India’s top 7 challenges, from skills to water scarcity

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The most decisive national election result since 1984 marks a new phase in India’s dramatic journey into the world’s top 10 economies. Following years of slow growth and insularity, in the early 1990s India undertook structural reforms that attracted foreign investment, unlocked entrepreneurial flair and lifted millions into a burgeoning middle class.

Yet while the economy has been transformed, many social problems linger on. The new government of Prime Minister Narendra Modi has a clear mandate for change. Its unprecedented popular support is driven by one common objective: economic growth for the benefit of all Indians.

India may already be the world’s third-largest economy on purchasing power parity, but it ranks only 60th out of 148 countries in the World Economic Forum’s Global Competitiveness Index.
indicating that there is greater potential waiting to be unlocked. With inflation high, growth
slowing and a need to bolster investor confidence, India faces seven key challenges.

1. **Education and skills.** India has 487 million workers, but more than two-thirds of Indian
employers report that they struggle to find workers with the right skills. This contrast points
to clear opportunities ahead, while posing serious questions as to how India can get the
best out of its people through education and training. India’s rank in the Forum’s Human
Capital Report is 78th of 122 countries.

2. **Urbanization.** More than one-third of Indians live in cities. It is estimated that, by 2050, as
many as 900 million people will be living in urban centres. Meeting their needs while
safeguarding the environment will require innovative models of urban development.

3. **Health.** India faces the double burden of infectious diseases and a dramatic rise in non-
communicable diseases, now estimated to account for more than half of all deaths. These
include cardiovascular disease, cancer, chronic respiratory conditions and type 2 diabetes,
all of which affected over 63 million Indians in 2012 alone. Apart from causing individual
tragедies, these diseases are also a major economic threat. According to a study by the
Forum in collaboration with the Harvard School of Public Health, India stands to lose $6.15
trillion due to non-communicable diseases and mental disorders by 2030.

4. **Sanitation.** Many health challenges are linked to sanitation. Narendra Modi announced a
special focus on this topic. Linking a clean environment to human capital productivity is an
issue that should be looked at as an investment and not a cost. The challenge is to identify
and implement the right way to provide 1.2 billion Indians with a clean environment.

5. **Gender.** There is a need for India to closely examine the norms that allow violence and a
broader pattern of gender discrimination to continue. The gender gap holds back
economies all around the world. Any society that does not value women as much as men is
not reaching its full potential.

6. **Water scarcity.** India’s large population places a severe strain on its natural resources, and
most of its water sources are contaminated by sewage and agricultural run-off. While
progress has been made, gross disparities in access to safe water remain. The World Bank
estimates that 21% of communicable diseases in India are related to unsafe water, and
diarrhoea alone causes more than 1,600 deaths daily.

7. **Transparency.** The vast majority of Indians say transparency is their number one concern,
according to polls before the recent election, with figures peaking at over 90% among
young voters. People are right to be concerned. Transparency issues are not just a daily
irritation, they are a drag on the whole economy, hampering competitiveness, growth and
development. For example, corruption in connection with border administration – and the
associated inefficiencies, delays and lack of predictability – is part of the explanation for
India ranking 96th out of 138 countries in the Forum’s latest Global Enabling Trade Report.
India is home to 23% of the world’s population, but sees only 2% of global trade.

Challenges of this complexity and magnitude cannot be solved by government ministries alone.
They require a collaborative approach involving business and political leaders, members of civil
society and academia, youth groups and social entrepreneurs.

All of these issues will be on the agenda at the next India Economic Summit, which will be held
from 4 to 6 November in New Delhi under the theme *Redefining Public-Private Cooperation for a
New Beginning*. It is only by bringing together all spheres of public life that the demand for the
kind of growth that benefits all, so clearly expressed in the recent elections, can be realized.

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Image: A worker gives finishing touches to an Indian national flag at a workshop in the northeastern Indian city of Siliguri REUTERS/Rupak De Chowdhuri

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