



Social Sector Paradox

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In News: The Economic Survey 2025–26 flags a **social sector paradox** in India, wherein improvements in select social indicators—especially health—have not been matched by comparable progress in **education quality and urban capacity**.

What is the Social Sector Paradox?

The social sector paradox refers to a mismatch between **expanded access** to social services and **stagnant foundational outcomes**.

In India's case:

- **Health outcomes** such as life expectancy and maternal–child mortality have improved steadily,
- However, **education quality** and **urban institutional capacity** have failed to keep pace with rising enrolment, population growth, and economic expansion.

Key Trends Highlighted by the Survey

1. Education: Enrolment without Learning

- Near-universal enrolment at the elementary level, but **low foundational learning** in reading and arithmetic.
- Expected years of schooling (?13 years) remain **below major emerging and developed economies**.
- Significant **dropouts after Grade VIII**; secondary net enrolment stands at only **52.2%**.
- Indicates weak transition from access to **human capital formation**.

2. Health: Sustained Gains with New Risks

- Sharp decline in **maternal mortality** and **under-five mortality**.
- Increase in **life expectancy to over 70 years**.
- Expansion of **health insurance coverage** and **digital health initiatives**.
- Emerging challenges:
- Rise in **non-communicable diseases (NCDs)**,
- Increasing **obesity and lifestyle-related disorders**,
- Need for preventive and primary healthcare focus.

3. Urbanisation: Engines of Growth, Weak Foundations

- Indian cities generate a disproportionate share of **GDP and employment**.
- However, urban governance is constrained by:
- Low **municipal revenue mobilisation**,
- Inadequate capacity in housing, transport, sanitation, and climate resilience,
- Weak fiscal and administrative autonomy of Urban Local Bodies (ULBs).
- Poor urban finance threatens productivity and liveability.

Implications of the Social Sector Paradox

1. Human Capital Risks

- Poor learning outcomes and adolescent dropouts undermine India's **demographic dividend**.

2. Persistence of Inequality

- Rural populations, urban poor, and marginalised groups face **layered disadvantages**, despite improved enrolment and access.

3. Urban Growth Bottlenecks

- Under-funded and under-capacitated cities risk becoming **constraints rather than drivers** of economic growth.