

# Harnessing Private Sector Growth for Inclusive Development

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**Abstract:** *The study examines the role of private sector for inclusive development based on descriptive qualitative analysis using secondary data and various key economic indicators for private sector with respect to inclusive development, among others are poverty, inclusive growth, investment, job creations, education, and infrastructure. By simple definition, private sector constitutes a broader term covering all private actors engaged in economic activity, from the small market seller and farmer to large domestic and foreign corporations. The private sector consists of more than formal businesses or corporation, even though many discussions have tempted to concentrate on the role of multinational corporations (MNCs) or large corporations.*

*The study argues that private firms can play a vital role in enhancing inclusive growth prospects as investors, employers and creators of new and upgraded productive potential. Private sector activity matters for growth as well as its quality, sustainability and inclusiveness. In most countries, the private sector is the major component of national income and the major employer and creator of jobs. The pace of job growth and the quality of employment in the private sector are thus central to development. A vibrant private sector also contributes to higher wages. The financial sector is seen as playing a crucial role in economic growth by mobilizing savings, facilitating payments and trade of goods and services and promoting efficient allocation of resources.*

*The qualitative analysis suggests that private firms can play a vital role in enhancing inclusive growth prospects given their ability to create new and higher value productive capacity. The capability of firms to launch new export products and raise product quality generates higher profitability and productive potential with spill over benefits to other firms and industries. However, private sector activity per se does not automatically result in equality of opportunity across individuals and firms. It has been very thoughtful to many of countries towards 'Inclusive Business Models'. This includes facilitating these various actors to come together in public-private collaboration to build "inclusive markets" and sector-specific strategies.*

**Keywords:** *private sector; inclusive development; poverty reduction*