

Reflections on India@100 – Issues and Priorities

Background

One hundred years of India's Independence in 2047 would be an important milestone. From the perspective of foresight, aspiration for a *Viksit Bharat* is assuming significance and is being perceived as a timely reference for long term planning and preparedness and perhaps a common responsibility – which demands a definite shift towards a more participatory approach in planning and governance. 21st Century challenges also demand preparedness for securing a path to prosperity for the country in a complex geo-political environment and hedge against several unknowns.

India is currently the largest country in terms of the population and fourth largest economy. India's

steady and gradual emergence driven by a favourable period of economic growth resulted in achieving MDG target of reducing absolute poverty and in the last one decade faster reduction of multidimensional poverty as calculated by NITI Aayog.¹

In terms of the economy during the same period we have seen favourable developments and proactive ownership by the Government through policy and implementation. The following five facts may be a useful consideration for setting the context.

- First, visioning and implementing large scale development programmes (Government Final Consumption Expenditure and Transfers)

RIS Policy Briefs are prepared on specific policy issues for the policymakers.

The policy brief has been developed by Dr Sabyasachi Saha based on an earlier version of his address delivered at the Plenary Session 4 titled "Inclusive India @ 100: People-Policies-Economy" organized by the RIS during the 23rd Annual Conference of the The Indian Association of Social Science Institutions (IASSI). The author is grateful to Professor Sachin Chaturvedi, Director General, RIS for his guidance and insights. Inputs received from Mr Syed Arslan Ali is duly acknowledged Views expressed are personal. Usual disclaimers apply.

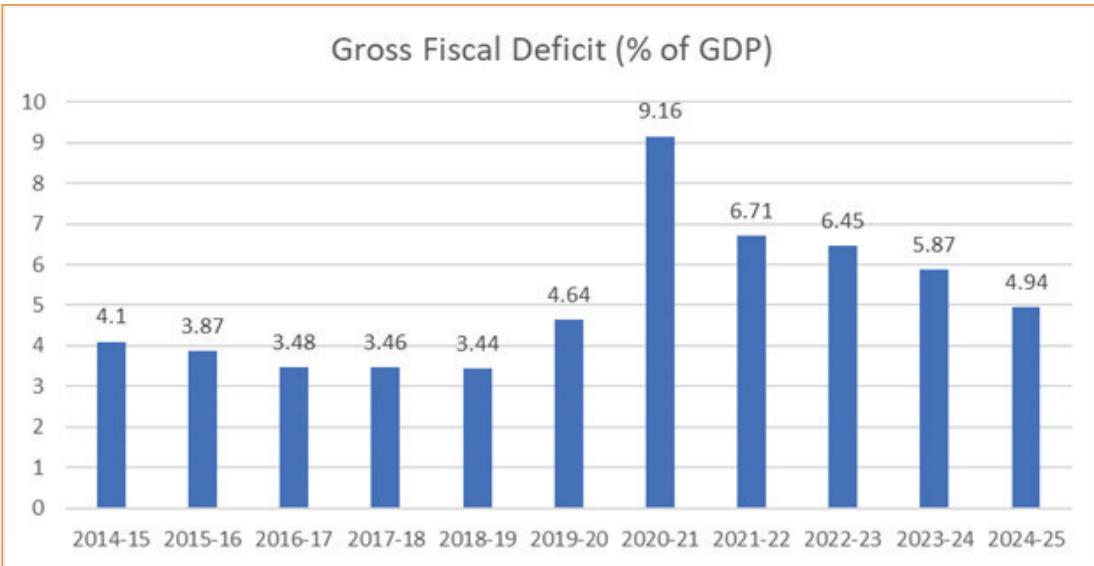


¹ India has registered a significant decline in multidimensional poverty in India from 29.17 percent in 2013-14 to 11.28 percent in 2022-23 i.e. a reduction of 17.89 percentage points. Uttar Pradesh registered the largest decline in the number of poor with 5.94 crore people escaping multidimensional poverty during the last nine years followed by Bihar at 3.77 crore, Madhya Pradesh at 2.30 crore and Rajasthan at 1.87 crore. (<https://pub.gov.in/PressReleaseIframePage.aspx?PRID=1996271>)

² Government of India is on track to reach fiscal deficit level below 4.5 percent of GDP by 2025-26 as stated while introducing the amendment to the FRBM Act in order to deal with the pandemic shock as fiscal deficit rose to 9.5 percent of GDP in 2020-21.

³ All Ministries/ Departments have been mandated to prepare an output-outcome framework for each Central Sector and Centrally Sponsored Scheme. This framework endeavours to provide measurable indicators for achievement of scheme objectives, or the 'Outcomes'. Yearly review meetings in this regard are held by NITI Aayog. In addition to this, for continuation of any scheme beyond Finance Commission Cycle or renewal, a third-party evaluation of the scheme, by an independent agency in case of Central Sector Schemes and DMEO,

Figure 1: Fiscal Deficit of the Central Government



Source: RBI.

Note: Data for 2023-24 are Revised Estimates and data for 2024-25 are Budget Estimates.

- Second, efforts towards maintaining macroeconomic stability and fiscal consolidation (Figure 1)²
- Third, banking sector resilience and healthy credit growth.
- Fourth, public sector spending and capex expenditure largely supporting GDP growth
- And fifth, greater focus on monitoring performance and bringing convergence.³

For imagining the next 25 years we may also look back at the last 25 years. There has been a period of global buoyancy in the first decade, followed by global financial crisis and demand repression and then an irreversible rise in protectionism. Thereafter, the world was struck by a catastrophic pandemic, followed by deeply unequal recovery, distressing levels of debt and inflation, a definite

set back to the SDGs, fast rising costs of climate events and also climate change and is currently navigating unprecedented geopolitical tensions all impacting welfare of citizens with disproportionate impact on Global South. With such unfavorable global events – resilience of the Indian economy so far is perhaps the biggest lesson. The next 25 years would also mean faster expansion of the economy and accelerated development outcomes. However, we may seek to address some of the core concerns.

Alleviating Regional Disparities

There has to be greater focus on alleviating regional disparities in the economy. For example, the North East region accounted for 3.78 percent of India's population (as per 2011

Census) and 2.7 percent of GDP. Other key indicators like Gross Domestic Value Added (GVA) and Gross Fixed Capital Formation (GFCF) are also lagging behind as compared to the national average. Such macroeconomic imbalance needs to be addressed.⁴ As reported in a recent Working Paper of the Economic Advisory Council to the Prime Minister (EAC-PM) in 1980-81, Sikkim's per capita income was below the national average. However, the state has experienced significant economic growth, particularly in the last two decades. Its per capita income rose from approximately the national average in 2000-01 to 320 percent of the national average in 2023-24. On the other hand, Assam, which had a per capita income slightly above the national average (103 per cent) in 1960-61, saw a decline in its relative income over time. By 2010-11, it had dropped to 61.2 percent of the national average but improved to 73.7 percent of the national average in 2023-24.⁵

Union Budget (2024-25) recognizes that the states in the Eastern part of the country are rich in endowments and have strong cultural traditions and envisaged a plan called Purvodaya, for the all-round development of the eastern region of the country covering Bihar, Jharkhand, West Bengal, Odisha and Andhra Pradesh. This was intended to cover human resource development, infrastructure, and generation of economic opportunities among others.

The above mentioned Working Paper of the EAC-PM raises concern on the declining relative per capita income vis-a-vis national average for both Bihar and West Bengal. While relative per capita income of Bihar is very low at 33 percent of national average; that of West Bengal and Odisha remain below national average at 88.5 percent and 83.7 percent respectively in 2023-24. The per capita Net State Domestic Products for the Indian States is presented in Figure 2.

Youth, Skills and Mobility

Union Budget 2024-25 makes the following observation: with one of the youngest populations, a median age of 28, India can harness its demographic dividend by nurturing a workforce that is equipped with employable skills and prepared for the needs of the industry. Sixty-five per cent of India's fast-growing population is under 35, and many lack the skills needed by a modern economy. Estimates show that about 51.25 per cent of the youth is deemed employable. However, it must be noted that the percentage has improved from around 34 per cent to 51.3 percent in the last decade. According to a recent study conducted by the State Bank of India (SBI) the working age population (15-59) in India has increased since 1971 and was projected to reach 64.4 percent in 2021, and likely to increase to 65.2 percent in 2031.⁶

NITI Aayog in case of Centrally Sponsored Schemes, is also carried out to assess the impact of the scheme on ground level (<https://pib.gov.in/PressReleaseIframePage.aspx?PRID=2038429>)

⁴ Research and Information System for Developing Countries. (2023). *Rise of the North East: The Path to Prosperity, Inclusion, and Sustainability*. Oxford University Press

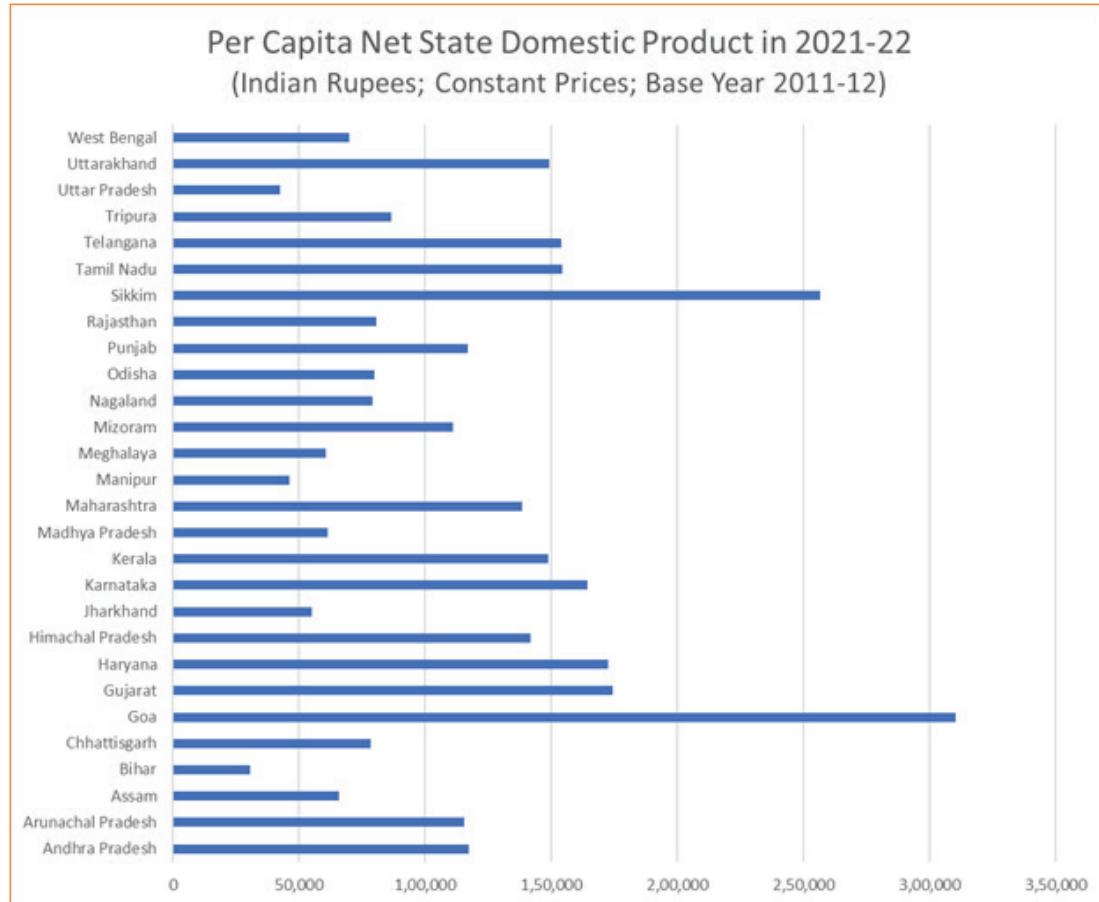
⁵ EAC-PM (2024). Relative Economic Performance of Indian States: 1960-61 to 2023-24. Working paper series, Economic Advisory Council to the Prime Minister (EAC-PM). New Delhi.

⁶ <https://pib.gov.in/PressReleaseIframePage.aspx?PRID=1942055>

⁷ Sbi (2024). Precursor to Census 2024: The Fine Prints of a Rapidly Changing Nation. Sbi Research, Mumbai

⁸ India has taken steps to expand skilling with global standards reflected in strategic initiatives like the Skill India International Centers (SIIC) and Government-to-Government (G2G) Memorandums of Understanding (MoUs). The launch of 30 SIICs, announced in the FY24 interim budget, represents a major step in expanding India's global skilling presence. Operational centers in Varanasi and SDI Bhubaneswar highlight the initiative's early success, with plans already in place to open seven more centers in the first phase.

**Figure 2: Per Capita Net State Domestic Product in 2021-22
(Indian Rupees; Constant Prices; Base Year 2011-12)**



Source: Ministry of Statistics and Programme Implementation, Government of India⁶

India must ensure employability in the semi-skilled categories catering to a large share of the workforce. As reported in the Skill India Digital Platform - the top five jobs in demand are: traditional hand embroiderer, sewing machine operator, domestic data entry operator, electric vehicle service technician and school level information technology coordinator. Apart from these the lucrative sectors also include electronics, IT-ITeS, handicrafts and carpet, apparel, beauty and wellness. This suggests that young people are seeking out skills in both

traditional sectors as well as emerging ones, and skilling modules consistent with adoption of new technologies and best global standards would make India future ready.⁸

Employment Linked Incentive (ELI) Scheme to support employment generation, enhance employability and social security across all sectors, with special focus on the manufacturing sector. Under the Scheme, while the first-time employees will get one month's wage (up to Rs 15,000/-), the employers will be given incentives for

a period to two years for generating additional employment, with extended benefits for another two years for the manufacturing sector.

Similarly the PM Internship Scheme by the Government of India has further accelerated skill development as a top policy priority.⁹ The internship program offers opportunities across 24 sectors, including oil, gas, energy, travel, hospitality, automotive, and banking and financial services, among others. The companies involved in this pilot were chosen based on their CSR spending over the last three years, ensuring that participants are placed with organizations committed to social responsibility and ethical practices. Most importantly, this scheme is designed to ensure the highest coverage among youth who are not obtaining professional training already and belong to households with limited means. In continuation, Union Budget 2025-26 has a proposal to create five National Centres of Excellence for skilling that will be set up with global expertise and partnerships to equip youth with the skills required for “Make for India, Make for the World” manufacturing. The partnerships will cover curriculum design, training of trainers, a skills certification framework, and periodic reviews.¹⁰

However, there are ways to achieve better and more desirable

outcomes, and we outline some key considerations. The youth of today will be the responsible citizens of tomorrow. Some will emerge as leaders in their respective fields, while many will become professionals and entrepreneurs. By that time, a new generation of youth will enter the workforce. So this is a continuous churn which requires a steady evolution of skill development approaches in order to moderate the influence of disruptive changes.

The challenges are numerous, especially due to the many unknowns. Skill development needs to be tailored to individual needs – a one-size-fits-all approach could be counterproductive. Socio-economic factors, income disparity, and the rural-urban gaps will crucially determine the success or failure of well-intentioned policies. Therefore, continuous monitoring of policy implementation and constant improvements will be essential.

Given the largest working age youth population, India needs to have its own strategy on skill development and employment. There is need for careful implementation of the newly adopted National Education Policy since it would remain the basic guiding document for the government – however this sector needs participatory policy with fast changing technologies. Access to digital technologies impacting

⁹<https://pminternshipscheme.com/>

¹⁰<https://www.pib.gov.in/PressReleasePage.aspx?PRID=2127416>

¹¹ https://pib.gov.in/PressNote_Details.aspx?NoteId=861&ModuleId=3®=3&lang=1

behavior and perceptions of young people in tandem with the fact that students are gathering knowledge and information not only from formal settings but social media and more. Future schools would perhaps look and perform very differently – higher education would also go through transformation based on demands of the new economy with emphasis on sustainability and circularity. This is one sector which would witness radical shifts in India in order to adjust to the emerging needs and optimizing on the demographic window. Therefore, we need to monitor performance and preparedness at all levels.

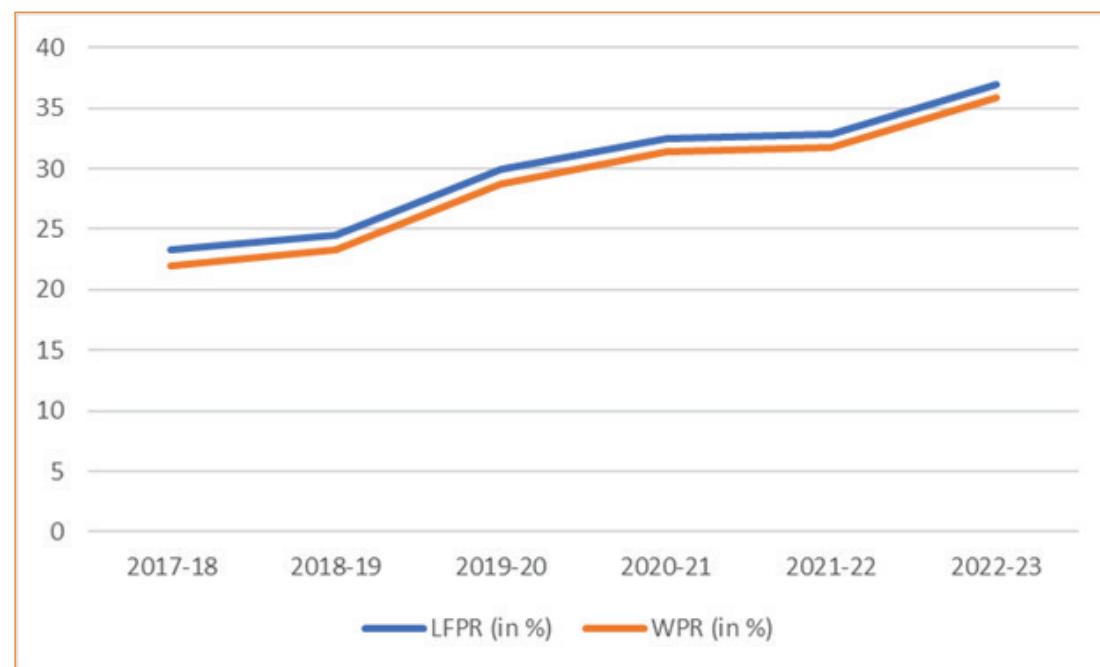
India is the recipient of the highest amount of remittances in the world. The remittances by Indians employed overseas, was USD 106.6 billion in FY24. This is not only because of skilled migration to the OECD countries but because of the high level of unskilled/semi skilled migration to other developing and emerging economies. However, Indians migrating for employment in large numbers has been a cause of concern due to irregularities and opacities and we need to find much better ways to manage migration based on right skills and demand. This is a very likely scenario of India @ 100 when India is likely to register huge out migration to different parts of the world particularly to

destinations where there would be labour shortage. Despite anti-immigration sentiments on display in several countries that are likely to calm down again. Government needs to facilitate such processes and consider this an important modality of bilateral arrangements in the coming days.

Women-led Development

Young women would claim a much larger space in the labour force in the coming years for pure economic reasons and proverbial glass ceilings would collapse on their own for leadership roles. Figure 3 presents the significant positive change in women Labour Force Participation Rate in recent years. Parliament of India has passed the Nari Shakti Vandana Adhiniyam in 2023 and very soon a minimum of 33 percent members of Parliament in Lok Sabha and all State Legislatures would be women which would be a significant rise from current numbers and bring in uniformity across the country when it comes to State legislatures. It is also reported that 72 percent ownership under PM Awas Yojana Gramin was with women. At the national level 69 percent of the loans have been sanctioned to women entrepreneurs under Pradhan Mantri Mudra Yojana (PMMY) and 84 percent of the beneficiaries under Stand-Up India are women.¹¹

Figure 3: Estimated Worker Population Ratio (WPR) and Labour Force Participation Rate (LFPR) on usual status for females of age 15 years and above during the years 2017-18 to 2022-23



Source: Periodic Labour Force Survey (PLFS), Ministry of Statistics and Programme Implementation, Government of India¹²

In the domain of employment, we note that with the changing nature of skills, all professional roles demand accountability and ownership, and socio-cultural norms need to adjust to contemporary realities. Skill development among women is bound to lead to very high economic returns – care work and invisibles need to be recognized too if need be through better social protection and alternate opportunities. Sadly however, socio-economic conditions have a disproportionate negative impact on lives and freedom of women; and safety and security in working places and in the society remains an area of concern. Government's recent efforts in terms of launching

Mission Shakti must evolve robust mechanisms for ensuring women's safety, empowerment, and participation in the workforce.

The benefits of investing in women and the costs of not doing so can be calculated from various lenses and should define the specific dimensions of policy. We also need understanding and assessment of social barriers to women participation not only in the job market but also in social life. Women's health and nutrition is a cause where actions may not only be scaled up but also localized both in the rural and urban areas; and there are continuing deprivations when it comes to urban migrant population, tribal

¹² <https://pib.gov.in/PressReleasePage.aspx?PRID=2004075>

population etc. Focus on adolescent girls has come up as a policy priority and women's health is also intricately linked with health and cognitive abilities of future generations.

Concluding Remarks

Finally, We note that productivity, competitiveness and efficiency that ultimately contribute to economic growth is limited to a few sectors and sub-sectors of the economy. This is also contributing to rising inequalities and also regional disparities. There is a need for deeper analysis for understanding institutional inadequacies in this regard. The skilling ecosystem has to meet the aspirations of youth to equip them for upcoming demands of Industry 4.0, renewable energy sectors, green buildings, modern logistics, etc., and at the same time upgrade skills in the traditional sectors to enhance productivity and competitiveness. Continued policy interventions by

the Government in provisioning of merit goods such as education and skills, and enhanced public spending and allocations for skill development would be the basis of access and inclusion.

In the area of women's welfare, we note the significant expansion of Government's programmes targeting women beneficiaries and Government's approach on empowerment and entrepreneurship towards 'Women led development'. A rigorous focus on the grassroots has to be retained with meaningful participation at all levels. On both youth and women led development, India's development experience would have huge significance for the Global South. Based on its own experience, India therefore, needs to strongly push for new global compacts in these areas to enable greater resource mobilization and access to technologies and innovation across all regions.

— Policy research to shape the international development agenda —

RIS Reports, Discussion Papers, Policy Briefs, New Asia Monitor, Occasional Papers and RIS Diary are available at RIS
Website: www.ris.org.in



RIS

Research and Information System
for Developing Countries
विकासशील देशों की अनुसंधान एवं सूचना प्रणाली

Core IV-B, Fourth Floor
India Habitat Centre
Lodhi Road, New Delhi-110 003, India.
Tel. 91-11-24682177-80
Fax: 91-11-24682173-74-75
Email: dgoffice@ris.org.in
Website: www.ris.org.in