

The Mental Health Implications of Unequal Growth: A Study of India's Development Disparities

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Abstract:

India's rapid economic expansion over the past three decades has positioned the country among the world's fastest-growing economies. However, this growth has been spatially and socially uneven, producing sharp disparities across regions, income groups, occupations, and social categories. While economic inequality has been extensively studied in terms of income distribution, employment, and poverty, its psychological and mental health consequences remain underexplored. Unequal growth not only shapes material living conditions but also influences psychosocial well-being through insecurity, relative deprivation, social exclusion, and chronic stress. This study develops a conceptual framework integrating economic and psychological perspectives to examine how development disparities affect mental health outcomes in India. Drawing on theories of economic inequality, relative deprivation, stress psychology, and social comparison, the paper highlights the pathways through which uneven development translates into anxiety, depression, distress, and reduced life satisfaction. The study emphasizes regional inequality, labour market informality, urban-rural divides, and access to public services as critical mediating factors. The framework offers implications for inclusive growth strategies, mental health policy, and regional development planning, arguing that economic growth divorced from equity can undermine human well-being and long-term social stability.

Keywords: Unequal Growth, Development Disparities, Mental Health, Economic Inequality, Psychology, India, Regional Development.

1. INTRODUCTION

India's development trajectory since the economic liberalization reforms of the 1990s has been characterized by high aggregate growth alongside widening inequality. The country has witnessed remarkable progress in gross domestic product (GDP), technological advancement, urban expansion, and global integration. Yet, this progress has been unevenly distributed across states, regions, and social groups. States such as Maharashtra, Tamil Nadu, Gujarat, and Karnataka have emerged as growth hubs, while large parts of eastern and central India continue to face structural stagnation, limited industrialization, and weak employment generation.

Economic literature has traditionally assessed unequal growth using indicators such as income inequality, poverty ratios, inter-state per capita income divergence, and labour market segmentation. However, development is not merely an economic phenomenon; it is deeply intertwined with human well-being. Persistent disparities generate psychological consequences that are less visible but equally profound.

Mental health outcomes such as anxiety, depression, stress-related disorders, and emotional distress are increasingly recognized as development challenges rather than purely medical issues. According to national surveys, mental health disorders constitute a growing share of India's disease burden, particularly among youth, migrant workers, informal employees, and residents of economically backward regions.

Unequal growth affects mental health through multiple mechanisms. Economic insecurity, unemployment, precarious work, income volatility, and lack of access to quality education and healthcare increase chronic stress. At the same time, rising visibility of wealth through urbanization, media exposure, and digital connectivity intensifies social comparison and relative deprivation. These psychological pressures coexist even in periods of high national growth, producing what scholars describe as "growth without well-being."

Despite growing awareness, economic and psychological dimensions of inequality are often examined in isolation. Economic studies focus on distributional outcomes, while psychological research emphasizes individual pathology without sufficient attention to structural causes. There remains a critical need for an interdisciplinary framework that connects development disparities with mental health outcomes.

This study addresses this gap by integrating economic and psychological perspectives to analyse the mental health implications of unequal growth in India. It proposes a conceptual model linking development disparities with psychosocial stressors and mental health outcomes, offering insights for inclusive growth policy and sustainable development.

2. LITERATURE REVIEW

A growing body of interdisciplinary scholarship highlights the complex interconnections between unequal economic growth, social stratification, and mental health outcomes. Contemporary development literature emphasizes that economic growth alone does not guarantee improvements in human well-being when its benefits are unevenly distributed (Stiglitz, 2019). In many emerging economies, including India, rapid growth has coincided with widening disparities in income, wealth, employment quality, and regional development (World Inequality Report, 2022). Economic inequality research indicates that India's post-liberalization growth has produced a sharp concentration of wealth, with the top income groups capturing a disproportionate share of economic gains, while large segments of the population remain vulnerable to informal employment and income volatility (Chancel et al., 2022). Such patterns reflect structural characteristics of India's growth model, including skill-biased technological change, metropolitan-centric industrialization, and persistent inter-state differences in human capital formation and infrastructure availability (Dreze & Sen, 2013; Nagaraj, 2020).

From an economic perspective, unequal growth generates disparities not only in income but also in exposure to risk and insecurity. Labor market segmentation between formal and informal sectors has emerged as a defining feature of India's economy, with nearly 85–90 percent of workers employed in informal arrangements lacking job security, social protection, and stable earnings (ILO, 2021). Economic insecurity associated with precarious employment has been strongly linked to psychological distress, anxiety, and depressive symptoms (Standing, 2018). Empirical studies demonstrate that uncertainty regarding income, employment continuity, and future prospects exerts a chronic stress burden, particularly among youth and migrant populations (Kalleberg, 2018; Mehrotra & Parida, 2019). Consequently, development disparities reinforce a cycle in which economic vulnerability translates into deteriorating mental well-being.

Public health research further underscores the growing mental health burden in India within the broader development context. National-level evidence suggests that mental disorders account for a significant

share of the country's disease burden, with depressive and anxiety disorders rising steadily over the past decade (Patel et al., 2018). Data reported in India's Economic Survey (2024–25) estimate that approximately 10–11 percent of adults experience diagnosable mental health conditions, while the treatment gap exceeds 70 percent due to limited institutional capacity, shortage of mental health professionals, and uneven distribution of healthcare facilities. Urban regions, despite higher income levels, often report greater prevalence of stress, anxiety, and depression, reflecting the psychological pressures associated with urban inequality, congestion, competitive labour markets, and rising living costs (Gupta & Singh, 2022).

Psychological scholarship provides important explanatory mechanisms linking inequality to mental health. Social comparison theory posits that individuals evaluate their well-being relative to others rather than in absolute terms (Festinger, 1954). In societies characterized by visible income disparities, upward social comparison intensifies feelings of inadequacy, frustration, and dissatisfaction (Wilkinson & Pickett, 2018). Recent empirical studies confirm that perceived inequality has a stronger association with mental distress than objective income measures alone (Buttrick et al., 2022). A 2025 cross-national analysis published in *Social Indicators Research* demonstrates that status anxiety and subjective perceptions of unfairness significantly predict poorer self-rated health and psychological well-being, particularly in countries with high inequality and limited social mobility (Delhey & Dragolov, 2025).

Closely related to social comparison is the concept of relative deprivation, which emphasizes perceived injustice arising from unequal access to opportunities and rewards (Runciman, 1966). Relative deprivation theory suggests that individuals experiencing stagnation amid visible prosperity are more likely to experience anger, anxiety, and hopelessness, even in the absence of absolute poverty (Smith et al., 2012). In the Indian context, rapid economic transformation combined with mass media exposure and digital connectivity has intensified awareness of inequality, thereby heightening psychosocial stress among disadvantaged groups (Banerjee & Duflo, 2019). Such psychological mechanisms help explain why mental health challenges persist even during periods of sustained economic growth.

Recent systematic reviews highlight pronounced demographic and spatial inequalities in mental health outcomes across India. Gender-based analyses reveal that women experience significantly higher prevalence of depression and anxiety, driven by lower labour force participation, unpaid care burdens, and socioeconomic dependence (Rao et al., 2023). Adolescents and young adults face increasing mental health vulnerability linked to educational pressure, unemployment, and uncertain career trajectories (Kumar & Gupta, 2022). Spatially, mental morbidity varies widely across states, reflecting differences in development levels, healthcare infrastructure, social norms, and governance capacity (Bhatia et al., 2024). These patterns reinforce the argument that mental health disparities mirror broader regional development inequalities.

The intersection of caste, class, and location further compounds psychological vulnerability. Studies demonstrate that marginalized social groups experience cumulative disadvantage due to discrimination, limited mobility, and restricted access to public services, which significantly elevates mental distress (Thorat & Newman, 2010; Deshpande, 2022). Rural populations in economically backward regions often face dual deprivation material poverty combined with inadequate mental health infrastructure while urban informal workers encounter insecurity, overcrowding, and social isolation (Srivastava, 2020). Such layered inequalities illustrate how structural development disparities translate into psychosocial disadvantage.

Economic research increasingly recognizes that mental health is not only a social outcome but also a determinant of development. Poor mental health reduces labour productivity, lowers educational

attainment, increases absenteeism, and constrains long-term economic growth (OECD, 2021). Estimates suggest that mental health-related productivity losses cost economies between 3–4 percent of GDP annually (Bloom et al., 2019). In India, rising psychological distress among working-age populations threatens demographic dividend expectations by weakening human capital accumulation (Economic Survey, 2024–25). This reinforces the argument that mental well-being should be viewed as an integral component of inclusive and sustainable development.

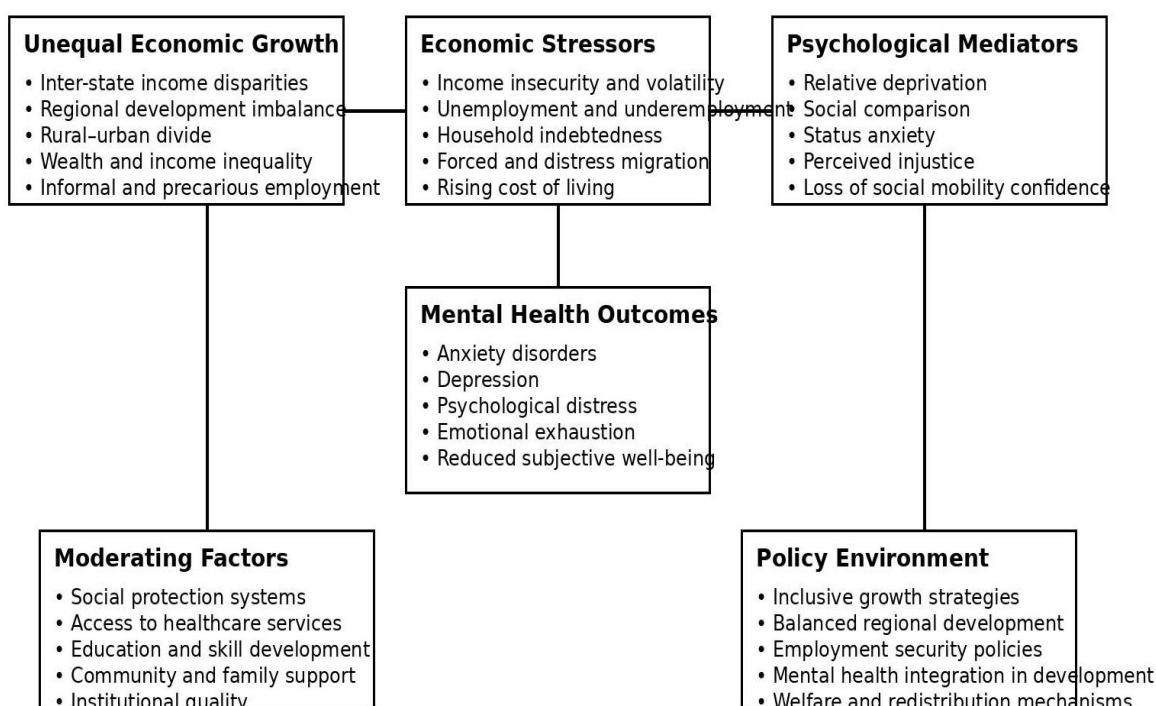
Overall, contemporary literature converges on the view that unequal growth exerts both direct and indirect effects on mental health. While absolute income growth can improve material living standards, uneven development generates insecurity, social fragmentation, and psychosocial stress through mechanisms of relative deprivation, status anxiety, and perceived exclusion (Wilkinson & Pickett, 2018; Stiglitz, 2019). The persistence of mental health inequalities in high-growth contexts underscores the limitations of GDP-centric development models and highlights the necessity of integrating psychological well-being into economic policy frameworks. This body of research provides a strong foundation for examining India's development disparities not merely as economic imbalances, but as structural determinants of mental health inequality.

3. CONCEPTUAL FRAMEWORK

3.1 Framework Overview

The proposed framework links unequal economic growth with mental health outcomes through economic and psychosocial pathways. It recognizes that development disparities influence mental health both directly and indirectly through mediating and moderating variables.

Figure 1: Conceptual Model: unequal economic Growth and Mental Health.



The conceptual model illustrates the multidimensional pathways through which unequal economic growth influences mental health outcomes in India, integrating perspectives from economics,

development studies, and psychology. The framework emphasizes that development disparities affect mental well-being not only through material deprivation but also through psychosocial mechanisms shaped by inequality.

A. Unequal Economic Growth

Unequal economic growth constitutes the structural foundation of the model. In the Indian context, growth has been spatially and socially uneven, marked by significant inter-state income disparities, persistent regional development imbalances, and a widening rural–urban divide. Economic expansion has largely concentrated in urban service-sector clusters, while backward regions remain dependent on low-productivity agriculture and informal employment.

In addition, increasing wealth and income inequality and the dominance of informal and precarious employment expose large segments of the population to instability and limited upward mobility. These structural conditions determine individuals' access to opportunities, public services, and economic security.

B. Economic Stressors

Unequal growth translates into a set of economic stressors that directly affect daily living conditions. These include income insecurity and volatility, unemployment or underemployment, and growing household indebtedness. For many workers, especially in the informal sector, irregular earnings and absence of social security create persistent uncertainty.

Development disparities also generate distress-driven migration, as individuals move from lagging regions to urban centers in search of employment. Combined with rising living costs in cities, these stressors intensify financial strain and reduce economic resilience, increasing exposure to chronic stress.

C. Psychological Mediators

Economic stress does not affect mental health mechanically; rather, it operates through key psychological processes that mediate individual experiences of inequality.

- **Relative deprivation** emerges when individuals perceive a gap between their expectations and actual socioeconomic position.
- **Social comparison** intensifies as exposure to wealth and consumption patterns increases through urbanization and digital media.
- **Status anxiety** reflects fear of downward mobility or failure to achieve socially defined success.
- **Perceived injustice** arises when growth is viewed as unfair or exclusionary.
- **Loss of social mobility confidence** weakens optimism about future improvement.

These psychological mechanisms transform structural inequality into emotional strain, magnifying stress beyond absolute income levels.

D. Mental Health Outcomes

Through the interaction of economic stressors and psychological mediators, unequal growth contributes to adverse mental health outcomes, including:

- Anxiety disorders
- Depression
- Psychological distress
- Emotional exhaustion
- Reduced subjective well-being

The model highlights that mental health challenges arise not solely from poverty, but also from inequality, insecurity, and unequal participation in development.

E. Moderating Factors

The framework incorporates moderating factors that can either intensify or mitigate mental health risks. These include:

- Strength of social protection systems
- Access to healthcare and mental health services

- Education and skill development opportunities
- Family and community support networks
- Overall institutional quality and governance

Effective institutions and welfare mechanisms can significantly buffer the psychological consequences of economic inequality.

F. Policy Environment

The outer layer of the model emphasizes the importance of the policy environment. Inclusive growth strategies, balanced regional development, employment security measures, and integration of mental health into development planning can weaken inequality–mental health linkages. Redistribution policies and public investment in lagging regions play a crucial role in promoting both economic stability and psychological well-being.

4. METHODOLOGY

This study adopts a conceptual and qualitative research design to examine the mental health implications of unequal economic growth in India through an integrated economic–psychological framework. The research is grounded in interdisciplinary theory drawing from development economics, social epidemiology, and psychological stress models. The conceptual foundation is informed by the Capability Approach, Relative Deprivation Theory, Social Comparison Theory, and the Stress Process Model, which collectively explain how structural economic disparities translate into psychosocial outcomes.

The study relies exclusively on secondary data sources, including peer-reviewed journal articles, national survey reports, policy documents, and international development publications released between 2015 and 2025. Major sources include the National Mental Health Survey, Periodic Labour Force Survey, National Sample Survey, Economic Survey of India, World Inequality Database, and publications from organizations such as the World Health Organization, International Labour Organization, and OECD. A systematic literature screening process was employed to identify relevant studies focusing on inequality, regional development, labour market conditions, and mental health outcomes.

The analytical approach involves thematic synthesis, whereby recurring patterns and relationships were identified across economic and psychological literature. Key constructs including unequal growth, economic stressors, psychosocial mediators, and mental health outcomes were extracted and conceptually mapped. This approach facilitated the development of an integrative framework explaining causal pathways rather than statistical associations. The methodology emphasizes theoretical generalization, offering a foundation for future empirical testing using household-level or regional panel data.

5. DISCUSSION AND POLICY IMPLICATIONS

The findings emerging from the literature synthesis indicate that unequal economic growth influences mental health through both material and psychosocial pathways. Development disparities create uneven exposure to income insecurity, unemployment, informal work, and migration pressures, which function as chronic stressors. These stressors are intensified by psychological mechanisms such as relative deprivation, social comparison, and perceived injustice, particularly in regions and social groups excluded from growth benefits.

From an economic perspective, the discussion reinforces that inequality is not merely a distributional issue but a developmental risk factor. Growth concentrated in select urban and industrial clusters increases regional divergence and weakens social cohesion. Individuals in lagging regions face stagnating incomes alongside rising aspirations shaped by digital connectivity and media exposure, resulting in heightened psychological distress. This disconnect between economic progress and lived experience explains why mental health challenges persist even during high-growth periods.

Psychologically, the literature suggests that subjective perceptions of inequality often exert stronger effects on mental well-being than absolute income levels. Status anxiety, uncertainty, and loss of social mobility confidence contribute significantly to anxiety and depressive symptoms. These effects are particularly pronounced among youth, informal workers, women, and migrant populations, indicating that mental health inequality mirrors existing socioeconomic hierarchies.

The policy implications are substantial. First, mental health must be integrated into economic development planning, rather than treated solely as a health-sector issue. Second, inclusive growth strategies emphasizing regional balance, employment security, and skill development can significantly reduce inequality-induced stress. Third, strengthening social protection systems such as unemployment insurance, income support, and affordable housing can buffer the psychological effects of economic volatility. Fourth, expanding mental health infrastructure in economically backward regions is critical to reducing spatial disparities in care access. Finally, development indicators should incorporate well-being and mental health metrics alongside conventional economic measures to ensure holistic policy evaluation.

6. CONCLUSION

This study conceptualizes unequal economic growth as a significant structural determinant of mental health inequality in India. By integrating insights from economics and psychology, the research demonstrates that development disparities influence mental well-being not only through material deprivation but also through psychosocial mechanisms such as insecurity, relative deprivation, and status anxiety. India's growth experience illustrates that rising national income does not automatically translate into improved human well-being when opportunities remain unevenly distributed.

The analysis highlights that mental health is both an outcome and a driver of development. Persistent psychological distress undermines productivity, weakens human capital formation, and threatens the sustainability of long-term growth. Consequently, development models focused exclusively on GDP expansion risk overlooking critical dimensions of social welfare. Inclusive, regionally balanced, and people-centered growth strategies are essential for aligning economic progress with psychological well-being.

7. FUTURE RESEARCH DIRECTIONS

Future research should empirically test the proposed conceptual framework using micro-level household data or state-level panel datasets to quantify the relationship between inequality indicators and mental health outcomes. Longitudinal studies would be particularly valuable in capturing how prolonged exposure to economic insecurity affects psychological well-being over time.

Further investigations could explore inter-state comparisons to identify how governance quality, welfare regimes, and public service delivery moderate inequality–mental health relationships. Research focusing on specific vulnerable populations such as migrants, informal workers, women, and youth would deepen understanding of heterogeneous impacts. Additionally, integrating behavioural economics approaches may offer insights into how expectations, aspirations, and perceived mobility influence mental health responses to inequality.

Finally, future studies should examine the effectiveness of inclusive development policies in improving psychological well-being, thereby strengthening evidence-based policymaking aimed at achieving sustainable and equitable growth.

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