

# **District Led Growth Approach**

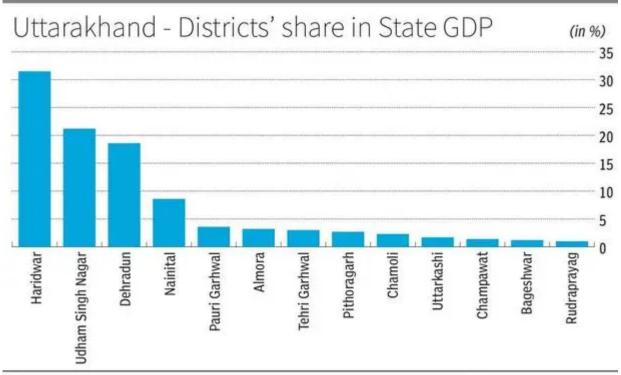
Mains Syllabus: GS III - Inclusive growth and issues arising from it.

#### Why in the News?

Recent district domestic product (DDP) data from States reveal striking inequalities.

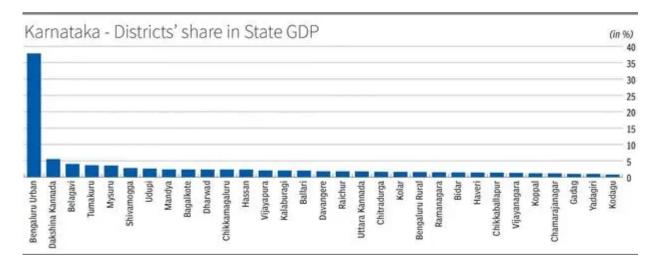
### What is the district level growth pattern of GDP?

- **District Inequality** Across States, the top 10% of districts typically drive a disproportionate share of 50-60 % of the State's economic output.
- Inequality in Uttarakhand- Here, three districts Haridwar, Udham Singh Nagar, and Dehradun collectively generate 71 % of GSDP.



Source: Uttarakhand Directorate of Economics and Statistics (DES) and Karnataka DES

• **Disparity in Karnataka** - Bengaluru alone generates 38% of the State's Gross State Domestic Product (GSDP), while the next highest contributor, Dakshina Kannada, contributes merely 5.5%.



• These disparities highlight that hundreds of rural and semi-urban districts contribute only marginally to the State's output and growth.

### What are the consequences these uneven growth?

- **Concentration of Wealth** Prosperity concentrated in a few districts creates "islands of prosperity in a sea of poverty," which limits the spread of economic benefits.
- Large-scale migration These disparities in development drives large scale migration form 60% of the districts towards 10% of the developed districts.
- **Housing Shortages** These migrations and consequent unsustainable urban expansion results in housing shortages and pressure on resources.
- **Infrastructure Deficits** While underdeveloped regions suffer from lack of transportation, banking, healthcare, and educational facilities, the same is overburdened in developed regions due to migration.
- **Social Unrest and Tensions** Inequality fuels resentment, sometimes erupting in violent conflicts, social unrest, and movements demanding separate states or special status (e.g., Telangana, Gorkhaland)
- **Environmental Consequences** Concentration of industry in developed regions can lead to overexploitation of resources (e.g., water table depletion, air pollution), while underdeveloped areas remain resource-rich but unutilized.

## What are the significances of the district-led growth approach?

- Addresses Intra-State Inequality A district-led growth approach recognizes that states are heterogeneous and that economic activity is often concentrated in a few districts.
- By focusing on districts as the operational units of development, this approach seeks to bridge the gap between high-performing and underperforming areas, promoting more inclusive and equitable growth.
- Local Based Development District-led strategies are grounded in sector-specific plans that leverage local resources, demographic trends, and economic endowments
- Reduces Migration By creating economic opportunities closer to where people live, district-led growth can reduce the pressure on major cities and stem the tide of ruralto-urban migration.
- Strengthens Local Governance This approach encourages capacity-building at the

district and municipal levels, fostering better coordination, monitoring, and evaluation of development initiatives.

Aspirational Districts Programme (ADP) is an effective district led development approach.

### What are the significances of measuring DDP?

- **Reveals Regional Economic Disparities** DDP is a critical indicator for measuring economic disparities among districts within a state or region.
- Localized Planning and Policy Making Accurate DDP data allows for the design of district-specific development programs.
- This granular approach supports more effective resource allocation, tailored strategies, and better utilization of local assets, as opposed to one-size-fits-all state or national policies.
- **Grass Root Development Measurement** DDP, along with district-level per capita income, serves as a key indicator of the standard of living at the grassroots.
- **Supports Fiscal Federalism** District-level economic data strengthens fiscal federalism by empowering local administrations to argue for a fair share of resources based on actual economic performance.
- **Enables Monitoring and Evaluation** Regular measurement of DDP facilitates ongoing monitoring of growth dynamics, employment trends, and productivity at the district level.
- This supports evidence-based policymaking and timely course corrections.

### What are the challenges in district led development approach?

- Institutional and Capacity Constraints Many districts lack dedicated Local Economic Development (LED) units or committees, for planning, implementation, and monitoring of development initiatives.
- **Resource Limitations** Persistent shortages of financial, human, and technical resources hinder effective district-level planning and project execution.
- **Data Deficiency** In many States, the district-level economic data is not directly measured.
- Instead, State GDP is divided among districts using outdated estimates and in rural or less developed districts a lot of informal work, like small scale manufacturing or local services, is not counted due to lack of regular surveys for these areas.

#### What needs to be done?

- Addressing these gaps requires a fundamental shift toward a bottom-up statistical infrastructure.
- District-level economic measurement could be made an annual, systematic exercise, grounded in robust primary data collection.
- Regular surveys of unincorporated enterprises and labour force participation at the district level are essential to measure the contribution of this unincorporated sector.
- District-led development strategies need to be grounded in sector-specific growth

plans tailored to local endowments, resource bases, and demographic trends.

### Reference

Business Line | A district-led approach

