

The Inclusion Imperative

Japan's post-war success shows that enduring prosperity emerges when economic growth expands opportunities and strengthens the middle class

By C Raj Kumar | 18 June 2026



Indian PM Narendra Modi and Japanese PM Sanae Takaichi will hold a summit-level meeting in Guwahati, Assam, during which a number of aspects of the India–Japan relationship will be discussed. The focus of this meeting will include collaboration in the fields of infrastructure, supply chains, semiconductors, AI, and technology. The discussions between the two Prime Ministers will further expand and deepen the relationship. I believe there is something even more valuable that India can draw from Japan. This concerns India's vision of establishing an egalitarian society through the expansion of its middle class. The question of inclusive economic growth will be one of the most important social, economic, political, and moral challenges of our time.

Beyond Economic Growth: The Real Meaning of Viksit Bharat

The Viksit Bharat vision and our aspiration to become a developed country by 2047 are not just about becoming wealthier. At its heart lies the goal of enabling a more cohesive society, where the benefits of development are democratised and have a wider impact. India will soon become the world's third-largest economy and will have the potential to achieve even greater heights. Notwithstanding this imminent progress, the most critical question policymakers must ask is not how to create wealth. It is whether India can build a society in which millions of people are able to participate in that wealth creation and how it will transform their lives.

Japan provides one of the most outstanding examples of inclusive economic growth, with equality and dignity at the core of its economic and social development.

Japan's Greatest Success: Building a Middle-Class Society

When the story of Japan's post-Second World War miracle is told, it often highlights industrial growth, technological advancement, manufacturing excellence, and innovation. Yet Japan's greatest achievement was the creation of an egalitarian society. It consciously worked towards becoming an inclusive "hundred-million middle-class society," recognising that economic development alone would not ensure national stability. Japan harnessed the market economy to foster innovation, entrepreneurship, exports, and technological leadership while ensuring that the benefits of growth reached ordinary citizens. Driven by globally successful companies and sustained growth, Japan also nurtured a belief that hard work, education, resilience, and talent could improve lives, strengthening social trust and national cohesion.

India's Defining Development Challenge

India is uniquely positioned today. It has not only become the world's fastest-growing major economy but is also home to one of the largest and most dynamic startup ecosystems in the world. India's commitment to democratising technology and developing digital public infrastructure has contributed to financial inclusion, improved public service delivery, and enhanced transparency in governance on an unprecedented scale.

The real question is whether growth in India can be inclusive and whether wealth creation can contribute to the emergence of a large and confident middle class. Our aspiration to build a developed nation by 2047 will necessarily and inextricably be linked to this public policy objective. The question is not how many billionaires India produces, but how many citizens are able to achieve economic security, attain upward social mobility, and access opportunities.

What Can India Learn from Japan?

1. The Private Sector Must Become the Engine of Middle-Class Expansion

Middle-class societies are built through wealth creation, not wealth destruction. Japan never viewed successful businesses as a problem; it regarded business and industry as national assets that drive growth and development. Large corporations, together with thousands of small and medium enterprises, created millions of jobs, powered innovation, expanded exports, and strengthened middle-class prosperity. This offers an important lesson for India. Building the world's largest middle class will require globally competitive companies, manufacturing and services growth, innovation hubs, startups,

entrepreneurship, and strong private-sector participation. The next phase of India–Japan cooperation should focus on creating high-quality jobs across manufacturing, technology, semiconductors, green industries, and AI-driven sectors.

2. Human Capital Is the Foundation of Prosperity

Education and healthcare in Japan were not viewed as welfare programmes but as essential components of economic infrastructure. Japan has achieved literacy rates exceeding 99 per cent. Japanese students consistently rank among the world’s best in mathematics, science, and reading. Japan’s commitment to public health has resulted in universal healthcare coverage and a life expectancy exceeding 85 years.

The next frontier of public policy in India is to emphasise quality within growth. Our aspiration should not merely be to provide access to schools but to ensure excellence in learning; not simply access to healthcare but measurable improvements in health outcomes. There is a strong case for India and Japan to expand cooperation in vocational education and training, healthcare systems, human resource development, addressing the challenges of ageing populations, and promoting lifelong learning.

3. Inclusive Growth Requires Regional Development

Japan deliberately spread economic development across the country through industrial clusters, transportation networks, universities, and regional infrastructure. India has long faced this challenge. India’s middle class and its future cannot depend entirely on Delhi, Mumbai, Hyderabad, Bengaluru, and Chennai. The growth of India and its benefits should increasingly originate from Tier-2 and Tier-3 cities. Manufacturing clusters, logistics networks, industrial ecosystems, higher education institutions, and investments in infrastructure, science and technology, artificial intelligence, and other technology-driven industries must be distributed more widely across the country.

4. Social Mobility Is More Important Than Wealth Redistribution

The story of Japan’s economic development was not about equality of outcomes; it was about equality of opportunity. India’s development challenge, therefore, is to expand pathways for social mobility. Access to finance, quality education, healthcare, digital infrastructure, entrepreneurship, housing, and justice should become more universal. Japan has shown the world that social mobility can become one of the most important foundations of national development and community cohesion.

5. Social Cohesion Ought to Be the Purpose of Growth

Economic development cannot be viewed as an end in itself. The aspiration of Indian society should be to create a nation where ordinary citizens are able to

participate in the vision of development and prosperity. This will strengthen public trust. Wealth generation can occur without inclusion; however, growth accompanied by inclusion creates social stability and community cohesion.

A New Era of India-Japan Cooperation

Over the past few decades, India and Japan have built a partnership centred on infrastructure, manufacturing, technology, and strategic geopolitical engagement. The next era of cooperation should focus on the evolution of a broad-based middle-class society. Japan's experience in skills development, education, healthcare, social stability, and regional development offers valuable lessons for India, while India's strengths in digital public infrastructure, entrepreneurship, and demographic dynamism complement Japan's experience.

As India moves towards Viksit Bharat 2047, its defining mission should be to build not just the world's largest economy, but its largest and most inclusive middle-class society. Japan's greatest lesson is that prosperity matters most when it is widely shared, creating opportunity, stability, and social cohesion.

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