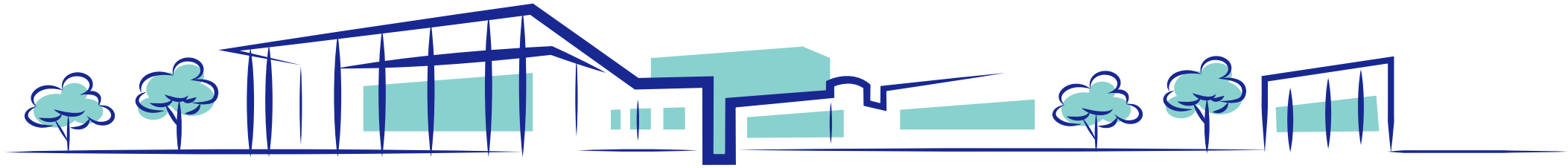
MCRHRDI – Policy challenges

Understanding the Social Sector Landscape

Amir Ullah Khan

29 January 2026



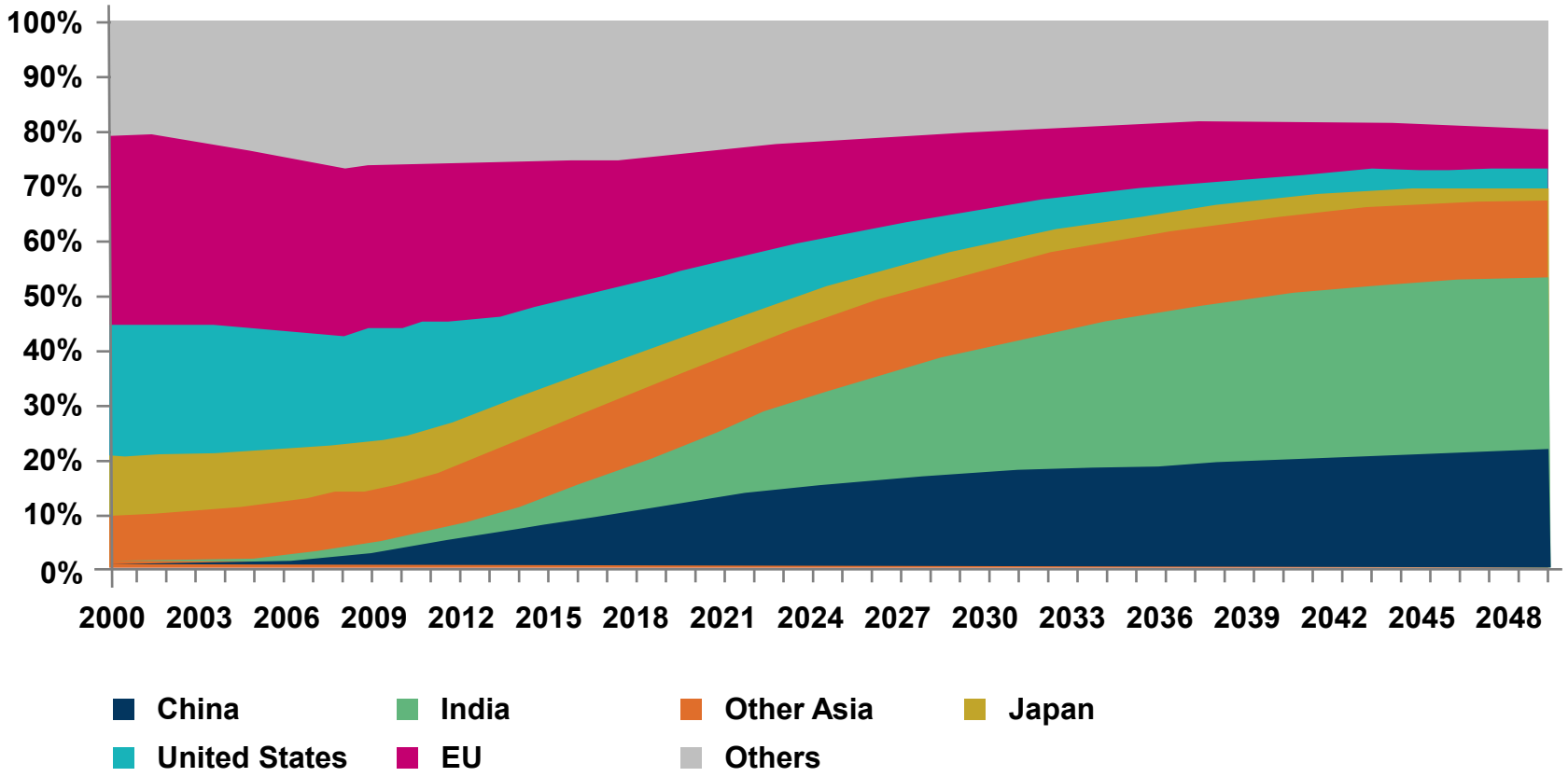
Module plan

1. Development priorities and paradoxes – Lecture and case studies
2. India and its emerging challenges – Lecture and discussion
3. Conclusion and takeaways

Why is India important?

Middle Class market - Brookings' projection

Shares of Global Middle Class Consumption, 2000-2050



■ 2024 ■ 2025 (Y-o-Y in %)

	2024	2025
World	3.1	3.2
United States	2.1	1.7
Japan	0.9	0.8
UK	0.6	1.6
India*	6.7	6.5
China	4.6	4.1

*Figures for India are for FY24 and FY25, respectively

Source: IMF

Health Outcomes

	Infant Mortality (per 1000) 2019 (1970)	Life Expectancy (at birth) 2018 (1960)	Healthy Life Expectancy 2016 (2000)	Stunting (percent) 2018 (1990)
INDIA	28 (143)	69 (41)	59 (54)	35 (62)
CHINA	7 (80)	77 (44)	69 (65)	8 (38)
VIET NAM	16 (54)	75 (59)	68 (64)	24 (61)
BANGLADESH	26 (149)	72 (45)	63 (57)	31 (63)

Current health expenditure (% of GDP) - India, Bangladesh, Viet Nam, China, United States

World Health Organization Global Health Expenditure database (apps.who.int/nha/database). The data was retrieved on April 15, 2024.

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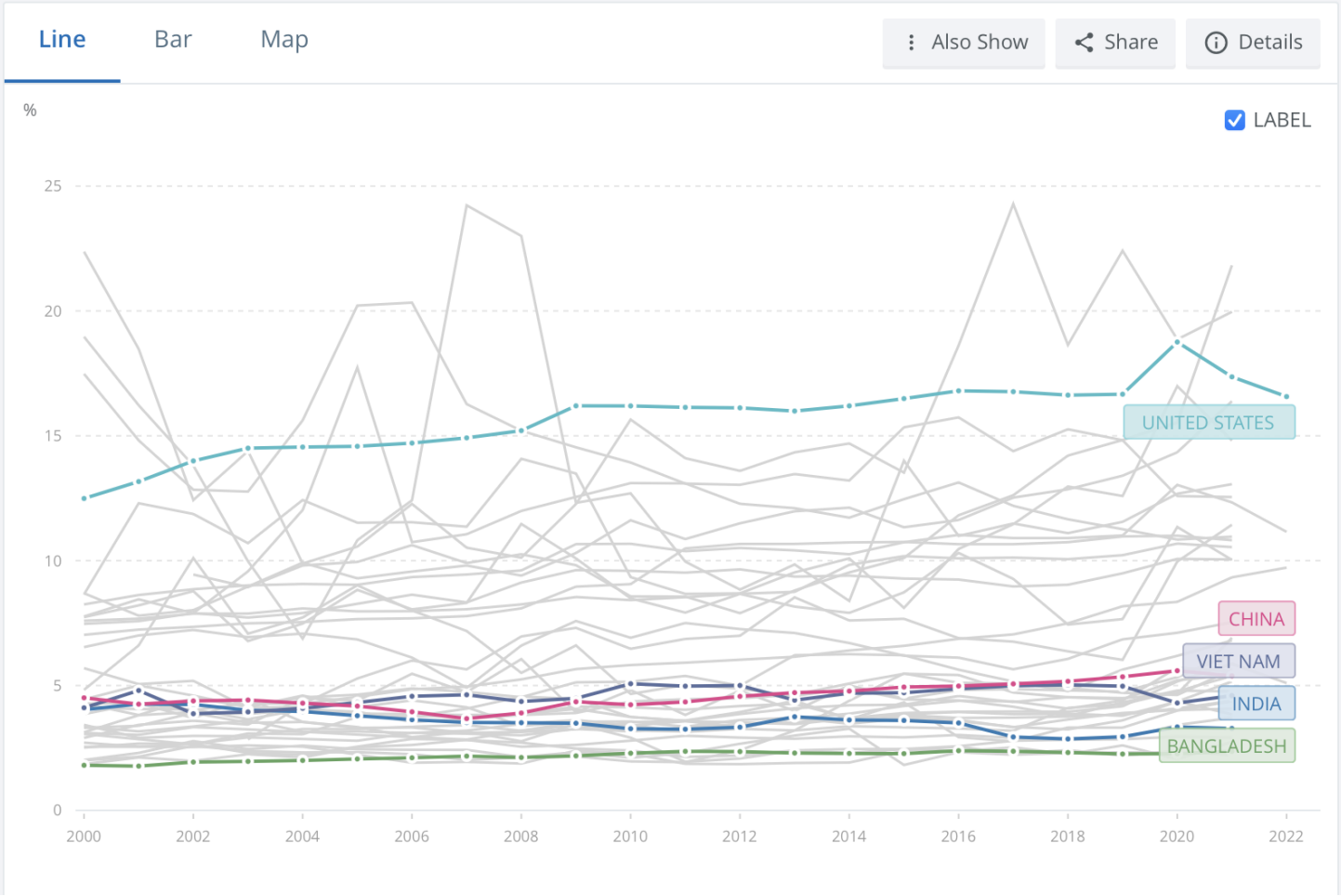

https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=IN-BD-VN-CN-US

Out-of-pocket expenditure (% of current health expenditure) - India, Bangladesh, Viet Nam, China, United States

World Health Organization Global Health Expenditure database (apps.who.int/nha/database). The data was retrieved on April 15, 2024.

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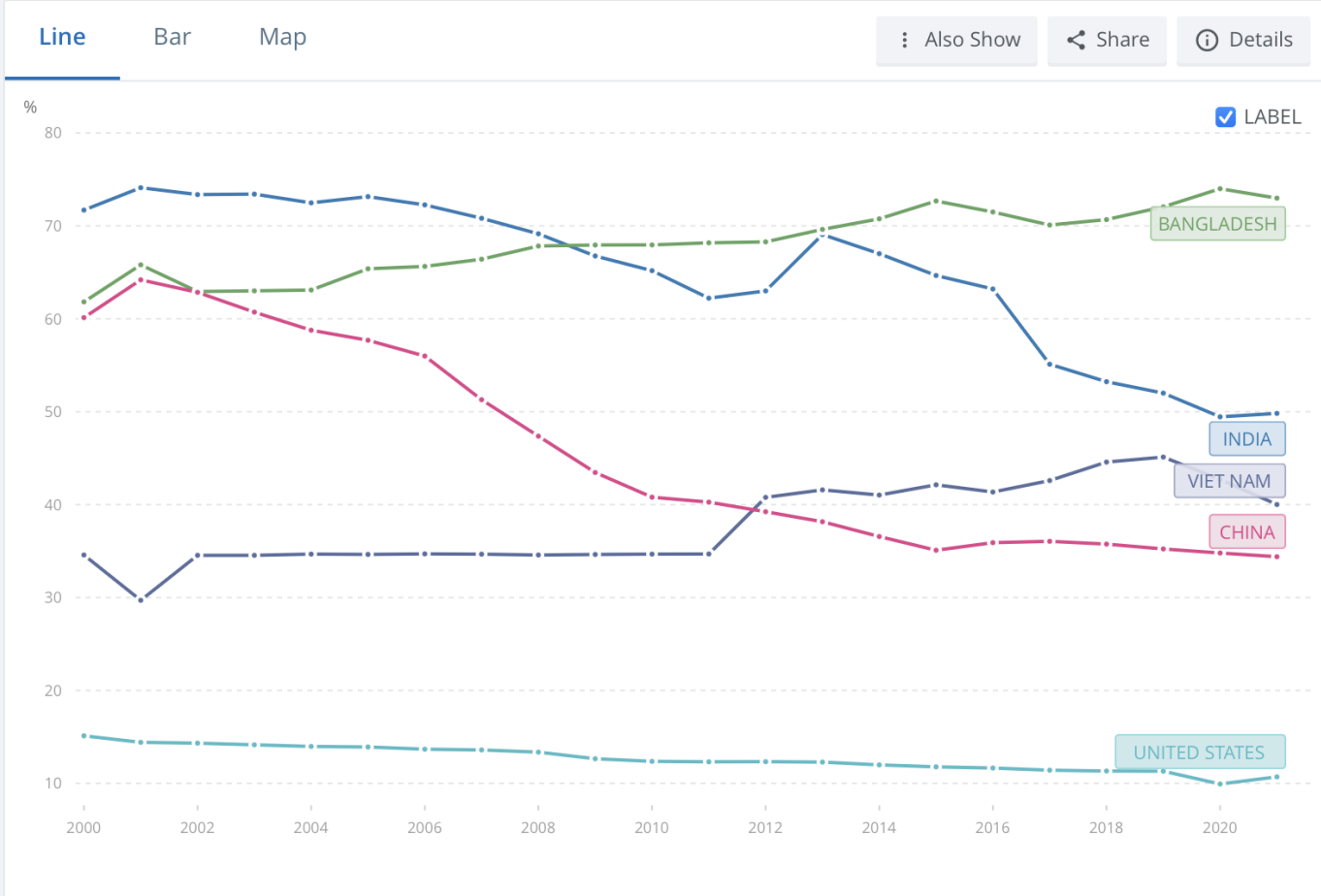
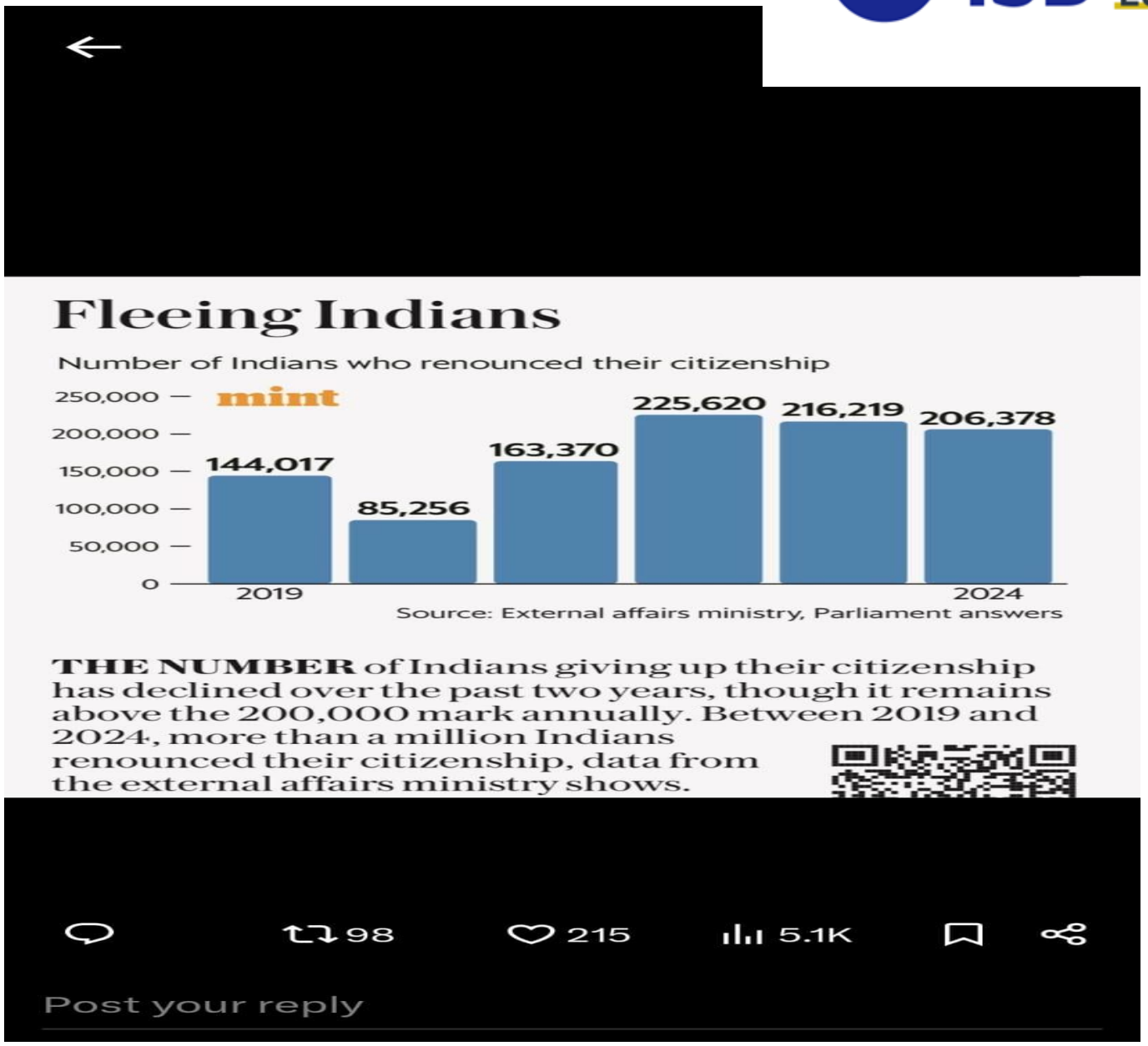


https://data.worldbank.org/indicator/SH.XPD.OOPC.CH.ZS?locations=IN-BD-VN-CN-US

What is a good society?



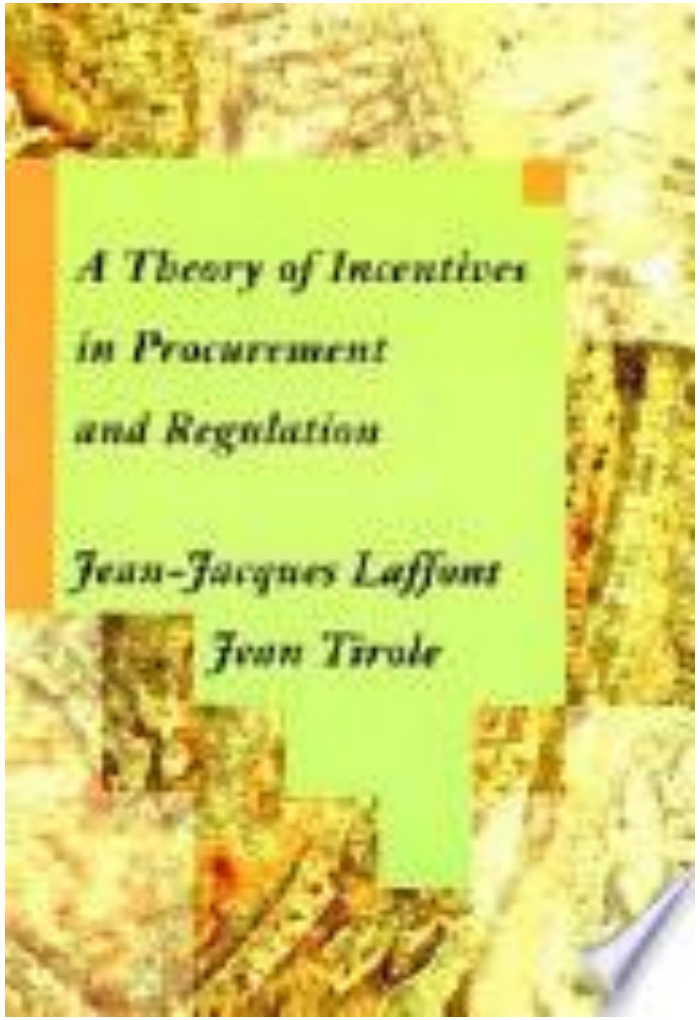
Economic reasoning

1. Examples from France
2. Digitisation and the future of work
3. Regulating property rights over data
4. AI and ML that allow platforms to break up production into simple tasks and to discriminate among customers via surge pricing
5. How does the drift to a superstar economy—in which a small group of giant companies dominates—affect the optimal tax system in a dematerialized world of increasingly easy international tax arbitrage?

A SHIFT AWAY FROM THE CLASSIC DEBATE OF STATE VERSUS MARKETS, OR LEFT VERSUS RIGHT TO

STATE-WITH-MARKETS THINKING. THE ROLE OF GOVERNMENTS IS NOT TO PRODUCE GOODS INSTEAD OF MARKETS, BUT RATHER TO COMPLEMENT MARKETS BY REGULATING THEM THROUGH THE ESTABLISHMENT OF COMMON GROUND RULES.

Economic reasoning



- **Rethinking regulation in imperfect markets:** Tirole's research addressed the consequences of leaving markets with only a few powerful firms unregulated, such as high prices and barriers to entry. **Tailored regulation:** Tirole demonstrated that general rules, like simple price caps on monopolies, could be counterproductive. **Addressing information asymmetry:** Regulators often have less information than the firms they regulate, which can be exploited by the firms. **Two-sided markets**

Maddison Project

Angus Maddison (1926–2010) was a British economist known for his work in quantitative macroeconomic history, particularly in measuring and analyzing economic growth and development.

Professor at the University of Groningen and played a key role in documenting long-term economic performance across major countries and regions.

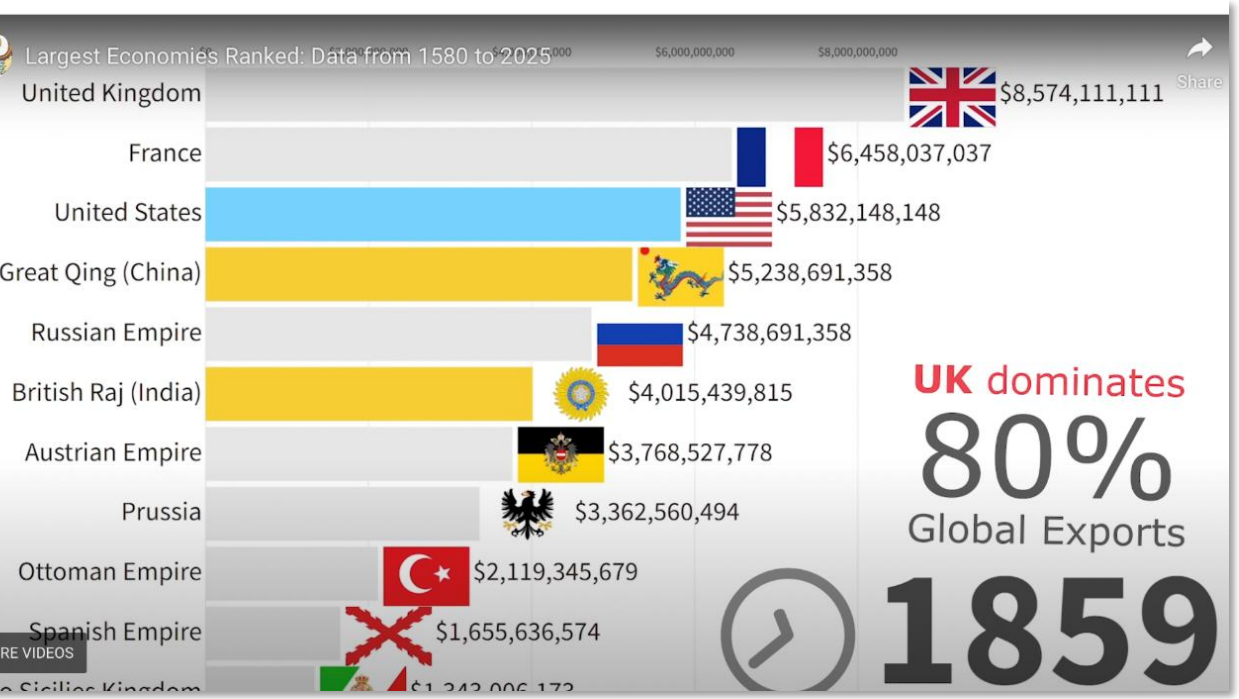
The Top 10

Today

1	United States	America	$30.51 trillion	$89.11 thousand
2	China	Asia	$19.23 trillion	$13.69 thousand
3	Germany	Europe	$4.74 trillion	$55.91 thousand
4	India	Asia	$4.19 trillion	$2.88 thousand
5	Japan	Asia	$4.19 trillion	$33.96 thousand
6	United Kingdom (U.K.)	Europe	$3.83 trillion	$54.95 thousand
7	France	Europe	$3.21 trillion	$46.39 thousand

1640

The 19th century



The 20th

Poverty and Population

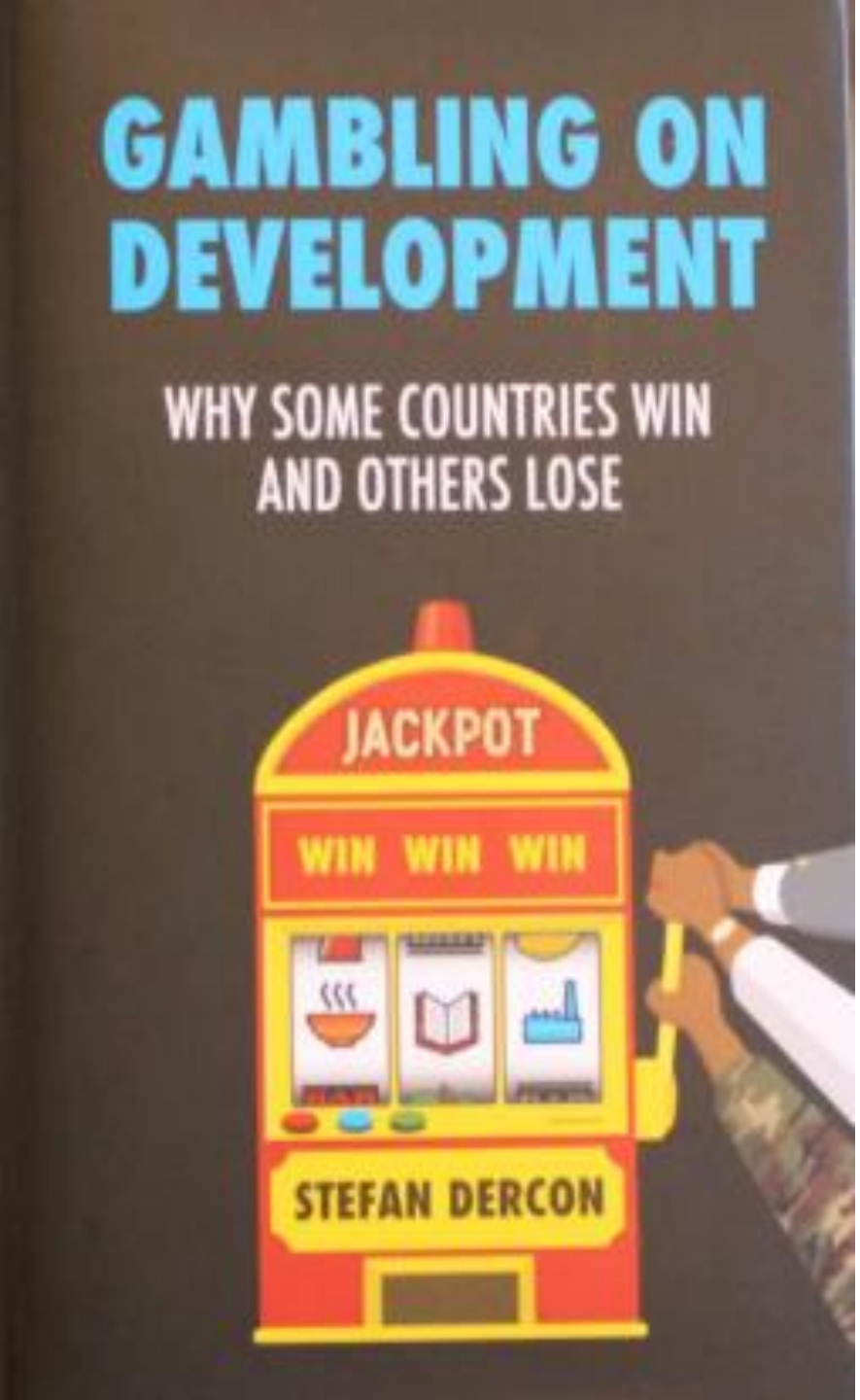
Last ten

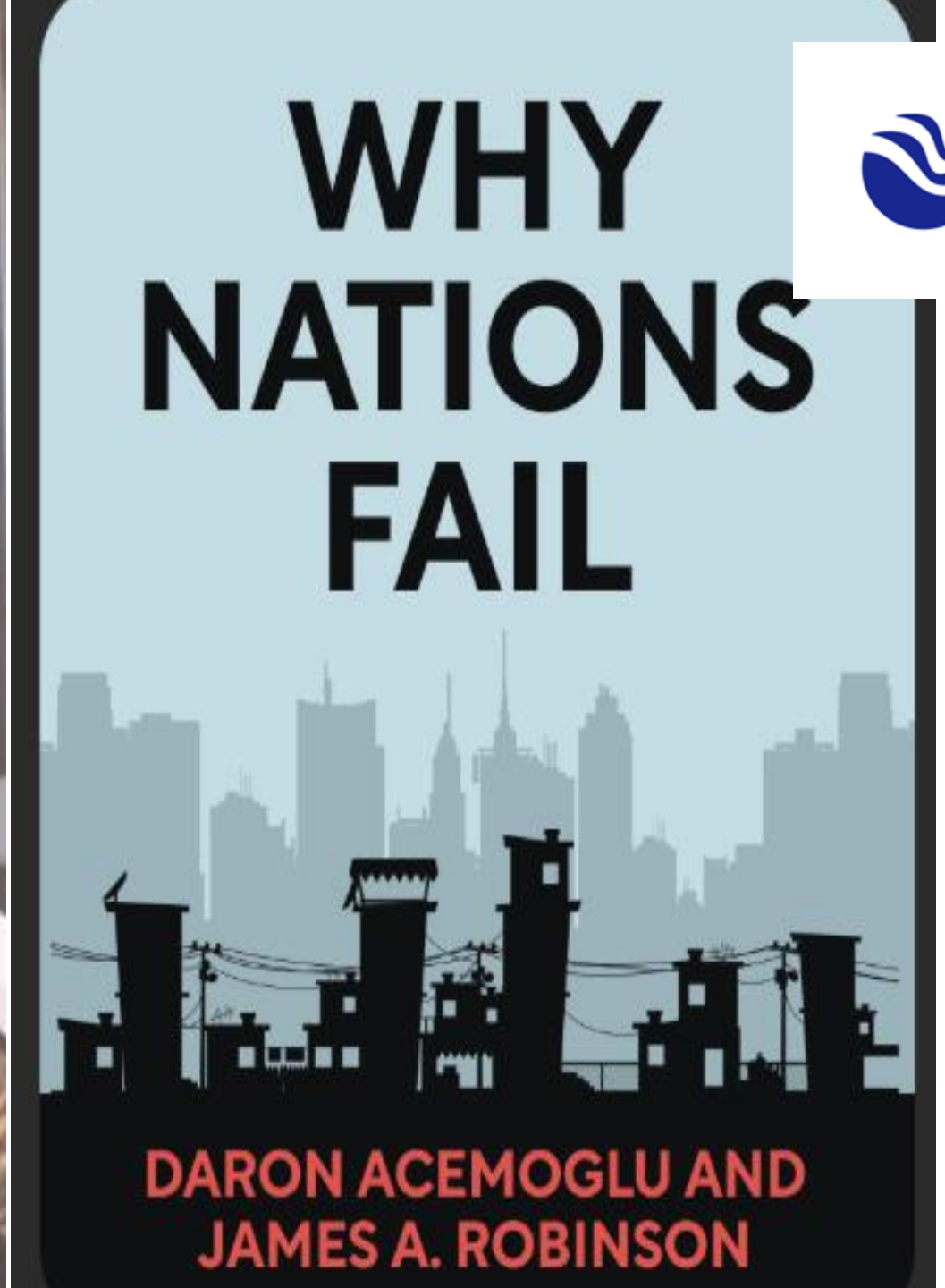
Rank	Country	GDP-PPP per capita thousand)
1	South Sudan	$960.24
2	Burundi	$1.01 thousand
3	Central African Republic	$1.31 thousand
4	Malawi	$1.76 thousand
5	Mozambique	$1.79 thousand
6	Somalia	$1.9 thousand
7	Democratic Republic of the Congo (DRC)	$1.91 thousand
8	Liberia	$2 thousand
9	Yemen	$2.02 thousand
10	Madagascar	$2.06 thousand

Source: IMF

Top ten

Rank & Country	GDP (USD)	2025 Projected Real GDP (% Change)	GDP Per Capita (Prices) (USD)
#1 United States (U.S)	$30.51 trillion	1.8%	$89.11 thousand
#2 China	$19.23 trillion	4.0%	$13.69 thousand
#3 Germany	$4.74 trillion	-0.1%	$55.91 thousand
#4 India	$4.19 trillion	6.2%	$2.88 thousand
#5 Japan	$4.19 trillion	0.6%	$33.96 thousand
#6 United Kingdom (U.K.)	$3.83 trillion	1.1%	$54.95 thousand
#7 France	$3.21 trillion	0.6%	$46.39 thousand
#8 Italy	$2.42 trillion	0.4%	$41.09 thousand
#9 Canada	$2.23 trillion	1.4%	$53.56 thousand
#10 Brazil	$2.13 trillion	2.0%	$9.96 thousand





ISB Executive Education

"Gambling on Development" is a book by Stefar
Dercon that explores why some countries succe
in development while others fail.

Dercon argues that success is not tied to specific policies but rather to a **"development bargain",** where a country's elites shift from protecting their own interests to betting on a growth-based future

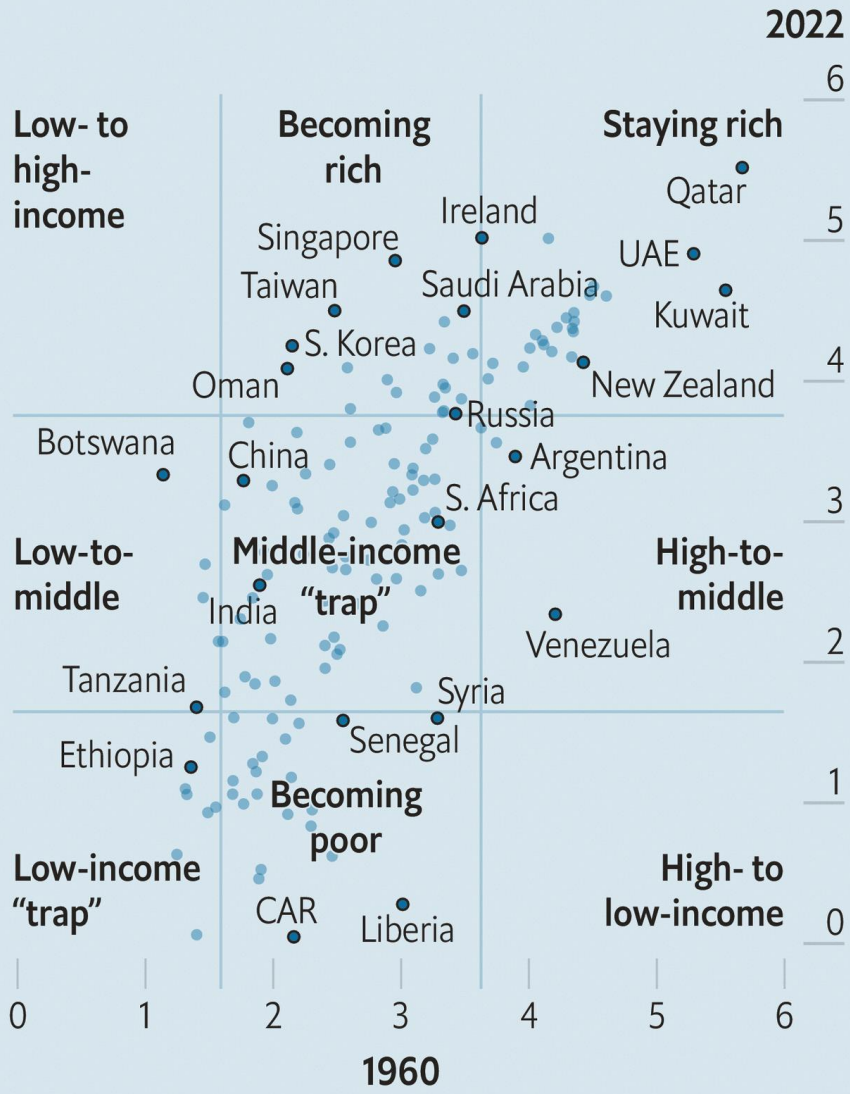
Why Nations Fail: The Origins of Power, Prosperity, and Poverty is a book by economists Daron Acemoglu and James A. Robinson that explores why some nations succeed while others remain trapped in poverty.

The central argument is that inclusive institutions—both political and economic—are the key to long-term prosperity, while extractive institutions lead to stagnation and failure.

Progress report

Income per person relative to the United States

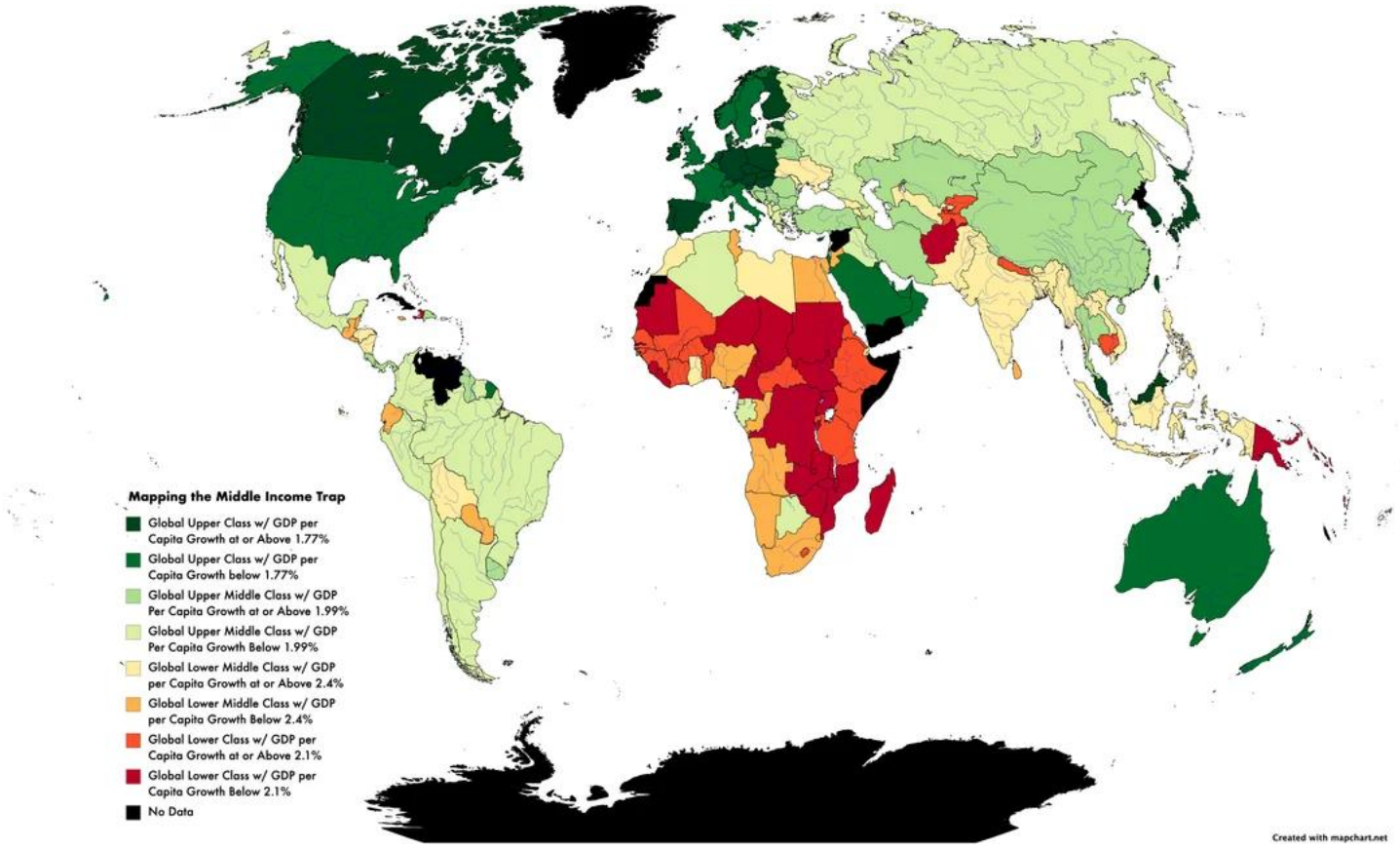
Log of %



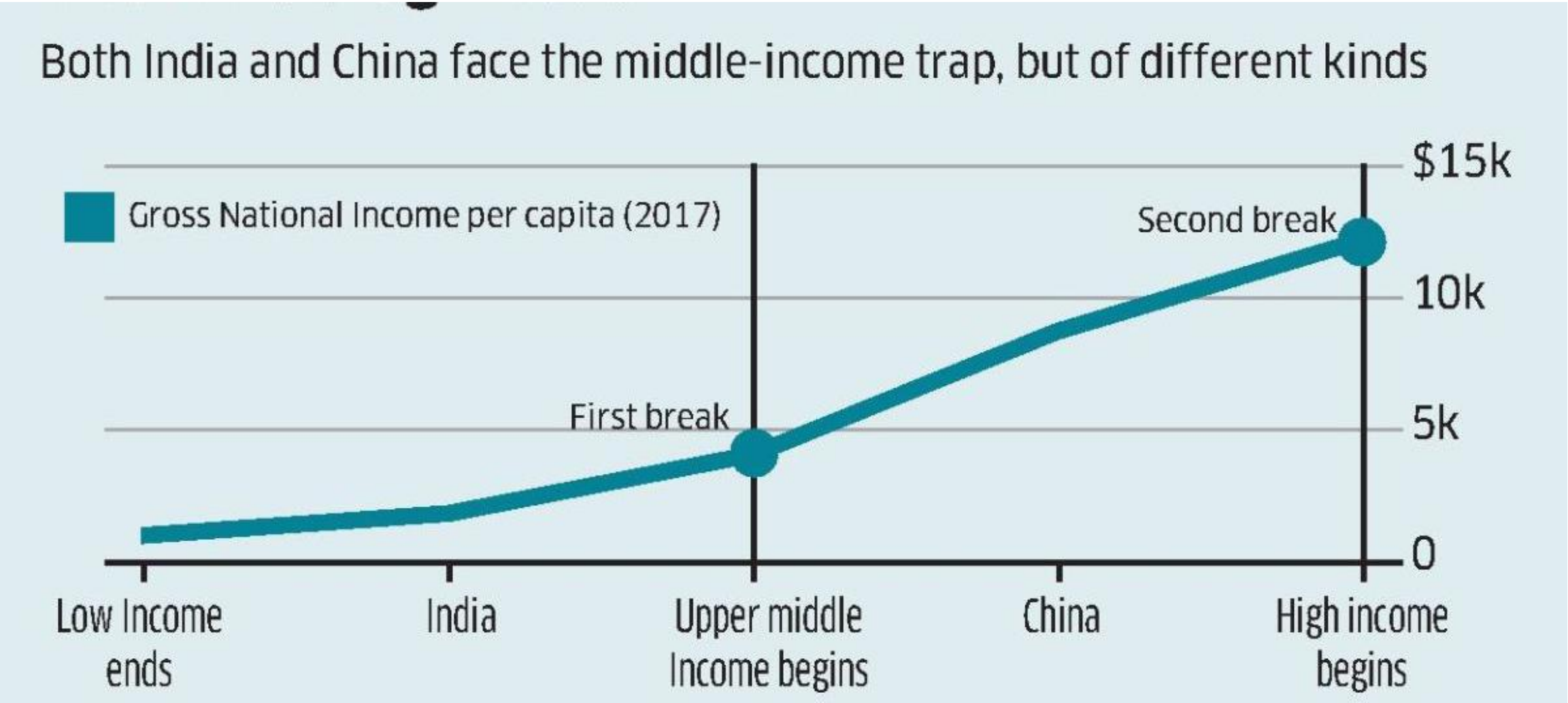
Sources: EIU; Maddison Project; World Bank

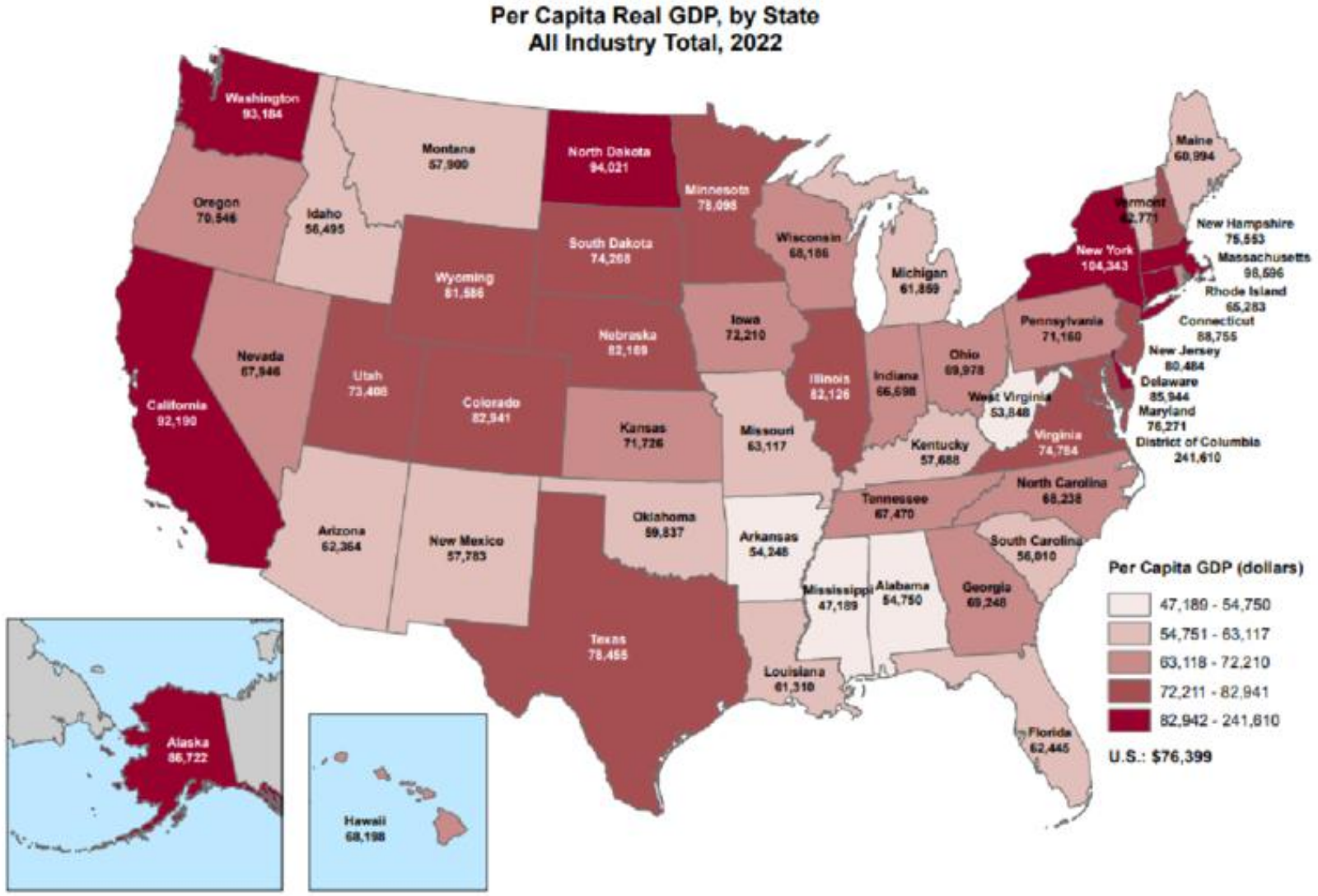
The Economist

ISB | Executive Education



Breaks


Both India and China face the middle-income trap, but of different kinds
Gross National Income per capita (2017)
$15k
10k
5k
0
First break
Second break
Low Income ends
India
Upper middle Income begins
China
High income begins


Per Capita Real GDP, by State
All Industry Total, 2022
Washington 93,184
Oregon 70,546
California 92,190
Idaho 56,495
Nevada 67,546
Montana 57,900
Wyoming 81,586
Utah 73,488
Colorado 82,941
Arizona 62,364
New Mexico 57,783
North Dakota 94,021
South Dakota 74,268
Nebraska 82,169
Kansas 71,726
Oklahoma 59,837
Texas 78,455
Minnesota 78,096
Iowa 72,210
Missouri 63,117
Arkansas 54,248
Louisiana 61,310
Wisconsin 68,186
Illinois 82,126
Michigan 61,859
Indiana 66,698
Ohio 69,978
Kentucky 57,688
Tennessee 67,470
Mississippi 47,189
Alabama 54,750
Georgia 69,248
Florida 62,445
South Carolina 56,910
North Carolina 68,238
Virginia 74,784
West Virginia 53,848
Pennsylvania 71,160
New York 104,343
Maine 60,994
Vermont 62,771
New Hampshire 75,553
Massachusetts 98,596
Rhode Island 65,283
Connecticut 88,755
New Jersey 80,484
Delaware 85,944
Maryland 76,271
District of Columbia 241,610
Alaska 86,722
Hawaii 68,198
Per Capita GDP (dollars)
47,189 - 54,750
54,751 - 63,117
63,118 - 72,210
72,211 - 82,941
82,942 - 241,610
U.S.: $76,399

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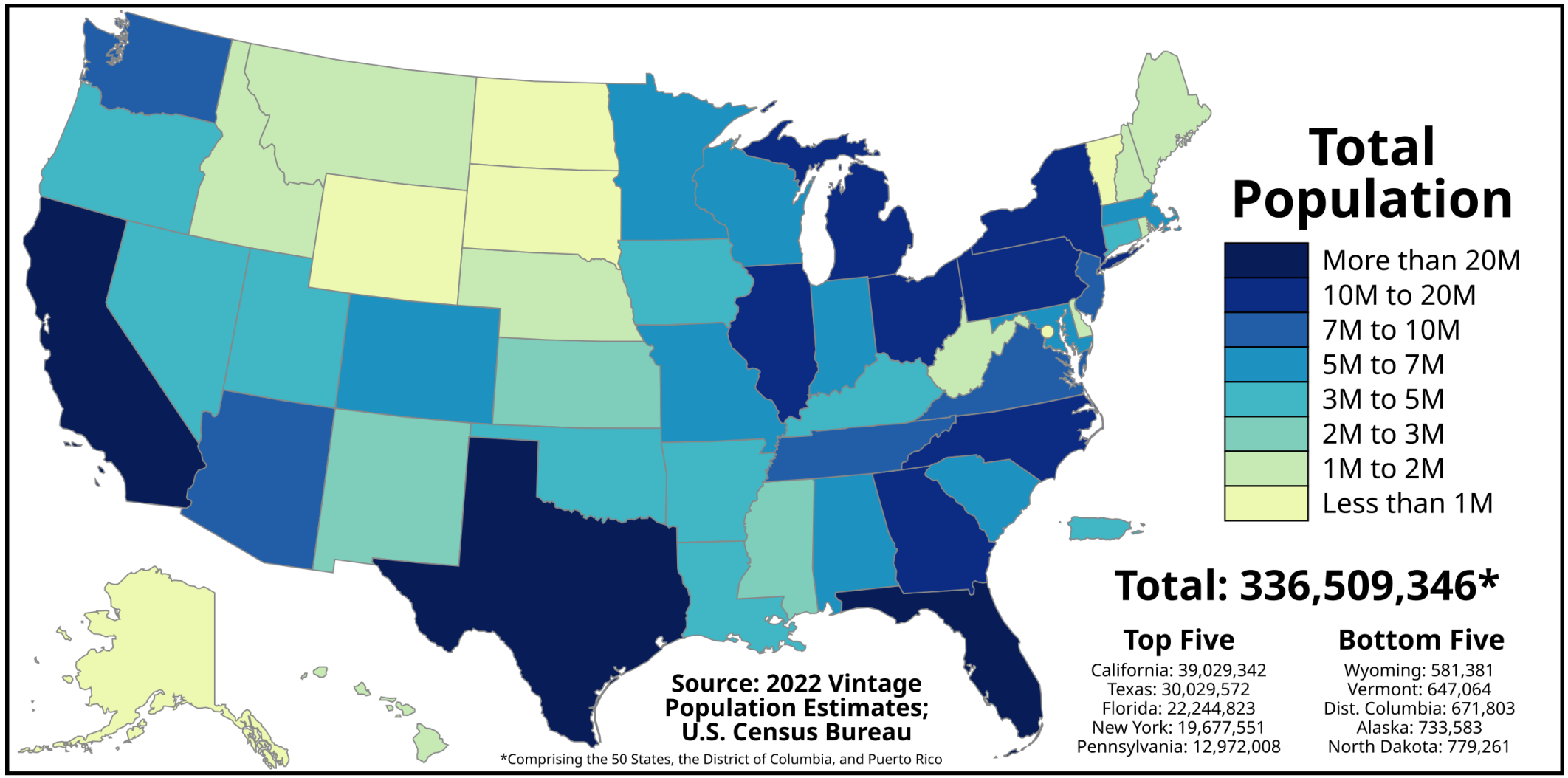
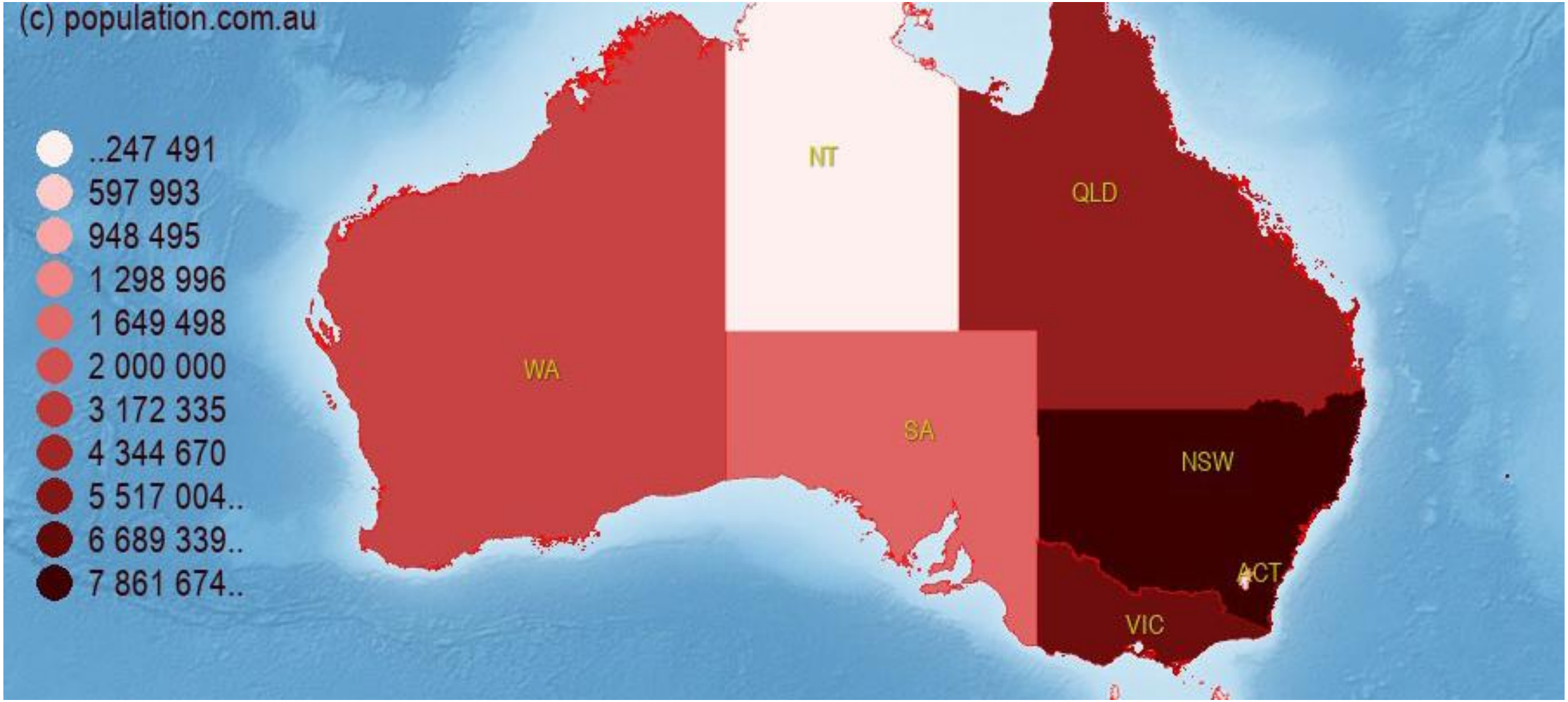
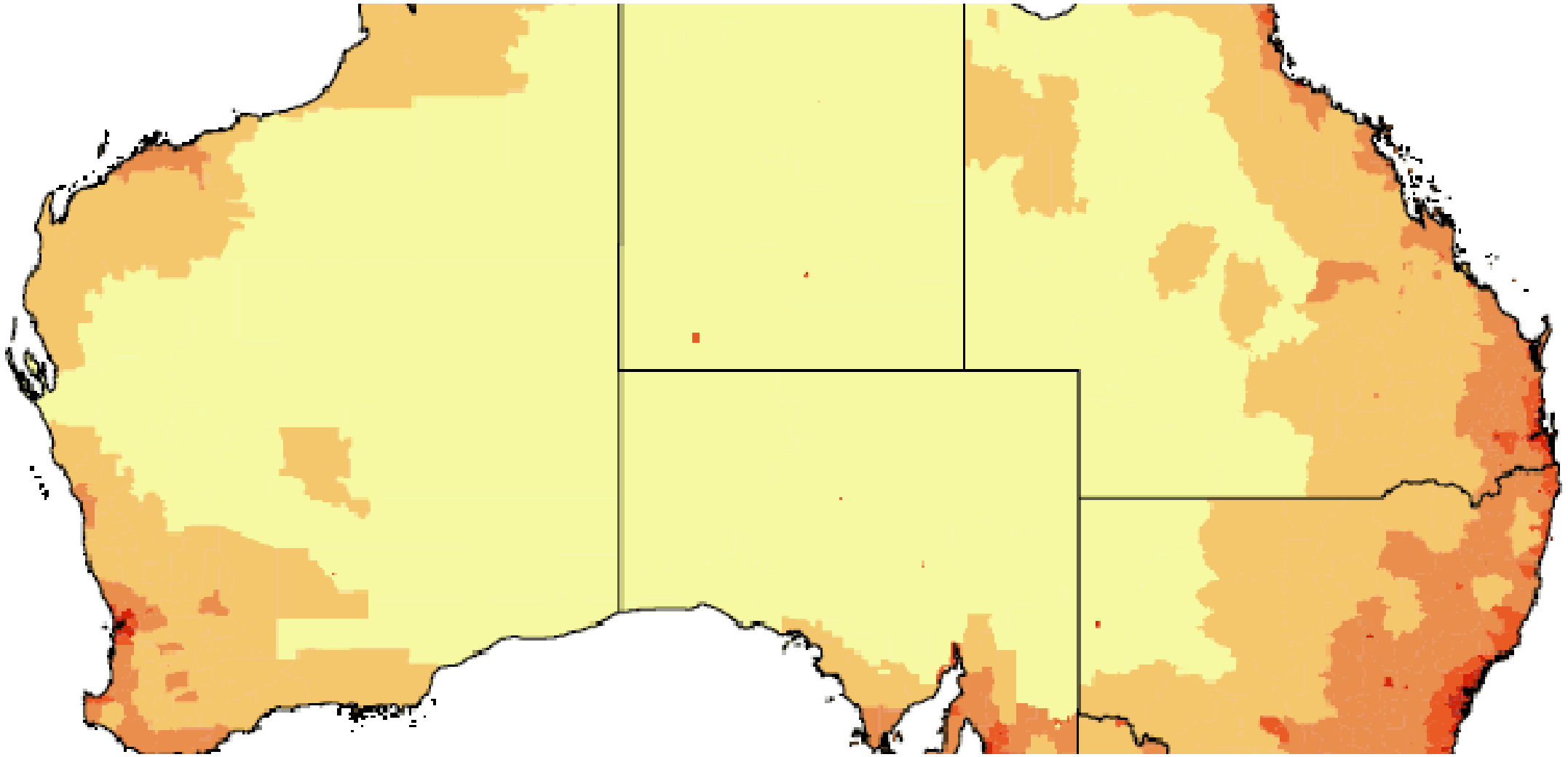
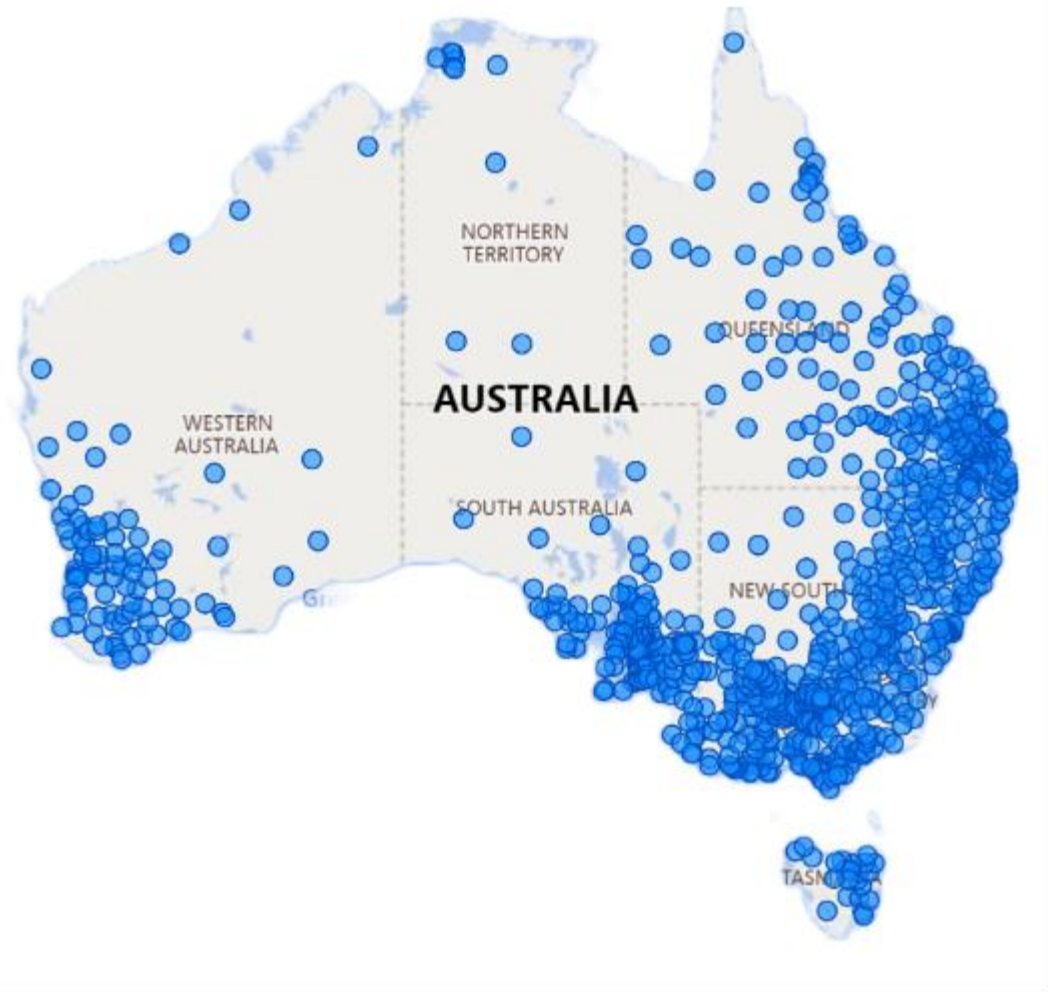



(c) population.com.au
..247 491
597 993
948 495
1 298 996
1 649 498
2 000 000
3 172 335
4 344 670
5 517 004..
6 689 339..
7 861 674..
NT
QLD
WA
SA
NSW
ACT
VIC

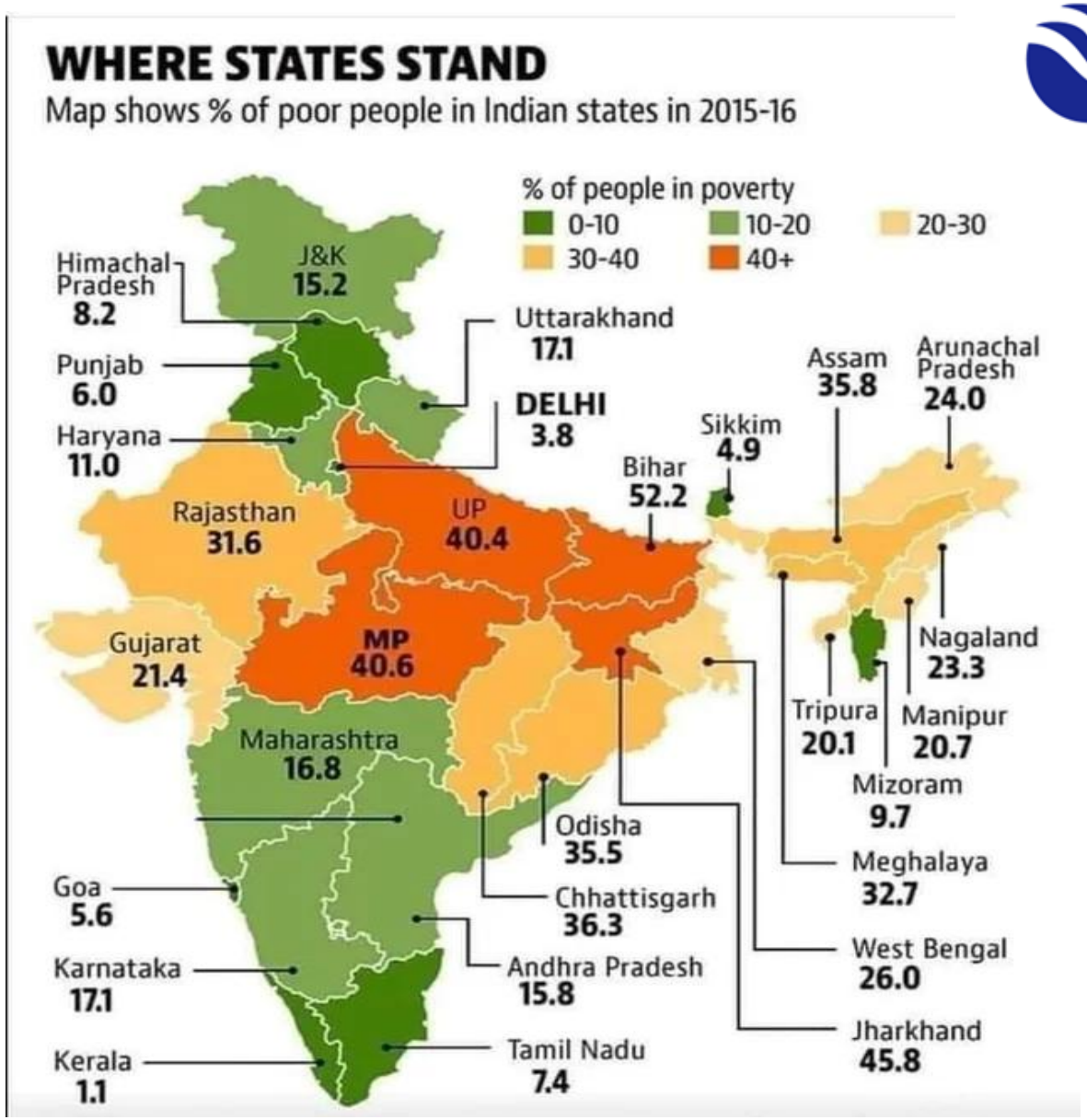
Where do most people stay



Investment destination

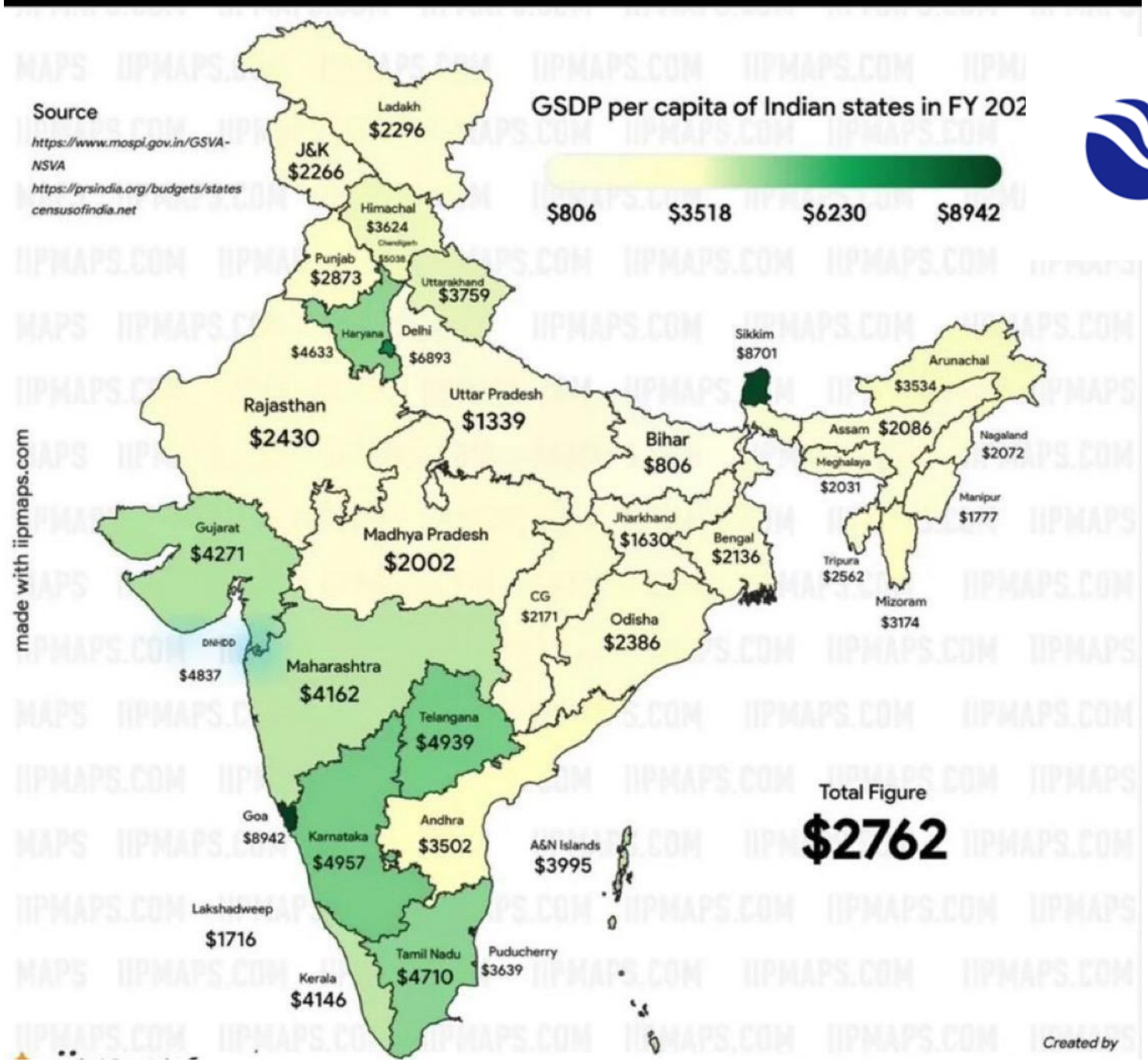


Poverty across Indian states



10 Most Populous Indian States

State	Population	Comparable C
Uttar Pradesh	230 million	Brazil
Maharashtra	125 million	Japan
Bihar	125 million	Mexico
West Bengal	100 million	Egypt
Madhya Pradesh	85 million	Turkey
Rajasthan	80 million	Germany
Tamil Nadu	75 million	Thailand
Gujarat	70 million	UK
Karnataka	70 million	France
Andhra Pradesh	55 million	South Korea



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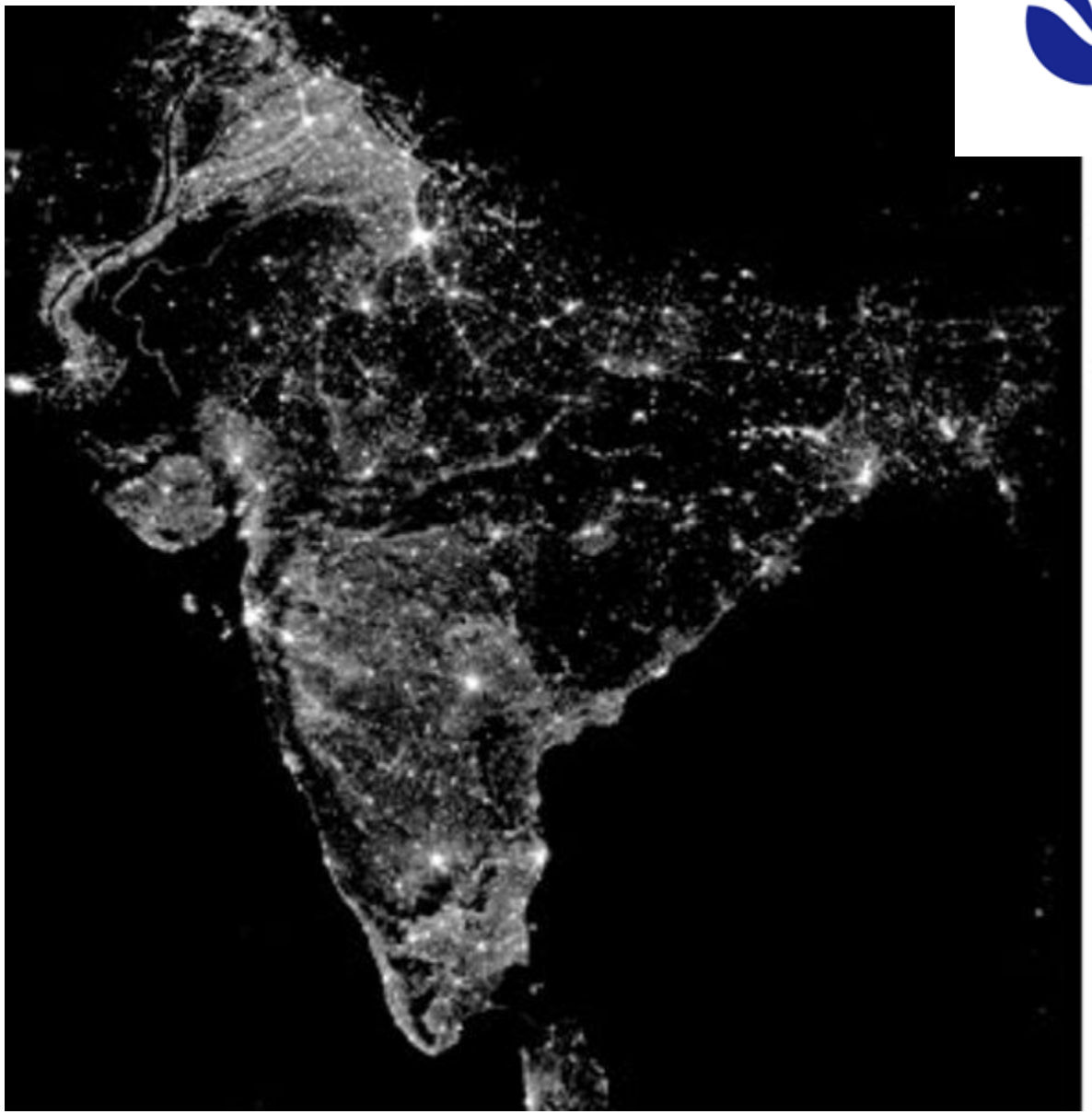


The Debate

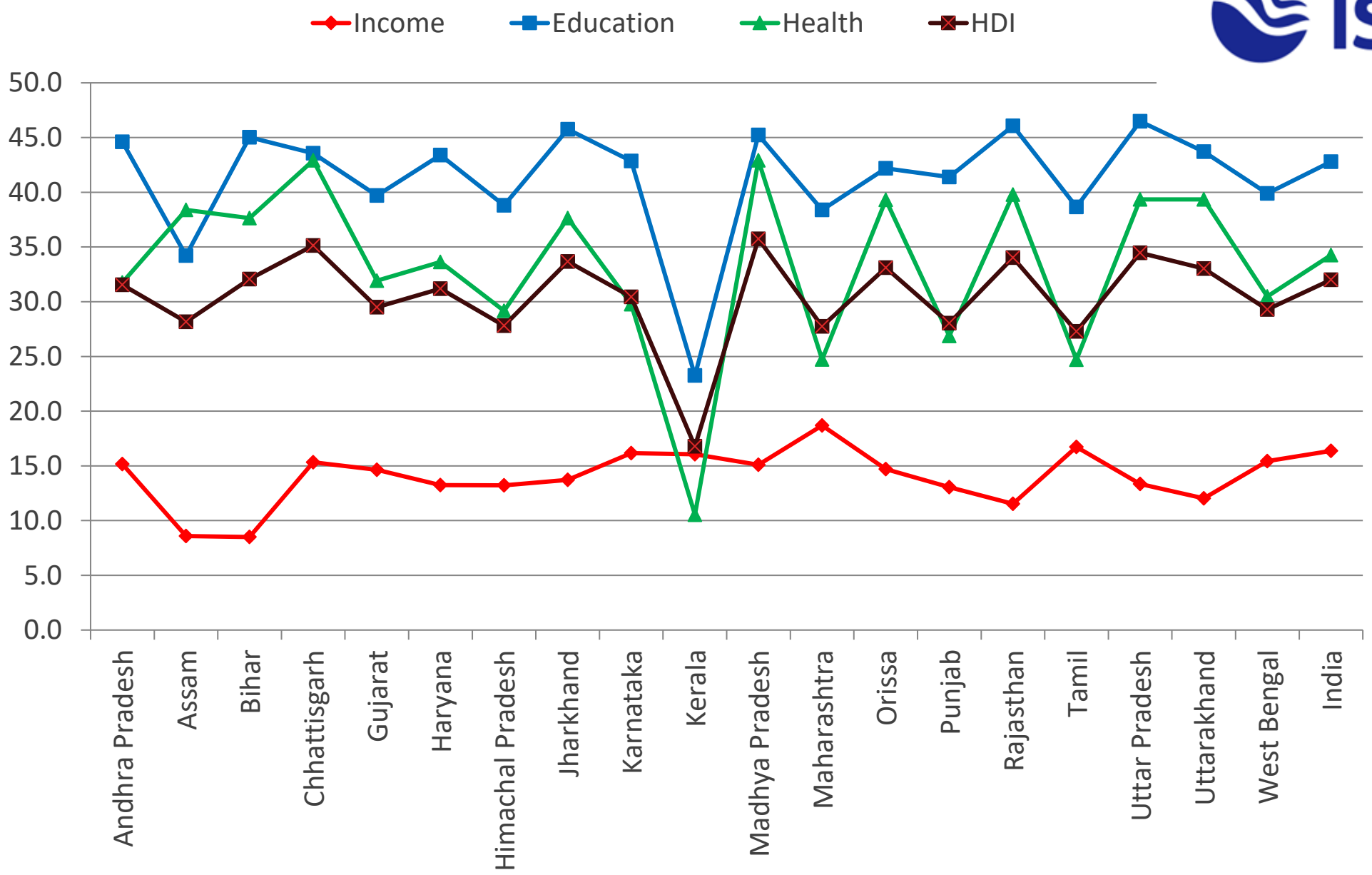
Poverty

- Inflation
- Trade
- Capital investment
- Openness
- Urbanisation
- Skilling
- Health
- Manufacturing
- Growth

inequality

- Unemployment
- Deficit
- Debt
- Migration
- Density
- Employment
- Education
- Environment
- Development

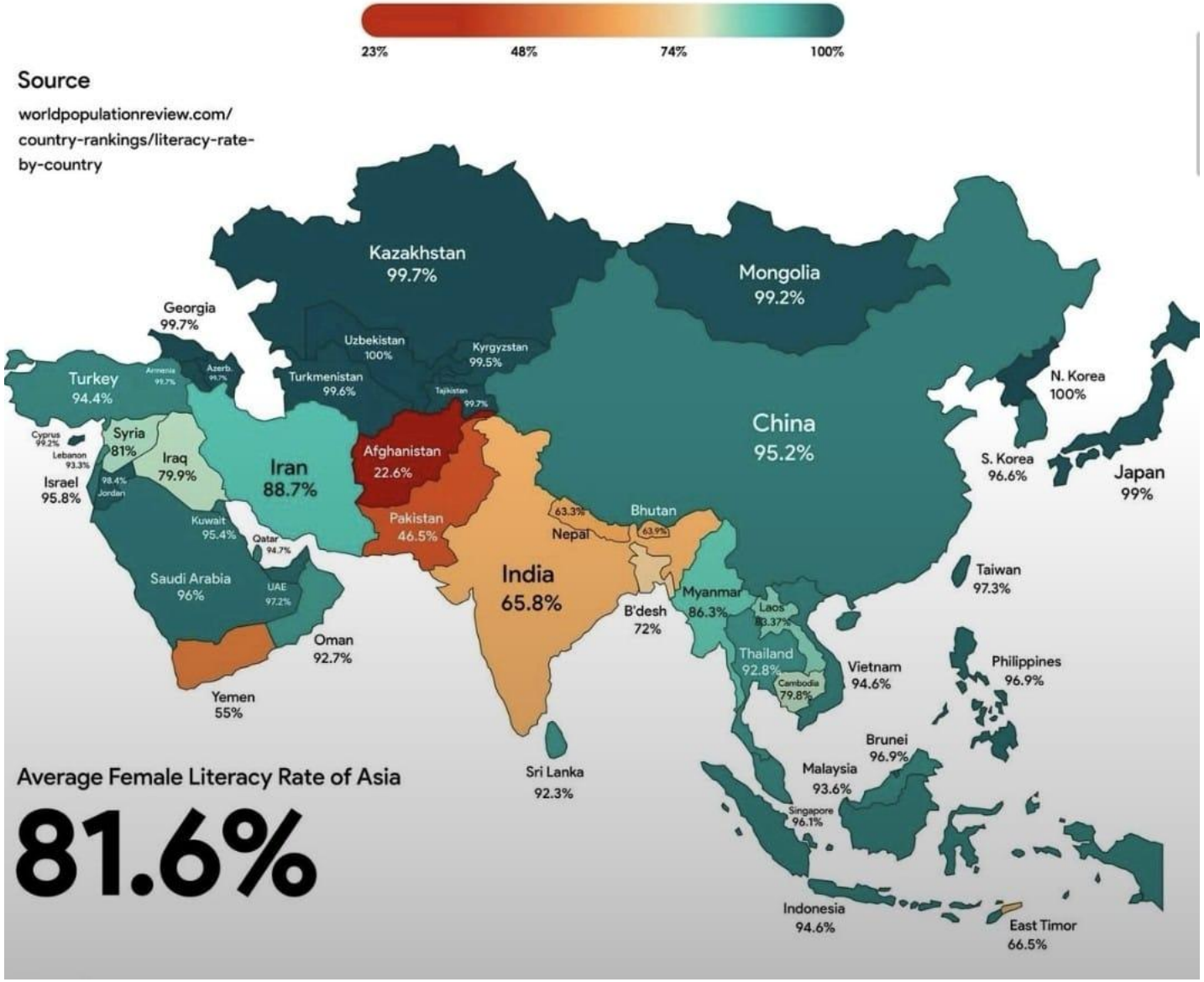
Percentage loss in the three inequality adjusted indices

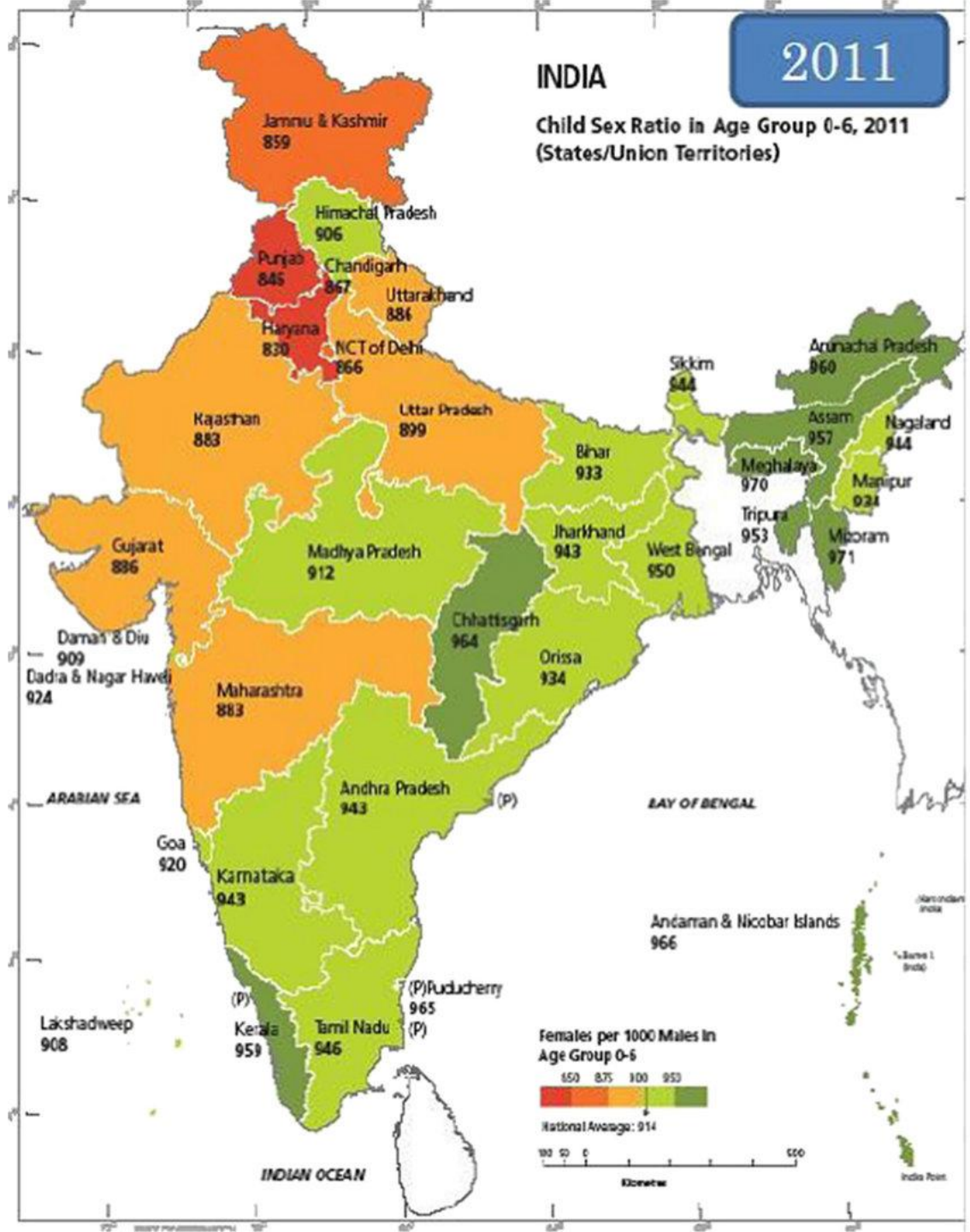


Global Powerhouses

The Big One

Female Literacy Rates in Asia (2024)




INDIA
2011
Child Sex Ratio in Age Group 0-6, 2011
(States/Union Territories)
Jammu & Kashmir
859
Himachal Pradesh
906
Punjab
846
Chandigarh
867
Uttarakhand
886
Haryana
830
NCT of Delhi
866
Rajasthan
883
Uttar Pradesh
899
Bihar
933
Sikkim
944
Arunachal Pradesh
960
Assam
957
Nagaland
944
Meghalaya
970
Manipur
934
Tripura
953
Mizoram
971
Jharkhand
943
West Bengal
950
Gujarat
886
Madhya Pradesh
912
Chhattisgarh
964
Orissa
934
Daman & Diu
909
Dadra & Nagar Haveli
924
Maharashtra
883
ARABIAN SEA
Andhra Pradesh
943
(P)
BAY OF BENGAL
Goa
920
Karnataka
943
Andaman & Nicobar Islands
966
(P)Puducherry
965
(P)
(P)
Lakshadweep
908
Kerala
959
Tamil Nadu
946
Females per 1000 Males in
Age Group 0-6
650 875 900 950
National Average: 914
100 50 0 500
Kilometres
INDIAN OCEAN