Indian Economy · GS - III

A high GDP growth rate is an important indicator of economic performance, but it does not necessarily translate into inclusive development. Examine this statement in the context of India's development priorities.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 21/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

GDP growth, real and nominal GDP, per capita income, employment generation, income inequality, poverty reduction, human development, regional disparities, inclusive growth, sustainable development.

Model Answer

Introduction

GDP growth reflects the expansion of economic output and is an important indicator of macroeconomic performance. However, sustainable development requires growth to generate broad-based improvements in living standards.

Limitations of GDP as a Development Indicator

1. **Income inequality:** Aggregate growth may disproportionately benefit certain income groups, leaving disparities unresolved.
2. **Employment:** High growth without adequate job creation can result in jobless growth and underemployment.

3. **Human development:** GDP does not directly measure improvements in health, education, nutrition or quality of life.
4. **Regional imbalance:** Economic expansion may remain concentrated in particular states and urban centres.
5. **Environmental sustainability:** GDP does not adequately account for ecological degradation and depletion of natural resources.

Way Forward

- Promote labour-intensive manufacturing and employment-oriented services.
- Strengthen education, healthcare, skilling and social protection.
- Improve agricultural productivity and rural incomes.
- Encourage balanced regional development and infrastructure investment.
- Use complementary indicators such as per capita income, poverty, inequality and human development.

Conclusion

GDP growth provides an essential measure of economic expansion, but its developmental value depends on the distribution and quality of its benefits. India must pursue growth that is productive, employment-intensive, inclusive and environmentally sustainable.

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