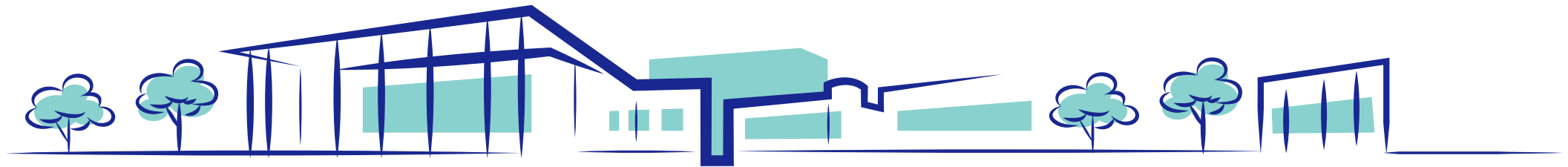


MES FC Dec 2025

**Amir Ullah Khan**

24 December 2025





## Table of Contents

- Linking Macro & Micro: Understand how institutional stability shapes growth
- Policy & Strategy Nexus: Learn how governance and institutional frameworks influence business outcomes.
- Leadership Lens: Explore how business leaders can align strategy with both global market trends and institutional realities.

# Learning Objectives/ Session Plan

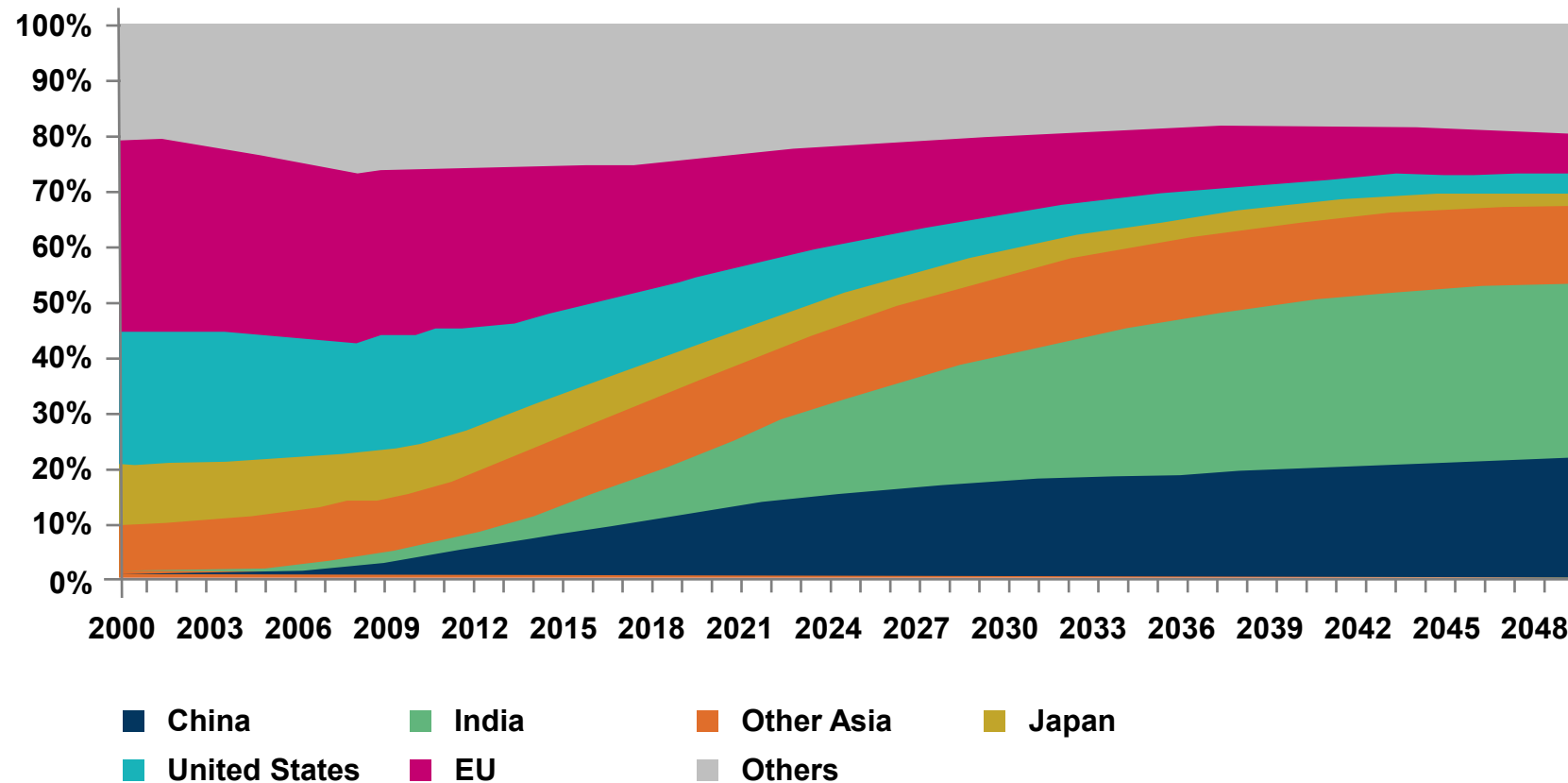


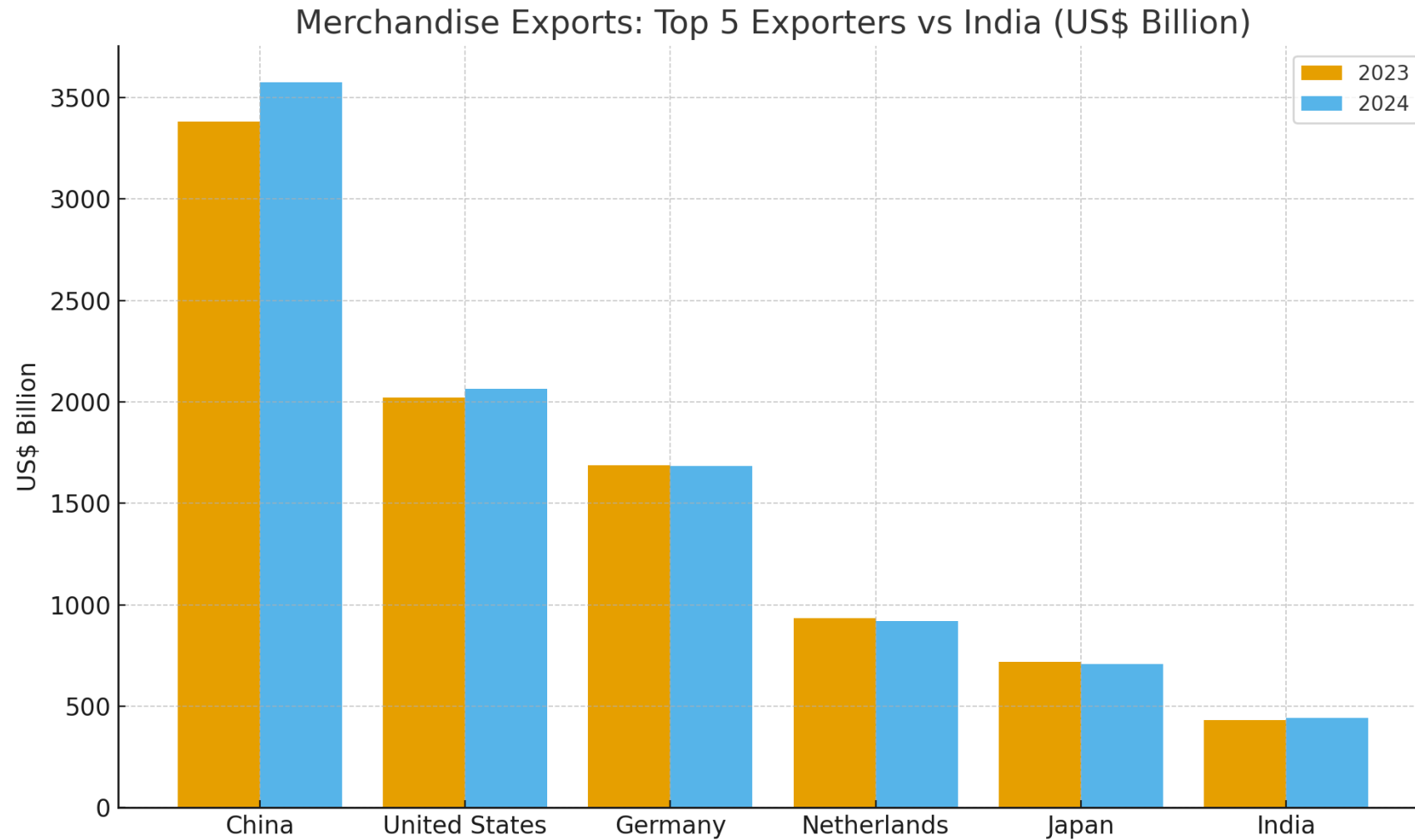
- *To unravel the complex nature of Global economic transitions and develop a strategy for the local context*

# Why is India important?

Middle Class market - Brookings' projection

 Shares of Global Middle Class Consumption, 2000-2050



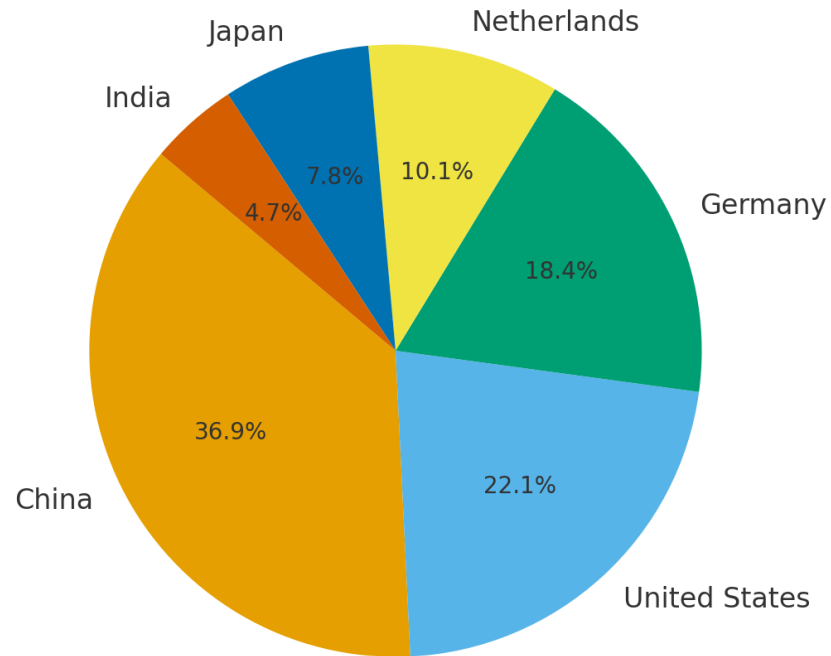


*\*Sources: WTO, Global Trade Outlook and Statistics – April 2024 (Appendix Table 1, 2023) & WTO, Global Trade Outlook and Statistics – April 2025 (Appendix Table 1, 2024).*

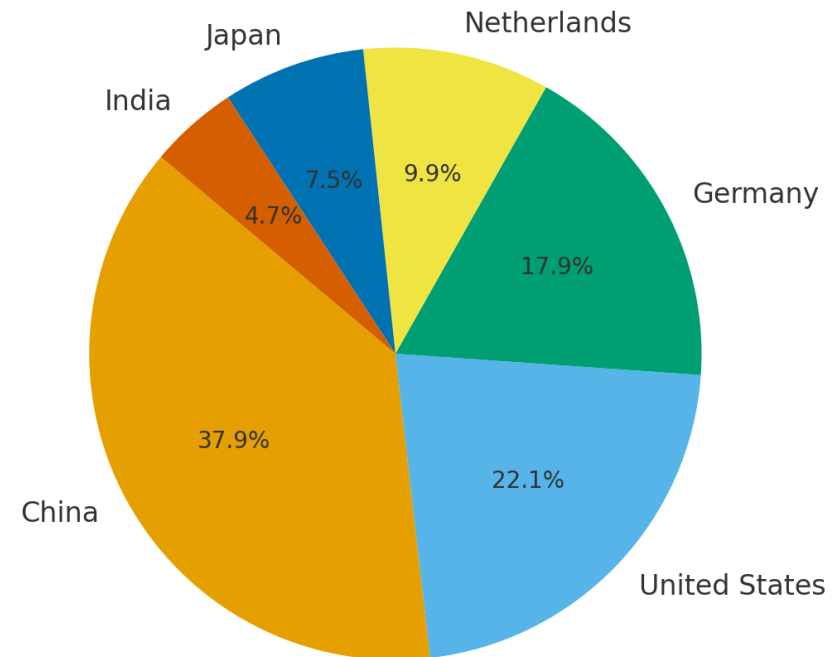
**YoY change in 2024 (vs 2023): China +6%, USA +2%, Germany –1%, Netherlands –2%, Japan –1%, India +3%**

## Share in World Merchandise Exports – 2023 vs 2024 (Top 5 + India)

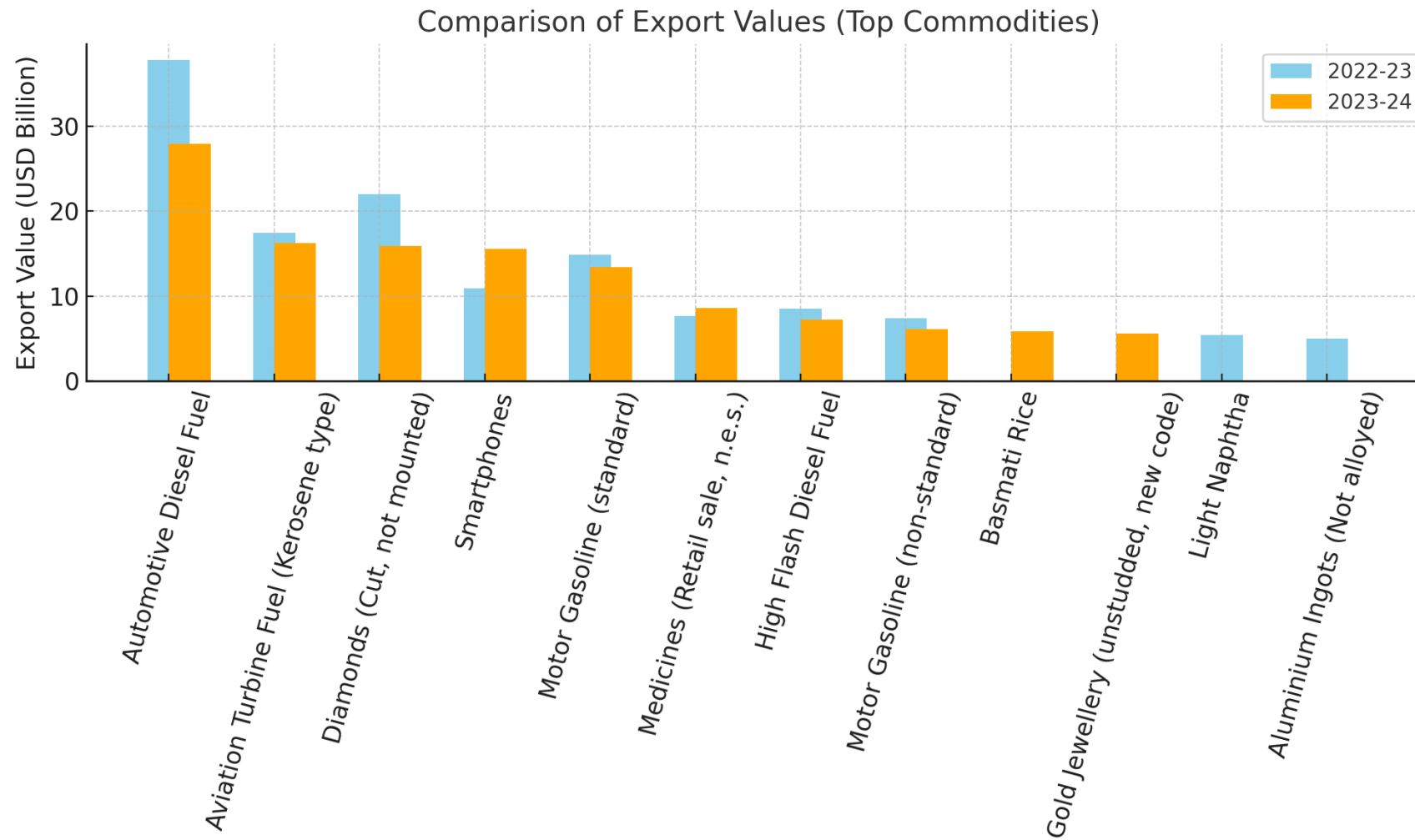
Share in World Merchandise Exports – 2023



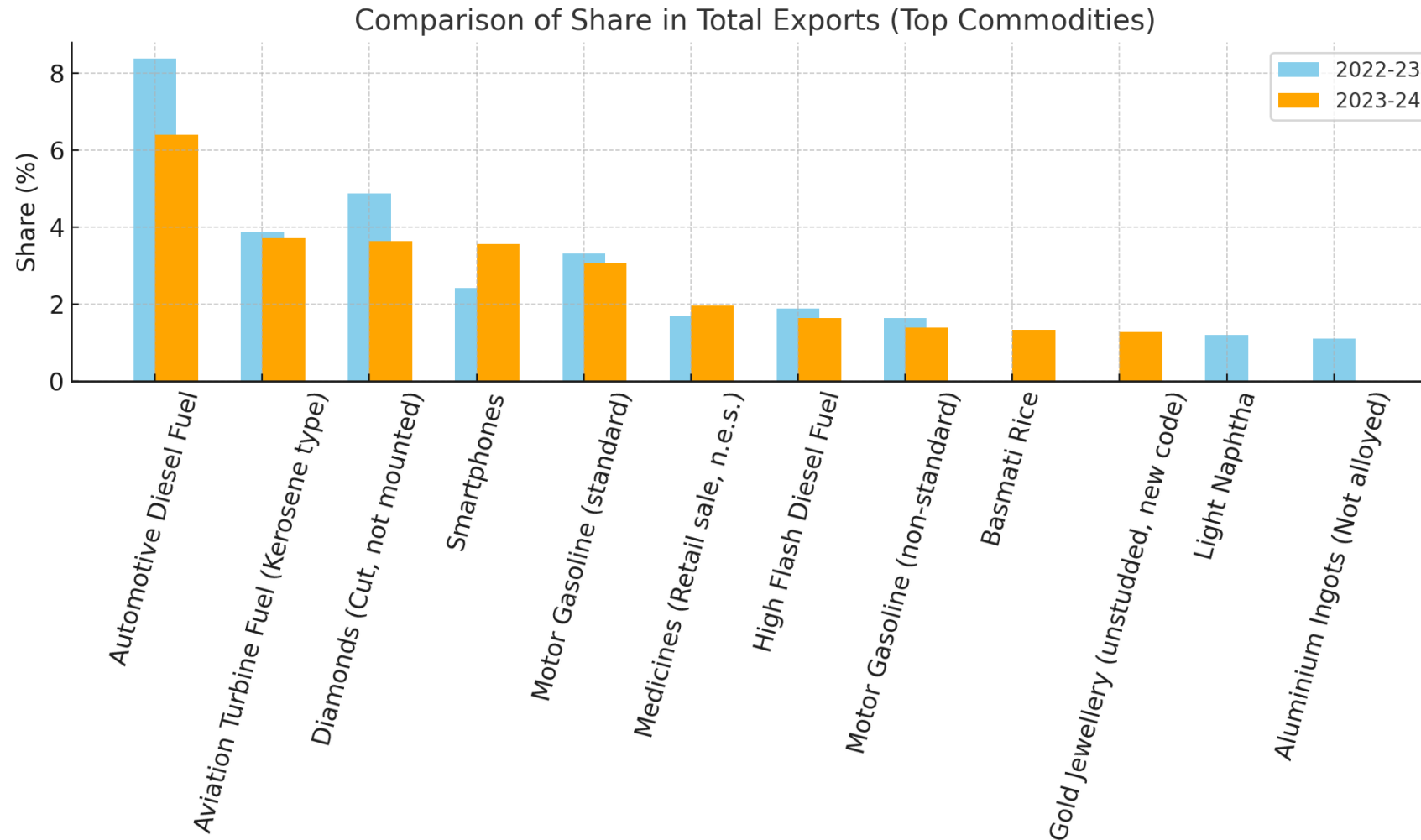
Share in World Merchandise Exports – 2024



*\*Sources: WTO, Global Trade Outlook and Statistics – April 2024 (Appendix Table 1, 2023) & WTO, Global Trade Outlook and Statistics – April 2025 (Appendix Table 1, 2024).*



\*Source: DGCI&S, 'FIVE-YEAR SHORT REVIEW OF INDIA'S MERCHANDISE EXPORTS AT 8-DIGIT COMMODITY CLASSIFICATION LEVEL (2019-20 to 2023-24)'



\*Source: DGCI&S, 'FIVE-YEAR SHORT REVIEW OF INDIA'S MERCHANDISE EXPORTS AT 8-DIGIT COMMODITY CLASSIFICATION LEVEL (2019-20 to 2023-24)'



## Exchange rate

$$S = \frac{P_1}{P_2}$$

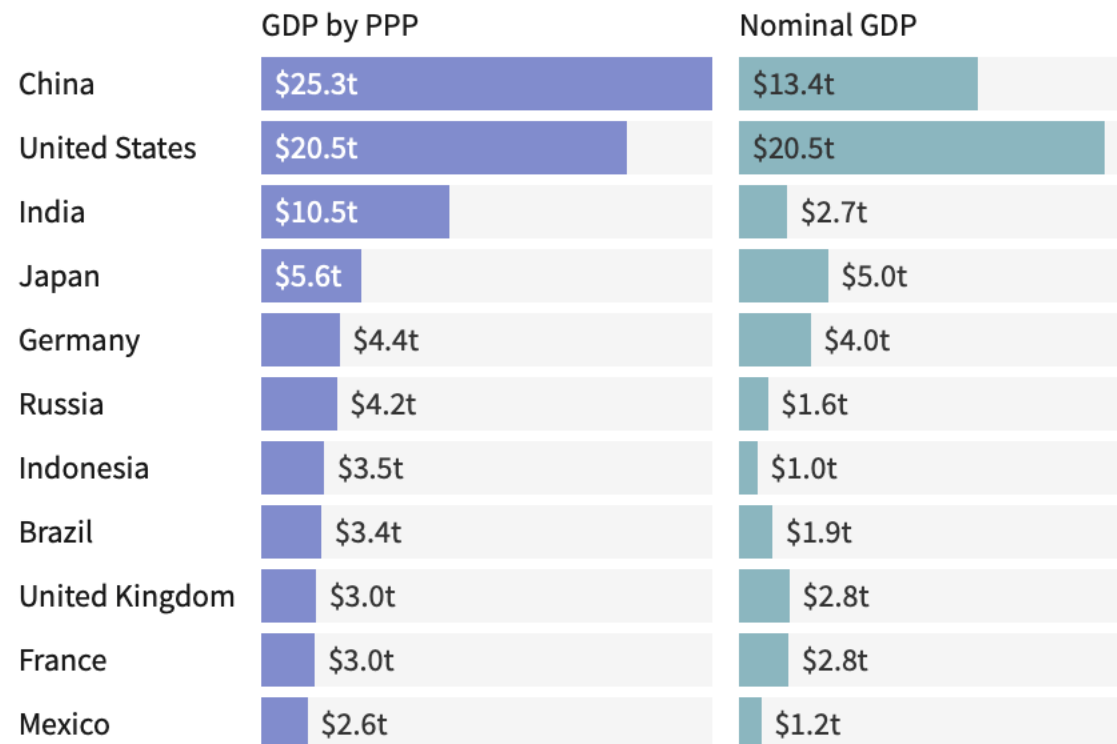
**where:**

$S$  = Exchange rate of currency 1 to currency 2

$P_1$  = Cost of good  $X$  in currency 1

$P_2$  = Cost of good  $X$  in currency 2

## ■ PPP Vs Nominal GDP



Source: [International Monetary Fund](#)

■ 2024

■ 2025

(Y-o-Y in %)

World



United States



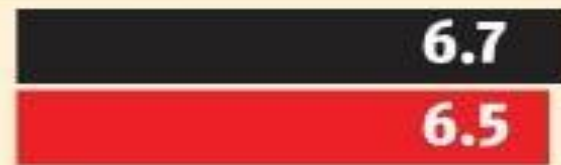
Japan



UK



India\*



China



\*Figures for India are for FY24 and FY25, respectively

Source: IMF

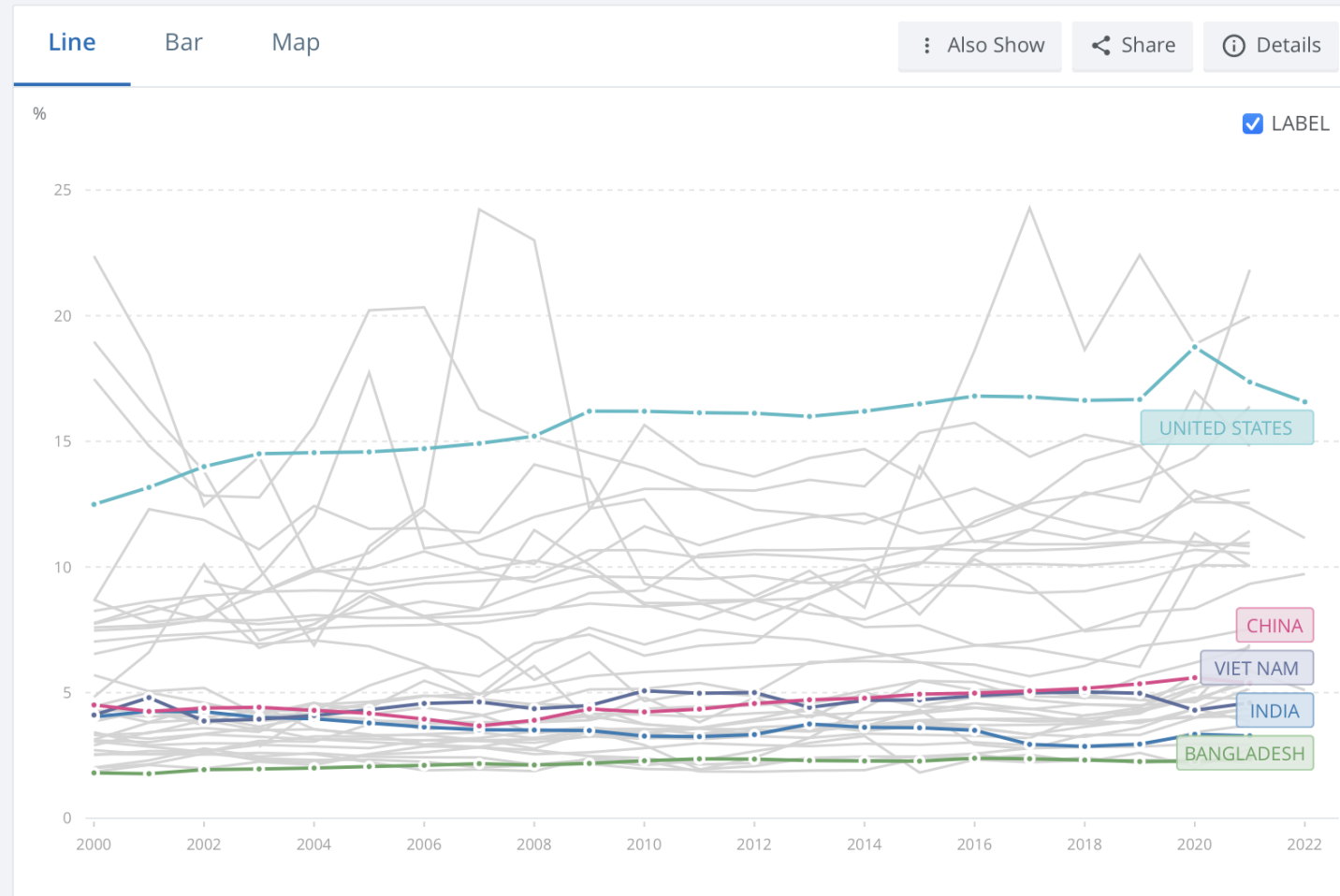
# Health Outcomes

	Infant Mortality (per 1000)	Life Expectancy (at birth)	Healthy Life Expectancy	Stunting (percent)
	2019 (1970)	2018 (1960)	2016 (2000)	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](https://apps.who.int/nha/database) ). The data was retrieved on April 15, 2024.

License : CC BY-4.0 [i](#)

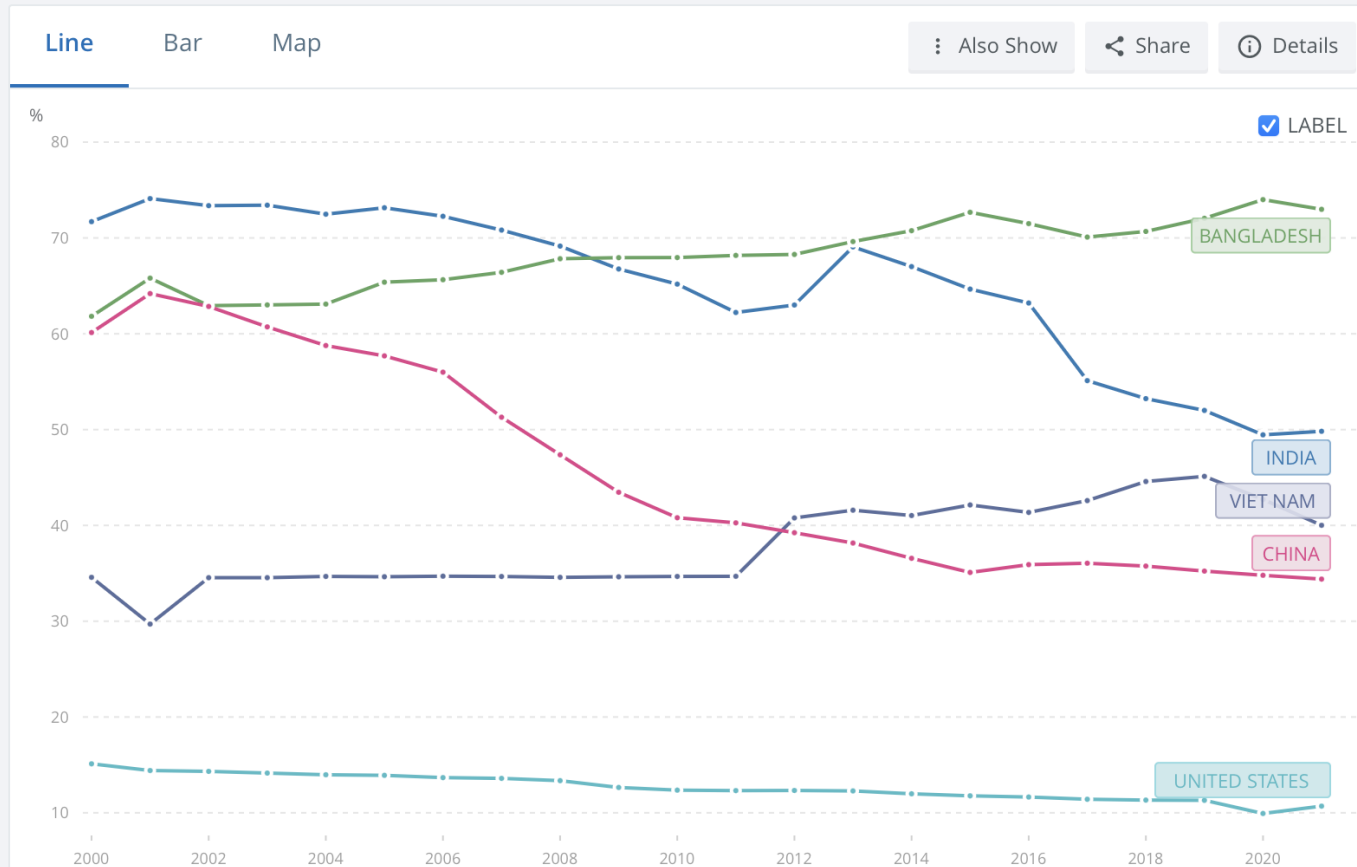


<https://data.worldbank.org/indicator/SH.XPD.CHEX.GD.ZS?locations=IN-BD-VN-CN-US>

## 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](https://apps.who.int/nha/database) ). The data was retrieved on April 15, 2024.

License : CC BY-4.0 



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













# SDG



# The WEF Global Risks

## Risk categories

- Economic
- Environmental
- Geopolitical
- Societal
- Technological

## 2 years

- 1<sup>st</sup> Misinformation and disinformation
- 2<sup>nd</sup> Extreme weather events
- 3<sup>rd</sup> State-based armed conflict
- 4<sup>th</sup> Societal polarization
- 5<sup>th</sup> Cyber espionage and warfare
- 6<sup>th</sup> Pollution
- 7<sup>th</sup> Inequality
- 8<sup>th</sup> Involuntary migration or displacement
- 9<sup>th</sup> Geoeconomic confrontation
- 10<sup>th</sup> Erosion of human rights and/or civic freedoms

# The WEF Global Risks

“These are all conditions that will help authoritarian regimes consolidate their power and may lead to democratic regimes taking on more authoritarian characteristics.”

**Global Risks Report, 2025**

## 10 years

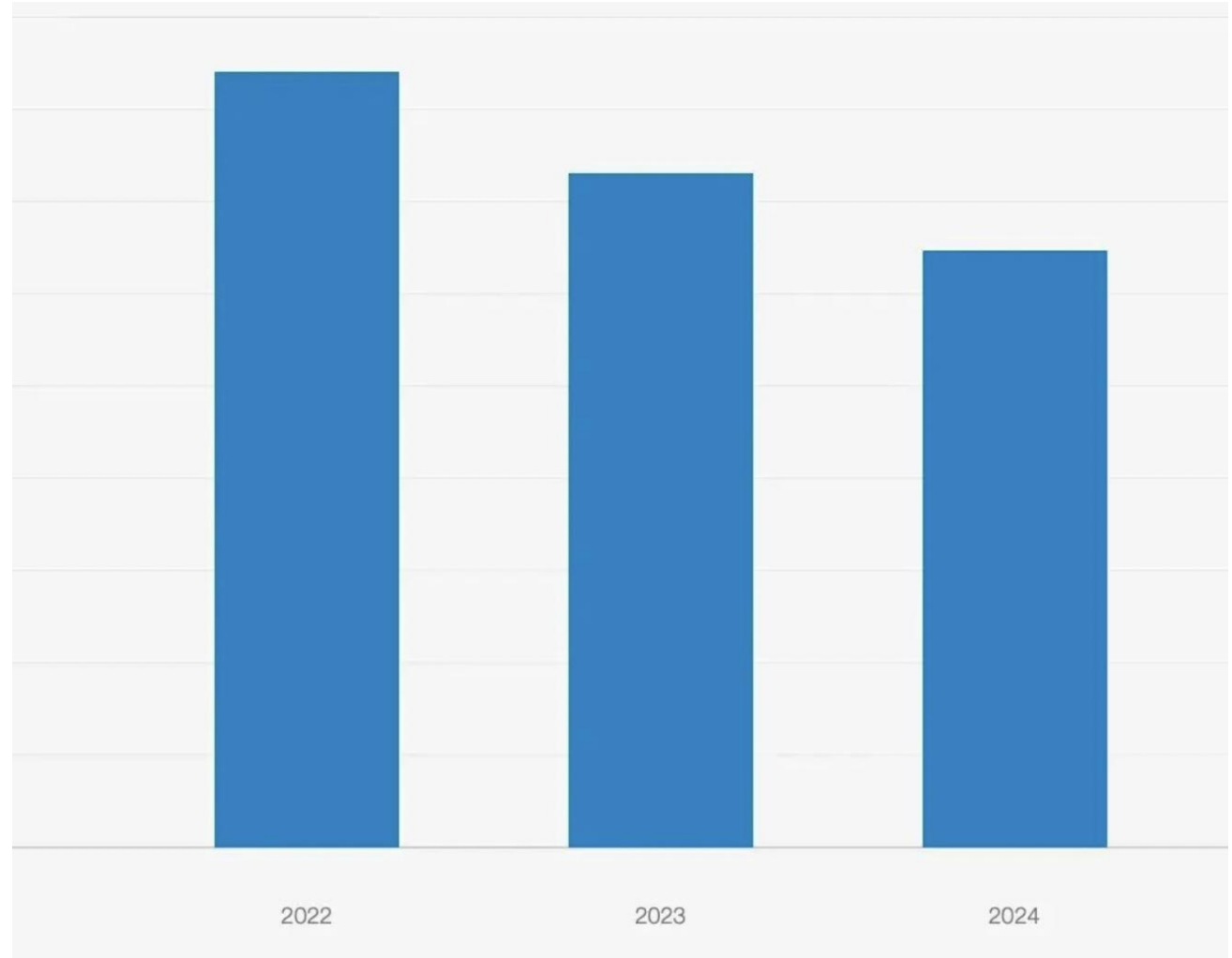


# Development aid Vs War spending

“World military expenditure increased for the ninth consecutive year in 2023, now at \$2.4 trillion, with 2023 seeing a steep rise over 2022.

At the same time, there is a declining investment in humanitarian aid

The UN peacekeeping operations reduced from 100,000 peacekeepers in 2016 to 68,000 in 2024.



# Risk perception

## Civil society



## Academia



## Private sector





# Risk perception continued

## Optimism

“The future is not fixed. A multiplicity of different futures is conceivable over the next decade. Although this drives uncertainty in the short term, it also allows room for hope.

Alongside global risks lie unique opportunities to rebuild trust, optimism and resilience in our institutions and societies.”

## Multilateral institutions



## Government



# Economic reasoning



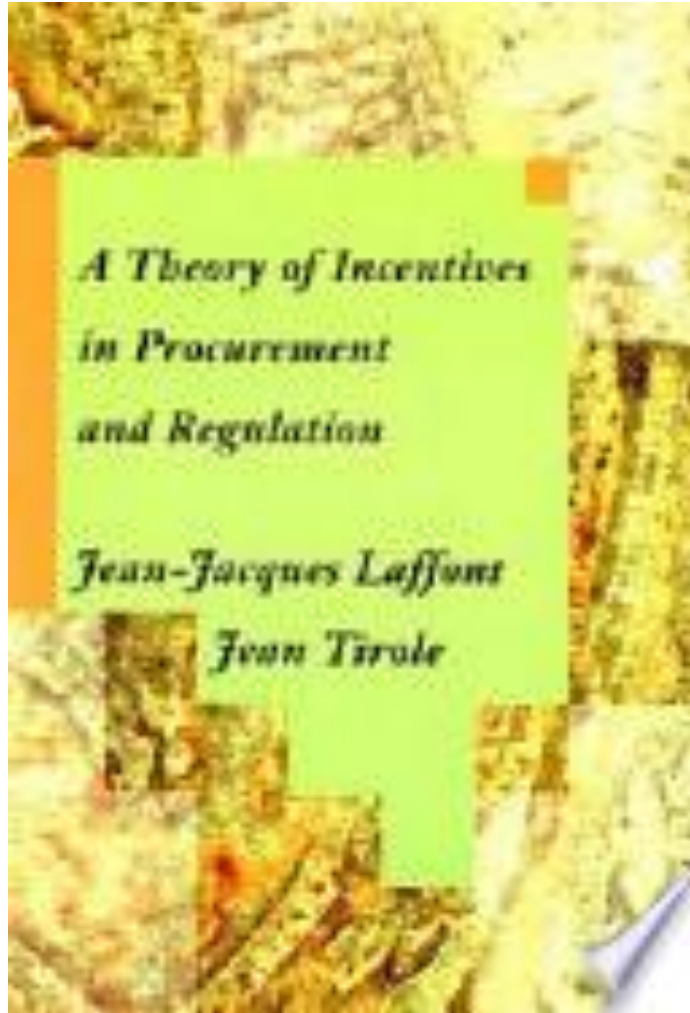
1. Examples from France
2. Digitisation and the future of work
3. Regulating property rights over data
4. AI and ML that allow platforms to break up production into simple tasks and to discriminate among customers via surge pricing
5. How does the drift to a superstar economy—in which a small group of 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 a 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.**







- **Rethinking regulation in imperfect markets:** The consequences of 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

# 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

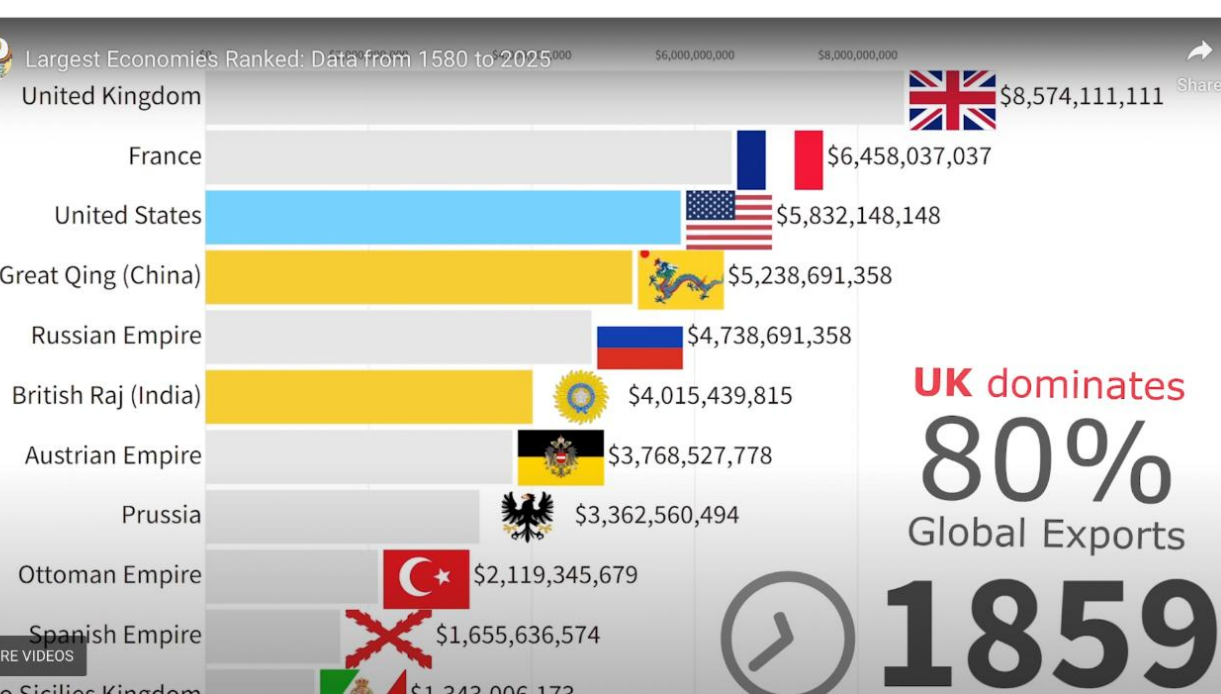
# Today

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

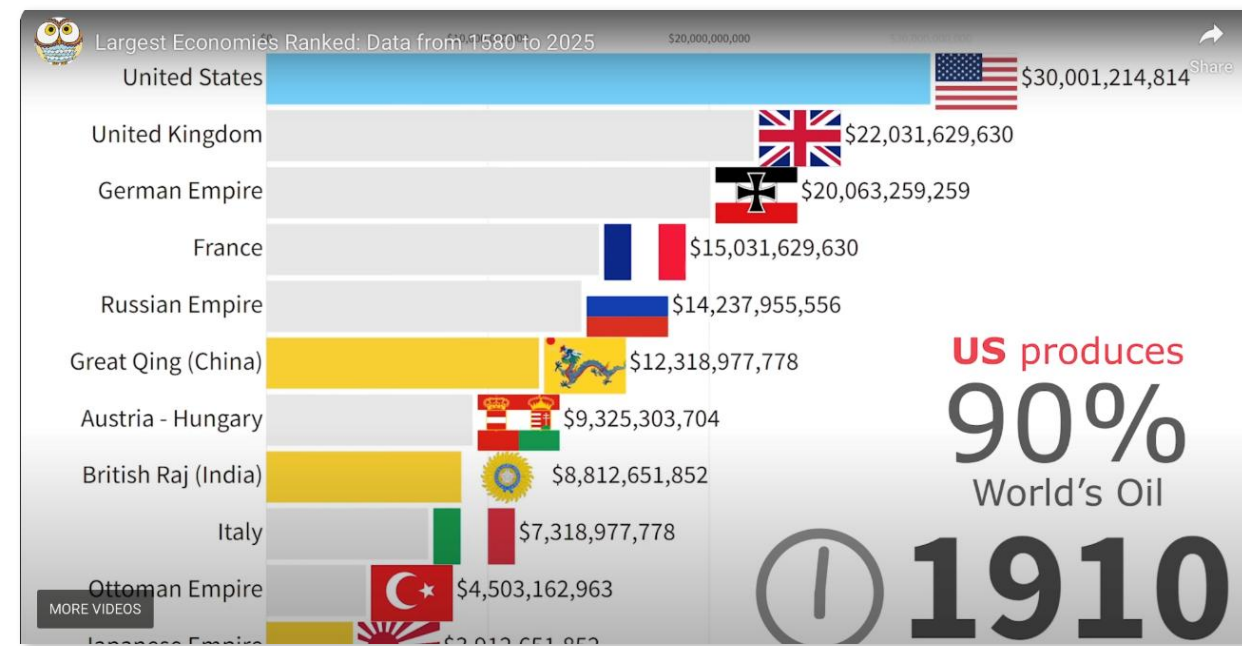
# 1640



## The 19<sup>th</sup> century



## The 20<sup>th</sup>



# 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

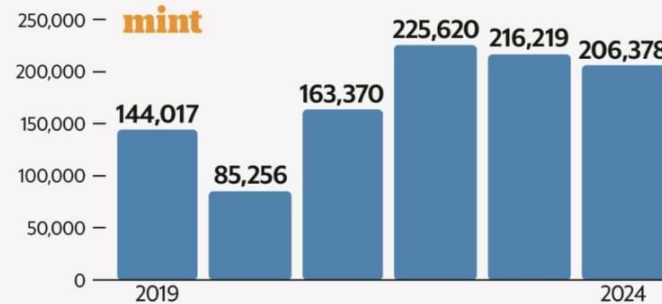
Rank & Country	GDP (USD)	2025 Projected Real GDP (% Change)	GDP Per Capita (Prices) (USD)
#1 United States (U.S)	\$30.51 trillion	1.8%	\$89.11 thousand
#2 China	\$19.23 trillion	4.0%	\$13.69 thousand
#3 Germany	\$4.74 trillion	-0.1%	\$55.91 thousand
#4 India	\$4.19 trillion	6.2%	\$2.88 thousand
#5 Japan	\$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

# What is a good society?



## Fleeing Indians

Number of Indians who renounced their citizenship



Source: External affairs ministry, Parliament answers

**THE NUMBER** of Indians giving up their citizenship has declined over the past two years, though it remains above the 200,000 mark annually. Between 2019 and 2024, more than a million Indians renounced their citizenship, data from the external affairs ministry shows.



98

215

5.1K



Post your reply



# GAMBLING ON DEVELOPMENT

WHY SOME COUNTRIES WIN  
AND OTHERS LOSE



# WHY NATIONS FAIL



DARON ACEMOGLU AND  
JAMES A. ROBINSON



**ISB**

Executive  
Education

"Gambling on Development" is a book by Stefar Dercon that explores why some countries succeed 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.



## A culture of growth

- The Nobel Memorial Prize in Economic Sciences to
  - Joel Mokyr of Northwestern University;
  - Philippe Aghion of Collège de France, INSEAD and the London School of Economics; and
  - Peter Howitt of Brown University
  
- for their work on how innovation drives economic growth.

## WHAT MATTERS

Research that explains the relationship between technological progress and sustained economic growth that has improved living standards, health and quality of life for people around the world.



# Restrained growth

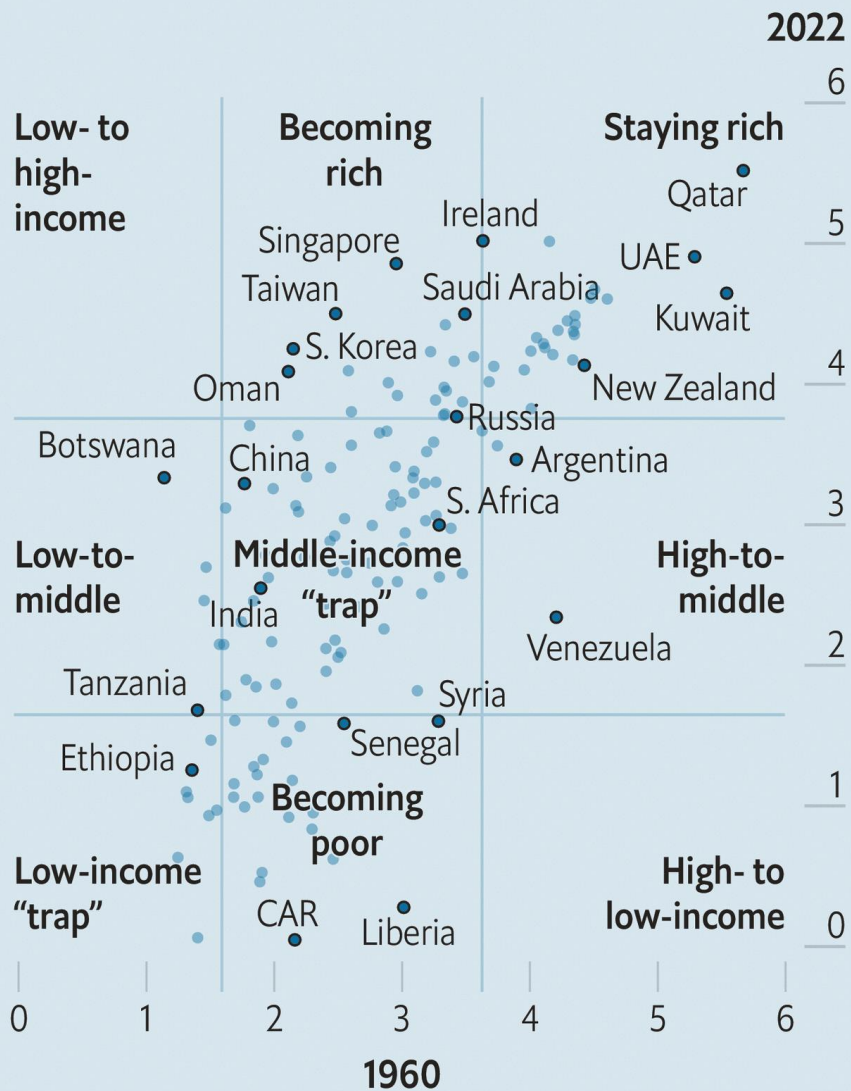
AI has become an increasingly dominant force in the global economy and has the potential to spur another technology-driven boom.

- However, protectionist restrains economic growth
- Trump administration's tariffs
- China's curbs on exports of rare earth minerals and battery-making equipment.
- Restricting immigration

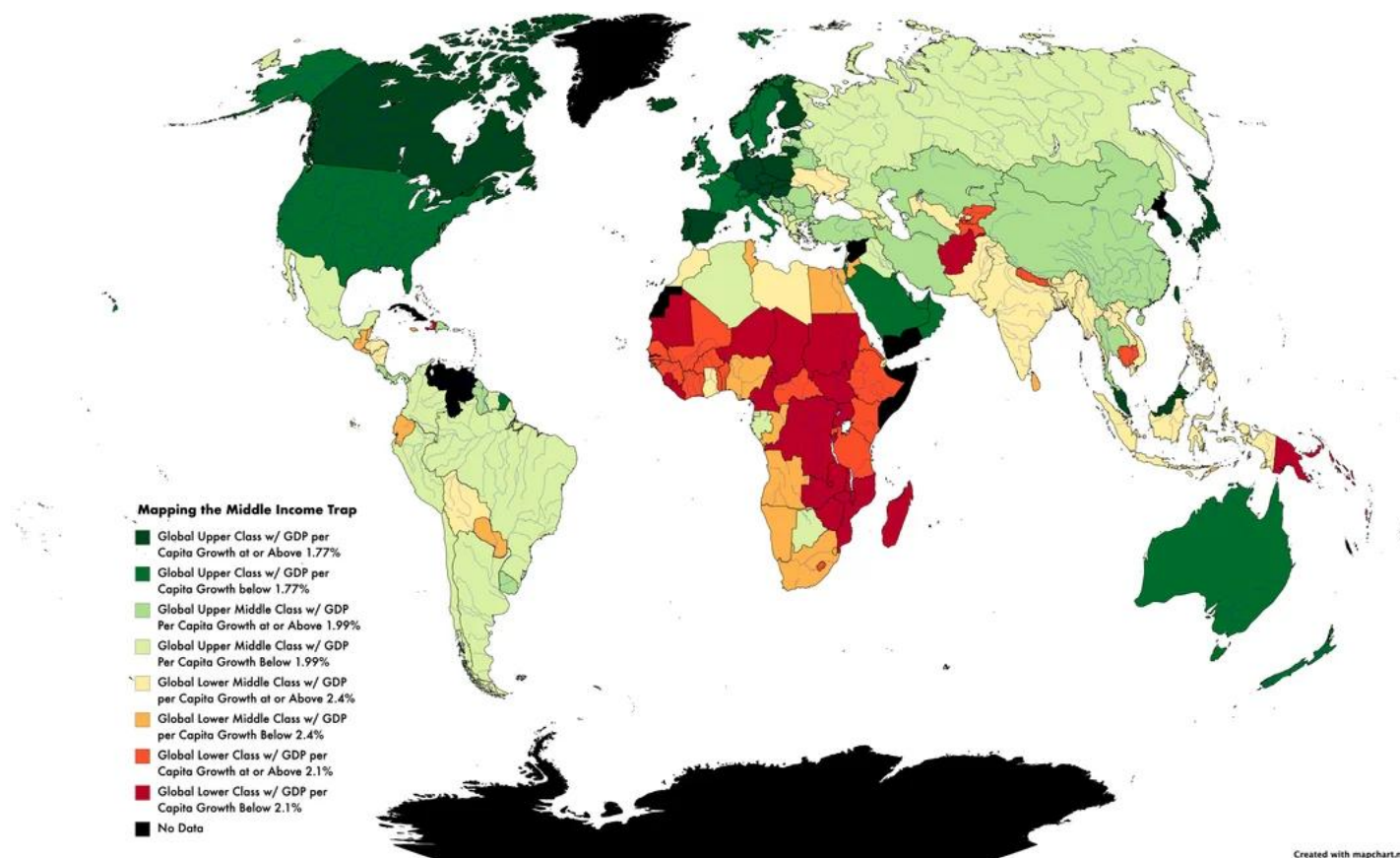
# Progress report

Income per person relative to the United States

Log of %



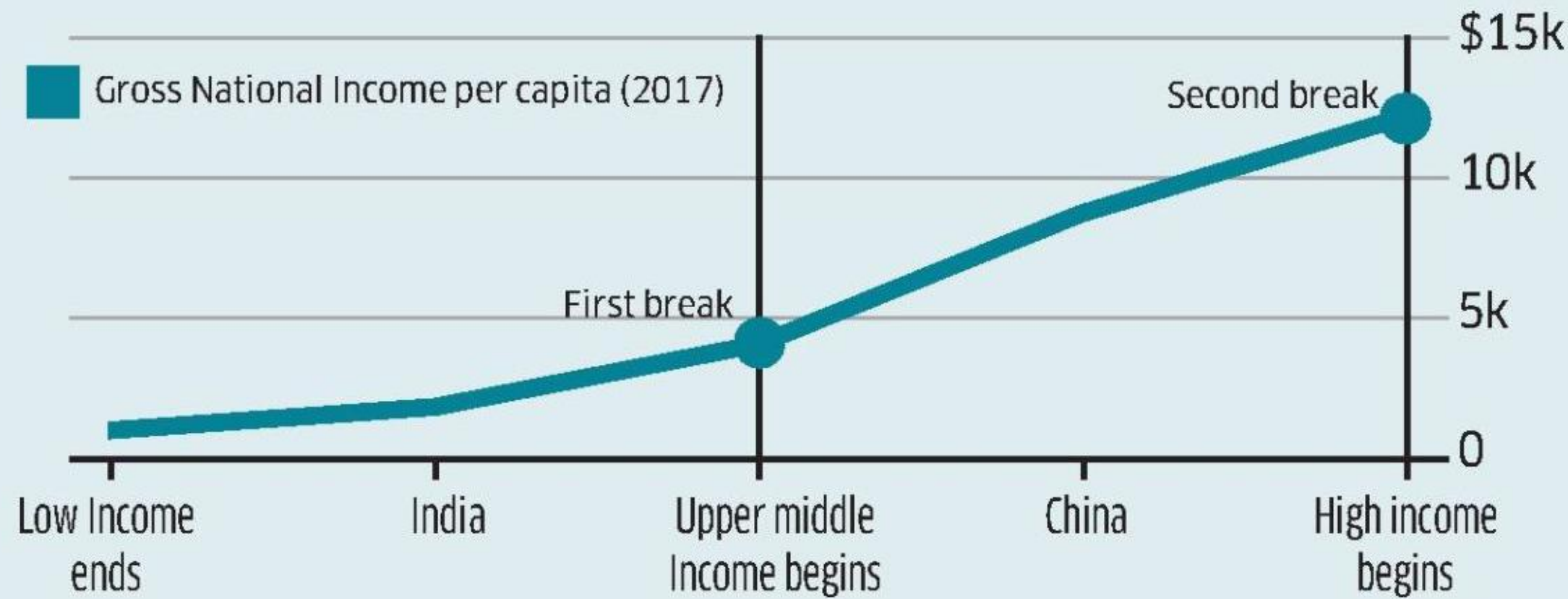
Sources: EIU; Maddison Project; World Bank



Created with mapchart.net

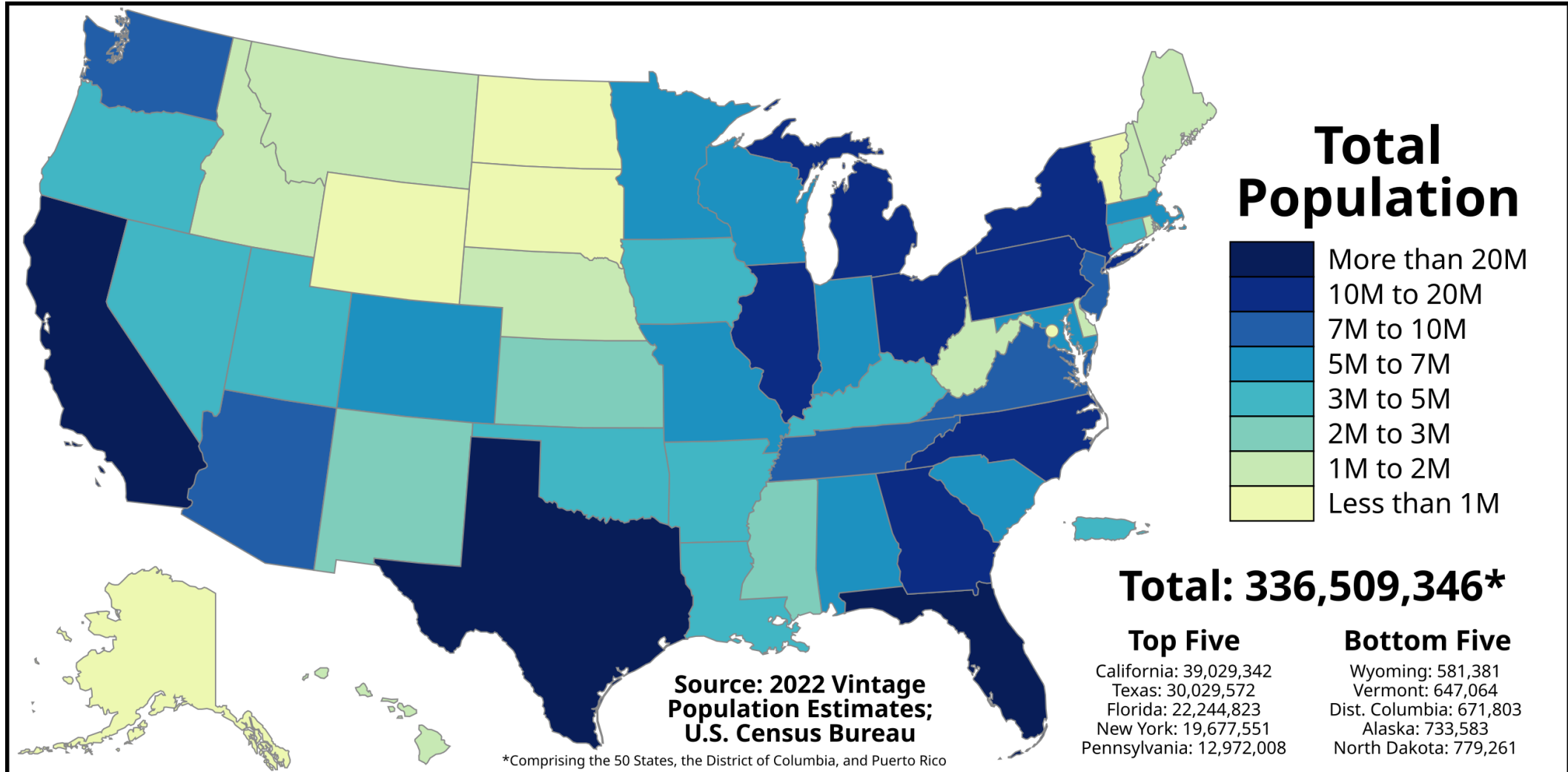


Both India and China face the middle-income trap, but of different kinds



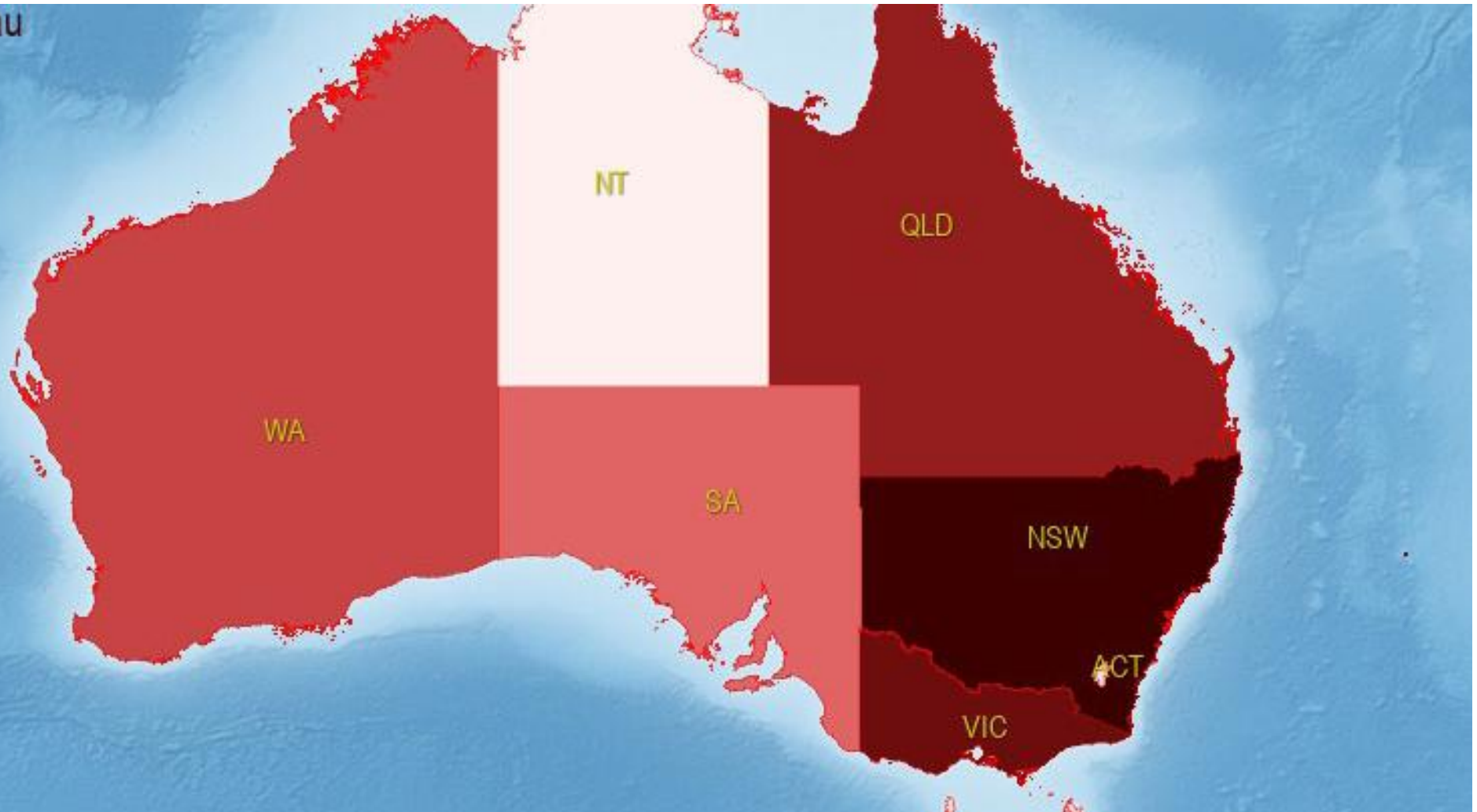
Per Capita Real GDP, by State  
All Industry Total, 2022



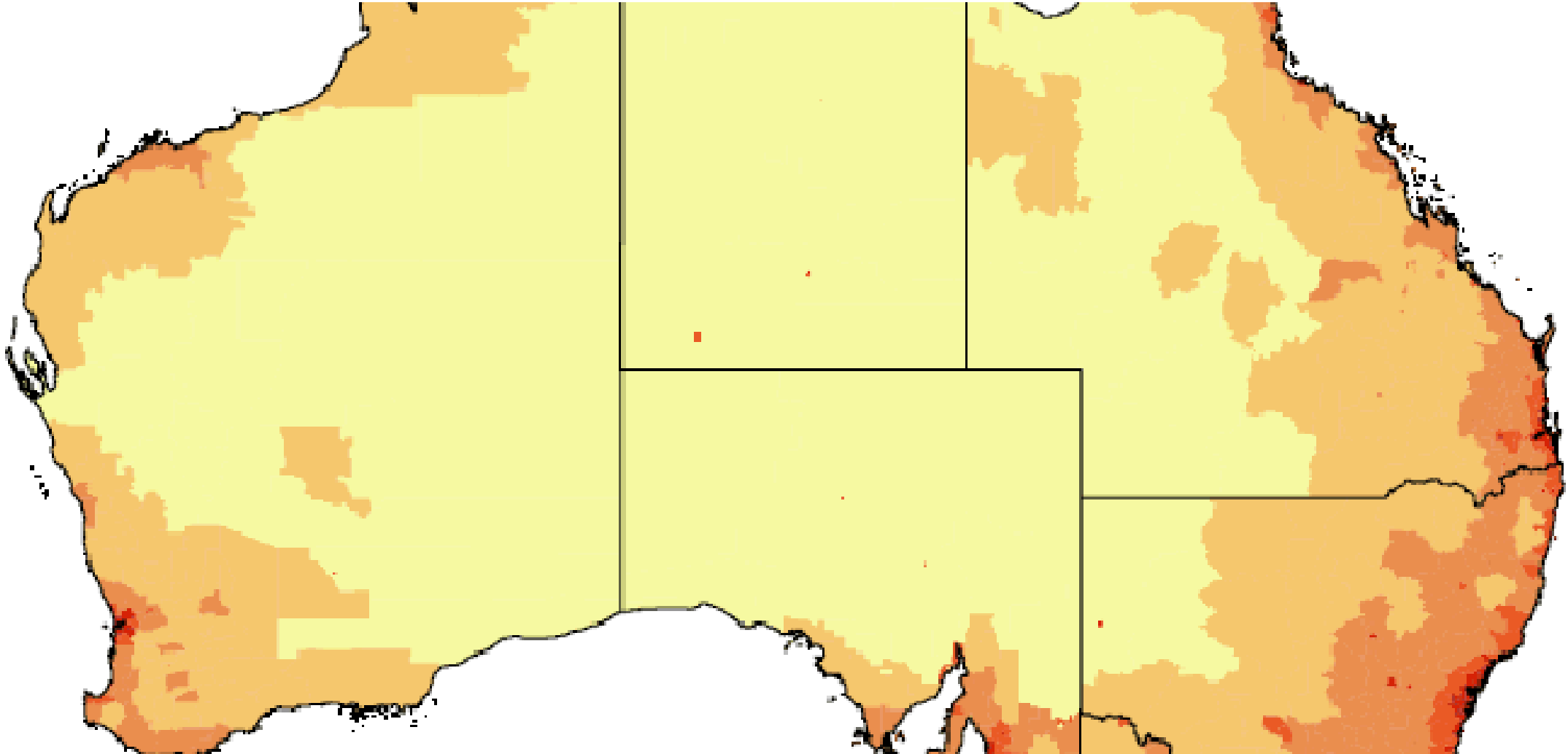




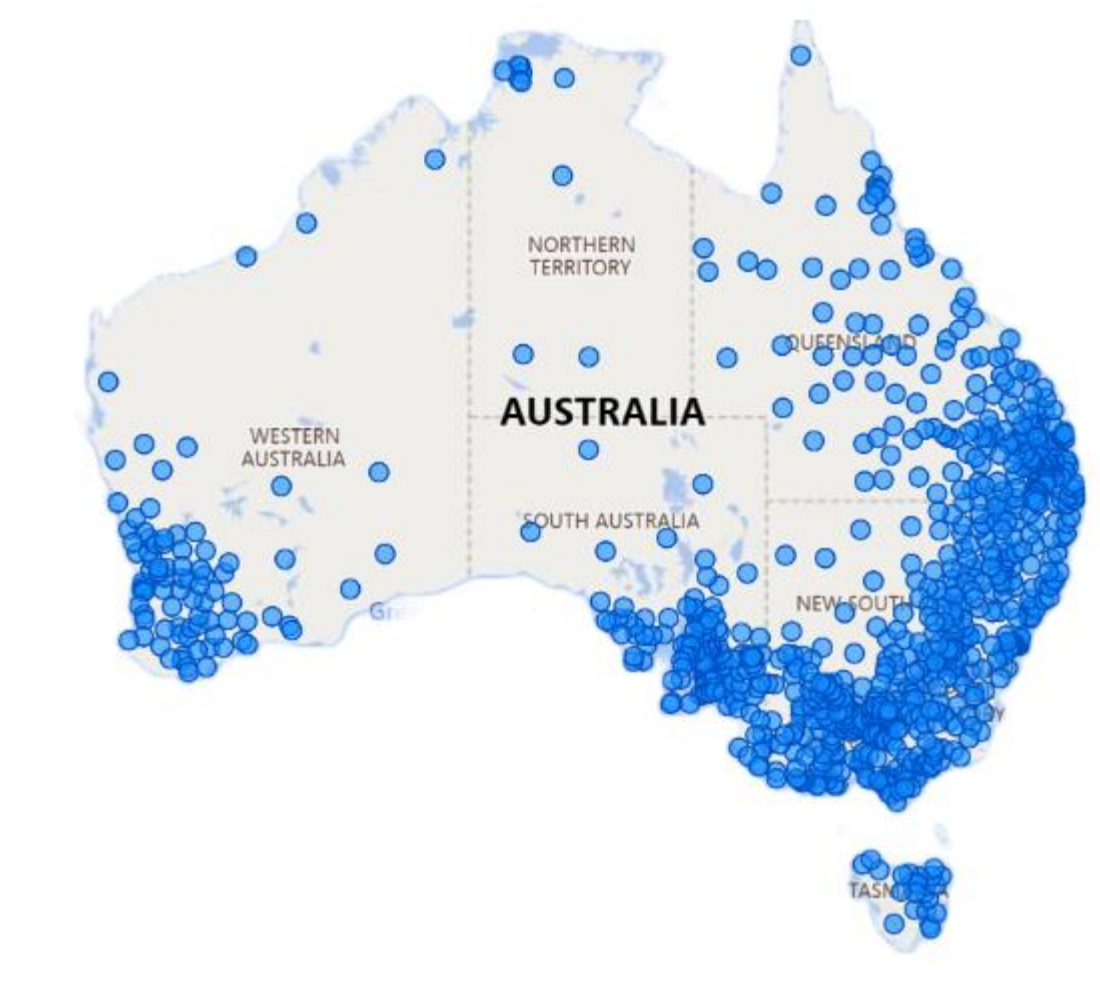
(c) population.com.au



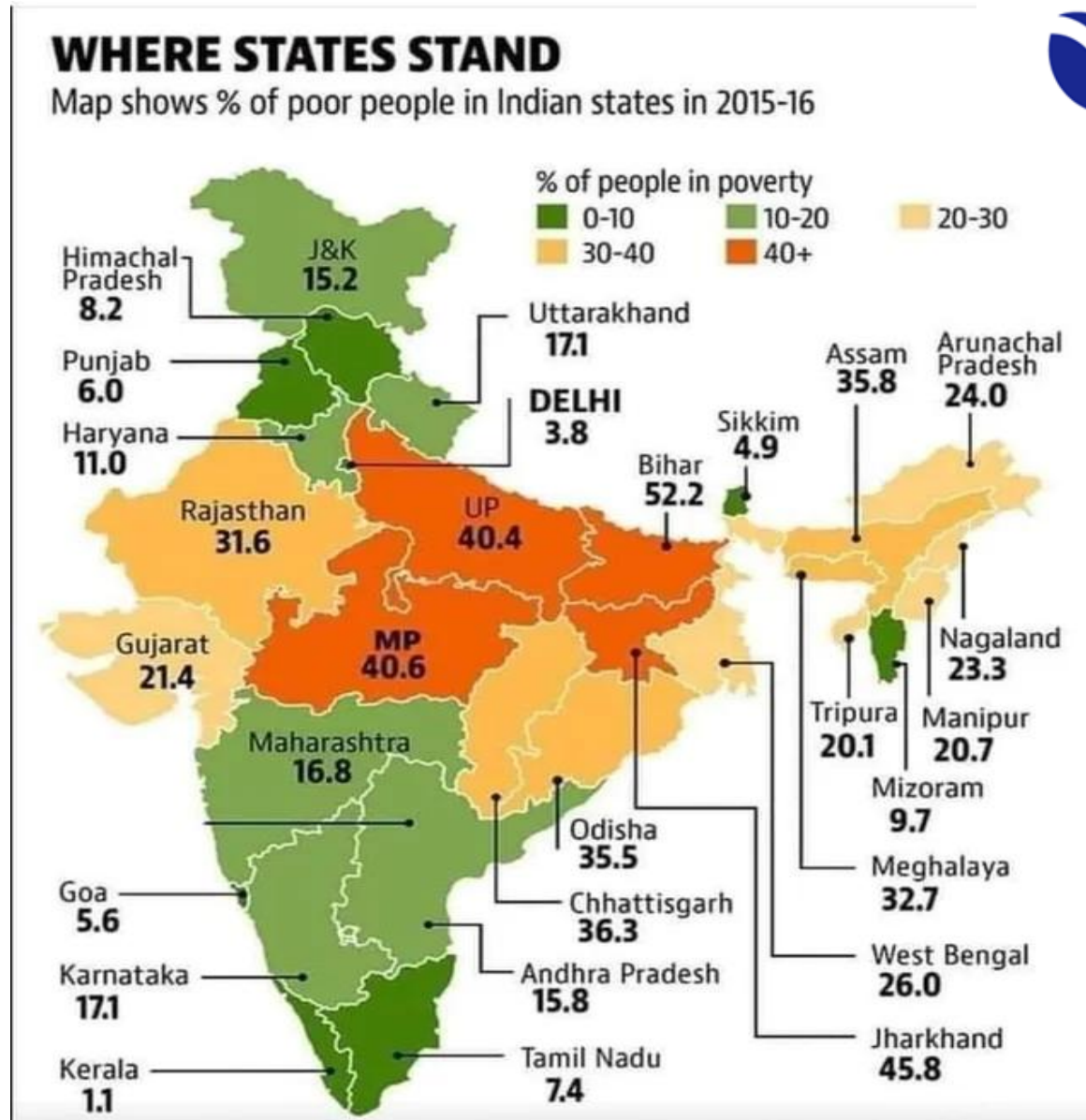
# Where do most people stay



# Investment destination



# Poverty across Indian states



# 10 Most Populous Indian States

State	Population	Comparable
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

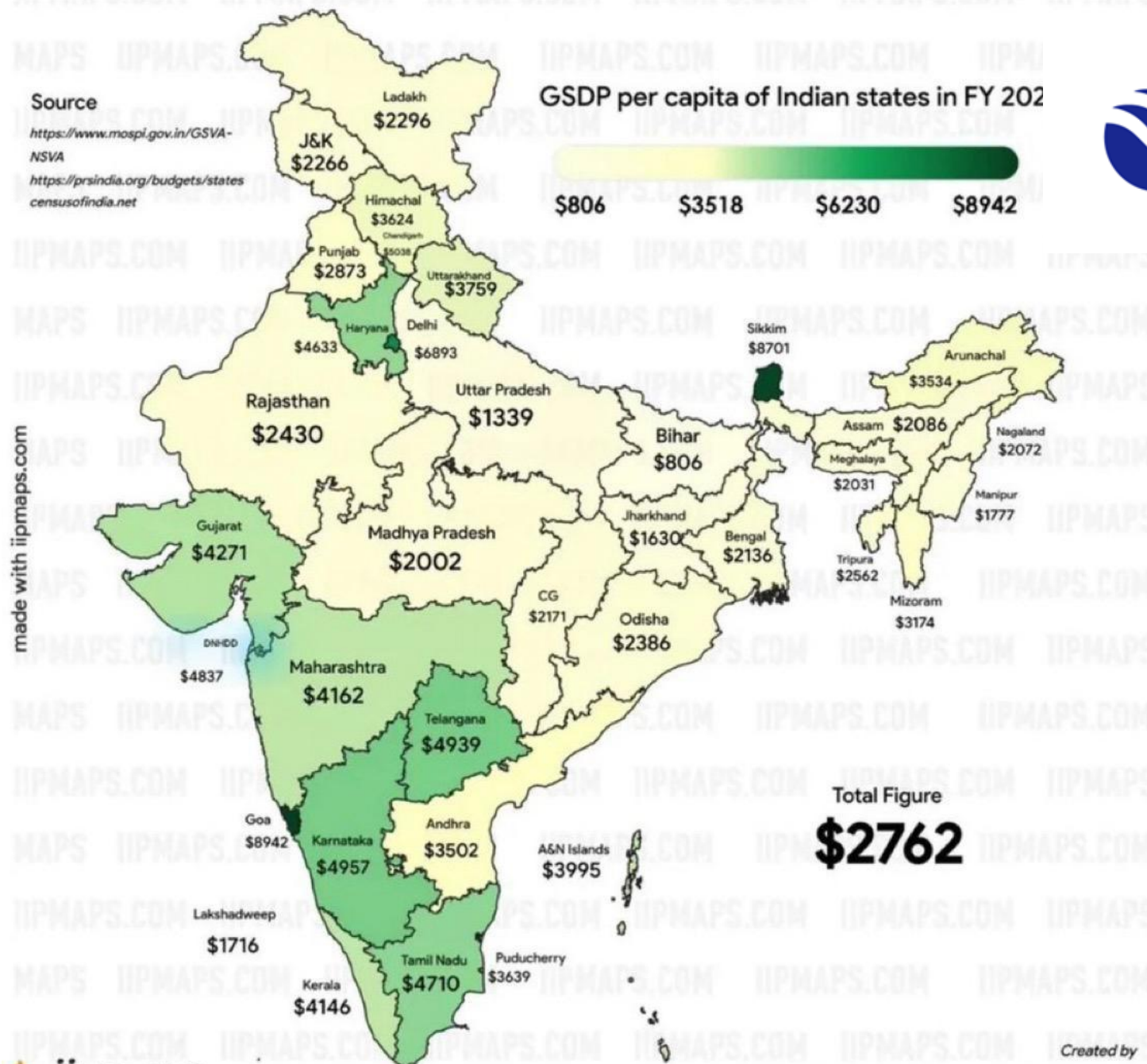


Source

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

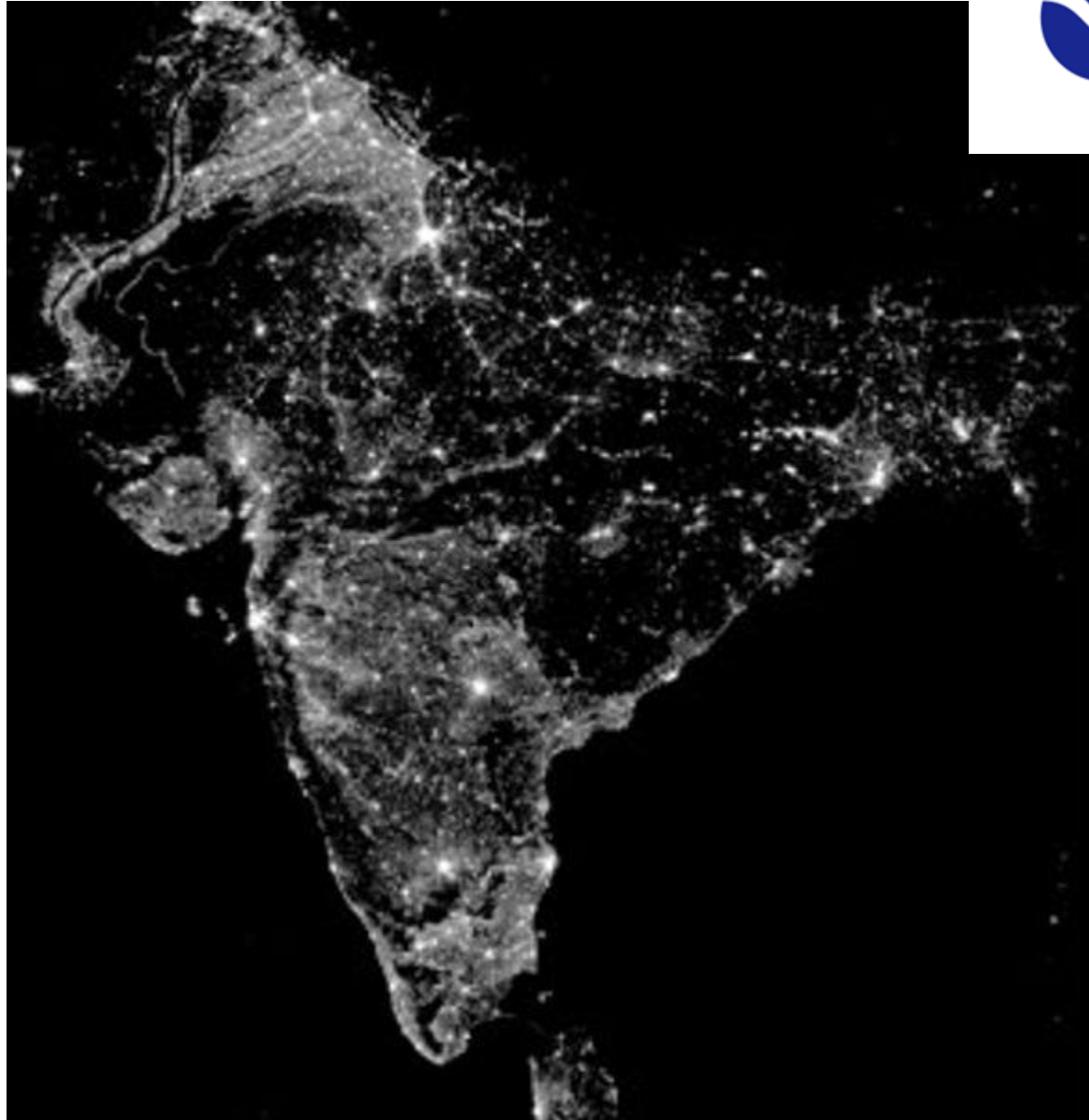
<https://prsindia.org/budgets/states/censusofindia.net>

## GSDP per capita of Indian states in FY 202



**ISB**

**Executive  
Education**



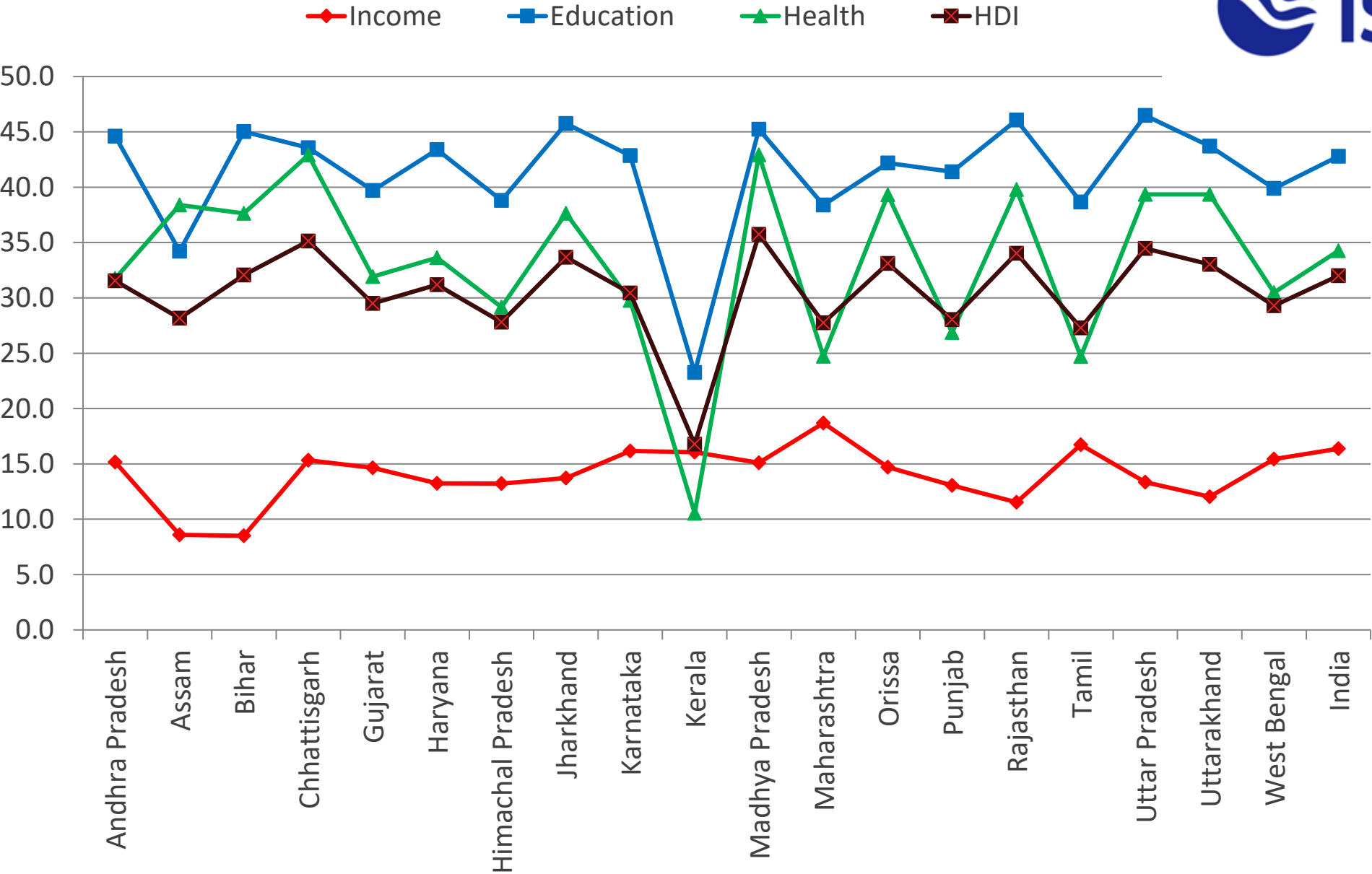
## Poverty

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

## ■ inequality

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

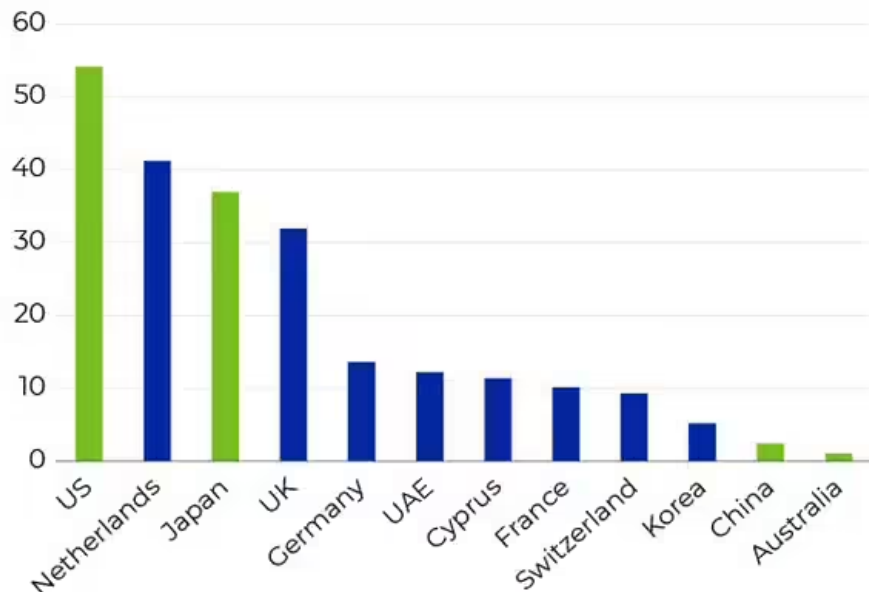
# Percentage loss in the three inequality adjusted indices



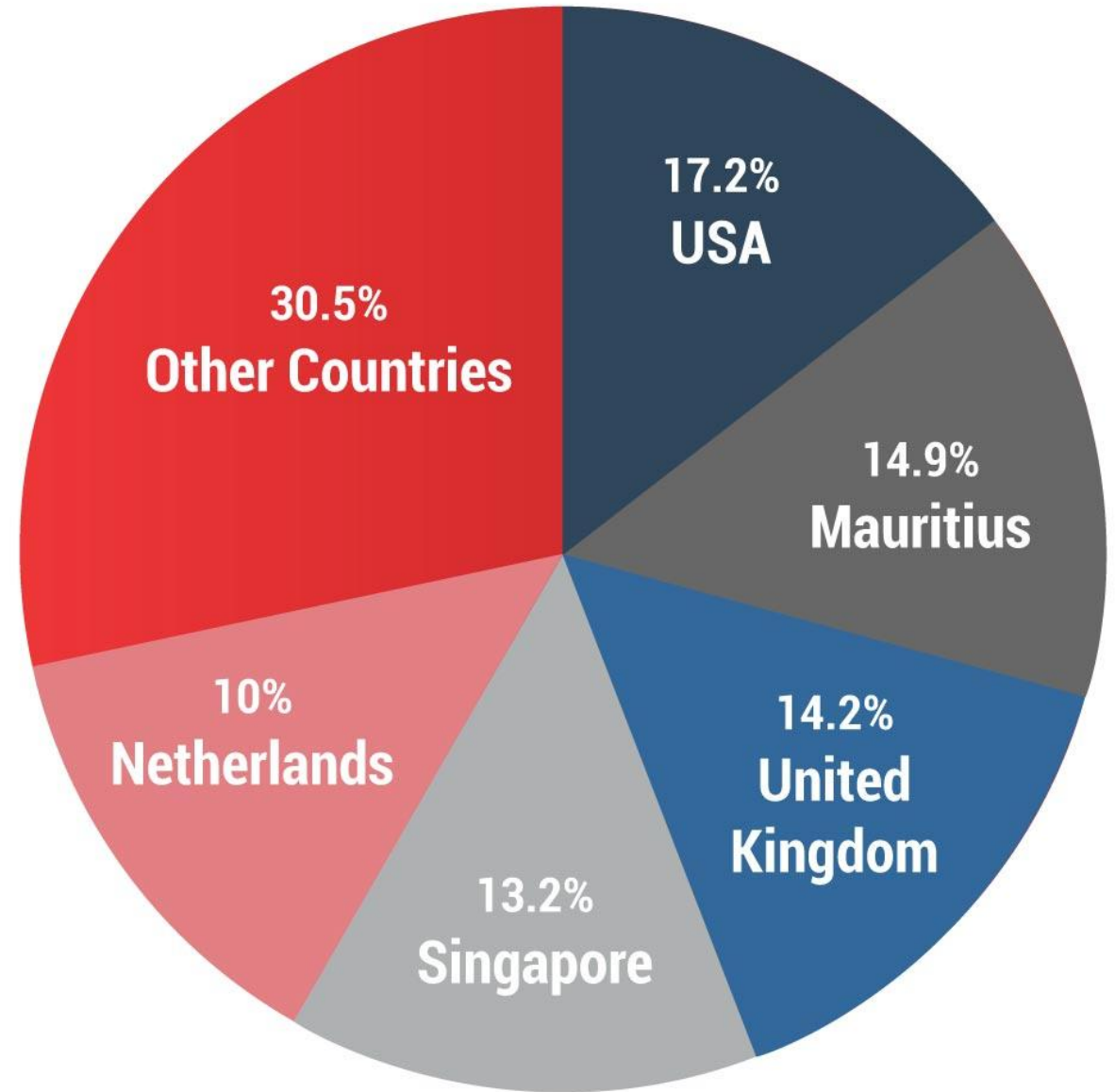
# The curious case of Foreign investment

## US, Japan among leading sources of FDI to India

Cumulative FDI inflows by country of origin, 2000-21, \$ billions

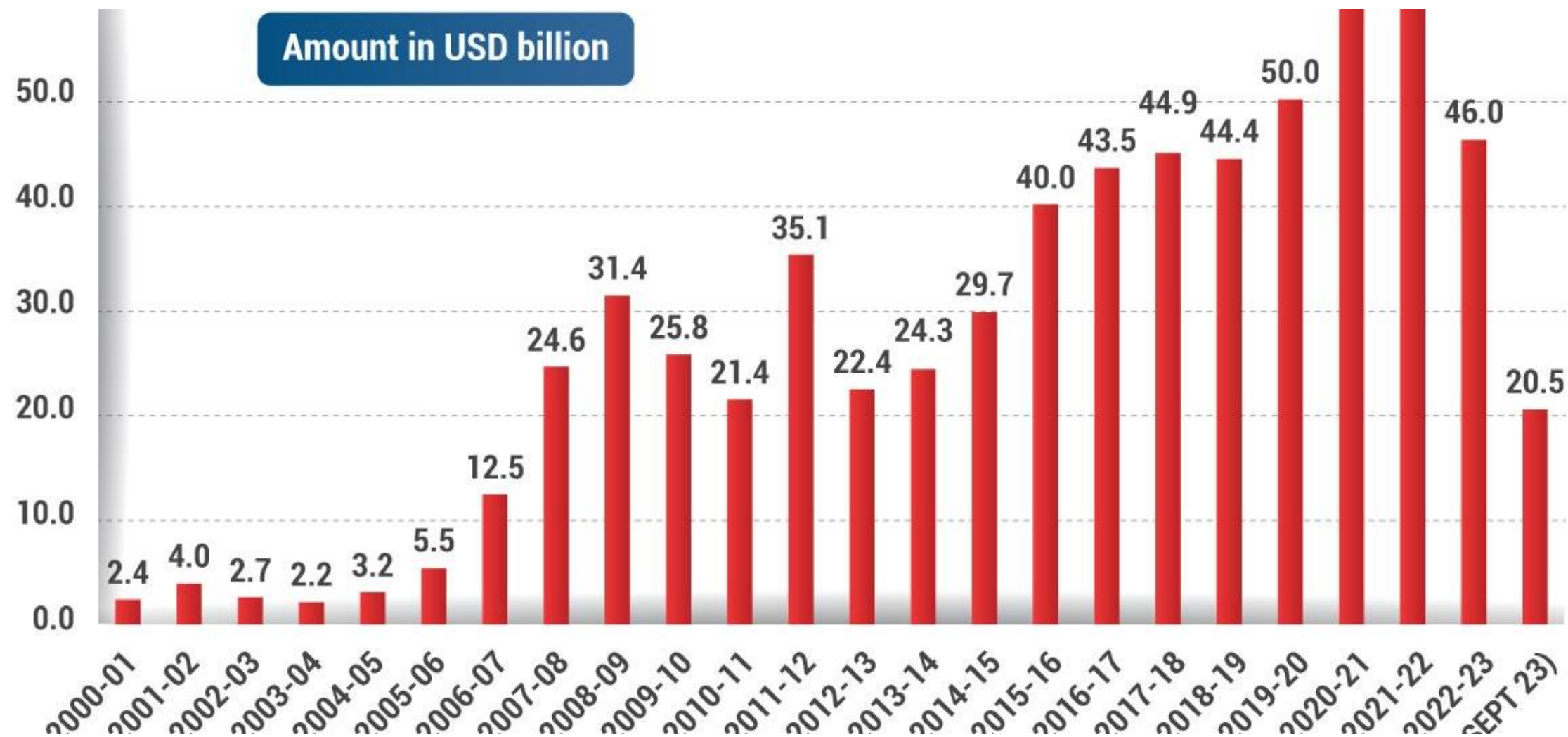


Sources: Department for Promotion of Industry and Internal Trade and India Ministry of Commerce and Industry

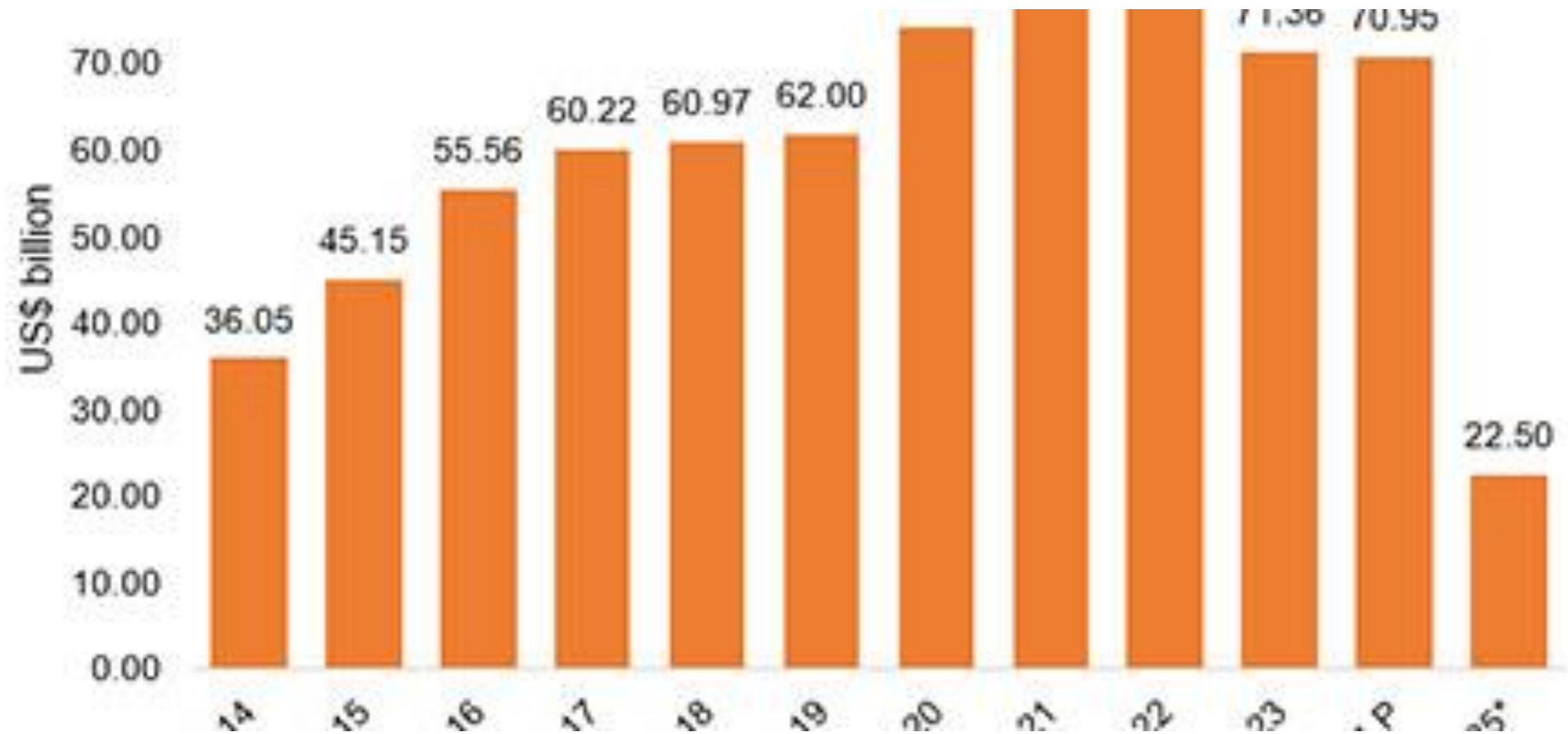




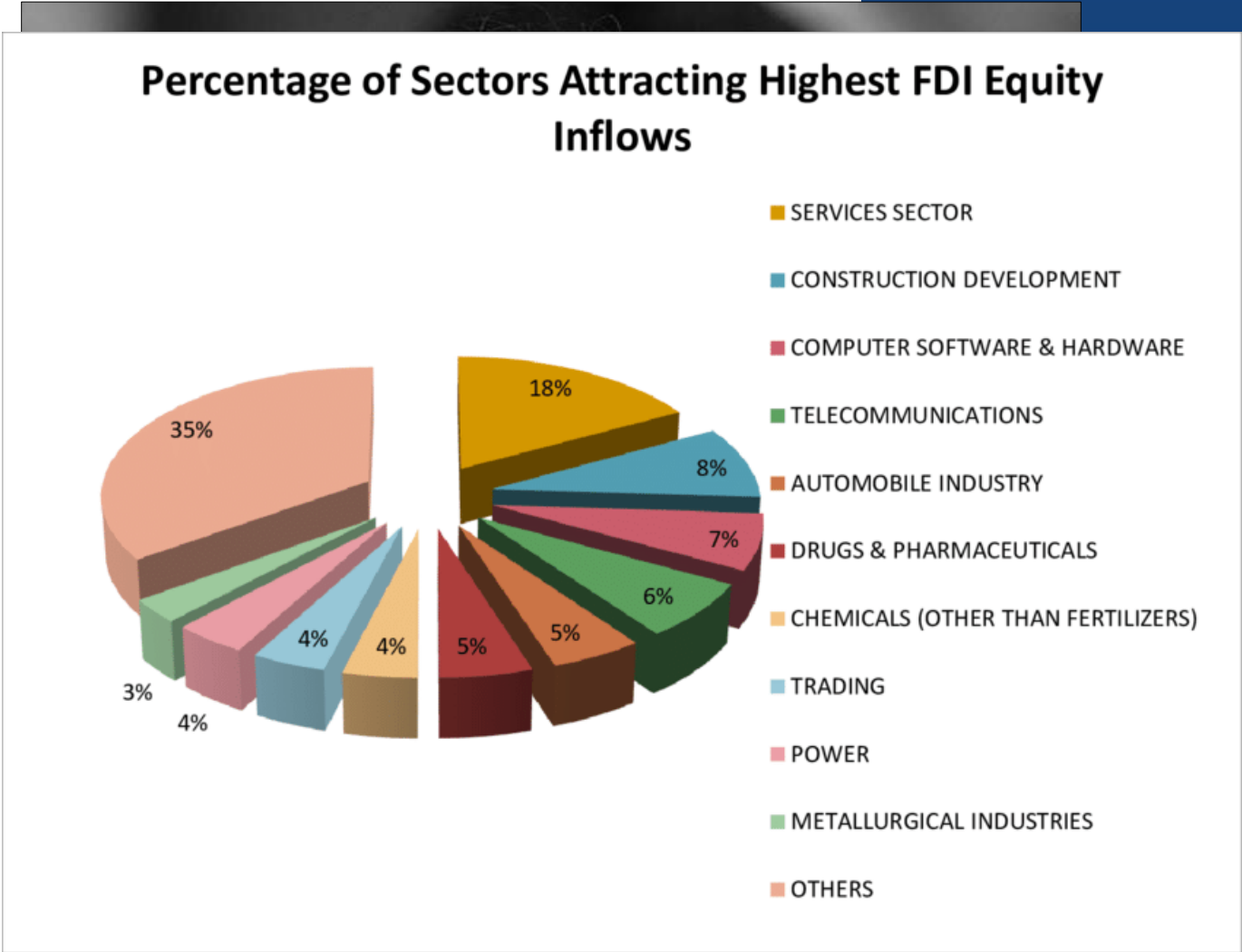
# Trajectory



# FDI inflow



# Services dominate



# The one big challenge

# Female Literacy Rates in Asia (2024)



## Source

worldpopulationreview.com/  
country-rankings/literacy-rate-  
by-country

