriculture was still manual and primitive, lacking serious adoption of technology. That is how some countries raced ahead by increasing productivity of food products per square feet of land.

Enough is Never Enough

In the process of getting more and more production, much of the land and soil quality started getting compromised due to rampant use of chemicals and artificial agents to

improve output. In due course of time, the side effects started showing up and now the world talks about bio-fertilizers and organic farming. But the harm has been done and it will probably take generations to reverse it or more realistically reduce it.

The Second Wave

With seasonal issues and uncertainty of agriculture business, the need for technology to increase output arose. This was the period when many inventions were made. Visionaries started seeing value in machines, automation and technology. This heralded the *Second* Wave of economy. The wave was for *Industrialization*. Soon the focus shifted towards manufacturing, infrastructure, scientific research and mainly industrial development.

The Turning Point

This was another huge turning point in the history of mankind. On one hand, the inventions like the steam engine and railroads as well as discovery of sulfa contributed significantly in improving the quality of life and, on the other hand, the imbalances caused by these developments also started manifesting. Problems started raising their ugly heads taking a big toll on the environment and our life. Rising levels of pollution, problems of lead and mercury poisoning from chemicals, side-effects of drugs are a few random examples. What

has been the reasons and fall-out of all the wars especially the recent ones – Russia, Vietnam, Iraq and Afghanistan? Is it really about weapons of mass destruction or more driven by vested interests to market weapons and technology? Who gained? Was the problem solved? Russia moved out and the issue of Taliban popped up. Many lives were lost in each of the wars including those of soldiers and innocent civilians. It took a heavy toll on environment and the existing infrastructure was razed to the ground. So who gained really and how?

The Third Wave

In the last couple of decades the focus has continued on manufacturing but the services sector has made huge inroads and its importance is prominent in most nations' GDP. The world has metaphorically shrunk and there is far more interaction and trade between countries due to *liberalization* and *privatization*. In this globalized world, information has become a key element of success. The world has been engulfed by the *Third Wave* of Economy – *Information*. It has drastically changed our lives and how we operate both in our personal and professional lives.

People are now used to real time information for making fast decisions which is creating sudden economic shifts and knee jerk action amongst nations. Our lives have become hostage to e-mails and mobile phones, smart applications and cloud technology. From the petty street-

side vegetable seller to the corporate honcho, everyone wields a mobile and is available 24 X 7 X 365. It has changed how we target and deliver to our customers and increase business revenue. This is simply amazing. Accessibility, timeliness and networked information are the main deal ingredients of success today. But there is a flipside of dependency on technology like hacking, misuse of information, invasion of privacy and the environmental harm due to radiation from mobile towers. Have you noticed how few sparrows are seen on our window sill nowadays? But people in general are in a mad race for bigger, better and superior. No one is stopping for a moment; to catch a breather, to reflect, analyze and introspect. And almost all are on the fast track.

It is a race to become the best and a race to gain the most. A race is on to become an economic behemoth and to make others subservient to us. And in this race, there is overtly blatant negligence to the peripheral consequences. The need to become economically powerful and to maximize profits, countries, corporate and individuals alike are acting in a parochial manner thus, conveniently exploiting and oblivious or ignorant of the price that we will have to pay or our future generations will end up paying.

A Paradigm Shift

There is ample evidence of some macro changes in the recent past. The last few decades have seen the global

economic ecosystem undergoing a sea change. Look at the condition of the economy of some of the EU countries. Economic revolution has witnessed a paradigm shift of economies from people focused to being corporate-centric. Governments' policies are beginning to be designed by the corporates and for the corporate. The level of collusion to promote each other's vested interest is colossal and beyond the comprehension of common man. Today, it is all about revenues, bottom-line, stock prices, shares and net worth.

There is no harm in being competitive or economically driven but what about humanity and progress of people on the whole. Whose responsibility is that? There is abject poverty and billions of people are devoid of basic healthcare, sanitation and hygiene. Women healthcare and infant mortality are in shambles. The concern is that in these circumstances there is gross apathy.

While the industrial revolution has changed the way we live, the emergence of 2008 financial crisis has worked to block the progress and slowed down the pace of prosperity. Result is - the race for development fell short of reaching the teeming millions. The gaps between haves and have-nots have widened. According to International Monetary Fund (IMF), 4 billion people today make their living on earnings which are less than 2 dollars a day. And the world is expanding fast. We will have 9 billion mouths

to feed by 2050. The trends have thrown many challenges before us.

The great financial crisis triggered by the debacle at Lehman Brothers in 2008 has made deep cuts in the global financial and economic system. It has compelled us to consolidate our resources and take fresh initiatives and think up ways and means to develop shock absorbers to withstand such situations critical to development and growth.

There have been many factors at play. On one side, science has helped us improve our longevity and provided us with medicines to battle with life-threatening diseases and on the other hand we have issue of fast expanding population in the third world countries in geometric progression. Bangladesh for example has the highest population density in the world. With population comes the pressure on per unit resources available on earth – water, air and land. Excessive population with less natural resources leads to poverty and hunger. It makes enlarged demands into resources like medical care and education. There is an ever increasing criticality to tackle the issue of population explosion.

Quest for Sustainability

The economies essentially run on two types of resources – natural and man-made. We have blatantly allowed both

types of resources to deplete. Natural resources are usually derived from environment and are so essential for our survival. The recent past has compelled governments everywhere to focus on conservation of environment. This is evident in the United Nation's *Agenda 21 Section 2* which outlines the necessary steps to be taken by countries to sustain their natural resources. It is the depletion of natural resources which is a grave concern.

The coming years will unleash the Fourth wave of opportunity and challenge on mankind – the quest for Sustainability.

The depletion of natural resources is strongly considered to be an issue of sustainable development. The term sustainable development has many interpretations, most notably the Brundtland Commission's which defines sustainable development as '*to ensure that it meets the needs of the present without compromising the ability of future generations to meet their own needs*'.

Sustainability – The Fourth Wave

The road ahead beckons us to usher in a harmonious sustainable society. After agriculture, industrial and information age, this is the *fourth Wave – the Wave of Sustainable Development*.

We have to redefine how we wish to live our lives and be remembered after we leave this earth. There is

philanthropy and then there is sustainable development. Aiming and working towards the latter makes more sense. It is more grounded and long-term. It is more defining and embodies the indomitable spirit of mankind.

In my quest for exploring how dreams of the teeming millions can be turned into reality, my journeys through the cross continents took me to Nagaland, a vibrant state in the North Eastern part of India. In a heritage cemetery, an inscription on a stone outside shone the message loud and clear:

*When you go home
Tell them of us and say
For your tomorrow we gave our today.*

I wondered have we got the message? Have we tried to perpetuate the legacy of those who craved for their future generations to live better? What are we honestly standing for? What is the purpose of our existence? Have we been able to sustain the message and perpetuate it for our future generations?

Strategy for Sustainability

To my mind, any strategy for sustainability would rest on five pillars, which are also central to any civilization. These relate to the religion or faith, social, economic, environmental and cultural ethos; each of which has its own place in a society.

Religion or faith is based on the basic tenets and principles, which have stood the test of time. These have been based on values and the belief system, which have sustained these societies over years, decades and centuries. How different countries or regions have evolved over the period is what is important for a given society and has contributed considerably to its sustainability.

Similarly, the conditions that prevailed at different points of time and the actions taken in a given society that enabled it to make progress to the present level, have also contributed to the progress of any society and this constant evolution has to continue for all times to come. It will be necessary to continue with the social actions to ensure sustainability.

There is yet another, but important aspect; perhaps more important than others. This relates to actions that affect the people on how they meet their businesses' needs. It is also important to note as to what value these societies attach to the environment in their scheme of things. Are the people conscious of the impact of their actions on the environment, ecology and the climate? This will have far reaching effect on the sustainability scenario now and years hence. Integral to other aspects like religion or faith, social and economic actions and the value that is attached to ecology and climate, are the cultural ethos and the way

that they maintain their cultural heritage. The actions through which communities manifest their identity and cultivate their traditions from generation to generation is important, which need to be taken into account, while attempting to attain sustainability.

Why should we be obsessed about sustainability? The resources that are being used today for economic development are limited. They are also depleting. If we continue to be over dependent on them and use them at a rapid pace, soon they will be over. What next? Imagine a scenario where oil reserves dwindle. All the gas guzzling SUVs will be rendered useless and get rusted. Electricity which is so integral part of our lives and helps in running much of the appliances is produced with coal and gas (non-renewable sources of energy) apart from other natural sources. What if the lowering water levels hit the rock bottom? The rapid growth in real estate projects and high rises across nations is putting huge pressure on the resources. Each house needs gas for cooking and heating, electricity for lighting and running gadgets and water for cooking, washing and bathing. The downside of all these improvements is depletion and exhaustion of inputs.

Our focus has to shift towards a more *inclusive* approach. We have to start considering the far- fetching effects of our current methods and work towards solutions that are eco-friendly, safer and healthy. More than three fourth of this

planet is covered with water but how much of it is drinkable? What are we doing to conserve water and make better use of it? Many species have become extinct due to imbalance in nature and man's greed. Look at the state of tiger population. It is a carnivore that plays a pivotal role in the food chain. What happens when there are no tigers?

Today, sincere efforts are being made to save the tiger. I remember having been accosted by a few volunteers of an NGO on a chilly morning on my way to the Salford University, Manchester, UK where I was pursuing my Ph.D. studies. A group of young enthusiastic boys and girls informed me about their project of saving tiger and how to support their efforts. I was impressed by the NGO's lofty theme and its endeavor to spread awareness about the dwindling population of tigers and the looming threat they face. They were explaining to the passers-by the important role tigers play in our lives and the whole ecosystem.

With animals extinct, the entire food chain gets disturbed. It is just like our human body where hypothalamus does not send proper signals and we develop thyroid problems. We need to maintain the rate of growth of resources while using them.

The Future Course

A fall-out of rapid industrialization and urbanization is climate change. The melting of glaciers, sudden tsunamis, earthquakes, hurricanes, global warming are all worrying signs. These are occurring as nature's balance is getting disturbed. The future will belong to companies and people who are far-sighted and work towards creating solutions that reduce our dependence on scarce resources while improving our living conditions. Renewable energy, green buildings and waste management are few such areas that will redefine the society.

What sustainability entails is that we maintain a balance and harmony between our *needs* and *wants* for existence and consumption of resources and focus on social aspects and obligation towards the future of mankind. We should work towards solutions that are future-oriented. We have to consciously look for alternatives and invest in research and development for solutions that shift our dependence from non-renewable resources to renewable or ones that can be replenished. Businesses have to go beyond the numbers on their balance sheet and contribute significantly and proactively towards education, food security, sanitation, clean water and healthcare to not only address the issue of poverty and hunger but population control and conservation of the environment.

Sustainability for Better World

This surge of movement towards sustainability will ensure that our future generations live in a better world. Excessive urbanization with total disregard for town planning puts lot of pressure on the environment. Water consumption and wastage becomes a prime concern. Nations without good infrastructure puts pressure on need for individual transportation rather than public transport and excessive congestion on the roads and fuel consumption. Not to mention the problem of air and sound pollution. Electricity generated through coal not only contributes to polluting the environment but is also less efficient. There is no choice but to improve the environment we thrive in. There is a serious need to introspect and make changes in our lifestyle and approach to business and economy to create a better world. It is time to redefine success and achievements and make the parameters more vibrant and innovative.

After generations of banking on bigger and larger, the West is now moving towards smaller and compact. After Hummers and jumbo portion of food (a large part of which is wasted), aerobics and pilates, they are now waking up to Prius and the benefits of yoga and Tai-Chi. They are growing organic food and trying to eat healthy to fight against a silent epidemic – obesity; the harbinger of life style diseases. They are building houses, factories and

offices which use more of natural building material; the architecture ensures use of natural light, solar power, using water storage systems, effluent treatment and recycling plants. All this is with the sole aim of leading a better and healthy life with less dependence on harmful medicines and chemicals. This is just one of the many examples which we can see around us.

The main lesson to be learnt is that every action has both good and bad consequences. Working towards addressing specific challenges with singular aim without being conscious of associated changes and repercussions will only lead to further complex challenges in the future. It is a vortex where we will simply get sucked in more and more.

The need for the future is moderation, introspection, multi-variate calculation, analysis and implementation. And this is not the end. We need to install a strong feedback mechanism that continuously checks for anomalies or deviation and immediately enforce course correction. We have to work towards maintaining harmony and balance in our surrounding environment and the entire planet.

After the agricultural thrust, industrial revolution and information age, it is this *wave of sustainability* that will define the hopes of mankind and the probability of our progeny to live a decent life on this planet. Sustainable efforts by individuals, businesses and governments will

create a framework for better productivity and efficiency in utilization of scarce resources without depleting them to zero. Nature sustains on a very delicate balance and there are cascading effects to disturbing any of the elements. A positive approach towards sustainable solutions is our vital key to a brighter and better tomorrow. A world where there is still hope and peace.

Will it be a cake-walk for *Khalid* to embark on a career that is *different*? Will he become a part of the ecosystem to meet the challenge of sustainability? These questions will have to be answered. Can we?

Inclusive Growth

“The believers are like one man, if his head is in pain his whole body suffers and if his eye is in pain his whole body suffers.” -Prophet Mohammed (Peace Be Upon Him)

With the dawn of twenty first century, we ushered in an era of progress and development. Growth paths were beginning to take shape. Growth curves began to rise up in the corporate charts. Economies stuck with stunted development started talking about double digit growth. The emergence of BRICS, MIST and COMESA nations as promising manufacturing bases and economic resurgence in various countries began to be sighted. An

environment of rapid development was beginning to form and then all of a sudden 2008 happened!

Overnight, all the well-laid plans seemed to go awry. Countries and companies started becoming bankrupt, margins began to dwindle and people started talking of austerity drives to tide over the situation. The fragile nature of the networked economy started showing chinks in its armor.

At this juncture, during one of my sojourns in a part South Asia in the midst of the economic cold winter, I met a forward looking entrepreneur in his mid-forties, well-qualified structural engineer who had put in his sweat and blood in raising his enterprise with a promise; he looked broken and out. He shared his agony with me. *“How will I make it and come out of the crisis. After spending my fortune, I was so happy to embark upon a promising entrepreneurial path and the promise came from the West. I clearly saw a road to tread towards success.”* His agony was visible. I smiled and looked at him. I told him bluntly, *“you are a structural engineer. Haven't you been taught how to restructure a tumbled building?”* I could clearly see the changing expressions on his face and with a raw smile, he barely uttered, *“perhaps you are right.”* I knew he is not alone for there may be lot more who have to be readied to be brought face-to-face the tough battle that won't be easily won.

Nations started realizing how vulnerable they have become. Markets seemed to be shrinking and demand waning in almost all sectors in varying degrees. Policy makers and governments started grappling for answers and solutions. Private sector began withdrawing from any investment and curtailing their magnitude of operation. Companies shutting down became common and large chunks of people became unemployed - more than 20 million in China alone!

What happened to the glowing globalization and growth story? It is very simple. The fundamentals were flawed. The exponential growth plans relegated the most crucial component to the fringes – people!

Economy Without 'People'

Much of today's economic development programs are insular and the initiatives *lack* the foresight of inclusive growth and fail to derive its far reaching benefits. The policy makers and proponents of economic supremacy have forgotten that without “people” there is no economy! And a handful of people can bring about very limited growth in the economy. We need the power of all in order to truly realize our potential.

There is a question that I have always been asked during my visits to different countries, *“What is the real definition of economy?”* My answer has been the same –

People, People, and People. Yes, people are the focal point they make the graphs and the charts. Graphs and charts don't make people.

There may be many pillars on which a robust economic structure stands and one the most important pillars is the 'people'. Why is an economy so vulnerable to external pressures and shocks? It is because the fundamentals of the economy are too weak to withstand shocks. The fundamentals visibly relate to the macro-economics whose indicators are wholesome and in totality like GDP, unemployment scenario, price and human development indices.

The 2013 Human Development Report – "The Rise of the South: Human Progress in a Diverse World" examines the 'profound shift' in global dynamics as a result of fast emerging new powers of the developing world and their implications for human development.

Greater progress has also brought about a strange paradox. If there are great advancements in the spheres of communication, medicine and technology, the problems have also surfaced.

During my numerous travels to various countries that are at different stages of global socio economic progression, a common phenomenon that I have come across is one of abject poverty. Today, there is a stark difference between

the privileged and the under-privileged. We have a world where people are earning five figure salaries and living in plush houses and on the other end of the spectrum, there are those who do not have a roof above their head.

"He did not believe. He did not believe, the Prophet said, He did not believe, he who slept with full stomach knowing that his neighbors is hunger."-Prophet Mohammed (Peace Be Upon Him)

Look at any grand real estate project that is under construction. The irony is all those people who are building our palatial accommodation themselves do not have a place of their own. There were disheartening reports from some quarters that farmers who till the soil and produce food for us are choosing to end their lives out of hunger and penury. Can there be a better paradox? Every great city, state and country has its share of dark underbelly. Some accept it and let it slide, others consider it inevitable but recognize it at least and then there are those who are trying to make a difference and bring about change.

Thank you your Highness

We must understand that economic development can never happen in isolation. GDP is stated in numbers. But who generates those numbers? Where does the statistics come from? Who are producing? Who are consuming?

Who are pushing the demand? Who is the market?

The entire dance of economy and economic progress is dependent on society and environment. We cannot focus on one while neglecting the other. Nothing in nature manifests in isolation. The faster we accept that the better we are in working harmoniously.

Today the countries which are better off than others post-economic upheavals are those who have managed to strike a sensible balance between the triad. Not only have they managed to keep the economic momentum steady, they have worked hard to stabilize and create a sustainable base for the nation to grow upon. A country worth mentioning as an example is India which remained insulated to a great extent from the external shocks. Why? Because India has a mass of human force – the working populace. Here again a very large human factor has come to the rescue of an economy which revolves around a very large consumption club within. It is not for nothing that the global economists rate India as one of the fastest growing economy in the world.

In my course of life, I have seen and experienced that the best investment is not in gold or real estate, stocks or bonds but in *people*. I have seen how empowered people are able to bring about change in geometric progression. Each person who is empowered becomes capable of empowering five more. Can you imagine what a miracle

that is? I am thus a strong believer and campaigner for inclusive growth. The impression that I have deeply carry till date is people love to use the word inclusive growth without really understanding the *real* meaning of it or its necessity. The glaring questions are why is inclusive growth crucial? What can we do to bring about this change of mindset and create sustainable outcomes?

There is no alternative to Inclusive Growth

A growing economy indicates (in a linear manner) growth in trade and commerce, increase in GDP, growing purchasing power and rotation of funds. But who all are actually growing when an economy grows? What is the composition of growing sectors? Is the economy and GDP delicately balanced on selected few sectors? Is a specific segment of the population benefiting from the surge in economic activity? Is the entire population being given the choice to participate and get benefitted by economic progress? How is the growth impacting labor dynamics? Is there a growth in employment? Who all are getting opportunities? Are women being included in the workforce and offered equitable opportunities? Or does economic growth means poverty and progress go hand in hand? This is a question that has been bothering our economists and thinkers for long. Isn't the outcome of progress eradication of poverty? Don't the marginalized deserve a better quality of life, better standard of living

and an opportunity to take part and enjoy the gush of economic exuberance?

But do not read my concern and compassion as a crusade for Marxist equality. I do not believe in making the richer poor and the poorer rich thus bridging the gap. It is actually good when the rich become richer, because they contribute to economic activity and create more conspicuous consumption. And it is more desirable to make the poor rich but how? Is it by subsidizing them at the cost of the rich? How long do you think such an economically imperfect solution will yield results before the whole thing implodes?

Sharing the Growth Path

Inclusive growth happens when there is greater movement of people amongst social classes. It happens when the growth paths are shared by rich and poor alike. The analysis of any inclusive growth initiative should measure how fast the economy is growing and the pace of growth of various segments of the social class.

The lower middle class move to the level of middle class and a significant percentage of middle class moves into the upper middle class segment and so on. Basically, the poverty numbers reduce and the quality of life of a larger section of the population starts improving and getting better. A growing number of people joining the workforce

get gainfully employed and the benefits trickle down the layers.

To bring about inclusive growth, the fruits of development have to be brought at the doorsteps of the poor. Opportunities have to be given to the masses and *not* only classes. A classless society has to be created where sweat and blood join to produce and efforts of all classes mingle to produce a force.

Countries should focus on improving their human development index. The tenets of macro-economic have to be strengthened. The freedom to act, trade, freedom to work and being provided opportunities to function is important. Freedom of speech is necessary. Many Middle-Eastern countries are facing huge revolution. Women's rights are very crucial for a just society. Women are equally capable of contributing to the betterment of the society. It is an encouraging development that today more women than men are usefully engaged in the service sector. Improving literacy levels is of immense importance. There are many countries where illiteracy still looms large. Providing banking facilities and social security are essential especially for the underprivileged. Training and developing skills in the potent workforce will be finally beneficial for the economy. When people grow, nation grows.

Think from a shrewd business perspective. If you have a product and my market comprises of five hundred people, you can sell only five hundred units and then probably a few more repeat sales. How do you expand your market? How do you increase your quantum consumers? You start creating products and packs that will be accepted by the poor and the downtrodden. Or you help bring them up in the social strata and create a new breed of consumers. The latter option looks more lucrative and sustainable, isn't it?

Capacity Building

We need inclusive growth to help reduce poverty and create better living standards for people who are subsisting on bare minimum or starving to death. We have to build human capital strength and empower them to contribute to our economy. A weaker section of the population drags the economy back so it is evident that we address this issue. It is a sure shot way of becoming economically competitive.

One of the largest drawbacks of poverty is lawlessness and economic unrest. It leads to social instability and strife. There are people with vested interest who provoke the downtrodden for their own selfish cause. It hardly takes much of an effort to make them sway by drawing their emotions to instigate them to indulge in disruptive activities and cause social trouble.

- Who gains? Only the ones who instigated in the first place
- Who loses? Economy and enterprise

The challenging question is – *Why would the downtrodden decide to become lawless?* Honestly, if we look at the pathetic condition of their lives, we will see that they have nothing to lose. The life of misery which they lead is worse than getting punished for lawlessness and shoved into a prison. A jail would at least provide them a room, bathroom and food. It is the life outside which is a bigger jail for them. We must understand the complex relations which tug social development, economic growth and environment depletion.

What good is a nation with tremendous economic growth with a burgeoning population living in shadows of poverty? We are making a mistake of using growth and development as synonyms, they are two different concepts, one is purely numbers; the other is numbers and *intangible*. And that has been my focus over the years.

Let me share here with the readers that as Founder & Executive Chairman of Alleem Knowledge Center, I was decorated with an award for my efforts in Training & Human Capital Development at the Third Middle East Business Leaders Summit and Awards held in Dubai on May 15, 2012.

The Award hosted by the Leaders International Magazine Malaysia seeks to acknowledge business visionaries from across diverse industry sectors for their outstanding achievements and consistent contribution to the region's economic development.

The Challenges of Inclusive Growth

More often than not, growth is linked with development. Growing is a process which may not necessarily lead to development. Growth may be for self consumption but development is for all. This is what is called inclusive growth. When a tree grows, it bears fruits for others to taste and eat.

Why is it difficult to create inclusive growth? The governments are to blame to a certain extent. They create weak policies with too many loose strings and then are unable to implement them successfully. There is too much vested interest, bribery, corruption and frauds which scuttle very good plans. Many countries have the issue of growing population which increases the pressure on per capita resource. Bangladesh is a good example. The issue of information asymmetry is quite common which mutes the results and leaves too much to debate and argument. The urban rural divide continues to be gaping and with increasing population, it keeps on widening. Quality of life continues to be poor as many large countries also suffer from problem of regional disparity.

Creating the impetus for Inclusive Growth

In the ecosystem that is fast developing, we all want to grow for self. We have been talking, discussing and raising the issue of inclusive growth on every platform. How do we achieve it? The foremost step is to understand how the economy is growing in different nations, what are the underlying patterns? What is promoting the growth? Certain sectors are growing faster than others and which industry verticals lag behind and why? What is the employment pattern in these sectors? How can we create more job opportunities as the economy expands? The governments and the enterprises need to put in place a mechanism to derive an accurate data to create a roadmap for growth. They need to know which areas will require more concentrated efforts and yield substantial results.

At the outset, countries will have to improve the investment climate making it more conducive and competitive. And that will require stability of governments and policies. It also calls for well-defined accountability and good governance. There has to be a strong commitment from the governments that they are serious about growth.

Domestic investors should be encouraged to invest more by offering favorable benefits which help them loosen their purse strings. Entrepreneurships and start-ups are the

best source of inclusive efforts since they often set up shops in remote and rural areas thus involving the locals. Micro and Small Enterprises (MSEs) are more effective in inclusive growth front because they have more of manual or semi-automatic processes which require semi-skilled labor.

Foreign investors should feel secure and safe to come in and invest. They must be offered an even proposition where they are treated fairly without prejudice or bias.

The Hamriyah Story

Hamriyah Free zone is an exceptional example of an organization which pursues the goal of sustainability as the culmination of social, economic and environmentally sound business practices which are driven by dedicated faith in the value of serving society at large. The result : the number of companies working there has increased from 130 in the year 2000 to 6,500 in 2013.

A single window clearance for projects will however fall flat on its face if the infrastructure is inadequate. We need good roads, electricity, ports and railways for logistics and delivery systems. Countries need stable communication and information technology platform. Energy availability and cost directly affects our production and overheads. Many advanced countries are shifting to expensive renewable energy solutions simply on the logic that some

electricity is still better than none. How do you think the remote parts of a country will be ever touched by private sector unless they are able to reach and communicate in those areas? How will enterprises setup units in interiors parts if there is no road to deliver and dispatch goods? Even cottage industry requires some amount of electricity but many countries have issues with last mile connectivity. If the villages do not get electricity, how can they prosper? Poor infrastructure hurts our competitiveness. It is inspiring to see how China has first built the infrastructure and then lured companies to open shop. Who would not be enticed?

In absence of such dedicated support, the government will invariably be left to bear the burden of uplifting of those areas.

In majority of the countries, rural areas are more dependent on agriculture as their mainstay. However, this trend is changing. The agriculture sector is saturated in most countries in terms of land use. The output is increasing only with improved use of science, technology and tools. Food processing is a major industry now apart from floriculture, fishery, animal husbandry, dairy business etc.

Thus, it is imperative for governments to put serious thrust for manufacturing sector. This sector creates the most effective and tangible growth in the economy, and

improvements in productivity are easily visible unlike services. The meteoric rise of knowledge industry must be used to enrich the manufacturing industry,

The number of jobs created directly or indirectly due to manufacturing is comparatively larger. The opportunities are also deeper in the rural and underprivileged areas both due to lower cost and ease of finding labor. Inclusive growth is *not* equal distribution but should mean *equitable* opportunities for all to participate in economic activities. If all the economic activities are concentrated in one area, how will people from other areas get a chance to offer their services, work and earn? But again jobs cannot be created irrespective of demographic and geographic features. The inclusive growth plans would work best when there is synergy between the environment, opportunities and the availability of people. This is one reason clusters have managed to create lot of difference. However, the main reason why there are fewer jobs is due to the lack of skilled workers. Many small businesses employ fewer people as they are unable to find others to do the job and expand their operations.

The Roadmap

This leads us to one of the most essential components for development – Education. The power of education can be seen everywhere. It is one weapon that helps in progress

by equipping the person to become productive, valuable and a game changer. These people make some real difference in the value chain. Education is not only essential at the primary level but also in the form of skill development and training for adults who form the workforce. Literacy equips us to read, write and sign our name but education creates awareness, it helps us dream and achieve them; it tells us what opportunities exist around us and how we can take advantage of them for our own good. The government and the private sector should be involved in Public Private Partnership (PPP) format to create avenues to impart education. It is so good to see progressive economies like India which has realized the importance of skilling the people and has set target to skill 500 million by 2020. This is a way forward towards inclusive growth.

UAE 2020

An ambitious vision of UAE for 2020 is to attract 20 million tourists and pump a whopping AED 300 billion in the economy. The corner-stone of this plan is to create world-class infrastructure and facilities for tourism. At the superficial level it seems frivolous. But investigating deeply, the vision is revolutionary. The number of jobs that will be created is enormous. And many other businesses will get impetus in this bleak scenario of sagging economy. If tourism prospers, one might contend

that it is a service sector that is flourishing and is fraught with risk of global fluctuation. However, tourism is the end-result – the means to create that tourism experience will be a manufacturing base which will build the infrastructure and goods to make the economy boom.

Healthcare is a segment which deserves equal priority like education. It is sad that a portion of the population suffers from 'lifestyle diseases' and become pill poppers where another segment is bereft of any medical care or support. It is horrifying that we have not yet managed to curb infant mortality and improve maternal health even though the advancement in medical science is astounding and we are on the verge of cloning human beings. To improve the lives of the poor and marginalized, we have to create systems for healthcare delivery. They should be provided basic health centers for primary care to start with. Hospitals should be implored to create definite quota for free or cheaper services to help the poor. Medicine companies can innovate and create cost effective solutions if they desire to do so. If such moves are not proactive, then the same can be imposed through indirect means.

In my opinion, inclusive growth will be most effective if the efforts are restricted to small community areas with greater control and accountability of the implementer. This will ensure more impact and result compared to

nation-wide plans which are like leaky buckets with too many holes.

Unleashing Demographic Dividend

Labor laws and reforms need a special lens for analysis and monitoring. We have to go into the depths to know how labor laws are promoting or impeding equitable participation. Governments have a lot of task on hand in this area. With the changes across the globe, we need more skill and capacity development centers to make the work force capable and productive. What is the use of implementing high tech machinery when we do not have people to operate them?

What are the labor force characteristics? Which types of jobs are creating more employment, what skill-sets are required? Which segments are under-utilized and have the potential to expand? What is required to do so? What can the governments and the enterprises do as strategic measures that can provide them more opportunities? These are the questions which we should be asking ourselves and try working in those directions. Improvement in labor welfare, wages, health benefits, subsidized education for children are all actionable points that will propel multi-dimensional inclusive growth.

Women force forms a large and potent section of the working class who can be equally productive like their

male counterparts. I believe that empowering women is a very judicious move. Unlike common perception that they can become a threat, they help in socio-cultural stability and growth; they nurture the children (our progeny) better, they understand the value of education, health, hygiene, population control, safe pregnancies, nutrition and freedom of expression.

United Nations Millennium Development Goals

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The scope for entrepreneurship and innovation is greatest in the area of inclusive growth programs and schemes. We can do wonders by innovating housing construction, channelizing education, product creation to make it environment friendly as well as having a mass appeal. The unbanked masses need a simpler credit facility and banking system to avail funds and become economically productive. Low cost solutions will most likely be generated from social entrepreneurship. The whole focus is on creating opportunities. I keep on reiterating that disparity can be removed through empowerment and not freebies. People must work for what they get and that's how they appreciate the value.

To make inclusive growth effective and visible,

everything boils down to governance. Policy formulation, program implementation, monitoring progress, and evaluating the effectiveness and outcome require good quality and comprehensive data that is verifiable and true. We cannot have lip service; we have to walk the talk. The objectives and goals of the programs should be clear and sound. Government must declare how the effectiveness of the plans will be measured. Regulatory bodies also play a critical role in ensuring compliance and accountability at all levels. Local community involvement and use of administrative machinery will yield better results in terms of delivery and outreach. Based on my experience and Charity International; I strongly believe that Non-profit organizations should be involved in monitoring the initiatives against mismanagement or misappropriation of funds. They also double as feedback agents and produce critical assessment of the programs.

Inclusive growth aims to reduce poverty, bring about social equality while conserving the environment. It can achieve its fullest potential when there is transparency and honest communication. Governments cannot wash their hands off after declaring a policy. They have to clear the red tape and bureaucratic hurdles. They have to implement it and demonstrate the results. Are the benefits and outreach programs actually touching those for whom these are meant? Are people honestly gaining and welfare is generating positive results? Good governance entails

proper execution of plans, improving the pace of growth for all segments alike.

Bringing into the Mainstream

Inclusive growth will flourish through grassroots intervention. It helps increase the rate of growth of the poor compared to the well off so that the disparity is narrowed and the gap is eventually bridged.

With reduction in poverty through greater inclusive growth plans, we will be able to bring the fringe into the mainstream. We empower the lesser privileged to work and earn a decent living, provide a better life to their families and thus contribute to the development of the nation.

Redefining Growth

In the global development scenario, we have to redefine the meaning of growth. We have to expand its scope making it all encompassing and not merely GDP numbers. The scope of growth has to be broad-based not narrow and spirally. It has to be both horizontal and vertical. Economic growth does not mean economic development. To effect development, the growth has to be inclusive. That entails that the fruits of development reach all sections of the society.

We cannot harp about growth if a significant section of the

population is languishing below the poverty lines. Governments, public sector, private sector and not for profit organizations have to come together for the cause of inclusive growth because its absence will make all other growth futile and unsustainable. We will be continuously fire fighting and draining our resources without making much of headway.

Economic development will be most prominent and resounding when there is inclusive and equitable growth and not just a small segment of the population growing to obscene levels while half the population is surviving on \$ 2.00/day for subsistence.

Nice to Know

There is a difference between growth, development and inclusive growth. When we talk of economic progress, it is growth. But development is when growth combines with improvement in quality of life of the weaker section of the society. Inclusive growth on the other hand is when equitable opportunities are provided to this weaker section to continuously improve their own selves and contribute to the economic growth of the nation. When we talk of weaker section, it also includes women who are on the fringes in many nations and it happens for cultural reasons only. When we talk of removing disparity it also means gender based discrimination.

I recall a lecture delivered by Nelson Mandela in 2005 when he said, *'Today we live in a world that is divided. A world in which we have made great progress and advances in science and technology. But it is also a world where millions of children die because they have no access to medicines. We live in a world where knowledge and information have made enormous strides, yet millions of children are not in school...It is a world of great promise and hope. It is also a world of despair, disease and hunger ...'*

The basic reason why some countries are better off than others is because their human capital is more productive and is the key driver of their economy. I have been to Africa a number of times and every time I ask myself – *Why are African countries, so rich in resources, are still backward and far behind many European nations?* There is so much potential in the African nations and enough resources to transform the entire nations but there is no channel or plan to execute. On the contrary, take the example of Scandinavian nations who had the foresight for energy security and joined their networks to share electricity. They also have the most extensive renewable energy solutions to serve their masses. There are solutions to problems, they only need to be identified and addressed. If governments, public and private sectors and the masses join together there will be amazing changes in how we live and prosper.

No Magic Pill

Inclusive growth will not happen overnight. There is no magic pill. It is a never ending process that will require our faith and sustained efforts. It requires true vision. It will require our conscience, commitment and contributions to make a difference. The flow of opportunities and benefits should reach everyone and that will require proper funnels. All human beings deserve growth, development, freedom, well-being and the right to participate in any way they are capable. It will improve our society for the coming generations. The result of our initiatives towards inclusive growth will be life transforming.

We have to take the first step, the rest will follow. We can choose to be inclusive and see the miracle unfold.