



## Mains Practice Question

**Q.** Despite achieving high GDP growth rates, India continues to lag behind in human development indicators. Examine the reasons for this disconnect and suggest measures to ensure inclusive development. **(250 words)**

06 Nov, 2024 GS Paper 3 Economy

### Approach

- Introduced by showcasing India's strong GDP growth and its disparity with human development indicators.
- Give Reasons for the Disconnect Between GDP Growth and Human Development
- Suggest Measures to Ensure Inclusive Development
- Conclude suitably.

### Introduction

The Indian economy remained resilient with a robust **7.6% growth rate of GDP in FY 2023-24**, positioning itself among the fastest-growing major economies.

- However, this economic success has not translated proportionally into human development gains, as evident from India's low ranking in the **Human Development Index (HDI) 2023-24** i.e., **134th out of 193 countries** in 2022.

### Body

#### Reasons for the Disconnect Between GDP Growth and Human Development

- **Unequal Distribution of Wealth and Regional Imbalances**
  - **Wealth Concentration:** According to Oxfam's 2023 report, just **5% of Indians own more than 60 per cent of the country's wealth**, creating vast income disparities that prevent equitable access to health and education.
  - **Urban-Rural Divide:** While urban areas witness better access to services, **rural areas remain under-resourced**, lacking basic healthcare, sanitation, and education infrastructure.
- **Inadequate Health Infrastructure**
  - **Low Health Expenditure:** India's public health expenditure remains at around **2.1% of GDP (Economic Survey 2023-24)**, leading to insufficient healthcare services and high out-of-pocket expenditure.
  - **Poor Health Outcomes:** The **National Family Health Survey-5 (NFHS-5)** indicates high levels of malnutrition and child stunting (35.5%), revealing the need for more targeted health programs.
- **Educational Disparities and Quality Concerns**
  - **Access and Quality Gap:** Though primary school enrollment is high, there are significant gaps in learning outcomes.
    - The **ASER 2022 report** highlights a significant decline in children's reading skills,

with only **42.8% of fifth graders** able to read Class 2-level text,

- **Skill Mismatch:** Only **51.25% of India's graduates** are employable, with significant challenges in vocational training and skilling (**Economic Survey 2023-24**).
- **Limited Social Security and Employment Opportunities**
  - **Employment Issues:** High GDP growth has not translated into adequate job creation.
    - Unemployment rates, particularly among youth, reached **8.11% in April 2023 (CMIE data)**, reflecting an imbalance between growth and livelihoods.
  - **Social Security Deficits:** Currently only about **35 million out of a workforce of 400 million** have access to formal social security in the form of old-age income protection leaving large sections vulnerable to economic shocks.
- **Environmental and Ecological Challenges**
  - **Pollution and Health Impact:** According to IQAir, India ranks as the **third most polluted country globally**, with 42 of its cities making it into the top 50 most polluted cities.
  - **Vulnerability to Climate Change:** Climate-related challenges, like **extreme heat waves and abrupt droughts**, impact agriculture and lead to displacement, affecting rural livelihoods and human development.

### Measures to Ensure Inclusive Development:

- **Enhanced Public Investment in Health and Education**
  - **Increase Health Budget:** Raising healthcare spending to **4-5% of GDP**, focusing on primary and preventive healthcare, can improve health outcomes and reduce inequality.
  - **Education Reforms:** Implement the **National Education Policy (NEP) 2020's** focus on **vocational education, digital learning, and regional language** instruction to bridge the skill gap and improve employability.
- **Addressing Inequalities through Targeted Welfare Programs**
  - **Strengthening Social Safety Nets:** Expanding coverage under schemes like **Ayushman Bharat** and the **PM Jan Dhan Yojana** can improve access to financial and health security for marginalized groups.
  - **Direct Benefit Transfers (DBTs):** Improving DBT implementation to ensure timely and effective delivery of welfare benefits can empower vulnerable populations and reduce poverty.
- **Promoting Employment and Skill Development**
  - **Skill India and Startup India Programs:** Revamping skill development programs with **industry-aligned curricula**, especially in emerging fields like AI and renewable energy, can enhance job creation and productivity.
  - **MSME Sector Support:** Targeted assistance for **Micro, Small, and Medium Enterprises (MSMEs)**, which account for a significant portion of employment, can stimulate job growth across regions.
- **Focus on Sustainable and Green Development**
  - **Renewable Energy Investments:** Expanding renewable energy projects, **in line with India's COP26 commitments**, can create sustainable jobs, particularly in rural areas, while reducing environmental degradation.
  - **Promote Climate-Resilient Agriculture:** Programs like the **Pradhan Mantri Krishi Sinchayee Yojana (PMKSY)** should enhance focus on climate-resilient farming techniques to protect rural livelihoods and food security.
- **Improving Data Collection and Policy Implementation**
  - **Real-Time Data Monitoring:** Leveraging **real-time data for health, employment, and poverty tracking** can improve targeted delivery of social programs.
  - **Decentralized Governance:** Strengthening local governance to ensure that welfare schemes reach the grassroots effectively, especially in underserved regions.

### Conclusion

Achieving high GDP growth **alone cannot address the complex social challenges India** faces. By investing in human capital, **bridging regional inequalities, promoting sustainable development, and ensuring social security**, India can achieve a more inclusive development model.

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