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**DAILY EDITORIAL  
ANALYSIS**

**TOPIC**

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**Developed Country: A  
Status India is Aiming**

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## DEVELOPED COUNTRY: A STATUS INDIA IS AIMING

### In Context

#### There's an optimistic belief that India's economic growth is inevitable .

- But previous countries with similar growth trajectories have often failed to transition to developed status.

#### Do you know ?

- The term “developed country” doesn't have a single accepted definition.
- Developed countries have advanced technological infrastructure and diverse industrial and service sectors.
  - ♦ Their citizens typically enjoy access to quality health care and higher education.
- The **UNDP (United Nations Development Programme)** has a threshold of the 75th percentile in HDI (Human Development Index) distribution to be classified as a developed country, whereas
- **The World Bank** classifies countries whose GNI (Gross National Income) per capita is above \$13,845 as “high-income countries”.

### India's Status

- India's journey towards becoming a developed nation by 2047 hinges significantly on improving its infrastructure, a cornerstone for fostering liveable, climate-resilient, and inclusive cities that drive economic growth.
  - ♦ From 1991 to 2011, India's poverty rate dropped from about 50% to 20%, lifting 35 crore people out of poverty.
  - ♦ While income inequality persists, overall living standards have improved, especially for those at the bottom of the economic pyramid.
- **Present Scenario :**
- India's real GDP is projected to grow between 6.5–7 per cent in 2024-25. The Indian economy recovered swiftly from the pandemic, with its real GDP in FY24 being 20 per cent higher than the pre-COVID, FY20 levels.
- The **World Bank in June 2024** predicted that India is set to remain the fastest-growing major economy globally, though its growth rate is expected to slow.
  - ♦ It maintained the GDP growth forecast for India at 6.6 per cent for FY25.



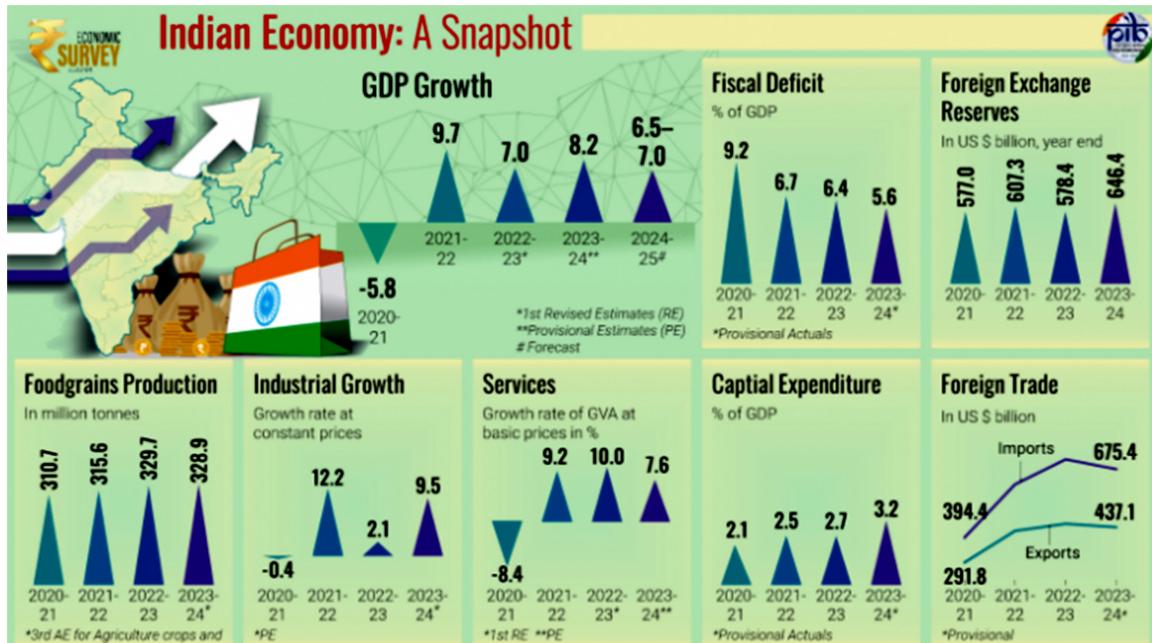
#### Robust pathway to India's economic growth for FY 2025

- ♦ India's real GDP grew by 8.2% in FY24, exceeding 8% mark in three out of four quarters of FY24
- ♦ Gross Fixed Capital Formation increased by 9% in real terms in 2023-24
- ♦ Retail Inflation declined to 5.4% in FY24
- ♦ Real GDP in FY24 recorded to be 20% higher than its level in FY20

### Challenges

- **Agricultural Sector:** 46% of India's labor force is in agriculture, which is low-productivity and contributes only 18% to GDP.
- **Female Labor Force Participation:** At 37%, this is low compared to other countries like China, Vietnam, and Japan.
- **Middle-Income Trap:** Many countries fail to progress from middle-income to high-income status.
- There is difficulty in leveraging surplus labour for **low-end manufacturing**, limiting growth opportunities.
- **Indian States face cost disabilities for power**, logistics and financing, coupled with low labour productivity when compared to countries such as Bangladesh, China and Vietnam, and a compliance burden that deters new players from entering and the existing ones from expanding

- **India lags behind in HDI rank** mainly because of its low life expectancy and per capita income, which can be improved with government spending in the education and health sectors.



### Suggestions

- India's focus **should be on Manufacturing** and To grow, India should emulate successful models like South Korea and Vietnam by focusing on low-skilled, export-oriented manufacturing.
  - ♦ Prioritize low-skilled manufacturing sectors like electronics and apparel to create large-scale employment.
- There is a need to **avoid protectionism** because large tariffs could harm industries dependent on imported components, raising prices and reducing competitiveness.
- The government should develop **industrial clusters** with modern infrastructure, education, healthcare, and other amenities.
- There is a need to maintain a **market-led economy** with minimal government interference, improve ease of doing business, and foster private enterprise.
- **Track inter-State migration**, urbanization, female labor force participation, and the decline of agriculture's employment share to assess progress.
- **With ambitious and forward-thinking strategies**, India can achieve its economic goals and fulfil its potential.

Source:TH



### Mains Practice Question

[Q] What are the key challenges and opportunities India faces in its pursuit of becoming a developed nation?