

From uncertainty to influence: How India is redefining its role in a shifting world

INDIA is shifting to a pragmatic, interest-based foreign policy for 2026, moving away from rigid alliances. This new global playbook prioritizes economic resilience through diversified trade, energy security via the Diversification of oil purchases, and cautious engagement with China.

The world enters 2026 with a cautious step. Markets sway. Supply chains shift. Many economies slow under the weight of rising tension and shrinking demand. Yet one country moves with a different rhythm—faster, louder and with confidence that cuts through global uncertainty. India is not waiting for conditions to improve. It is building its own momentum.

For global companies, it signals a new center of gravity. The shift is shaped by resilience, scale and a market that grows even when others stall. In a world seeking stability and new demand, India offers both. It invites international businesses to step into a story still being written.

2026 will start with big changes right from the beginning. The economy might feel unpredictable, with some areas growing quickly, while others slow down. New industries might come up overnight, while some well-known ones could disappear just as fast, and that means job losses could be a real worry. Real estate could slow, families might cut down on spending, and a lot of businesses may have to change their playbook. On the world stage, India might speak louder and take bolder risks. Relations with neighbours could get tense, and war-like situations can't be ruled out. Nature might throw a few curveballs too: floods, landslides, maybe even

earthquakes. 2026 is a year to prepare, be ready for surprises. Don't put all your money or efforts in one place. Stay flexible and be willing to adjust quickly.

After the wild ride of 2026, 2027 will bring calm. Growth starts picking up again, especially in infrastructure, education, and social welfare. You might notice new schools, hospitals, and public facilities coming across the country. The markets will begin to steady themselves, but debts and budget pressures mean that the growth will be slow. Government housing and healthcare schemes may give people some relief, and optimism might start coming back in. Diplomatic ties could improve, with some old border issues making little but real progress toward resolution, though everyone will still tread carefully. Use this year to build on what you learned in 2026. Slow, steady progress beats rushing.

In the next five years, India will face both challenges and opportunities. The economy will have ups and downs, with some years of struggle and some years of recovery. Technology and clean energy will become very important. Climate problems will not go away, even if they are not always in the news. The government will have to balance protecting the country with keeping good foreign relations. People might need to learn new skills for changing jobs, and the defence sector will slowly upgrade, often using AI and modern technology. Change will come fast, and it won't always feel comfortable. But with flexibility, resilience, and an open mind toward innovation, India can turn even the toughest years into stepping stones for the future.



From metros to tier-2 cities: Inside India's expanding consumption boom

A fast-growing affluent class is powering consumption, redefining markets and shifting India's economic centre of gravity

VINCENT FERNANDES

INDIA's growing affluence is marked by a rapidly expanding high-net-worth population, increasing consumer spending (especially in luxury & experiences), rising asset values (stocks, gold, real estate), and a shift in consumption to smaller cities, creating significant market opportunities but also highlighting wealth disparity. This trend is driven by India's strong economic growth, entrepreneurship, and broader access to financial services, with projections suggesting the affluent segment could reach 100 million by 2027.

The number of High-Net-Worth Individuals (HNWIs) and Ultra-HNWIs is increasing rapidly, with one new millionaire household emerging every 30 minutes, according to some reports. Income Growth: The segment of Indians earning over Rs10 lakh annually (roughly \$10,000+) is growing much faster than the general population.

Card spending in non-metro areas surged 175 per cent (2019-2024), and credit card usage is rising faster than debit cards, signaling greater financial participation. Significant wealth has been generated from booming stock markets (Sensex), rising gold prices, and increasing real estate values.

Global luxury brands in jewelry, watches, and fashion are expanding their presence in India. There is growth in premium healthcare, specialised real estate, and high-value asset management. Smaller cities are becoming key growth centers for consumption.

Looking at the number of people who take a flight at least once a year, the number of people who order from food delivery services at least once a month, the number of people who file income taxes on sums of more than 1 million rupees (\$12,046), and



India's economic transformation is increasingly being driven by a rapidly expanding affluent population. Rising incomes, booming asset values across equities, gold and real estate, and deeper access to financial services are creating a powerful consumption engine that now extends well beyond major cities. With an estimated 50-60 million Indians already spending on discretionary products—and projections pointing to an affluent segment of nearly 100 million by 2027—luxury brands, premium healthcare, specialized real estate and asset managers are racing to tap this opportunity. While the trend underscores widening wealth disparities, it also reflects structural strengths: strong GDP growth, a young and digitally fluent workforce, rising household savings and resilient financial rails

the number of people who have credit cards and postpaid mobile connections. Whichever way we looked, it seemed that the unique number of people who use discretionary products and services is somewhere in the region of 50 or 60 million. Then we looked at the income pyramid, which tells us what the top 60 million people earn. It seems to be around an annual \$10,000 per person. The population of Indians with incomes higher than \$10,000 is 120 million, as per a Goldman Sachs report.

Nominal GDP is forecast to grow at ~11 per cent CAGR between FY2024 and FY2030, reaching about US\$7.3 trillion. Private consumption already contributes roughly 60 per cent of GDP growth, and India could become the world's third-largest consumer market by 2026.

This is not just an urban phe-

nomenon. The narrowing gap between rural and urban spending is still large, but shrinking adds breadth to the story. Rural households once devoted the bulk of their budget to food—that share has been falling, replaced by outlays on mobility, communication, and small durables. When the basic calorie is secure, status goods arrive quickly.

That translates into a larger, more productive labor pool, rising from ~980 million people of working age (15-64) in 2024 to ~1.07 billion by 2033, or roughly 70 per cent of the population, so long as job creation, skills, and inclusive policy keep pace.

Household savings are large and greasing the consumption wheel. India currently saves ~US\$650 billion annually (~18 per cent of GDP). Projections suggest annual household savings could exceed US\$1 trillion

by 2030 and approach US\$1.6 trillion by 2035, with financial savings (mutual funds, etc.) rising as a share of the pie. Monthly SIP inflows stood at Rs29,361 crore in September 2025, a window into the mainstreaming of equity investing through disciplined retail flows.

Two macro sensitivities could test India's next 10 years. First, job creation: the IT services complex has long been a generator of high-quality employment. It now faces a massive business model shift in an AI-first world, potentially altering near-term hiring intensity. Second, asset prices: a sharp reversal in equities or gold would cool the wealth effect that's been buoying sentiment. Policy continuity on infrastructure and manufacturing, alongside measured credit dispersion, will be critical shock absorbers. Digital rails make credit safer - credit makes upgrades possible - upgrades expand formal retail - formal retail boosts taxes - taxes pay for infrastructure - infrastructure lowers time costs - lower time costs raise real disposable incomes and higher real incomes fund the next upgrade. When one cog slows, for example, when asset prices correct, the others keep turning. That is what resilience looks like in a consumption-led cycle.

Demography is also reshaping demand. About 712 million Gen Z and Millennials, the world's largest cohort, are digitally fluent, globally exposed, and increasingly confident about their finances; social media shapes tastes while e-commerce puts brands within one-tap reach from metros to smaller towns, lifting discretionary spending. Investment behavior is moving in tandem: between FY2013 and FY2023, the share of mutual-fund investors aged 18-24 inched up to 4 per cent, but the 25-35 brackets (Millennials plus younger Gen Z) saw the sharpest gains, signaling a durable broadening of equity participation.

US dabble in Venezuelan politics as long as it has financial stakes in the country

Decades of rivalry, ideology and intervention converge in a dramatic power shift in Venezuela

JAMES TRAPANI

AFTER US Special Forces swooped into Caracas to seize Venezuelan President Nicolas Maduro and topple his government, US President Donald Trump said the United States will now "run" Venezuela, including its abundant oil resources. US companies were poised to invest billions to upgrade Venezuela's crumbling oil infrastructure, he said, and "start making money for the country". Venezuela has the world's largest oil reserves – outpacing Saudi Arabia with 303 billion barrels, or about 20 per cent of global reserves. If this does eventuate – and that's a very big "if" – it would mark the end of an adversarial relationship that began nearly 30 years ago. Yes, the Trump administration's military action in Venezuela was in many ways unprecedented. But it was not surprising given Venezuela's vast oil wealth and the historic relations between the US and Venezuela under former President Hugo Chavez and Ma-

dro. The mismanagement of the oil industry led to a debt crisis and International Monetary Fund (IMF) intervention in 1988. Caracas erupted in protests in February 1989, and the government sent the military to crush the uprising. An estimated 300 people were killed, according to official totals, but the real figure could be 10 times higher. In the aftermath, Venezuelan society became further split between the wealthy, who wanted to work with the US, and the working class, who sought autonomy from the US. This division has defined Venezuelan politics ever since.

Chavez's rise to power

Hugo Chavez began his career as a military officer. In the early 1980s, he formed the socialist "Revolutionary Bolivarian Movement-200" within the army and began giving rousing lectures against the government. Then, after the 1989 riots, Chavez's recruitment efforts increased dramatically, and he began planning the overthrow of Venezuela's government. In February 1992, he staged a failed coup against the pro-US president, Carlos Andrés Pérez. While he was imprisoned, his group staged another coup attempt later in the year that also failed. Chavez was jailed for two years, but emerged as the leading presidential candidate in 1998 on a socialist revolutionary platform. Chavez became a giant of both Venezuelan and Latin American politics. His revolution evoked the memory of Simon Bolivar, the great liberator of South America from Spanish colonialism. Not only was Chavez broadly popular in Venezuela for his use of oil revenue to subsidise government

programs for food, health and education, but he was well-regarded in like-minded regimes in the region due to his generosity. Most notably, Chavez provided Cuba with billions of dollars worth of oil in exchange for tens of thousands of Cuban doctors working in Venezuelan health clinics. He also set a precedent of standing up to the US and to the IMF at global forums, famously calling then-US President George W Bush "the devil" at the UN General Assembly in 2006.

The US is accused of fomenting a coup

Unsurprisingly, the US was no fan of Chavez. After hundreds of thousands of opposition protesters took to the streets in April 2002, Chavez was briefly ousted in a coup by dissident military offic-

ers and opposition figures, who installed a new president, businessman Pedro Carmona. Chavez was arrested, the Bush administration promptly recognised Carmona as president, and The New York Times editorial page celebrated the fall of a "would-be dictator". Chavez swept back into power just two days later, however, on the backs of legions of supporters filling the streets. And the Bush administration immediately faced intense scrutiny for its possible role in the aborted coup. While the US denied involvement, questions lingered for years about whether the government had advance knowledge of the coup and tacitly backed his ouster. In 2004, newly classified documents showed the CIA was aware of the plot, but it was unclear how much advance warning US of-

ficials gave Chavez himself.

US pressure continues on Maduro

Maduro, a trade unionist, was elected to the National Assembly in 2000 and quickly joined Chavez's inner circle. He rose to the office of vice president in 2012 and, following Chavez's death the following year, won his first election by a razor-thin margin. But Maduro is not Chavez. He did not have the same level of support among the working class, the military or across the region. Venezuela's economic conditions worsened, and inflation skyrocketed. And successive US administrations continued to put pressure on Maduro. Venezuela was hit with sanctions in both the Obama and the first Trump presidency, and the US and its allies refused to recognise Maduro's win in the 2018 election and again in 2024. Isolated from much of the world, Maduro's government became dependent on selling oil to China as its sole economic outlet. Maduro also claims to have thwarted several coup and assassination attempts allegedly involving the US and domestic opposition, most notably in April 2019 and May 2020 during Trump's first term. US officials have denied involvement in any coup plots; reporting also found no evidence of US involvement in the 2020 failed coup. Now, Trump has successfully removed Maduro in a much more brazen operation, with no attempts at deniability. It remains to be seen how Venezuelans and other Latin American nations will respond to the US actions, but one thing is certain: US involvement in Venezuelan politics will continue, as long as it has financial stakes in the country.

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Why a US military strike on Mexico remains unlikely—despite Trump's threats

Analysts see Trump's tough talk as leverage, not a prelude to boots on the ground

MEXICO CITY

AFTER the United States military intervention in Venezuela, the Mexican government and analysts discounted the likelihood of unilateral US military action against Mexican drug cartels, despite threats from President Donald Trump.

Mexican President Claudia Sheinbaum's administration has been complying with Washington's demands and the economic ties between the two countries are vital, they say. Nonetheless, many expect more such threats as a way to extract more concessions from Mexico. No one dares rule out completely an unexpected move by the US president. Sheinbaum downplayed the possibility of US military action Monday. "I don't see risks (of that)," she said. "There is coordination, there is collaboration with the United States government." "I don't believe in (the possibility of) invasion, I don't believe even that it's something they are taking seriously," she said. "Organised crime is not taken care with (foreign military) intervention." Here are some of the reasons: Mexico is not Venezuela

relationship with Trump is one of mutual respect. The threat though, similar to those about tariffs on Mexican imports — some carried out and others not — have been a "negotiation weapon" to get "commercial, diplomatic and political advantages," said Mexican security analyst David Saucedo.

Rubio and Trump "play good cop, bad cop," with Trump threatening and Rubio smoothing over, he said.

Mexico is doing what the US asks

Mexico is doing almost everything that Washington has requested since Trump began imposing tariffs, experts say. Sheinbaum's administration became more aggressive toward the cartels than her predecessor. There have been more arrests, drug seizures and extraditions. Mexico has agreed to receive more deportees from other countries. "Intervention, military action in Mexico would suspend that cooperation," said Carlos Pérez Ricart, a political analyst at Mexico's Centre for Economic Research and Teaching (CIDE). That would be a great risk to the US because it would be left without a partner to work with, he added. Saucedo said that US military action in Mexico would require money, logistics and



In the aftermath of the US military intervention in Venezuela, concerns have resurfaced in Mexico over President Donald Trump's repeated threats to target drug cartels. Mexican officials and analysts, however, largely discount the likelihood of unilateral US military action, citing Mexico's strategic importance as America's top trading partner and the high level of bilateral cooperation on security and migration. President Claudia Sheinbaum has dismissed invasion scenarios as unrealistic, framing Washington's rhetoric as a negotiating tool rather than an operational plan. Experts say the threats are designed to extract concessions ahead of sensitive talks on trade, tariffs and the USMCA review.

risks, while "a comment, a post on social networks doesn't cost anything" and has been very effective.

More pressure to come

Analysts believe the threats will continue to be the Trump administration's negotiation style, especially this year when the US-Mexico-Canada free trade agreement (USMCA) is up for revision. Saucedo said Trump could demand more access for US security agencies, even if operations are presented publicly as coordinated and carried out by Mexico. He could also pressure Mexico for more high-profile captures or to stop exporting oil to Cuba, or threaten new tariffs. "With the ongoing negotiations over punitive tariffs, the statutory revision of the USMCA and the delicate antidrug cooperation agenda, the Mexican government will have to be very meticulous in its position and statements," Arturo Sarukhán, another former Mexican ambassador to the US said. Rallying around Maduro "would cost Mexico dearly," as could Mexico's ongoing support of Cuba. Bárceña, the diplomat, said that what Mexico still needs to address is political corruption tied to organized crime while still defending international law.