

OPINION: India should think beyond GDP

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India overtaking France in terms of GDP is insignificant amid rising inequality

Since the mid-twentieth century, GDP has become the world's most powerful indicator of national development and progress. In a similar way, India has been claiming its progress on the basis of GDP amount and growth. Questions are hardly asked on its relevance, applicability in the present context and impact on the people living in the remotest part of the country. Bring macro results down for the benefits of the grassroots in the principle of 'Trickle-down economics' or 'trickle-down theory' has become a dream to accomplish.

Famous American economist Simon Kuznets in 1934, while developing modern concept of GDP, warned not to use it as a measurement of well being. Even in 1968, an American Senator, Robert F. Kennedy, spoke of the shortcomings of GDP: "The gross national product does not allow for the health of our children, the quality of their education, or the joy of their play. It does not include the beauty of our poetry or the strength of our marriages; the intelligence of our public debate or the integrity of our public officials. It measures neither our wit nor our courage; neither our wisdom nor our learning; neither our compassion nor our devotion to our country; it measures everything, in short, except that which makes life worthwhile."

This indicates many vital and quality components of the human development are not accounted and thus, missing in GDP. The key question is, does higher GDP reflect higher happiness? We have seen the recent headline that India surpassed France in terms of GDP. India's position was seventh, and now it is placed at sixth position with \$2.697 trillion. India is the world's sixth-largest economy by nominal GDP and the third-largest by purchasing power parity (PPP). Indian leaders, at all times, have celebrated a growth higher than 7 per cent of the GDP.

On the other hand, if we believe UN's recent World Happiness Index 2018, India is not a happy country at all. The world happiness is a composite indicator of GDP per capita, social support, and healthy life expectancy, freedom to make life choices, generosity and perceptions of corruption. The index shows India's position in 136 out of 156 countries, a drop from 122nd rank in last year and 118th in 2016.

What is more surprising is to see India ranked lower than our neighbors Pakistan and Myanmar. Happiest country Finland is ranked 42nd in terms of GDP. The US, with \$19.39 trillion (around 25 per cent of world's wealth), takes the first position on the GDP ladder, whereas it is placed 18th on the happiness index. This proves that a rich country with huge wealth does not make its people happy.

The current national government aspires for a double digit growth rate of GDP at 10 per cent. During a national-level debate, NITI Aayog CEO Amitabh Kant raised concerns over India's low Human Development Index (HDI), which will affect the GDP growth. There are apprehensions that a lower HDI may lead to India missing the much debated double-digit growth rate of 10 per cent. However, the question is, even if India achieves the GDP target, will it be able to make its people happy? Will India's development effectively translate into social development of common man and provide economic equality in India?

The government has failed to recognise the factors behind our low HDI and its macro impact on quality development. The recent discussions on macroeconomic environment shows that one per cent people has eaten away 73 per cent of increased wealth. This means increased wealth of India is cornered by a few individuals. That one per cent of people own 58 per cent of the country's wealth.

Interestingly, as per Forbes 2018, of these 2,208 billionaires, there are 121 Indian billionaires—19 more than last year—making India the third largest group of richest people after the US and China.

At the sub-national level, India lacks information on inequality in accumulation of wealth. Taking Odisha as a case of analysis, it is seen that as per the Socio-Economic Caste Census, 2011, 87 per cent households in the state have a monthly income of less than Rs 5,000. It is also seen that 92.23 per cent SC and 95.68 per cent ST households have a monthly income of that is less than Rs 5,000.

It is becoming difficult for the poor to afford basic health and education. On the one hand, the state has been recognised for performance in agriculture sector and further, aspires for doubling of farmers' income. On the other hand, more than 100 farmers a year are committing suicide due to crop loss and debt trap.

Thus, the paradoxes of development still exist even today. There is a clear divide between the rich and poor. The rich people are receiving elite and branded quality services, but the poor are still struggling to get basic facilities to lead a quality life. Hence, it is futile for India to take pride in being the sixth ranked nation in the world in terms of GDP; rather economists and policy think-tanks should rethink for a timely measurement of country's progress on the basis of growing inequality.

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