

New Thinkers Colloquium, 2026

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Welcome to the New Thinkers Colloquium

- All of us here are in the research & reform orgs of India, building the republic in various ways
- We have all stumbled here out of values and circumstances
- It's good to step back and ask first principles questions: *Who are we, what are we doing, why do we do this, what's our theory of change.*
- It's good for us to grow roots in the community, to be able to better debate and collaborate.
- Hence, this conference.
- I will use 30 minutes here to put up some concepts and terminology.
- After this, we have 13 persons with about 45 minutes each
- And we bring it all together with K P Krishnan at the end.



Growth is good

The economists have nailed this

- 1 We can visualise many concepts of wellbeing e.g. infant mortality or women's LFP
- 2 All of them respond to economic growth. They each have different S curves for the progress.
- 3 Only growth gets us to high wellbeing across every wellbeing measure. There are no countries with good outcomes on wellbeing but low per capita GDP. There are no countries with high per capita GDP with big holes in wellbeing.
- 4 The Indian per capita GDP is about $10\times$ behind the global frontier. That's our problem, about 4% per capita gains for 60 years.



Poverty?

- Humanitarian assistance is not large enough to move the needle.
- The median income explains 98% of the cross-country variation of the poverty rate.
- All the state action on poverty accounts for the remaining 2 percent.
- Almost all improvement of poverty comes out of GDP growth.
- Caution on prioritising state power to pursue objectives of poverty reduction, inequality or social justice.



- A series of basic factual papers on these questions.
- It's remarkable, how so many people lost sight of these basics.
- Distortions in the thinkers and the research & reform orgs induced by oddness of the funding world. It's important to self-consciously step away from widely held views on well-being, poverty and growth.
- Everyone should read *The Case for Economic Growth as the Path to Better Human Wellbeing*, Lant Pritchett, 1 October 2024.



Where does growth come from?

What is GDP?

- GDP is the sum total of the value added of all the firms
- “Firms” here includes individual self-employed people.
- GDP measures the body that is made of cells called firms.
The abstract journey to high per capita GDP is made up of thousands of journeys of firm sophistication, one firm at a time.
- The bulk of GDP is made in large complex firms.
- Only large complex firms can engage in capital investments (“capital deepening” is capital per worker), complex process refinement, and firm internationalisation.



Two pathways

- It's good to think of 'a successful modern sector' of perhaps the top quartile Indian firms by productivity.
- One path for growth is that the productivity of these firms gets better.
- The second path for growth is that these firms capture a bigger slice of the labour and capital of the country.



What is the good world that we dream of?

Certain foundations of the state So that the private sector feels safe and invests in building high productivity firms

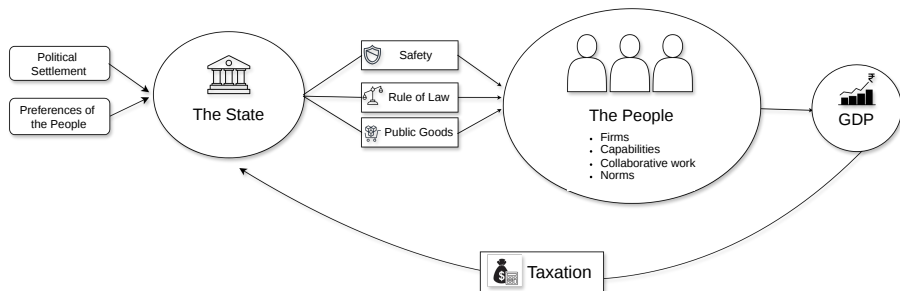
High per capita GDP So that there are resources in the country.

State capability When the state decides to do (say) universal polio vaccination, it's able to do this.

A responsive political system So that the state cares about what the people want, prioritises the right tasks, has the money and the state capability to deliver them.



The state, the people, and GDP



Ten success stories

Episode	Years	Follow-through
The Indian trade liberalisation	1966-2007	Weak
National Highways Authority	1998-2008	
The telecom reforms	1993–2005	Concerns
Inflation targeting	2002-2016	Concerns
New Pension System	1998-2013	Weak
Equity market and capital controls	1984-2015	Weak
Bankruptcy reform	2011-2016	Weak
The goods and services tax	2003-2017	Weak
Better courts	2015–	
Foundations of agencies	2009–	



And one failure story

Metric	2005-06	2020-21	Delta
Per pupil expense (Rs. per child)	3,911	29,366	+650% (7.5 $\times$)
Reading measure (Grade 5 kids reading Grade 2 text)	60	38	-36.6%

- Went to policy makers and asked what they want to get done
- An absolutely massive escalation of resourcing within the present paradigm
- State, philanthropy, development assistance, all in unison.
- The outcome: a decline in reading outcomes at public schools.
- This is a field that is a complete failure.
- Everyone in this field, 1947-2026, needs to reformulate their theory of change.



Fallacy: Lazy realism

- Many of us are sunk in gloom, in sophisticated political economy reasoning
- We see the chessboard, we see the map of interests, we think special interests win, progress is impossible
- This is a wrong theory of the world.
- In January 1991 you would have looked at the concentrated benefits from the 300% customs duties and you would have engaged in sophisticated political economy reasoning and said nothing can change.
- But everything changed.
- How did that happen? How did ideas and interests play out to get fundamental progress?



Fallacy: Obeying your every wish

A useful thought experiment:

- Imagine we're in January 1991
- We assemble the key 1000 decision makers in a room
- We ask them to list out the things that they want to implement
- We bring in 20,000 high quality consultants, 5,000 lateral hires.
- We implement all the policy transformation objectives of the people in power.
- Would this move the needle?
- Pick any date thereafter, same thought experiment.
- If we obeyed every wish of today's politicians and officials, will we get the 10 $\times$ of Indian per capita GDP?

The essence of progress lies *upstream* of the state: of creating knowledge and community that is three moves ahead.



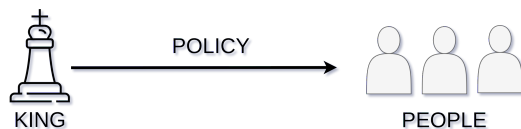
What is to be done?

The path to action is grounded in our theory of the world

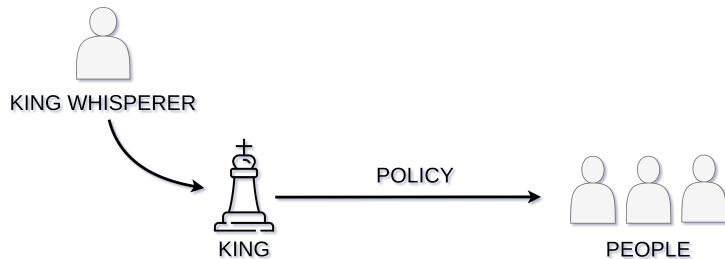
- Who are we? What should we do?
- What is the place of private persons in making a difference to the Indian growth journey?
- These questions require that we form a theory about how the world works.



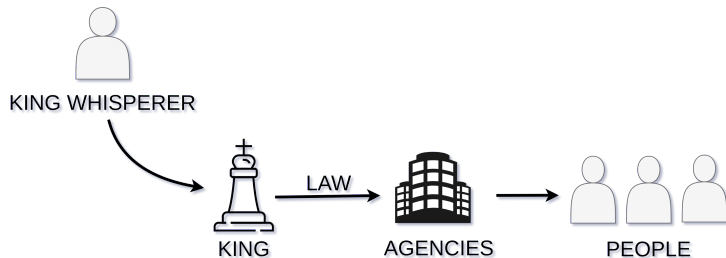
Monarchy with concentrated power



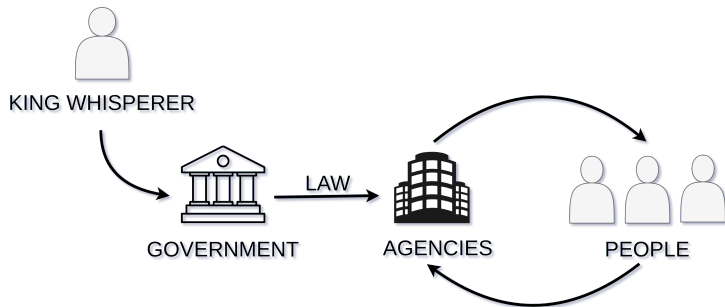
Many economists dream of this



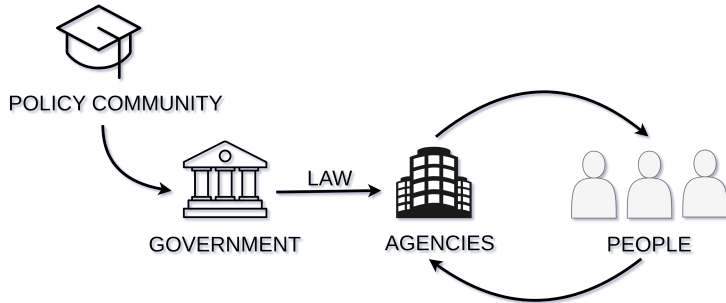
Large complex state organisations



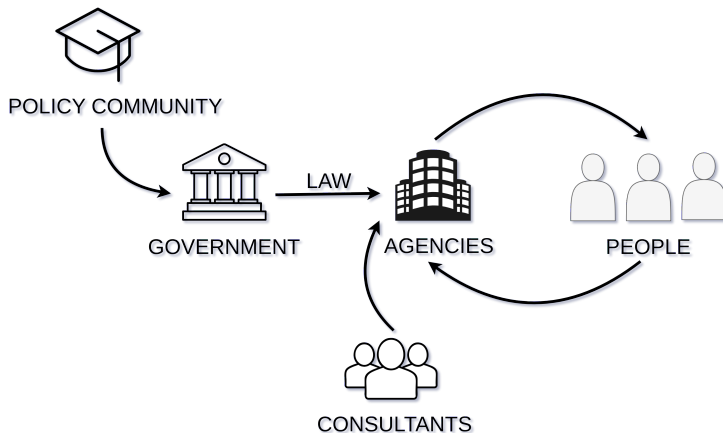
The people are never crushed



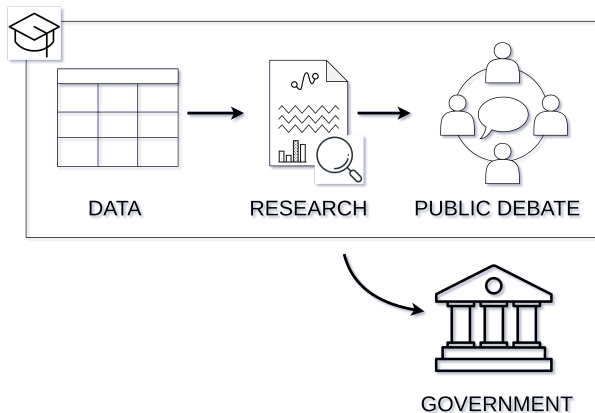
The policy community lies upstream



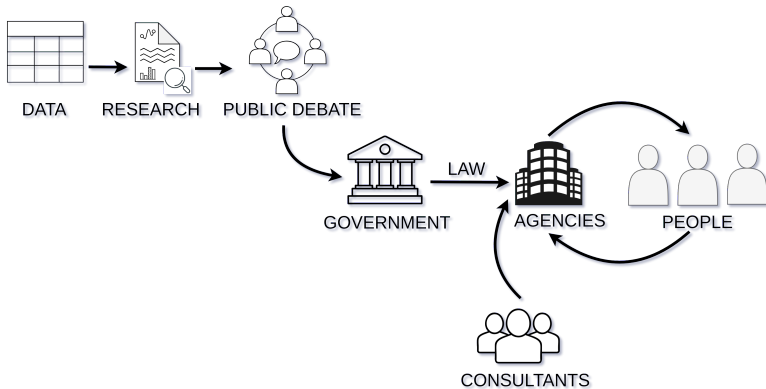
Consultants are downstream, government HR flexibility



Unbundling the policy community



Putting it together, the “policy pipeline”



What we are doing here

Objectives of New Thinkers Colloquium

- We in this room are the research and reform orgs; we are the ground zero of the story of knowledge and community.
- We have all informally formulated a theory of the world, and our place in it
Shaped and circumscribed by the funding environment.
- It's lonely at the top, leaders are doing this alone, often not getting mentors, debates
- For 2+ days in New Thinkers Colloquium, we get to put these fundamental concepts under the microscope
- There is much wisdom in the room
- Who are we? What can we do better?
- Pathways for collaboration.



The formal program

- After this, we have 13 persons talking about their personal stories and concepts
- The focus will be on the world, the process of change, on our role in it. The focus will not be on details of domain knowledge.
- Each session is designed as 20 minutes of a talk and 25 minutes for discussion.
- There is ample time outside of the formal program.
- At the end, K P Krishnan will give us his thoughts and lead an overall discussion.



Thank you.

<https://xkdr.org>

