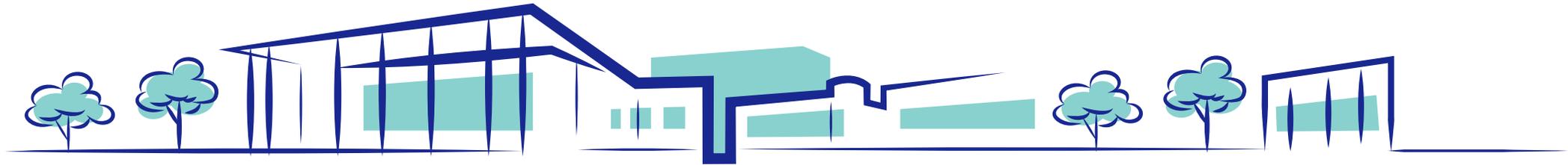


Growth and Development

Understanding the Policy Landscape

Amir Ullah Khan

10 March 2026



Source

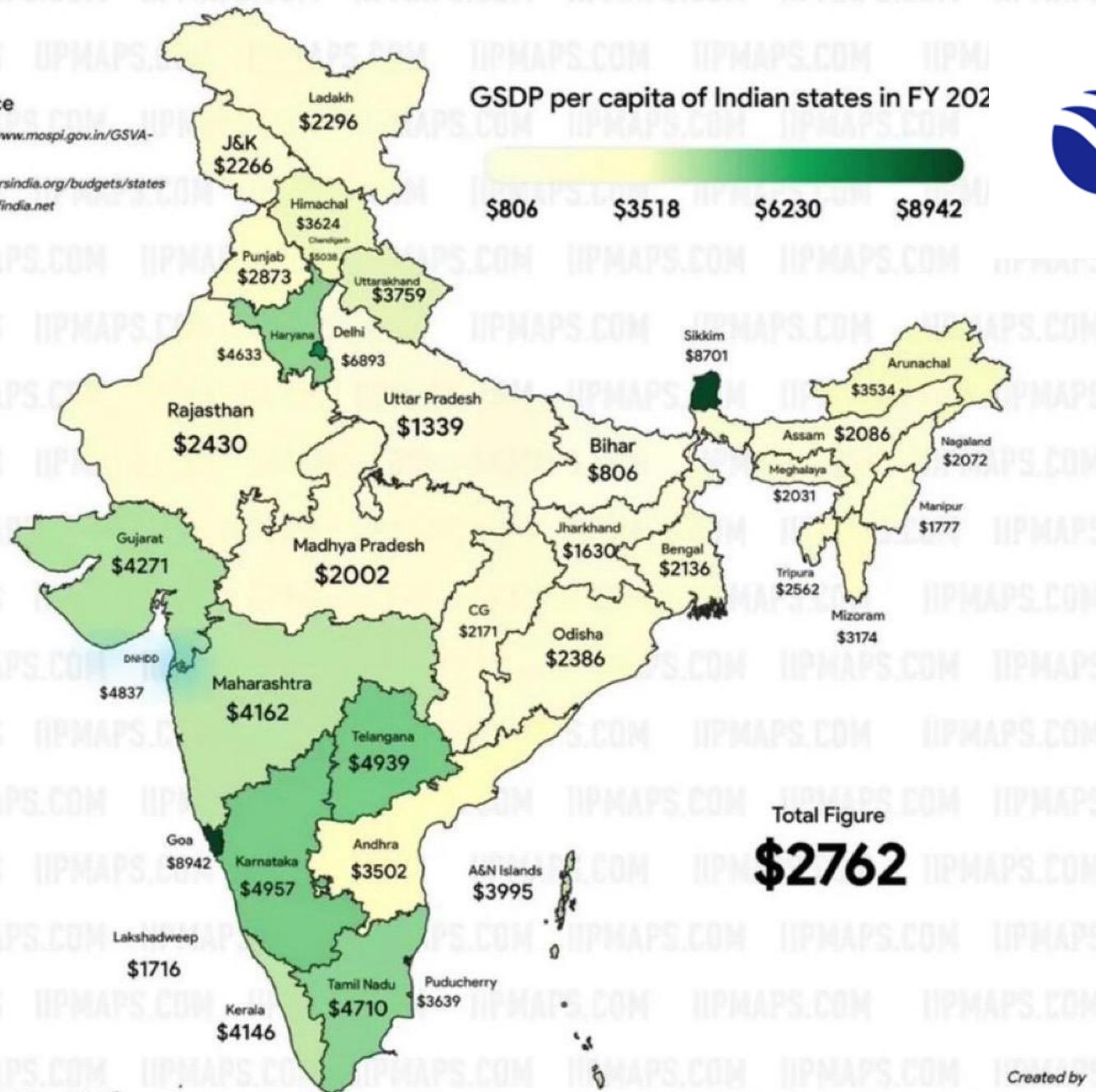
<https://www.mospi.gov.in/GSVA-NSVA>

<https://prsindia.org/budgets/states/censusofindia.net>

GSDP per capita of Indian states in FY 202



made with iipmaps.com



Created by

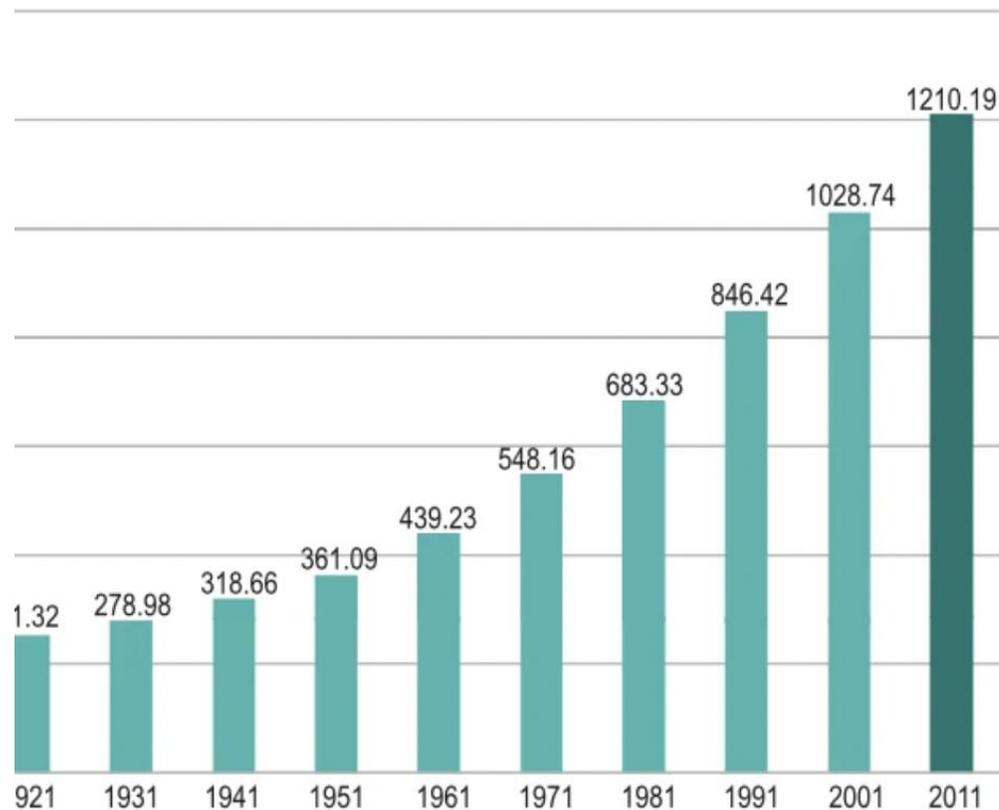


Today's plan

1. A new state emerges
2. Its emerging challenges
3. Geopolitics and famine
4. Scarcity and import substitution
5. Food security
6. The spree of Globalisation
7. Anti globalization - Make in India
8. Today

The size

Population



GDP

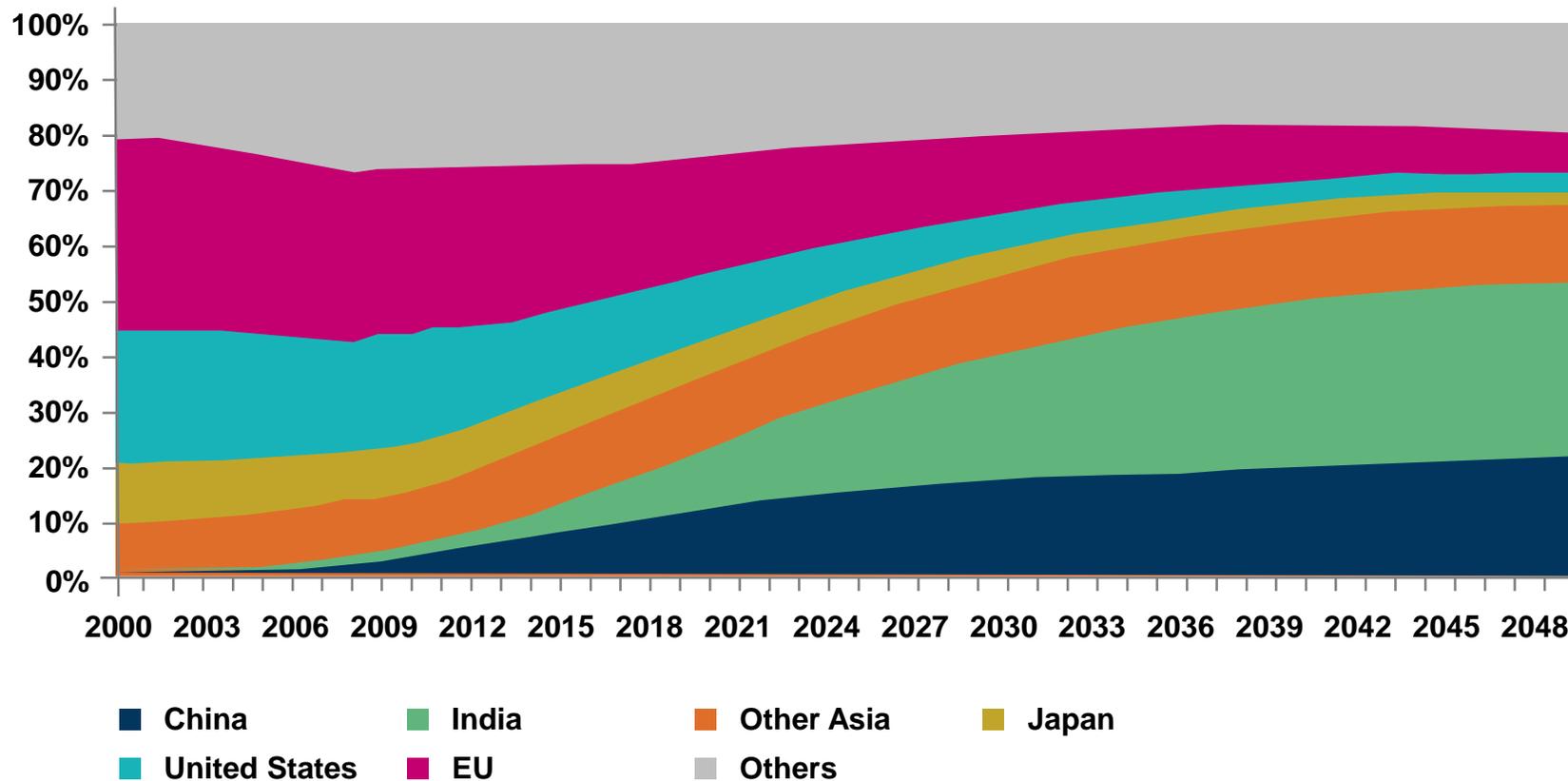
Rank	Country	GDP, current prices (in USD)	2025 Projected Real GDP (% Change)
1	United States	\$30.51 trillion	1.8%
2	China, People's Republic	\$19.23 trillion	4.0%
3	Germany	\$4.74 trillion	- 0.1%
4	India	\$4.19 trillion	6.2%
5	Japan	\$4.19 trillion	0.6%
6	United Kingdom	\$3.84 trillion	1.1%
7	France	\$3.21 trillion	0.6%
8	Italy	\$2.42 trillion	0.4%
9	Canada	\$2.23 trillion	1.4%
10	Brazil	\$2.13 trillion	2.0%

Source: IMF's World Economic Outlook | Data as of: May 26, 2025

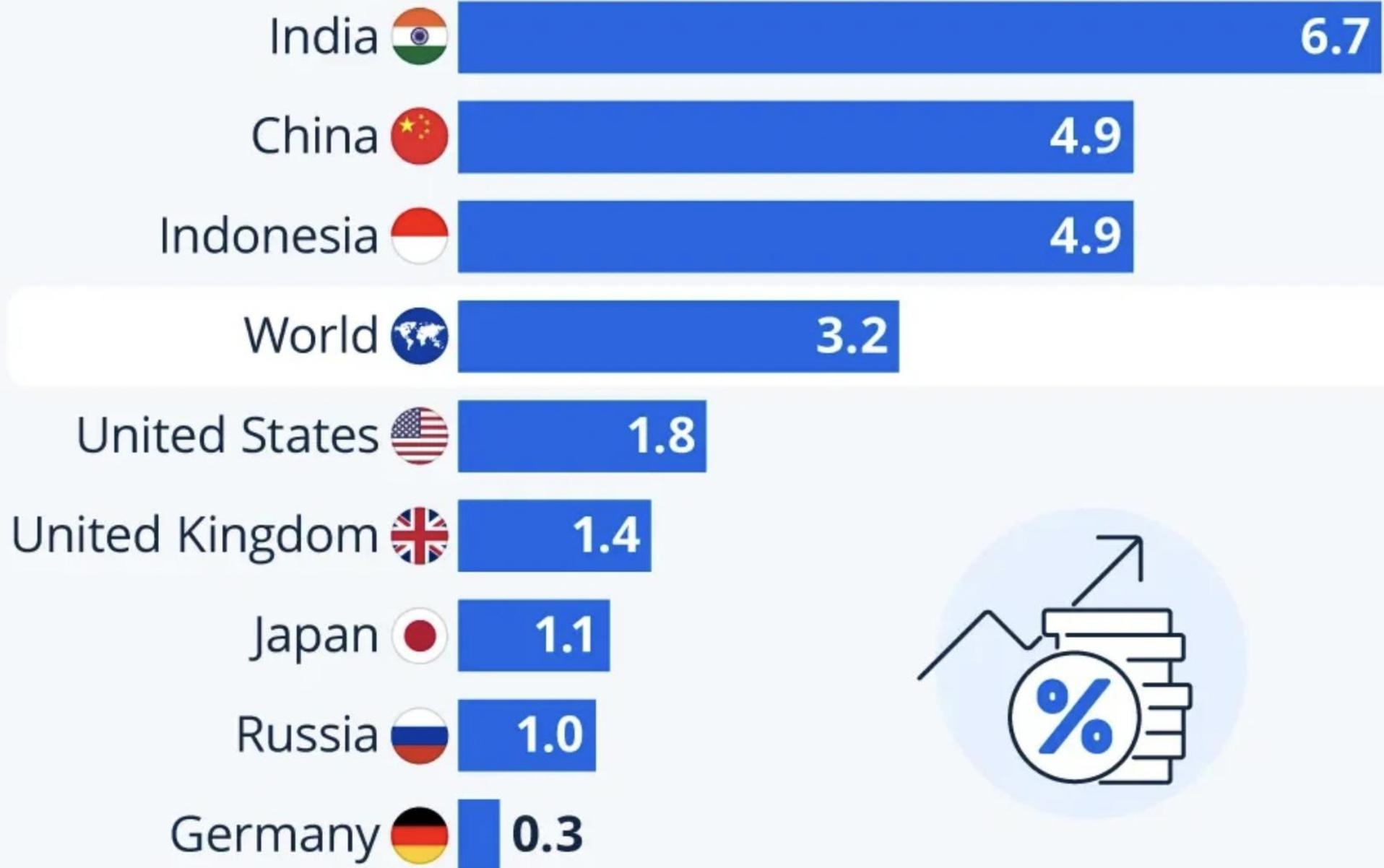
Why is India important?

Middle Class market - Brookings' projection

🔄 Shares of Global Middle Class Consumption, 2000-2050

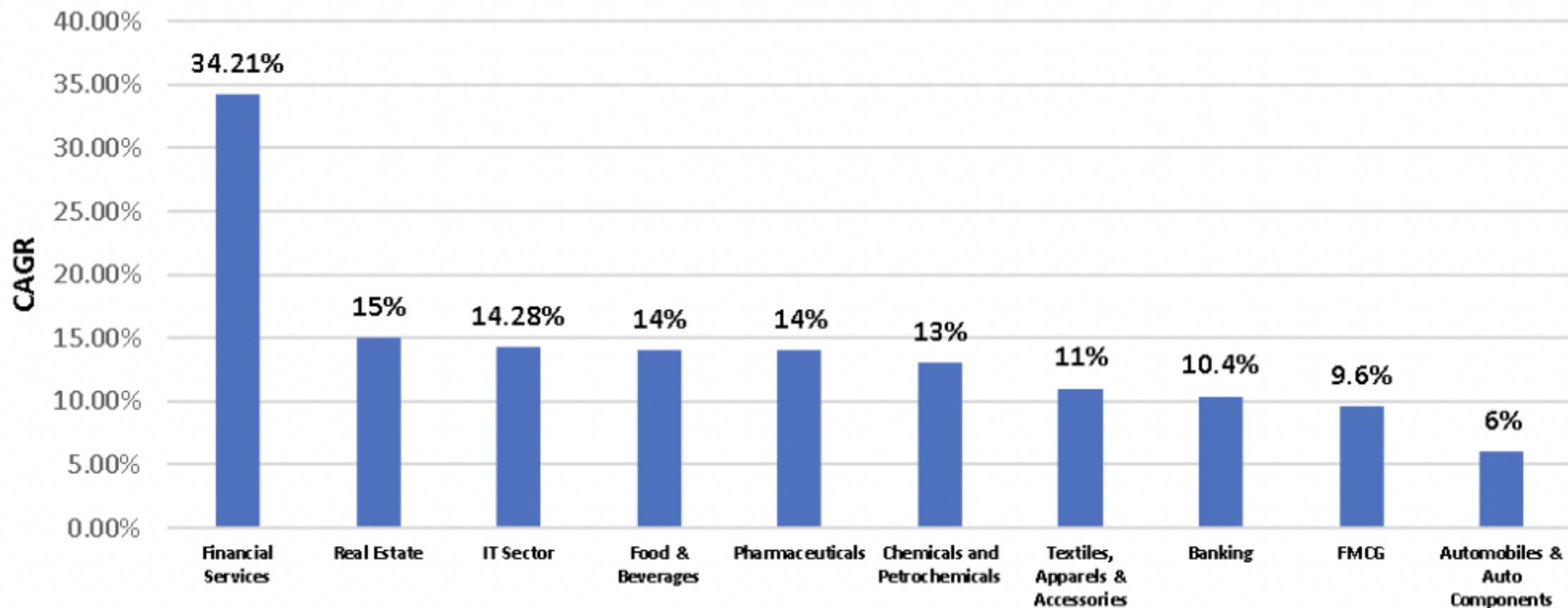


■ Sep. 2025 forecast ● P.p. change from Jun. forecast

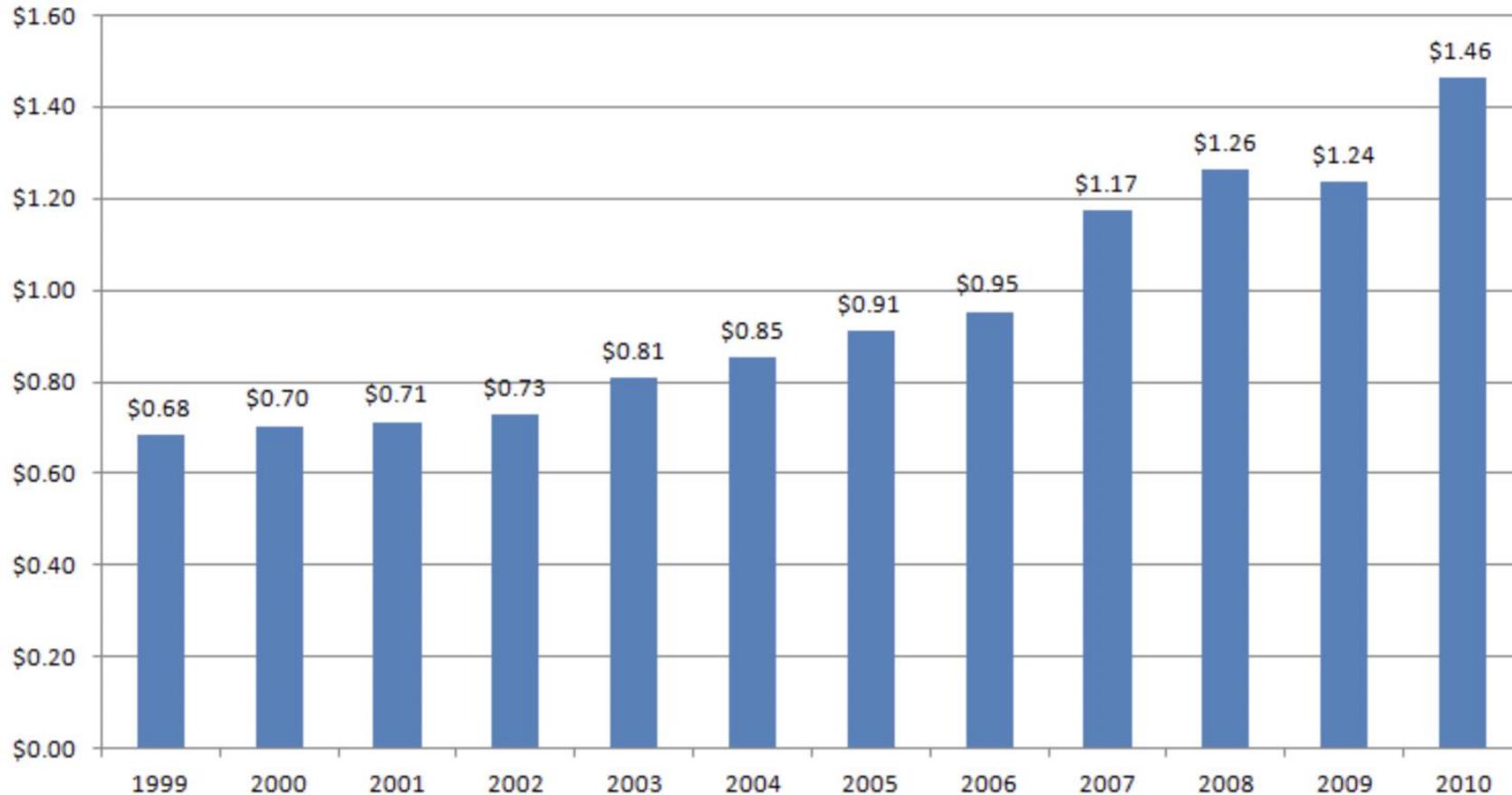


Source: OECD Economic Outlook

Indian Industrial Sector - Growth Prospects 2023-2028



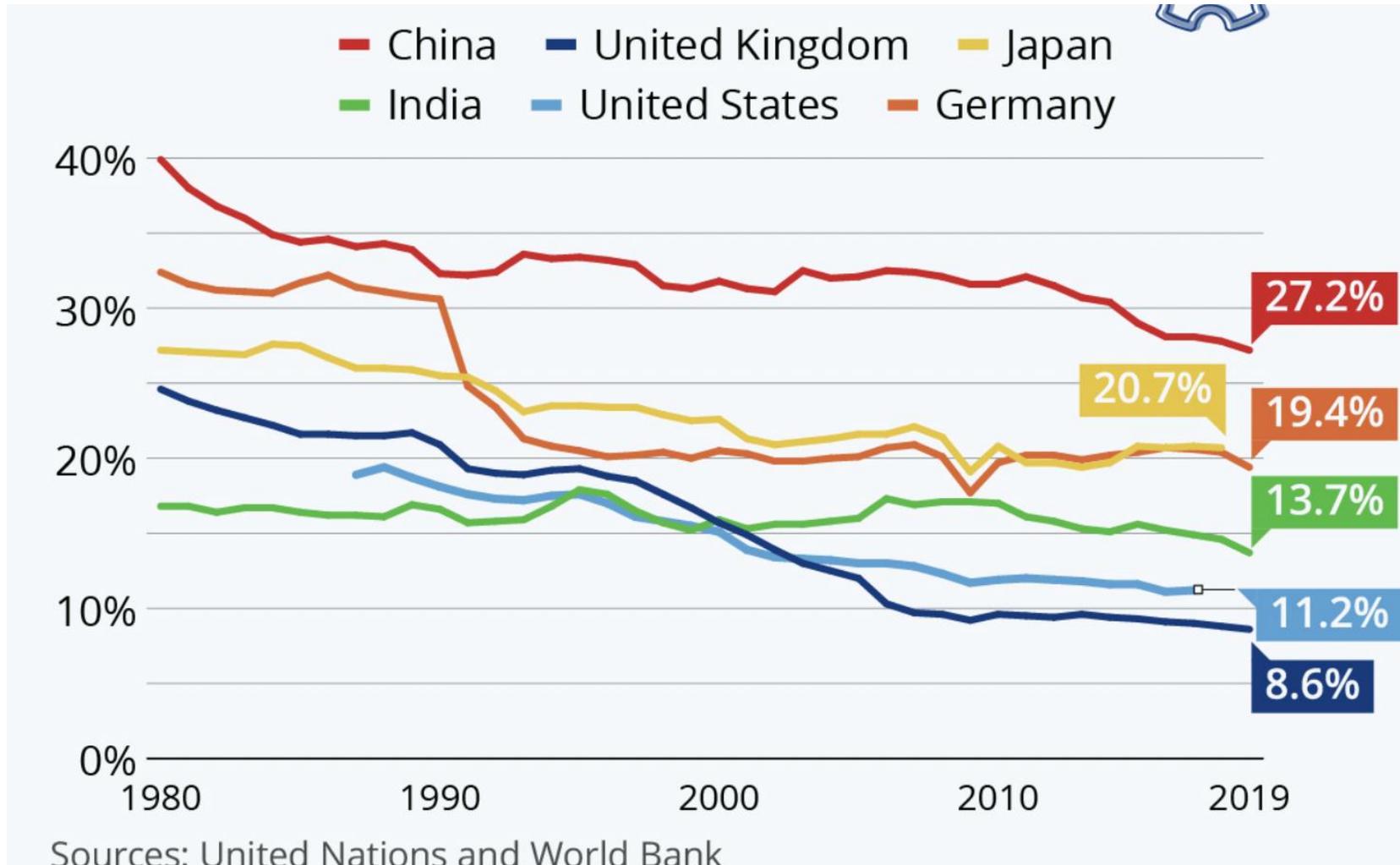
Low costs - the labour arbitrage



Note: Data refer to India's organized manufacturing sector only.

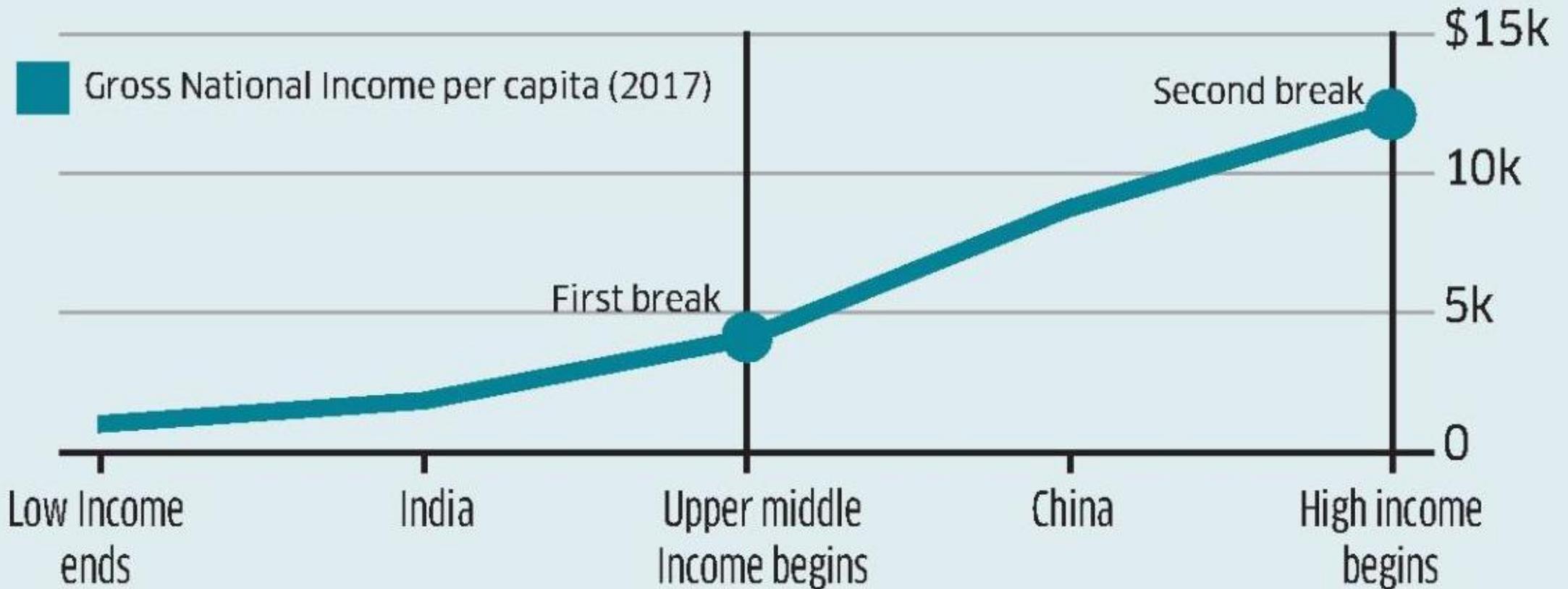
Source: U.S. Bureau of Labor Statistics, International Labor Comparisons

Decline in Manufacturing



Breaks

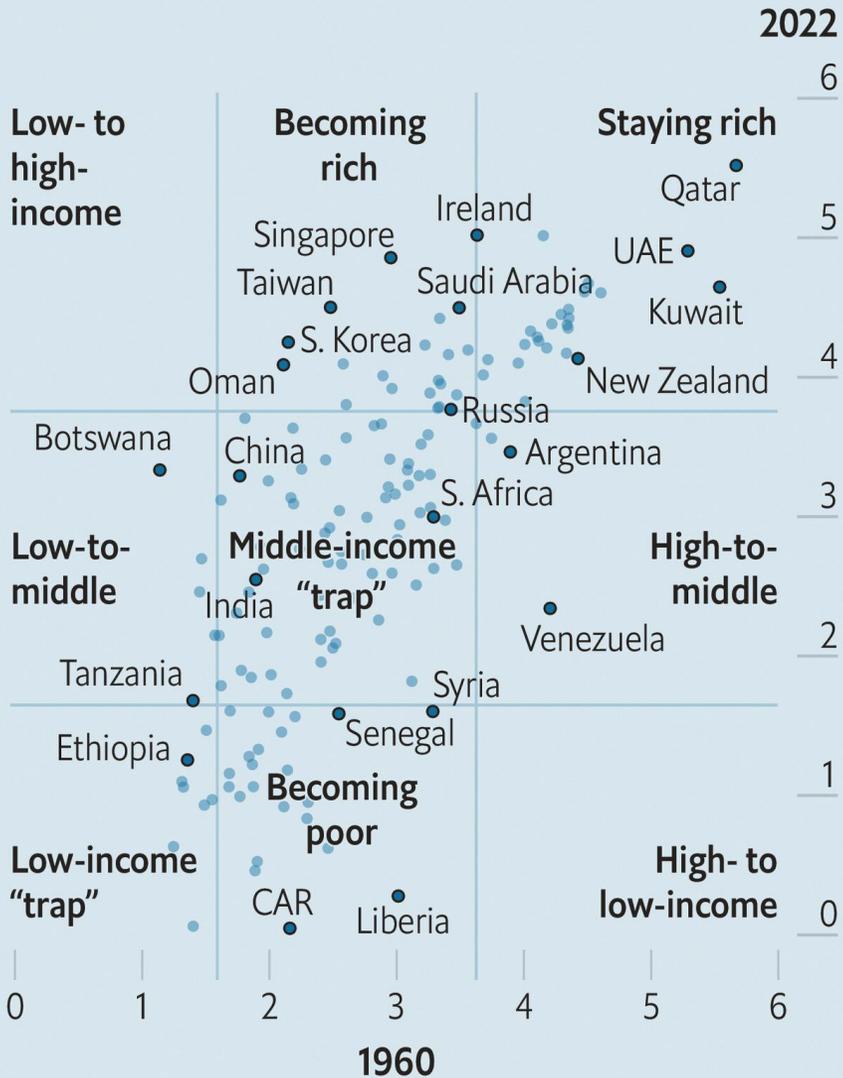
Both India and China face the middle-income trap, but of different kinds



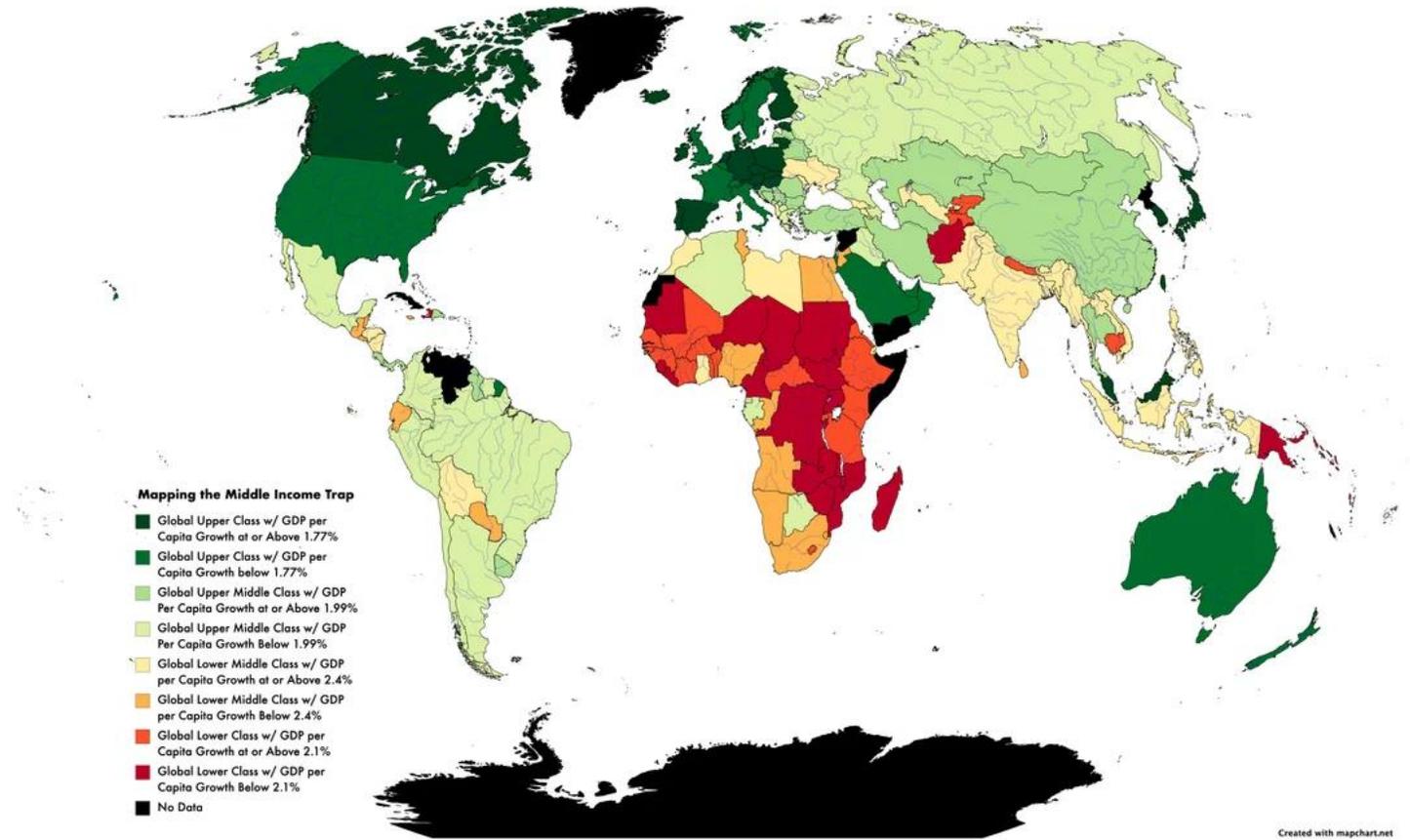
Progress report

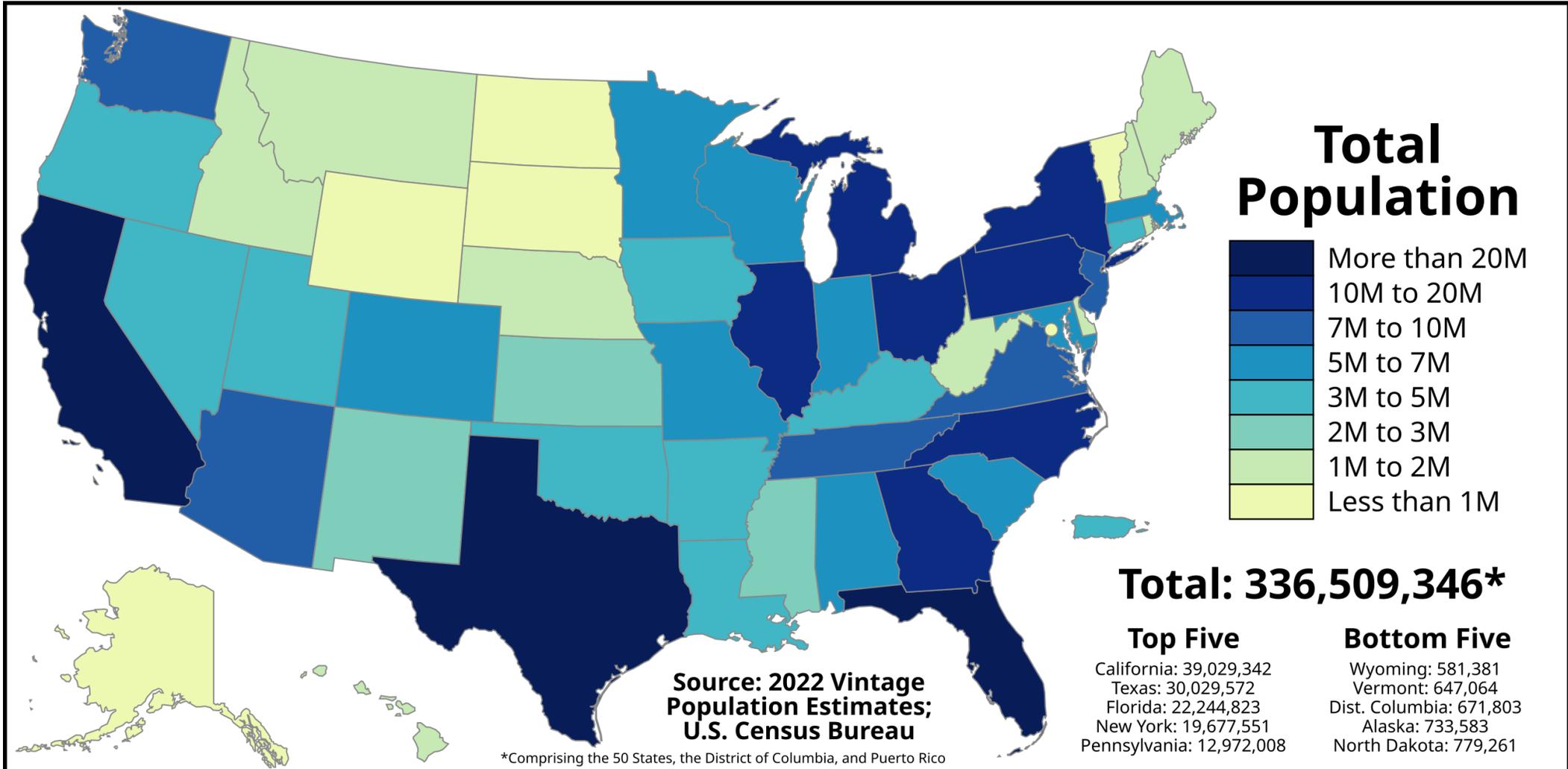
Income per person relative to the United States

Log of %



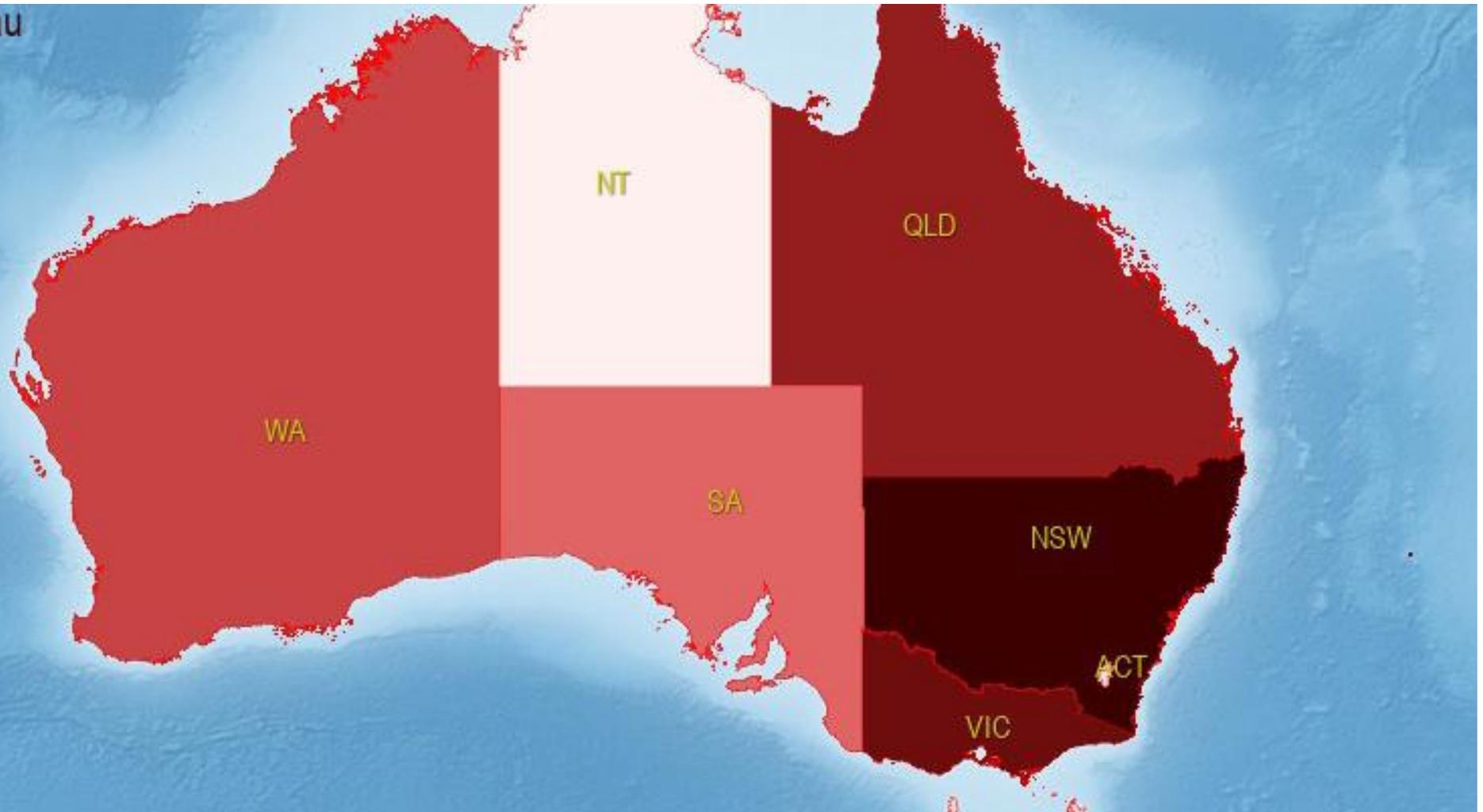
Sources: EIU; Maddison Project; World Bank



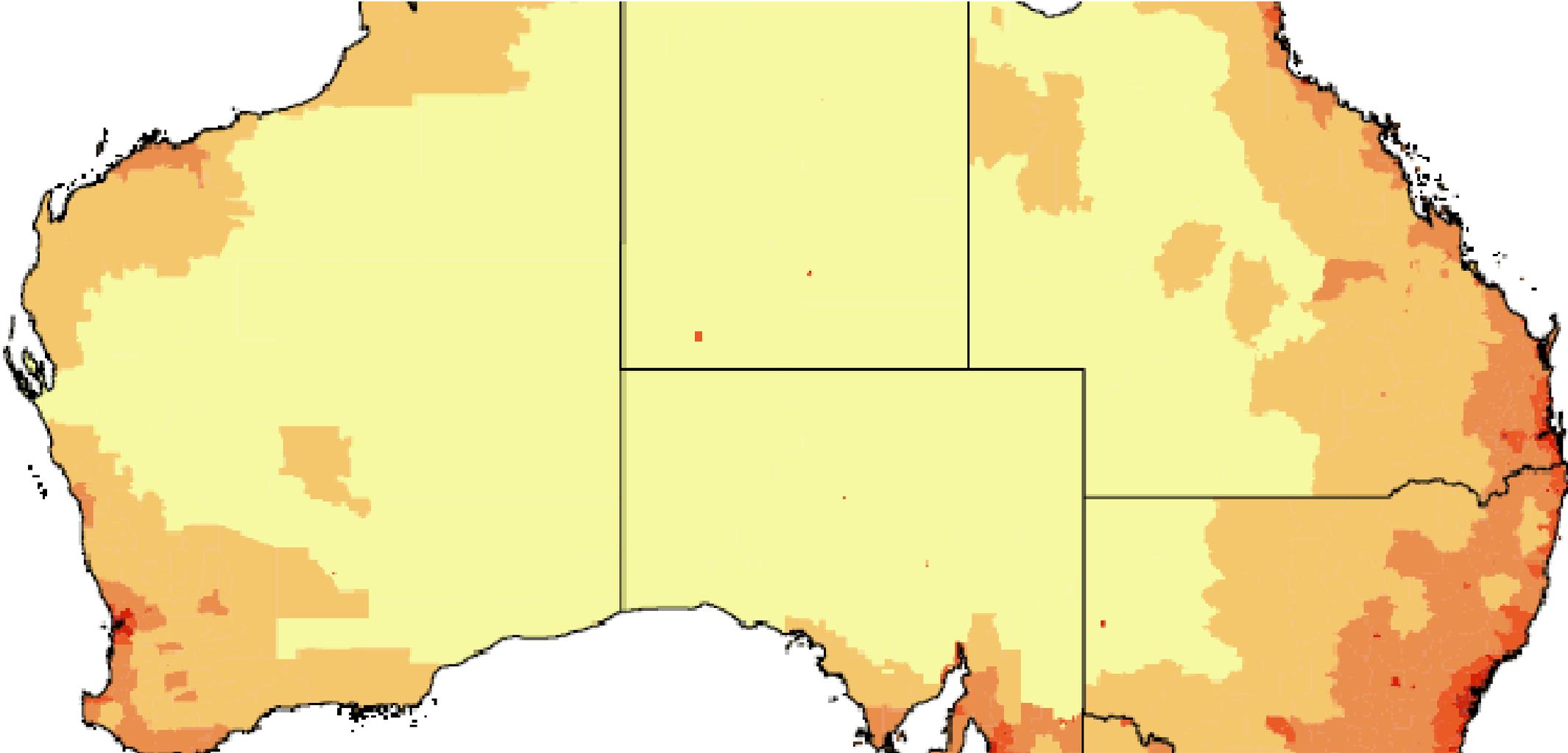


(c) population.com.au

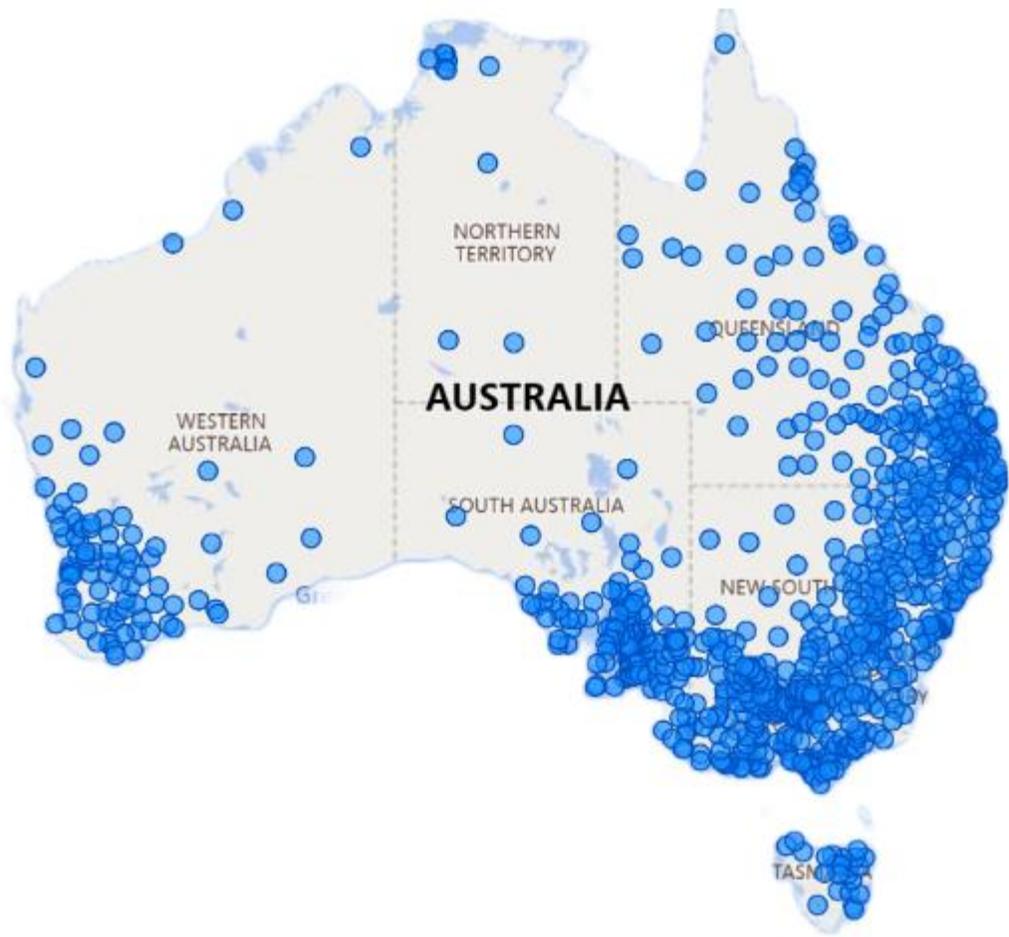
- ..247 491
- 597 993
- 948 495
- 1 298 996
- 1 649 498
- 2 000 000
- 3 172 335
- 4 344 670
- 5 517 004..
- 6 689 339..
- 7 861 674..



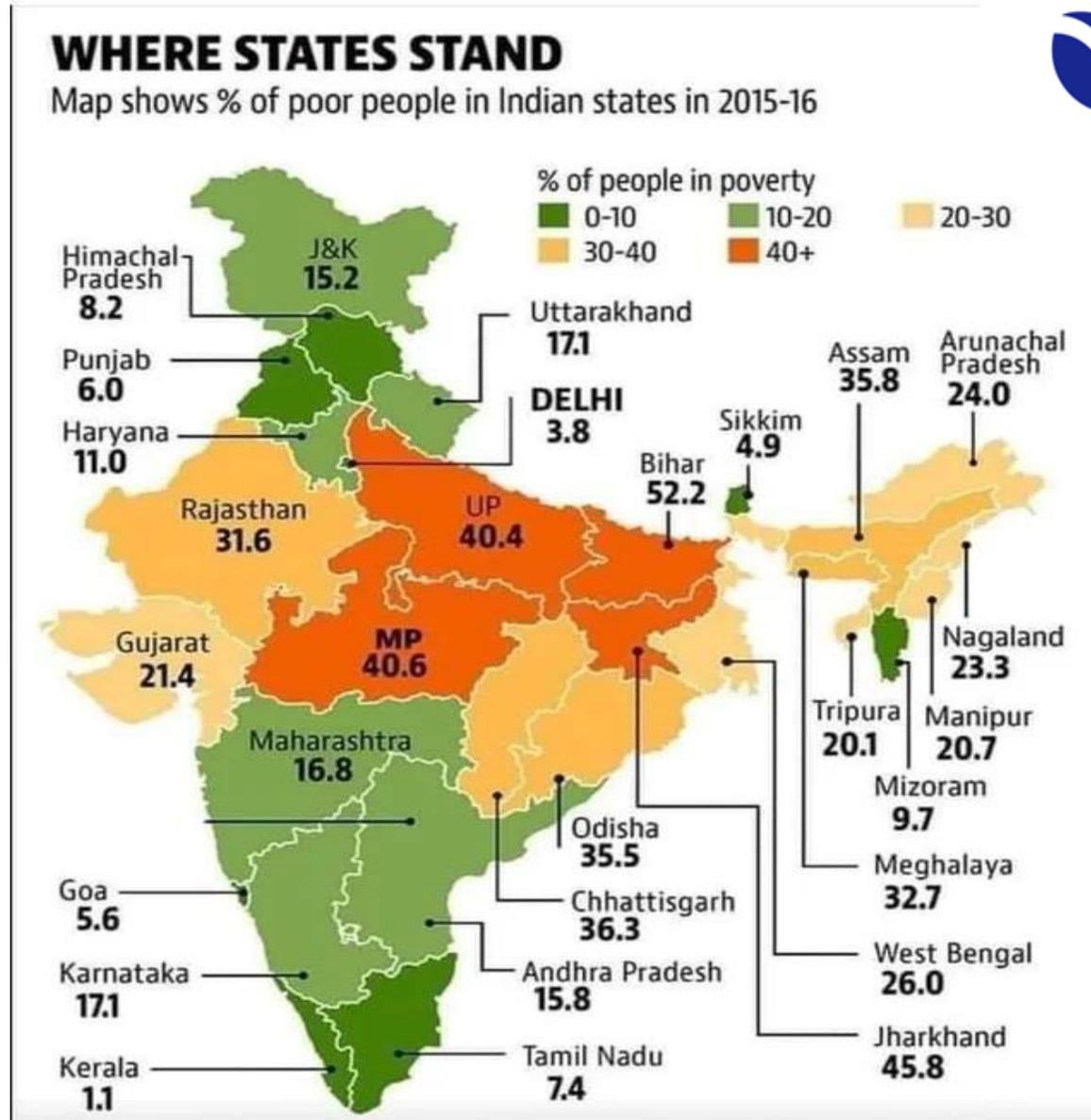
Where do most people stay



Investment destination



Poverty across Indian states



10 Most Populous Indian States

State	Population	Comparable Country
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



Food shortages



📷 Indian citizens waiting in line at a soup kitchen. Photograph: Bettmann/Bettmann Archive

Focus on Agriculture

Controls

- FERA, 1947
- Food
- Industry's share in credit disbursed by **Commercial** doubled between 1951 and 1968, from 34% to 68% whereas agriculture received less than 2% of total credit.
- FERA 1973
- Foreign ownership < 40%

■ Shortages

- Foreign exchange
- Food
- Technology

- Therefore - nationalisation

Management style shaped by concerns

Controls

- Land ceiling – ULCRA, 1976
- MRTPC, 1969
- Minimum Wages Act, 1948
- Patents Act, 1970
- Shops and Establishments Act

■ Reaction

- Expensive land
- Capital intensive
- Informal economy
- Product Vs Process
- BPO, IT

And now

- 559 foreign companies and their subsidiaries ceasing operations between 2019 and 2023.

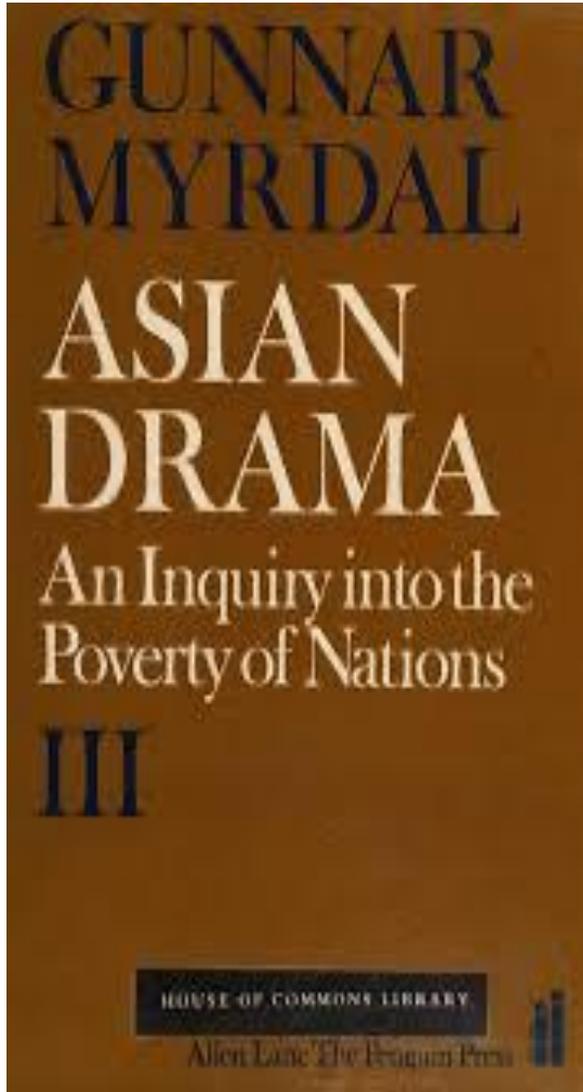
Key Reasons for Exit

- **Regulatory Uncertainty & Tax Issues**
- **Economic Factors**
- **Market Performance & Competition**
- **Pandemic & Post-Pandemic Impact:**
- **Global Portfolio Shifts**

Key Sectors Affected

- **Financial Services:** Firms such as Fidelity, Merrill Lynch, AIG, and Standard Chartered have exited the mutual fund industry.
- **Insurance:** Companies like New York Life, Aviva, and Aegon have left the sector.

Failed to foresee the Economic Miracle



- Tensions between modernization ideals and deeply rooted traditional institutions
- The **soft state** - general lack of social discipline, where laws and regulations are weak, corruption is pervasive, and government edicts rarely filter down to effectively change society
- Economic development is hindered by non-economic factors like traditional attitudes, rigid social structures (such as the caste system in India), and cultural norms. .
- Low income, poor health, and inadequate education—are interrelated and mutually reinforcing, often creating a "vicious circle"

GAMBLING ON DEVELOPMENT

WHY SOME COUNTRIES WIN
AND OTHERS LOSE



WHY NATIONS FAIL

A silhouette illustration of a city skyline with several tall buildings. In the foreground, there are several industrial smokestacks or chimneys, some with power lines connecting them. The background is a light blue sky.

DARON ACEMOGLU AND
JAMES A. ROBINSON

Why Nations Fail

- Daron Acemoglu and James A. Robinson that explores why some nations succeed while others remain trapped in poverty. Inclusive institutions—both political and economic—are the key to long-term prosperity, while extractive institutions lead to stagnation and failure.

■ Gambling on Development

- Stefan Dercon argues that a country's economic success is not determined by a specific set of policies, but by whether its elite prioritize **long-term growth** over short-term self-interest. This is a "gamble" because elites must risk their current power and immediate wealth for the uncertain, distant rewards of a more prosperous nation