

HUMAN DEVELOPMENT REPORT 2025 - ECONOMY

NEWS: India is ranked 130 among 193 countries in the United Nations Development Programme's (UNDP) 2025 Human Development Index (HDI)

WHAT'S IN THE NEWS?

Theme of HDR 2025: AI and Human Possibilities

- The 2025 HDR emphasizes how Artificial Intelligence (AI) is reshaping the landscape of human development and governance.
- AI is seen as a transformative force that can either expand human freedoms and productivity or deepen inequality and disempowerment.
- The report highlights the role of choice—both individual and collective—in determining how AI impacts development pathways, especially in populous and emerging economies like India.

Concept of Human Development

- Human development is about enlarging people's real freedoms to lead lives they value, including the ability to be healthy, educated, and economically secure.
- It shifts focus from economic growth metrics alone to a broader view of well-being and capabilities.
- It emphasizes empowering people to lead purposeful and autonomous lives while contributing meaningfully to society.

Global Trends in Human Development

- The UNDP notes that the global pace of human development has slowed to its weakest since the HDI was introduced in 1990.
- There is a concerning trend of widening disparity between Very High and Low HDI countries for four consecutive years.
- All global regions are projected to face stagnant HDI growth in 2024, reflecting global crises, including inequality, conflict, and climate vulnerabilities.

India's Performance in HDR 2025

- **India's HDI Ranking:** India ranked **133rd in 2022** and **improved to 130th in 2023**, with its HDI value rising from 0.676 to 0.685.

- The country remains in the "**medium human development**" **category**, though it is approaching the threshold for "**high human development**" ($HDI \geq 0.700$).

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HDI ranking and value (2023)

Rank	Country	HDI value
1	Iceland	0.972
2	Norway	0.970
2	Switzerland	0.970
4	Denmark	0.962
5	Germany	0.959
5	Sweden	0.959
7	Australia	0.958
8	Hong Kong, China (SAR)	0.955
8	Netherlands	0.955
17	United States	0.938
130	India	0.685

HDI: Human Development Index

Source: UNDP Human Development Report 2025

- **Regional Comparison:** Among India's neighbors, China (78th), Sri Lanka (89th), and Bhutan (125th) rank above India, while Bangladesh (130th) is on par. Nepal (145th), Myanmar (150th), and Pakistan (168th) are ranked below India.
- **Progress in Key Areas:**
 - **Life Expectancy:** India's life expectancy rose from **58.6 years in 1990 to 72 years in 2023**, the highest ever, reflecting a strong post-pandemic recovery.
 - This progress is attributed to national health programs like **National Health Mission, Ayushman Bharat, Janani Suraksha Yojana, and Poshan Abhiyaan.**
 - **Education:** India's mean years of schooling have increased, with children now expected to stay in **school for 13 years, up from 8.2 years in 1990.**
 - Initiatives like the **Right to Education Act 2009, National Education Policy 2020, and Samagra Shiksha Abhiyan** have improved access, though quality and learning outcomes still require attention.
 - **National Income:** India's **Gross National Income per capita** rose over fourfold, from USD 2,167 in 1990 to USD 9,046 in 2023 based on 2021 Purchasing Power Parity (PPP).
 - Additionally, 135 million Indians escaped **multidimensional poverty** between 2015-16 and 2019-21, contributing to HDI improvement.
 - **AI Skills Growth:** India is emerging as a **global AI leader** with the **highest self-reported AI skills penetration.**
 - 20% of Indian AI researchers now remain in the country, a significant rise from **nearly zero in 2019.**
- **Challenges Impacting India's HDI:**
 - **Inequality Reduces HDI:** **Inequality** has reduced India's HDI by 30.7%, one of the highest losses in the region.
 - **Gender Disparities:** **Female labour force participation** (at 41.7% and political representation continue to lag.
 - Steps like the **106th constitutional amendment reserving one-third of legislative seats for women** show promise for transformative change.

Changes in India's HDI Value and Indicators Between 2022 and 2023

Key Data (Human Development Index)	2022	2023
Rank	133	130
HDI value	0.676	0.685
Life Expectancy (years)	71.70	72.00
Expected Years of Schooling (years)	12.96	12.95
Mean Years of Schooling (years)	6.57	6.88
Gross National Income Per Capita (\$ 2021 PPP)	8475.68	9046.76

About the Human Development Index (HDI)

- HDI was conceptualized by Mahbub ul Haq and Amartya Sen and introduced by UNDP in 1990 as a people-centered measure of national development.
- It provides an alternative to GDP by evaluating well-being in terms of capabilities and access to opportunities.

HDI Classification Categories

HDI Score Range Development Category

0.800 and above Very High Human Development

0.700 – 0.799 High Human Development

0.550 – 0.699 Medium Human Development

Below 0.550 Low Human Development

Core Components of HDI

- **Life Expectancy at Birth:** Reflects health conditions and longevity; India's improvement to 72 years signals advances in healthcare access and outcomes.
- **Education Index:** Combines mean years of schooling and expected years of schooling; India's progress is supported by policy initiatives like the Right to Education Act, Samagra Shiksha Abhiyan, and the National Education Policy (NEP) 2020.

- **Gross National Income (GNI) per Capita:** Indicates the standard of living; India's GNI per capita rose from \$2,167 in 1990 to \$9,046 in 2023, but remains a relatively weaker dimension of human development.

Limitations of the HDI

- HDI does not reflect **income inequality**, **gender disparities**, or **environmental sustainability**, limiting its comprehensiveness.
- When adjusted for inequality, India's HDI drops by 30.7%, among the steepest in the region, signaling severe internal disparities.
- It oversimplifies the concept of development into a single metric, overlooking qualitative aspects such as freedom, human rights, governance, and cultural diversity.

Source: https://www.business-standard.com/india-news/india-ranks-130th-on-human-development-index-says-undp-2025-report-125050601535_1.html