District Led Growth Approach

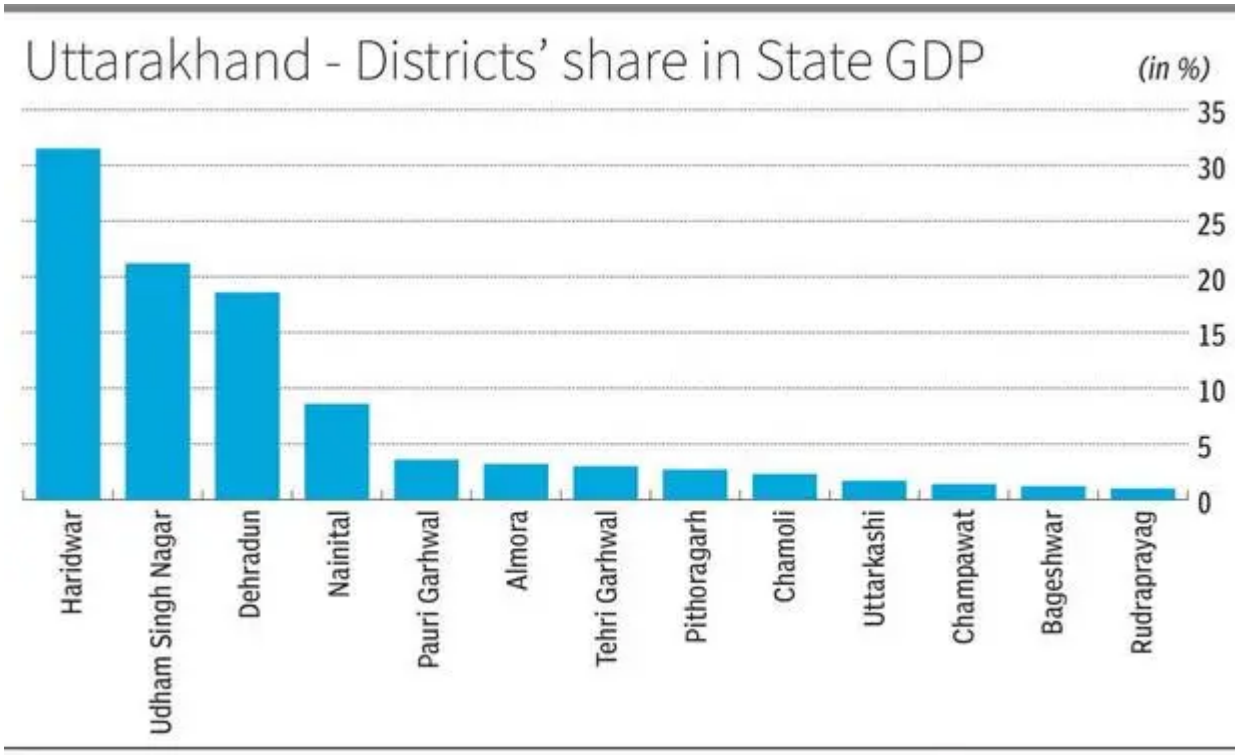
Mains Syllabus: GS III - Inclusive growth and issues arising from it.

Why in the News?

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

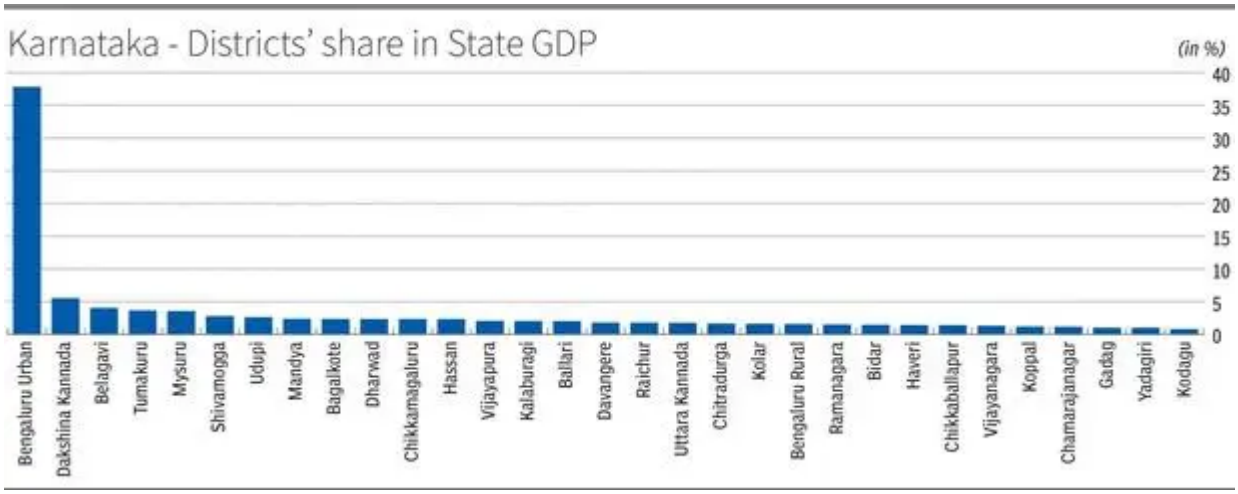
What is the district level growth pattern of GDP?

- **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 rural-to-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

