

India as a 'Developed' country

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Manifest Pedagogy:

The 'developed country' goal is the first of the five vows that Prime Minister Narendra Modi exhorted Indians to take during his address to the nation on Independence Day. India is currently categorised as a developing nation, and there is still a significant gap to close before it can be considered developed. And in order to realise this goal, everyone involved including the government, citizens, public institutions, and the business sector will need to put in extremely concentrated and committed work, from formulating policies to ensuring that they are carried out flawlessly.

In News: In his Independence Day address, Prime Minister Narendra Modi asked Indians to embrace the **"Panch Pran" – five vows** by 2047 when the country celebrates 100 years of independence. The first vow is for India to become a developed country in the next 25 years.

Placing it in Syllabus: Economy

Static Dimensions

- What is a "developed" country?
- Why is the United Nations classification contested?
- Where does India stand?

Current Dimensions

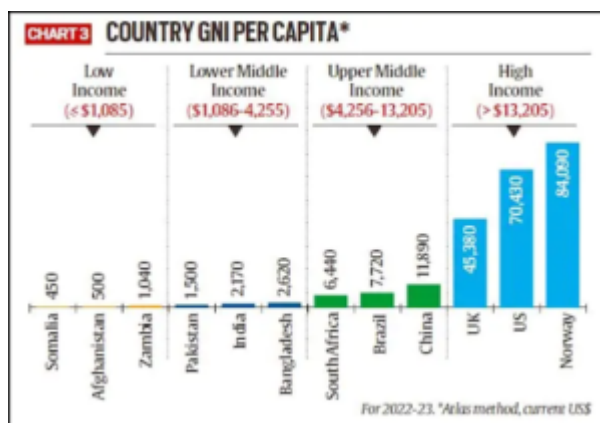
- What is the distance left to cover?
- How much can India achieve by 2047?
- What are India's achievements since Independence?
- Challenges
- Steps that India should take

Content

What is a “developed” country?

Different global bodies and agencies classify countries differently.

- The ‘**World Economic Situation and Prospects**’ of the United Nations classifies countries into three broad categories: developed economies, economies in transition, and developing economies.
 - The idea is “to reflect basic economic country conditions”, and the categories “are not strictly aligned with the regional classifications”.
- To categorise countries by economic conditions, the United Nations uses the World Bank’s categorisation based on Gross National Income (GNI) per capita (in current US dollars).



- But the UN’s nomenclature of “developed” and “developing” is being used less and is often contested.
 - Former US President Donald Trump had criticised the categorisation of China as a “developing” country, which allowed it to enjoy some benefits in the World Trade Organisation.

Why is the United Nations classification contested

- UN classification is not very accurate and, as such, has limited analytical value

- Only the top three mentioned in chart 3 alongside the US, the UK and Norway fall in the developed country category.
- There are **31 developed countries according to the UN in all.**
- All the **rest except 17 “economies in transition”**, are designated as “developing” countries, even though in terms of proportion, China’s per capita income is closer to Norway’s than Somalia’s.
- Then there are countries – such as Ukraine, with a per capita **GNI of \$4,120** (a third of China’s) – that are designated as “economies in transition.

Where does India stand

- India is currently far behind both the so-called developed countries, as well as some developing countries.
 - Often, the discourse is on the absolute level of GDP (gross domestic product). On that metric, India is one of the biggest economies of the world.
 - However, **to be classified as a “developed” country, the average income of a country’s people matters more.**
 - And on per capita income, India is behind even Bangladesh. China’s per capita income is 5.5 times that of India, and the **UK’s is almost 33 times.**
- The disparities in per capita income often show up in the overall quality of life in different countries.
 - A way to map this is to look at the scores of India and other countries on the **Human Development Index (HDI)**, a composite index where the final value is reached by looking at three factors: the health and longevity of citizens, the quality of education they receive, and their standard of life.

- India has made a secular improvement on HDI metrics.
 - For instance, the life expectancy at birth (one of the sub-metrics of HDI) in India has gone from around **40 years in 1947 to around 70 years** now.
 - India has also taken giant strides in education enrolment at all three levels – primary, secondary, and tertiary.

What is the distance left to cover?

- When compared to the developed countries or China, India has a fair distance to cover.
 - A 2018 diagnostic report on India by the World Bank said: “Even though India is the world’s **third-largest economy in purchasing power parity (PPP)** terms, most Indians are still relatively poor compared to people in other middle income or rich countries.
 - **Ten percent of Indians, at most, have consumption levels above the commonly used threshold of \$10 (PPP)** per day expenditures for the global middle class.
- As of 2013, **India had 218 million people living in extreme poverty** which made India home to the most number of poor people in the world.
- Also, other metrics, such as the food share of consumption, suggest that even rich households in India would have to see a substantial expansion of their total consumption to reach levels of poor households in rich countries.

How much can India achieve by 2047?

- One way to make this assessment is to look at how long other countries took to get there.
 - For instance, in per capita income terms, Norway was at India’s current level 56 years ago in the year 1966.

- Comparing India to China is more useful. China reached that mark in 2007.
 - Theoretically then, if India were to grow as fast as China did between 2007 and 2022, then, broadly speaking, it will take India another 15 years to be where China is now.
 - But then, China's current per capita income was achieved by the developed countries several decades earlier – the UK in 1987, the US and Norway in 1979.
 - **India's current HDI score (0.64)** is much lower than what any of the developed countries had even in 1980.
- The World Bank's 2018 report had made a mention of what India could achieve by 2047.
 - At least half its citizens could join the ranks of the global middle class, which will mean that households have access to better education and health care, clean water, improved sanitation, reliable electricity, a safe environment, affordable housing, and enough discretionary income to spend on leisure pursuits.
 - But it also laid out a precondition for this to happen: Fulfilling these aspirations requires income well above the extreme poverty line, as well as vastly improved public service delivery.

What are India's Achievements Since Independence?

- **GDP:** India's GDP rose from Rs 2.79 lakh crore in 1950-51 to an estimated Rs 147.36 lakh crore in 2021-22.
 - India's economy, currently at USD 3.17 trillion, is expected to become the fifth largest in the world in 2022.
- **Forex:** India's foreign exchange reserves have risen from Rs 911 crore in 1950-51 to Rs 45,42,615 crore in 2022. Now, India has the fifth-largest forex reserves in the

world.

- **Food Production:** India's foodgrain production has increased from 50.8 million tonnes in 1950-51 to 316.06 million tonnes now.
- **Literacy rate:** The literacy rate has also improved from 18.3% in 1951 to **78%**. The female literacy rate has improved from 8.9% to over 70%.

Challenges

- **Inequality:** India also faces the issue of deep-rooted inequality which has climbed steadily over the last few decades, making room for inclusive growth smaller.
- **High Income disparity**– The share of the bottom 50 percent of the population in national wealth was a mere 6 percent (Oxfam report).
- **Illiteracy:** India is also home to the largest number of illiterate people in the world with over 25% of the population still uneducated.
- **Women:** Female Labour Force Participation Ratio has dropped sharply and steadily in the last decade.
- **Urban Rural Divide**– Around 70 percent of the population reside in rural areas.
- **Economic**– The country is facing issues like jobless growth, Twin balance sheet problem, Over reliance on agriculture for work, Unemployability of the youth are some urgent cause of concern.

Steps that India should take

- India needs to implement reforms to change the economy's structure.
 - To increase income levels and lessen the strain of the population on agriculture, it is necessary to establish jobs in the secondary (industrial) and tertiary (service) sectors.
 - To benefit from the demographic dividend, the transition is required.

- Government service delivery standards, particularly in the areas of health and education, require significant improvement.
 - The government must raise public spending on health and education to catch up to industrialised economies in terms of percentage of GDP.
- To promote equitable and sustainable development, the urban planning process needs to be completely revamped.
- Strong action is required to combat corruption. By doing this, government benefits would be sent to their intended recipients and leaks would be kept to a minimum.
 - Similar to this, reducing tax evasion will raise tax collections for the government, allowing for more spending on the social sector.
- The ingrained disparities in Indian society, particularly gender inequality, must be removed. In order to build a fair and inclusive society, inequities based on gender, caste, religion, geography, etc. must be eliminated.

The main tools for making India a developed country by 2047 will be policies and their effective execution, but the first step towards “Mission 2047” should be to ensure unity and, consequently, a shared purpose.

Mould your thoughts

1. India is currently categorised as a developing nation, and there is still a significant gap to close before it can be considered developed. Critically discuss the gaps and highlight the areas India must work upon to become a developed nation.

Approach to the answer

- Context about the topic
- India’s present situation and how far we have to go

- Challenges existing
- Steps to be taken
- Conclusion