

Inclusive Development Index (IDI) – Index to Comprehensively Measure Economic Development

Inclusive Development Index (IDI) has been developed as an alternative to GDP to measure a country's economic performance. India has performed better in the rankings of the Inclusive Development Index (IDI) 2018 but still lags behind its neighbours Sri Lanka, Nepal and Pakistan. For more information on the UPSC Exam, check the given link [IAS Exam](#).

What is the Inclusive Development Index (IDI)?

It is an annual economic index introduced by the World Economic Forum (WEF).

How does IDI rank countries' economic performance?

A country's rank on Inclusive Development Index (IDI) is arrived at, on the basis of 3 major factors. Each of these factors are made of 4 different indicators, totalling up to 12 different indicators.

Below table gives details on all the indicators of Inclusive Development Index (IDI) 2018

Major Factors	Indicators
Growth and Development	1. GDP (Per capita) 2. Labor Productivity 3. Employment 4. Healthy Life Expectancy
Inclusion	1. Median Household Income 2. Income Gini 3. Poverty Rate 4. Wealth Gini
Intergenerational Equity and Sustainability	1. Adjusted Net Savings 2. Dependency Ratio 3. Public Debt (as a share of GDP) 4. Carbon Intensity of GDP.

What was the need for developing Inclusive Development Index rankings?

1. Standards of living have not been increasing at a good pace
2. Inequality has been widening

The above reasons are leading to disturbance in social cohesion and led to a consensus that there needs to be more inclusive and sustainable growth that will help everyone achieve high standards of living.

Inclusive Development Index (IDI) 2018 - Key Results/Findings

The rankings are broadly classified into 2 categories - advanced and emerging.

1. Norway is the best performing advanced country in 2018.
2. Lithuania is the best-performing country among emerging economies.
3. Australia is the only non-European economy in the top 10.
4. Small European economies dominate the index
5. Among G7 countries, Germany is ranked the highest
6. In emerging economies, six European economies are in the top 10.
7. Income inequality has risen in 20 of the 29 advanced economies
8. Poverty has increased in 17 of the advanced economies
9. 84% of Emerging economies have registered a decline in poverty.
10. One of the most important findings is that strong GDP growth alone does not necessarily generate inclusive socio-economic progress and increase in living standards.

Inclusive Development Index (IDI) 2018 - Key findings on India

1. Indian ranks 62nd out of 74 emerging economies.
2. Among the 3 pillars, the best performance of India is in the 3rd pillar i.e. Intergenerational Equity and Sustainability. India is ranked 44th in this segment.
3. Poverty has declined, still, 6 out of 10 Indians live on less than \$3.20 per day.
4. Labor Productivity has increased
5. GDP growth has increased
6. Employment growth slowed down.
7. Healthy life expectancy increased by around 3 years to 59.6

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