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Introduction

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After decades of staying at the margins of global politics, India is emerging as a consequential player in the global order. Since 2000 the size of its economy has quadrupled, making it the world's fourth largest.¹ It has managed to reduce extreme poverty from 16.2 percent in 2011-12 to 2.3 percent in 2022-23. Furthermore, it has embarked on a significant process of military modernization to address several challenges that confront its military establishment in an increasingly uncertain strategic milieu. Finally, under Prime Minister Narendra Modi, the country has sought to dramatically expand its diplomatic footprint across the world. All these developments have ensured that India no longer remains on the margins of international politics.

Despite these achievements, India still faces significant challenges both at home and abroad. Twenty-one percent of India's population, or about 250 million individuals, still live on less than two dollars per day.² Income inequality in the country is at its apogee. The wealth of the top 1 percent of the population now stands at around 40 percent.³ These statistics are not entirely surprising. Dramatic economic growth has taken place against a backdrop of persistent unemployment. A reliable source placed India's unemployment rate during the middle of 2025 at around 7 percent.⁴ This statistic, though telling, fails to fully capture

the dire unemployment situation in parts of the country. According to a respected economist, at least twenty-eight million of India's youth are searching for work, and around one hundred million women have stopped looking for work.⁵ Other pertinent statistics can be cited, but these alone highlight some of the many challenges confronting the Indian state at present.

Furthermore, despite its growing stature in the world, New Delhi has not succeeded in ensuring a peaceable neighborhood. Practically all its smaller neighbors are experiencing varying degrees of political turmoil, and relations with its two long-standing adversaries, Pakistan and the People's Republic of China, are at a low ebb.

Nevertheless, India no longer faces the myriad problems that sandbagged it at home and abroad several decades ago. It does not face the specter of famine. Its political system, though far from flawless, is stable, and its economy, despite the current turbulence in the global trading order, will continue to grow. Although India has made some missteps in the recent past, it is trying to secure a firm foothold in the emergent international order.

This second edition of the *Hoover Institution's Annual Survey of India* provides a dispassionate, accurate, and comprehensive account of a range

of policy sectors. All the contributors to this volume are respected scholars and analysts in their respective fields. Accordingly, they have provided authoritative narratives of developments over the past year in particular policy arenas while simultaneously foregrounding their discussions with appropriate historical context. It is our fervent hope that these analyses will provide useful data to those interested in the current state of the country's policy choices and their outcomes.

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NOTES

1. "India Beats Japan to Become World's 4th Largest Economy," *Economic Times*, December 31, 2025, <https://economictimes.indiatimes.com/news/economy/indicators/india-beats-japan-to-become-worlds-4th-largest-economy/articleshow/126258387.cms?from=mdr>.
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3. Nitin Kumar Bharti, Lucas Chancel, Thomas Piketty, and Anmol Somanchi, "Income and Wealth Inequality in India, 1922-2023: The Rise of the Billionaire Raj," Working Paper No. 2024/09 (World Inequality Lab, March 18, 2024), https://wid.world/www-site/uploads/2024/03/WorldInequalityLab_WP2024_09_Income-and-Wealth-Inequality-in-India-1922-2023_Final.pdf.
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5. Santosh Mehrotra, "India Out of Work: Unemployed Youth Become 'Discouraged Workers,'" *The Wire*, May 23, 2025, <https://thewire.in/economy/india-out-of-work-unemployed-youth-become-discouraged-workers>.