



# INDIA

World's Largest Democracy

## 01 Political System

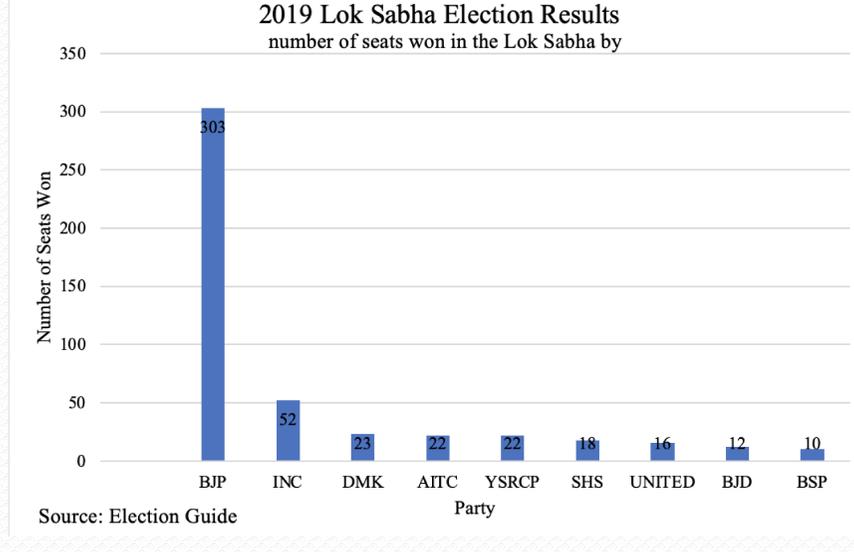
India is a democracy with 879 million eligible voters. Its government has both a president, directly elected, and a prime minister. Its parliament is composed of a bicameral legislature at the federal level, the Lok Sabha and the Rajya Sabha, which is elected every 5 years. The Lok Sabha is the more powerful body that chooses the prime minister, currently Narendra Modi.

Modi is an influential politician who is a proponent of Hindu nationalism; his rise to power shows the changing popular vote

### The Rise of Modi & the BJP\*

<b>1987</b> Modi Joins the BJP	<b>1995</b> Modi forms the first BJP majority coalition state government in India	<b>2001</b> Modi named Gujarat's Chief Minister	<b>2002</b> Modi wins seat in Gujarat State Assembly
<b>2013</b> Modi to lead the BJP's campaign for the 2014 elections to the Lok Sabha	<b>2014</b> Modi Sworn in as Prime Minister	<b>2019</b> Modi re-elected to his second term as Prime Minister	<b>2021</b> Modi faced protests and the BJP loses a state election; India faces the Delta Variant

\*BJP - the Bharatiya Janata Party; Hindu nationalist party



## 02 Defense Trade

India's defense trade policy has become stricter following the Make in India protectionist initiative. India has implemented an "India first" policy which discourages foreign production and imports in designated sectors. One of the sectors affected is defense trade. India is the second-largest arms importer in the world, so this policy has implications. American firms remain skeptical because these policies push for the transfer of technology and India has weak intellectual property (IP) rights enforcement. India is on the US' Priority Watch List

Why Care?

India is the world's second-largest arms importer

#### 50 Largest Arms Importers 2020



State Loans

Andhra Pradesh 2011

MFI loans

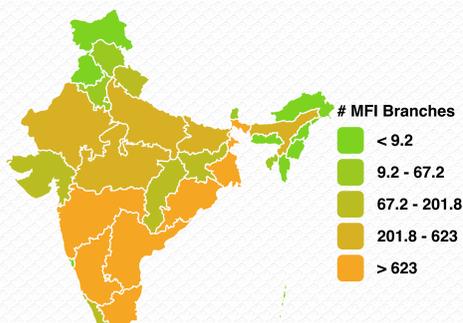
## 03 Microfinance in India

MFIs and microfinance are meant to alleviate poverty through access to credit with lower interest rates in small batches. Andhra Pradesh held 30 percent of MFI loan portfolios in 2009 in India despite being home to only 7 percent of India's population. In 2011 Andhra Pradesh faced a microfinance crisis. The government of Andhra Pradesh has worked to rein in MFI and its coercive lending practices. Yet the government was in competition with private MFIs. MFIs had interrupted the political environment in Andhra Pradesh because development assistance has been associated with political power via clientelism. MFI crisis was, in a way, a political clientelism game.

Competition

Clientelism

Poverty Reduction



### Who Affects Economic Policy in India?

Agriculture

1 The largest sector of the Indian workforce. Arguably India's largest lobby. Since 1991 the number of workers in agriculture had been on the decline.

Services

2 India's second-largest sector of the workforce. Its share of the workforce continues to rise.

Industry

3 The smallest sector of India's workforce. This sector has been the target of protectionist measures such as "Make in India."

### Issues Facing India

- 1 Growing Wealth Inequality between States
- 2 Demographics in India are changing and calls have been made for seat reapportionment
- 3 India is experiencing democratic backsliding with levels near the 1975 State of Emergency
- 4 Protectionist measures today mirror those of past failure of import substitution industrialization
- 5 Central Bank Independence is questionable