India- The Fastest Growing Economy

Why in news?

PM Modi while inaugurating International Exhibition-cum-Convention Centre in New Delhi has assured that during 3rd tenure of his government, India will be among the top three economies of the world.

What is the status of Indian economy?

- **Size** - India is the **5th largest economy** in the world with the GDP of around 3737 billion US Dollars.
- India was the 10th largest economy in 2014 it doubled its growth in 7 years.
- The International Monetary Fund (IMF) data shows that India is indeed forecast to become the ***3rd largest economy by 2027.***
- It is expected to overtake Germany and Japan in future which is currently the 4th and 3rd largest economies respectively.
- **Per Capita GDP-** India's per capita GDP is only 2600 dollars per annum.

Country	Per Capita GDP (per annum)
India	2600 dollars
UK	47000 dollars
Brazil	10000 dollars

- **India's GDP growth-** All top 10 countries have seen their GDP stagnate or even contract, except China, India and the US.
- Even a more modest growth rate of 6% per annum will be enough for India to overtake Germany and Japan by 2027.
- The key reason for stagnation of global economies is due to Global Financial Crisis (GFC), it hit India too but the impact was so high in European countries.

Country	GDP Growth Rate(2014-23)
India	83%
China	84%
USA	54%

What is the forecast for India's GDP in 2027?

- It will be around 38% more than what it is in 2023, while that of Japan and Germany will be only 15% more than their 2023 levels.
- This relatively faster growth will help India overtake these countries, and become the third-largest economy by 2027.
- In 2027, *India's GDP will be one-fifth of China's* (short by 20 trillion dollar) and one-

sixth of the US (short by 26 trillion dollar).

What are the challenges?

- **Weak per capita GDP-** This is due to the growing population.
  - India is the *largest populous country* in the world.
- **Poor skills-** Indian workforce is dominated by informal sector (*around 90% of the total workforce*) due to lack of proper skillset.
- **Unemployment-** There is a lack of job creation for growing population, which leads to vicious circle of poverty.
- **Human Development Index-** India's rank in HDI is *132 out of 192 countries* in 2022.
- India needs to focus on health, education and standard of living aspects.
- **Universal health coverage-** A crucial element of becoming richer as a country is the quality of life available to citizens.
  - As per National Health Estimates the share of *out of the pocket expenditure is 47%.*

Steps taken to fasten the economic growth

- **Niti Aayog**- It released "*15-year Road Map*", "*7-Year Vision, Strategy and Action Plan*" to foster economic policy decisions through cooperative federalism.
- **Startup India-** It was launched in 2016 with aim to catalyse startup culture and build a strong and inclusive ecosystem for innovation and entrepreneurship in India.
- **Goods and Service Tax-** It is an indirect tax announced in 2017 with a motto of "One Nation One Tax" to improve growth momentum by reducing barriers to trade, business and related economic activities.
- **Ujjwal DISCOM Assurance Yojana (UDAY)-** It was launched in 2015 that aims for financial turnaround and revival packages for electricity companies in India.
- **National Infrastructure Pipeline-** It is a roadmap for 5 years (2020-25) to invest around Rs 100 lakh crores in social and economic infrastructure.
- **National Monetization Pipeline-** It was launched in 2021 with the principal aim of asset creation through monetisation.
- **Atmanirbhar Bharat Abhiyan**– It is a self-reliant India mission launched in 2020 as an economic stimulus package for revival of COVID situation.
- **PM Gati Shakti-** It is a National Master Plan for Multimodal Connectivity launched in 2021.
- Simplified and liberalized the procedures for Foreign Direct Policy.

What are the opportunities that lies ahead of India?

- **Demographic dividend-** India's should leverage the potential of population in stimulating economic growth.
- **Poverty**- As per *National Multidimensional Poverty Index 2023* released by Niti Aayog there has been steep decline in poverty levels.
- **G20 Presidency-** India holds the presidency of G20 in 2023 with the theme of "*One*

Earth One Family One Future".

- This will have a geopolitical significance for India with neighbour countries and will have a reach globally.

References

1. Indian Express| India 3rd largest economy in 2027
2. Indian Express| Top 3 economies
3. PIB| steps taken to increase GDP

