

Is India's Rise Inevitable?

By Milan Vaishnav May/June 2023 Published on April 14, 2023

Of the many tropes that have cluttered foreign policy analysis in recent decades, few are as widespread or as enduring as the inevitability of India's rise. Built on a foundation of liberal democracy, fueled by a population of more than a billion people occupying a vast territory, and enabled by the United States' desire to find a counterbalance to an expansionist China, India has been inching toward the geopolitical spotlight. Now, a confluence of recent events has convinced some observers—and arguably India's own leadership—that its moment has finally arrived.

According to the International Monetary Fund (IMF), [India](#) is set to be the world's fastest-growing economy in 2023. Its GDP is expected to expand by 6.1 percent, well above the emerging market average of four percent and five times the pace of the industrialized world's average of 1.2 percent. Amid China's protracted slowdown, COVID-19 [missteps](#), and rising labor costs, global firms interested in relocating their manufacturing facilities, including Apple and Foxconn, are considering expanding operations in India. Any day now, India's growing population—last pegged at 1.41 billion—will surpass that of China. India's relative youth (about 40 percent of the country is under the age of 25) is seen as valuable, not just because of the potential boost it provides to economic productivity but also because of what it signals about India's latent consumer base in the coming decades. Armed with smartphones, connected to digital payment systems, and culturally predisposed to global brands such as Coke and Netflix, India's young consumers occupy pride of place in the growth forecasts of many Fortune 500 companies.

Historically, India's fractious politics have limited the country's ability to expand infrastructure, reform tax laws and financial regulations, and improve basic welfare services, but that may be changing. The Bharatiya Janata Party, led by Prime Minister [Narendra Modi](#), has won consecutive parliamentary majorities, in 2014 and 2019. The party's success, coupled with the decline of its rival Congress Party, has all but assured governmental stability for the foreseeable future. Weaker Indian governments in the past often had to balance the competing agendas of factions in ruling coalitions and onerous horse-trading that resulted in inaction and sclerosis. The BJP will almost certainly maintain power in the 2024 general elections; the only question worth debating is the size of its majority. Its strong hold over Parliament gives the party the political heft required to push through long-pending economic reforms.





Students at an outdoor lesson, New Delhi, November 2022

Adnan Abidi / Reuters

Even India's refusal to unequivocally condemn Russia's [invasion of Ukraine](#) has not damaged the country's international standing. To the contrary, Western interlocutors are convinced that the combination of Russia's Ukraine quagmire and China's flagrant aggression on the Sino-Indian border makes the time ripe to wean India off its addiction to Russian arms and consolidate its anti-China posture. This year, India will simultaneously hold the presidencies of the G-20 and the Shanghai Cooperation Organization, a Eurasian political and security group historically dominated by China and Russia—a symbolic victory for its efforts to be seen as a leading, rather than a balancing, power on the global stage.

On closer inspection, the narrative hyping India's inexorable rise appears less assured. Reckoning with India's contradictions is an exercise in cognitive dissonance. Economically, it is a mixed bag. On the one hand, India is [on track](#) to become the world's third-largest economy by the decade's end. On the other, India's services-heavy development model is hamstrung by weak job growth, premature deindustrialization, and a vast informal sector. Politically, meanwhile, India is touted as a shining democratic beacon in the Asia Pacific. But it is also one of the world's most disappointing illiberal backsliders, with growing religious majoritarianism, weakening separation of powers, and a muzzled media. Few democracies can rival the array of affirmative action measures that India's constitution affords historically disadvantaged minorities or match the diversity of its top leadership. Yet Muslims in Indian cities are increasingly ghettoized, women make up a minuscule share of the workforce, and manual scavenging—in which workers remove human excrement by hand—is a legally prohibited, yet widely observed, form of blue-collar employment.

Among this tangle of conflicting narratives is a new book by the economist Ashoka Mody that is well

positioned to become an exemplar for the glass-half-empty view of India. *India Is Broken* methodically demolishes the bumper-sticker version of India's story that CEOs and politicians conjure at glitzy international conferences such as the World Economic Forum in Davos. It takes readers on a tour of India's dark underbelly, where corruption has triumphed over compassion, and democracy exists in theory but rarely in practice. Many recent critiques of India's trajectory focus on Hindu nationalism and the rise of the BJP. But Mody goes further by connecting the failures of successive Indian governments—alternately led by the Congress, the BJP, and smaller regional parties—since independence, showing the deep roots of India's troubles.

NOT ALL THAT GLITTERS

Mody, an Indian-born economic historian at Princeton, spent decades at the World Bank and the IMF troubleshooting international economic crises. On the day Mody took U.S. citizenship, Mody's father said his son would "always be an Indian at heart." It is that intimate connection to his homeland that propels Mody's sense of outrage; he approaches his topic armed not with a scalpel intended to contour the conventional understanding of India but with a sledgehammer meant to smash it to bits.

Mody's thesis is alluringly simple: after 75 years of independence, India's democracy and economy are fundamentally broken. India may boast competitive elections—with more than 600 political parties, high voter turnouts, and the regular alternation of power—but Mody dismisses such mechanics of democracy as deficient indicators of democratic health. Instead, he notes that "weakened norms and accountability have made the rules and institutions of democracy a plaything of the privileged and powerful." Today, criminal behavior and self-dealing have almost become prerequisites for political success. Four out of ten elected members of Parliament face pending criminal cases at the time of their election; eight out of ten are *crorepatis*, a term loosely translated to mean "millionaires"; and nearly all see prolific campaign spending as a worthwhile down payment on massive future returns.

When it comes to the vaunted Indian economy, Mody avoids economists' traditional obsession with GDP and focuses instead on the availability of jobs and the level of human development. On this score, he argues that India has consistently failed to generate enough jobs to keep up with labor demand or to deliver quality public goods, such as health and education, that can equip its citizens with basic life skills. India's employment struggles, Mody posits, are as old as the republic. He puts the country's jobs shortfall in 1955 at around 25 million; in 2019, he writes, it was at least 80 million and was likely much higher after the COVID-19 pandemic. Despite tangible gains on poverty, India has not achieved commensurate progress on key standard of living metrics. Malnutrition remains stubbornly high even in better-off regions of the country: in the economically dynamic southern state of Tamil Nadu, 30 percent of young people are malnourished—ten percentage points higher than the number in Vietnam, despite similar levels of per capita income.

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In his lament for India's [broken economy and democracy](#), Mody spares no one blame. He acknowledges that India's inaugural prime minister, Jawaharlal Nehru, was a "beloved leader" who "did not seek personal gain or prestige," but he eviscerates Nehru for putting "all his chips on heavy industrialization, a strategy that fared poorly in employing the large numbers who wanted jobs." Nehru's daughter and eventual political successor, Indira Gandhi, "established herself as a cynical, slogan-peddling politician intent on holding onto power." Lacking any coherent economic or political ideology, "she saw preservation of her power as her main goal." Modi, India's current prime minister, may be a darling of the international community, but he is a "folk hero" for Hindutva—the BJP's guiding ideology of Hindu nationalism—whose economic credentials were built not on promoting entrepreneurship but on "subsidizing favored industrialists." Mody's glum assessment leads him to see parallels between India today and "the Hindu-Muslim divide and egregious economic inequalities" of the torturous years leading up to the bloody partition of the subcontinent in 1947. If this is India's moment in the spotlight, it could be for all the wrong reasons.

When taking aim at India's flawed development model, there are plenty of targets to choose from. Federalism, weak state capacity, and the interventions of accountability institutions in New Delhi, including the Central Vigilance Commission (an anticorruption agency) and the Comptroller and Auditor General (which scrutinizes government expenditure), have all thrown sand in the gears of India's growth. Mody places the blame elsewhere, arguing that India's underperformance is about ideas, not interests or institutions. His indictment of the Indian political elite's intellectual bankruptcy is premised on two charges: Indian leaders have never committed to a market-based economy or maintained a core conviction about the need to provide citizens with basic public goods.

DOOMED FROM THE START

In Mody's account, Nehru's flawed economic beliefs were the original sin that set India on a trajectory of jobless growth. Critics have long castigated Nehru for unabashedly propagating Fabian socialism, an ideology that marries a suspicion of markets with an embrace of state-led heavy industry. Nehru hoped this economic model would catalyze investment and self-sufficient growth in a newly decolonized India. Mody departs from this received wisdom, arguing that "whether [Nehru] was inspired by Fabian socialism, [Soviet](#) ideology, or his own professed commitment to equality and fairness, he practiced none of them." In fact, Nehru was a disciple of the "big push" industrialization strategy popularized by the economist Paul Rosenstein-Rodan and modernization theorists such as Walt Rostow. As Nehru put it, he believed Indian industry would be "self-feeding, self-propelling, self-developing."

Mody writes that by stubbornly committing to such a development model, Nehru missed a golden opportunity to mimic [Japan](#)'s success under the Meiji restoration, which was premised on a mutually reinforcing cycle of high-quality education, investments in agricultural productivity and domestic

manufacturing, and the aggressive pursuit of exporting to foreign markets. Nehru, he writes, was too mesmerized by his effort to build massive steel plants, power stations, and dams—what the prime minister famously called the “temples of modern India”—to get his hands dirty negotiating the complex bureaucratic politics of funding and sustaining primary education.



A market in New Delhi, February 2023

Anushree Fadnavis / Reuters

The oligopolistic industrial structure, import controls, and onerous business licensing regime that Nehru built proved too politically tempting for his daughter, Indira Gandhi, to do away with. Under her reign, this “license raj” flourished, private entrepreneurship was stifled, and public goods were an afterthought. When asked about India’s developmental infirmities, Gandhi replied with a famous quip: “I don’t know how important literacy is. What has it done for the West?”

Only the prospect of sovereign bankruptcy in 1991 pushed India to open its economy and embrace significant liberalizing reforms, a transformational event whose importance Mody surprisingly downplays. In Mody’s telling, liberalization involved only the most grudging steps toward promoting a market economy, resulting in “the narrowest and most cynical economic growth strategy.” As for the historic reductions in poverty that India’s post-1991 growth surge helped bring about, Mody argues that lifting millions of citizens just above a meager poverty line of \$1.90 a day is simply “wishing away the country’s poverty.”

Three decades after India’s economic opening, Mody sees no signs of an ideological commitment to markets or the fundamentals of human development. The “Gujarat model”—which entails the

aggressive use of tax, land, and loan incentives to attract large corporate investment—that Modi (and the media) touted as he catapulted from provincial politician to the highest elected office in the land is “marauding development on steroids.” Even the record investments Modi’s government has made in the public distribution of private goods, such as toilets, gas cylinders, and electricity connections, have done little to impress the author; for him, they are symbolic amenities that help win elections rather than sustainable fixes to India’s human development travails.

ANGER MANAGEMENT

Mody’s critique of Indian democracy is harder to pin down. But his basic argument seems to be that charismatic Indian politicians have papered over India’s twin crises of lack of jobs and poor human development with a mix of populism, clientelism, and identity politics. Nehru may have worked tirelessly to foster a democratic ethos in newly independent India, but his economic failures triggered widespread anxiety and social protest. As long as Nehru was in power, Indian institutions held firm. But under a populist such as Indira Gandhi, economic and political turmoil were used as a pretext to undermine democratic institutions. In 1975, Gandhi ushered in a nearly two-year period of emergency rule in which elections were put on ice and basic civil liberties suspended. Gandhi’s role in India’s democratic decay was pivotal, in Mody’s view, because she willfully eroded democratic norms. “For when norms break,” Mody writes, “democracy goes into a ‘death spiral.’”

Although India’s descent into overt [autocratic](#) rule would prove short-lived, corruption and institutional subversion became the new normal. Economic anxiety provided plentiful oxygen for toxic identity politics, especially along religious lines. According to Mody, India’s “angry young men” have taken on many forms—from proponents of the chauvinist politics of the nativist Shiv Sena party to the mobs that in 1992 razed the Babri Masjid, a centuries-old mosque that Hindu nationalists claimed sat on sacred grounds, to the foot soldiers of the Hindutva movement, who have set their sights on fighting imaginary demons such as “love jihad,” a conspiracy theory claiming that Muslim men are seducing Hindu women to convert them to Islam. In this regard, Mody offers little sympathy for India’s secular politicians, whose commitment to liberal ideals was, in his view, skin-deep and who pandered to religious interests in the name of political expediency.

How might India escape from this path? Mody is silent on detailed policy prescriptions, instead advocating for broad reform principles. India must deepen democracy by promoting greater decentralization to municipal and village governments, where local citizens can more easily hold their leaders accountable. In addition, he calls for harnessing the power of civil society to build “civic communities” that can foster norms of equality, tolerance, and shared progress. Here, he finds inspiration in the work of the Harvard political scientist Robert Putnam who emphasizes the democratic role of civic associations, nonprofits, professional organizations, and mutual aid societies. Techno-evangelists tout the ability of big data, artificial intelligence, and smartphones to improve

welfare delivery, but Mody is not entirely sold. Technology can help, but it is no substitute for fiscal resources, social action, and human capital.

DOING ITS BEST

Mody is a gifted writer, and *India Is Broken* is the rare book that distills India's complex political economy into digestible bites. But that is also the book's great weakness. Mody's account is powered by simple binaries that do not always stand up to scrutiny.

Mody makes it clear that India's populace would have been better served had its leaders pursued the export-led, labor-intensive manufacturing model popularized by India's East Asian neighbors. But there is one key difference: the successful East Asian "tigers" were all autocracies when they embarked on their new model, which allowed them to repress labor, enact sweeping land reform, and keep civil society in check. If anything, India's growth as a democracy looks even more impressive in hindsight; as the economists Rohit Lamba and Arvind Subramanian have pointed out, since 1950, India has been the only continuous democracy (other than perhaps Botswana) to maintain an average GDP growth rate between three and 4.5 percent for nearly four decades (which India has done since its growth takeoff in 1980).

Mody's critique of India's woeful human development record is more compelling, but here, too, his anger is misplaced. Under the Indian constitution, important public services such as law and order, public health, sanitation, and water are all the responsibilities of India's state governments, not central authorities. New Delhi provides broad policy guidance and financial resources, but states are ultimately responsible for implementation. It is an open secret that most Indian states are hardly paragons of virtue; they are hotbeds of illiberalism, parochialism, and patronage politics. If anything, what is happening today at the national level is the scaling up of a model that was first perfected in India's state capitals.

Furthermore, Mody's dismissal of India's developmental gains in the three decades since liberalization comes across as churlish. Decades ago, demographers sounded the alarm about India's impending "population bomb." Yet fertility has declined dramatically and has now dipped just below replacement levels, an unsung success in family planning. Women are seriously underrepresented in the labor force—an unsightly blight on India's economic model—but they now turn out to vote in larger numbers than men in most state-level elections, and India's long-standing male-heavy sex ratio has finally begun to rebalance. Mody may criticize the current government's gambit to ramp up the distribution of private welfare amenities as a cynical vote-catching ploy, but research from peer countries finds that access to clean cooking fuel, electricity connections, and piped water can greatly improve job prospects, health standards, and gender norms inside the household. Surely, these basic amenities are requisites for building a country's industrial base.

These shortcomings aside, *India Is Broken* is a useful corrective to the glib, one-sided conversation about India often encountered in think tanks and corporate boardrooms. In laying bare the inherent frailties of the Indian model, Mody also sends a message to Western policymakers who have made big bets on India's ability to be an economic, political, and strategic bulwark against China and other authoritarian states. India may be touted as the "next big thing," but as with any marketing campaign, one would be well advised to read the fine print.