

BUSINESS ECONOMICS

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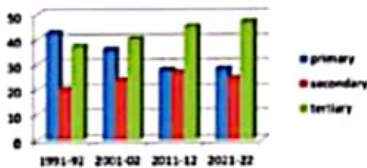
SPIRITUAL ECONOMICS

ENLIGHTENED BUSINESS

Uttar Pradesh : From timeless heritage, the centre of Indian history to thriving future

Performance of the share of various sectors in relation to the GDP

Year	primary	secondary	tertiary
1991-92	42.74	20.01	37.25
2001-02	35.82	23.69	40.25
2011-12	27.89	26.82	45.27
2021-22	28.4	24.5	47



TRANSFORMING UTTAR PRADESH

INVESTING IN INFRASTRUCTURE
INNOVATING FOR GROWTH



UP Budget 2024-25 : ₹ 7.36 Lakh Cr
UP Budget 2025-26 : ₹ 8.08 Lakh Cr



Source : Calculated from Government of India, Handbook of Statistic on Indian States 2021-22

This is Uttar Pradesh decoded

- India's Heartland : Largest population & 2nd biggest economy
- Cultural Capital : Varanasi, Prayagraj, Ayodhya shaping global soft power
- Food & Dairy Power : Wheat bowl & World's No.1 Milk producer
- Future Growth Engine : Infrastructure, Industry & Tourism boom



STATES

A more comprehensive tool is the World Bank's Multi-dimensional Poverty Index (MPI), which considers deprivation not only in income but also in health, education and living conditions. It studies nutrition, child mortality, years of schooling, school attendance, availability of water and sanitation, electricity, cooking fuel and household assets. The Kerala government used the MPI framework while designing and implementing its poverty eradication strategy.

Debates and Criticisms

Kerala's declaration has generated debate among opposition parties and some economists. Critics argue that the claim should ideally be validated by an independent national or international body. Some also demand that the government make its methodology more transparent so that its results

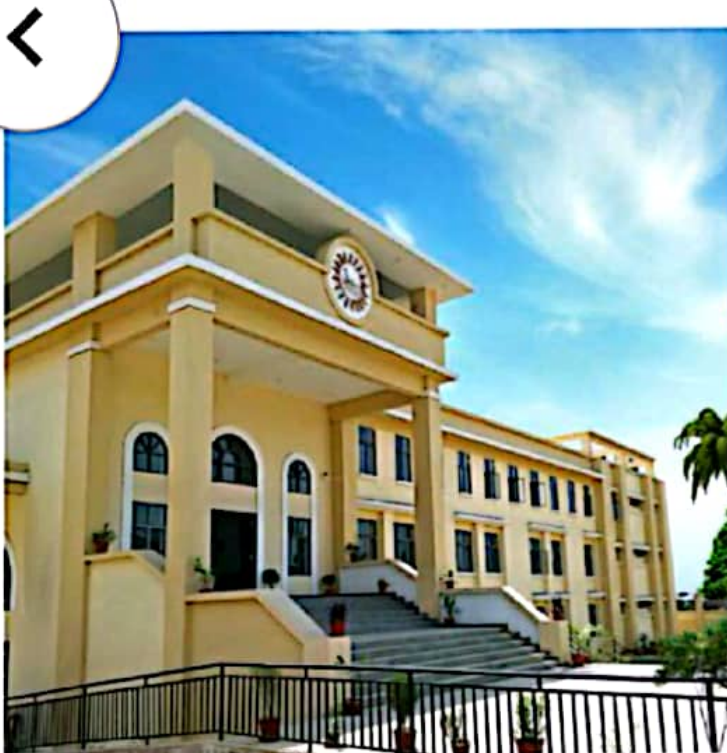
can be examined rigorously.

Despite these criticisms, even sceptics acknowledge that the initiative is bold, ambitious and centred on human needs. The approach deserves appreciation for its attempt to deal with extreme poverty in a structured and compassionate manner.

Conclusion

No programme is perfect, and Kerala's approach may have its limitations. But it represents a significant step toward tackling one of humanity's most serious challenges. The programme must continue, as gains can be reversed if monitoring weakens. Reports suggest that the state government is aware of this risk and plans to maintain strict oversight.

Kerala may not have eliminated every challenge, but it has undoubtedly set an example worth studying. ■



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Structural reforms critical to supporting India's Economic Development: IMF

■ Kishore Kumar Biswas

India's recent economic performance

India's GDP grew by 8.2% in the second quarter (July–September) of FY26, according to official data released on 28 November. This is the highest growth in the last six quarters. In Q1 FY26, GDP increased by 7.8%, bringing growth in the first half of the fiscal year to 8%. The Q2 expansion exceeded expectations of several institutions, including the RBI, which had forecast 7% growth. The surge was driven largely by strong performances in the manufacturing and services sectors.

However, the data has attracted scrutiny. The Congress has reported a 7.5% growth, and the latest IMF country report has again rated India's economic statistics a "C" grade—just one step above the

Despite the growth, many economists remain concerned. They point out that while real GDP growth—adjusted for inflation—was higher than anticipated, the nominal GDP growth rate of 8.7% indicates subdued underlying activity. Madan Sabnavis, Chief Economist at Bank of Baroda, reportedly noted that such low nominal GDP growth complicates the government's efforts to meet its fiscal deficit target of 4.4%, which was based on an assumed nominal growth rate of 10.1%. Upasna Bhardwaj, Chief Economist at Kotak Mahindra Bank, also expressed concern, stating that single-digit nominal growth continues to signal weak economic momentum.

Key points from the IMF's country report on India

The IMF released its latest country report on 26 November, clearly emphasizing the need for structural reforms if India is to achieve its development goals. A central recommendation is the strengthening of human capital, particularly through increased female labour force participation—an essential factor in growth models developed by economists such as Robert Solow.

A major structural weakness for India has long been its low female labour force participation rate. Although government data suggests a recent rise, many economists attribute this



to changes in the definition of labour force participation. Under the revised definition, anyone—male or female—who performs any work for more than three days in the reference week is counted as part of the labour force, regardless of whether they receive wages. In contrast, the ILO considers only wage-earning or remunerated work. In practice, only 17–18% of Indian women are in wage or salaried employment in regular, casual, or contractual forms. India ranks among the lowest in the world on this indicator, trailing countries such as Bangladesh, Nepal, and Pakistan. The IMF correctly highlights this as a critical vulnerability.

The IMF also recommends maintaining high levels of public investment, given the prolonged weakness in private capital formation. While public expenditure has supported economic activity, the sustainability of such an approach remains uncertain.

Another recommendation is improving the business environment. Although the IMF report delves into this extensively, the long-observed trend of growth of billionaires relocating abroad for more favourable business conditions underscores this concern.

Important policy recommendations

On fiscal policy, the IMF calls for decisive fiscal consolidation to rebuild buffers and create fiscal space for continued public investment and other priorities. The Fund also advises maintaining exchange-rate flexibility with limited RBI intervention.

In the financial sector, the IMF notes that systemic risks remain broadly contained but warns of vulnerabilities arising from concentration risks and increasing interconnectedness, which must be addressed.

On structural policy, the IMF stresses that sustained high growth and adequate job creation require strong reforms. It recommends prioritizing efficient public investment, enhancing labour market flexibility, streamlining regulations, and liberalizing trade and investment policies to improve competitiveness and attract FDI. Strengthening the insolvency framework and judicial capacity, it notes, would further support firm productivity and dynamism. These recommendations align with the IMF's standard policy prescriptions for emerging economies. ■