

Unpacking India's Development Strategy

International Food Policy Research Institute

Prachi Mishra

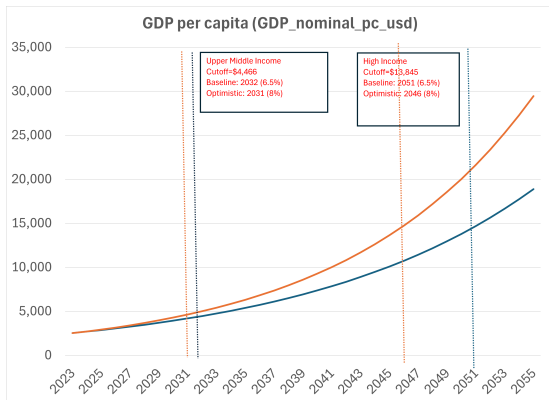
Ashoka University and Isaac Center for Public Policy

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Objectives

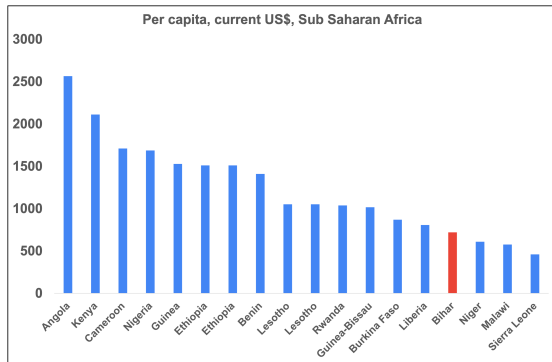
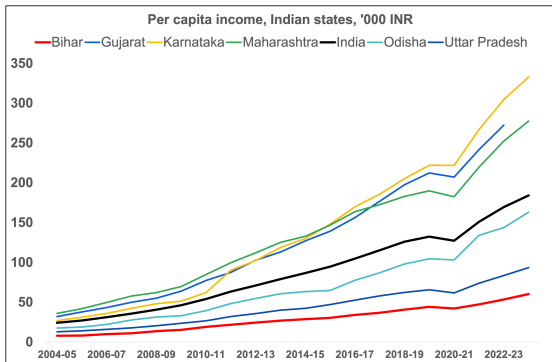
- ▶ Viksit Bharat = Developed India
- ▶ Key Indicators:
 - ▶ Per Capita Income (PCY)
 - ▶ Size of the economy
 - ▶ Beyond PCY: Broad indicators of development
 - ▶ Inclusion
 - ▶ Jobs (quantity and quality)
- ▶ Timeline
 - ▶ Ultimate goal: 2047

High-income economy by Per Capita Income

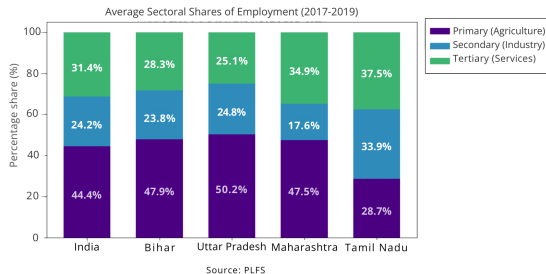
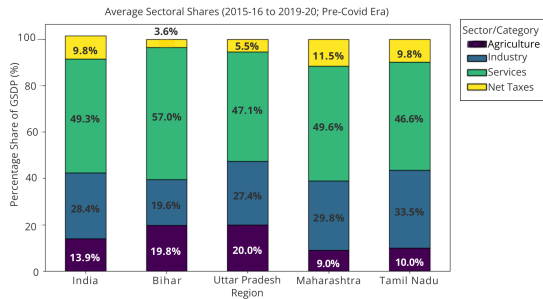


- ▶ Cutoff \$13,485, 2024, WB Atlas method
- ▶ Standardized US\$, accounting for exchange rate smoothing and inflation adjustments
- ▶ Required: Sustained growth rate of 8% in nominal GDP per capita in current US\$

Beyond Per Capita Income: Inclusion

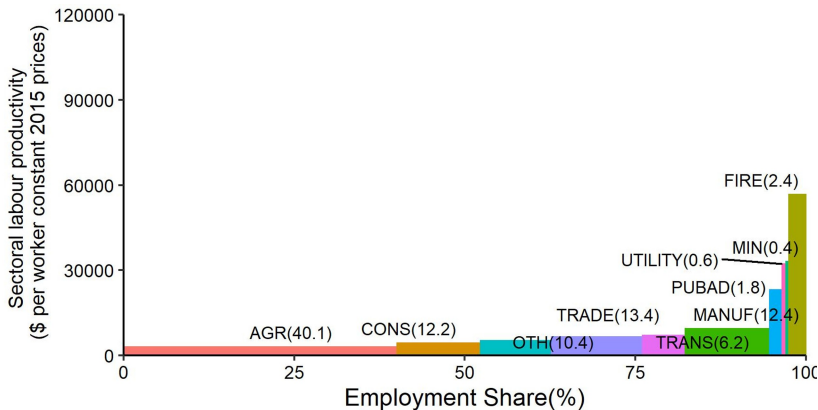


Source: Per capita Income and GDP: NITI Aayog, <https://iced.niti.gov.in/>, author's calculations.



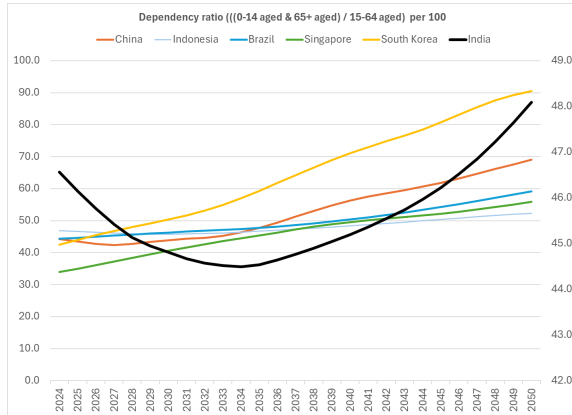
Source: MOSPI, PLFS, author's calculations.

Paradox 1. More jobs, low productivity



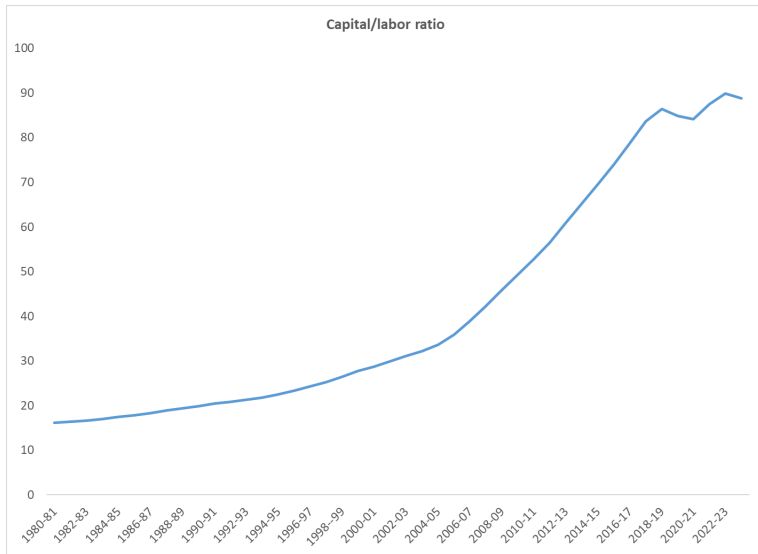
- ▶ Source: Hasan (2012), PLFS 2018-19 survey data (current weekly status) and national accounts.
- ▶ Note: Includes all types of worker (self-employed, regular wage workers, and casual wage workers)

Paradox 2. India: Labor abundant country, yet



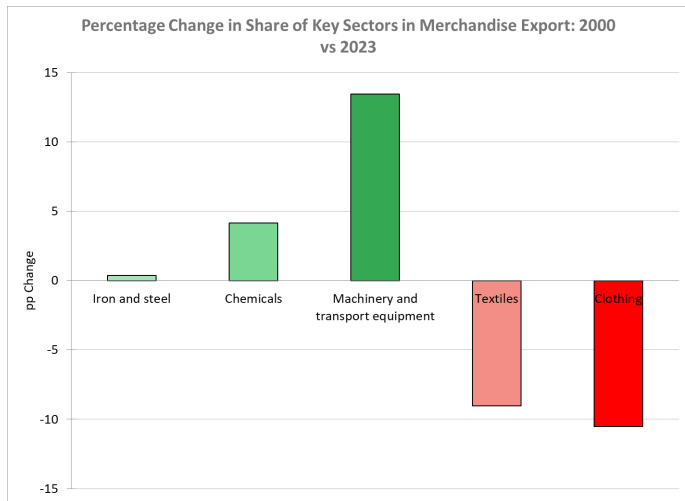
- ▶ India: Labor abundant country
- ▶ Expanding productive cohorts while AEs and EMs like China are contracting

Paradox 2: K/L increasing, at an increasing pace

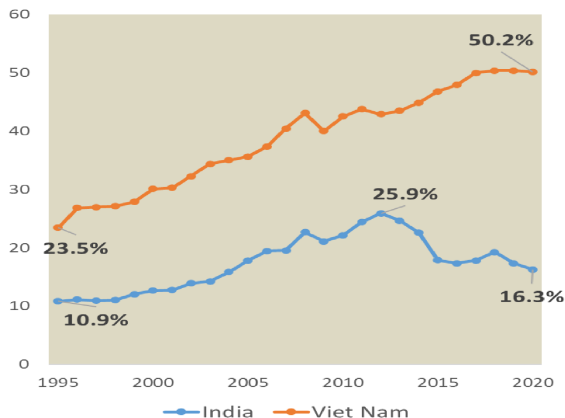


Paradox 2: Export baskets moving towards K-intensive products

Defies principle of comparative advantage



Muted global value chain integration



► BVAX (left): Foreign value-added share in gross exports

Source: C. Veeramani (2024)

How to balance external orientation with strategic industrial policy?

Role of Agri food systems

High value, agro-industrialization

- ▶ Shift from domestic market development toward emerging markets especially the untapped ones e.g. E.Europe
- ▶ Shift from value distribution to value creation

Bottom line ...

Seize two windows of opportunity for India

- ▶ Demography
- ▶ Re-alignment and re-allocation of global trade

Grow rich before growing old, at a time when global firms are re-calibrating

High value agro-industrialization key pillar of strategic industrial policy