

The Growth Story

Apurv Anand

At the core of India's economic ambitions is the issue raised by a former governor of the Reserve Bank of India (RBI): Is it possible to get wealthy before becoming old?



viability of India's economic rise is called into question given that large segments of the population lack education and employability, and that some regions have jobless rates reaching 45%. This skepticism is embodied in the opinion articulated by investors on Dalal Street, who say - India has never lost an opportunity to lose and opportunity.

In order to have a deeper understanding of the obstacles impeding India's journey towards inclusive growth, it is essential to face harsh facts like the country's standing on international indices such as the Global Hunger Index (GHI). The stark statistics of food insecurity and chronic hunger, along with India's 111th place ranking out of 125 nations in the 2023 GHI, highlight the extent of socioeconomic inequality. India's problems are highlighted by the comparison with other Asian economies, such as South Korea, where hunger affects only 2.50% of the population.

Even with strong GDP growth rates—such as the 9.1% growth in the second quarter of 2023–2024 and the expected 9.2% growth for 2021–2022 post-pandemic contraction—many people still struggle to see real gains in their level of life.

This disparity highlights how India's government-managed capitalism economy has been unable to convert economic expansion into broad-based prosperity. Rather, it maintains income disparity by allowing the wealthy to amass riches at the cost of the underprivileged.

We'll go about this article by discussing one by one the multiple challenges that loom large before the Indian economy to achieve ambitious growth targets and at the same time ensure equitable distribution of this wealth in the economy.

In the 2023 Global Hunger Index, India ranks 111th out of the 125 countries with sufficient

data for calculating GHI scores. *Between 2019 and 2021, approximately 307 million Indians experienced severe food insecurity, while 224 million individuals were affected by chronic hunger. Approximately 14.8% of the Indian population faces undernourishment.* While we compare these numbers to other developing Asian economies we realize the extent of these problems. *As of 2019, only 2.50% of the entire population of South Korea experiences hunger.*

- *In the second quarter of 2023-24, India's GDP grew at 9.1%.*
- *The 2021-22 Economic Survey estimated a 9.2% real GDP growth after a pandemic-induced contraction*

When exploring the intricate terrain of barriers confronting India's economy, it is imperative to recognize the diverse characteristics of these very impediments, firmly ingrained in the country's socio-economic structure which are unique to India. India's economy has grown significantly in recent years, but this progress has been hampered by enduring inequality and structural flaws that put the sustainability and inclusivity of development initiatives in jeopardy.

One of the key challenges is the stark socioeconomic inequality that permeates many aspects of Indian culture. India's economy is one of the fastest-growing in the world, yet despite this, a significant section of the population still lives in poverty, which adds to the country's high rates of poverty. Furthermore, caste, gender, and geographic variations frequently exacerbate income disparity, further marginalising the weak and preventing them from seizing opportunities for socioeconomic growth.

Furthermore, the nation's economic expansion has been marked by unequal and disproportionate development, with some urban areas and regions developing quickly

Even with the ambitious objective of building an economy worth \$5 trillion, it is important to consider whether or not the millions of people living in the country will actually benefit from this economic expansion. India's recent and much talked about emergence as a global manufacturing hub, driven by the 'China plus one' strategy, greatly underscores its potential. Since 2022, half of every dollar of active bond funds removed from China has been put in Indian markets, according to an EPFR. Remarkably Half of every dollar of active bond funds taken out of China, according to an EPFR, has been invested in Indian markets since 2022. India's foreign direct investment (FDI) inflows have also been on the rise, reaching a substantial \$85 billion in the fiscal year 2021-2022.

The articles titled - *Wall Street Snubs China for India in a Historic Markets Shift* by Bloomberg, *India's economy picks up speed amid global slowdown* by AL ZAEERA, and many more such global media heavyweights are now portraying India as the next big thing- the next china, and the Indian government is confident more than ever and so are the Indian Stock markets. Global media giants such as Bloomberg and Al Jazeera have emphasized India's economic momentum and portrayed it as the economic heir apparent to China's economic hegemony. Encouraged by this hope, the Indian government and stock markets display renewed assurance. Nevertheless, in light of these encouraging signs, relevant concerns about India's capacity to maintain this rate of growth surface. The

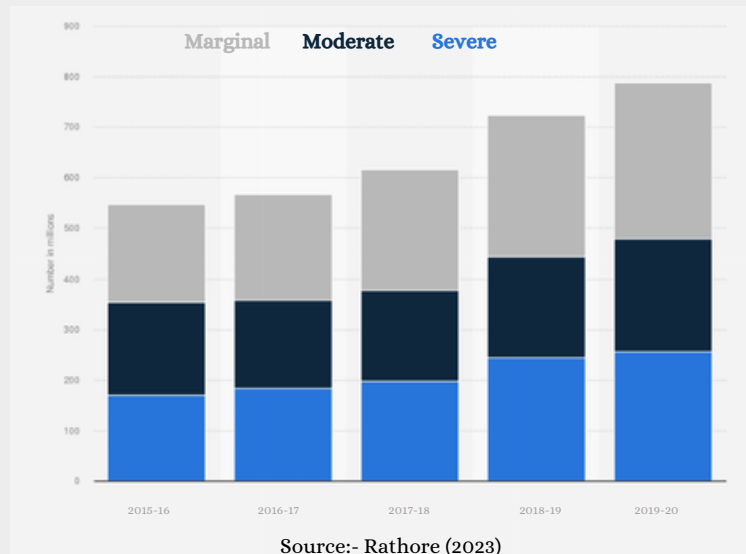

while other places, such as distant towns and rural areas, have consistently lagged behind. In addition to existing differences in living standards, this geographical disparity exacerbates problems such as resource depletion in rural areas, urban overpopulation, and rural-to-urban migration. Also, given India's development trajectory, the caliber of human capital continues to be a critical problem- one which is seldom talked about. Inclusive growth remains hindered by persistent gaps in skills development, healthcare infrastructure, and minimum level of educational attainment, even with notable progress made in

expanding access to education and healthcare. This is especially clear from the high rates of informal labor and underemployment in almost all the sectors, which restricts the prospects for socioeconomic mobility and feeds poverty cycles.

To effectively tackle these issues, a comprehensive and well rounded strategy is much needed that extends beyond simple economic growth and includes more extensive socio-economic reforms as well as niddle focused actions meant to promote inclusive development. This includes but is not limited to making investments in social infrastructure, such as healthcare and education, to guarantee that all societal sectors have fair access to opportunities as well as necessities.

It is imperative that the government now takes a holistic and multifaceted approach to tackling these issues, allocating investments in social infrastructure, human capital development, and sustainable development projects top priority. India can achieve equitable distribution of economic prosperity across all societal and socio-economic groups and realize its full potential for inclusive growth by tackling the underlying causes of poverty, inequality, and underdevelopment and only then can the growth projections translate into real change on the ground and in the life of those who are often ignored.

Figure:- Prevalence of chronic hunger, moderate and severe food insecurity in India from 2015 to 2021

Apurv Anand, Batch of 2027

Apurv Anand, a first-year student majoring in Economics, currently holds the position of General Secretary at The Ramjas Economic Society. His academic interests revolve around International and Development Economics, complemented by a keen interest in international relations and foreign policy. An accomplished author, his fiction novel "The Unfathomed Depths" is available worldwide. Apurv's leadership extends beyond academia, having served as Assistant Director for HMUN China and YMUN Europe. As an alumnus of Yale Young Global Scholars, he brings a wealth of experience and perspective to his endeavors. Feel free to get in touch - apurvaanand2023@ramjas.du.ac.in