

## 1953 - Economy

4. DO you think India still on track to become \$5 trillion economy. Analyse.

India - recently become 5<sup>th</sup> Largest economy in world according to World Economic outlook by International monetary fund. Its current economy was \$3.5 trillion dollar by 2022

Road blocks before - \$5 trillion vision

1. pandemic has affected both domestic & global, supply chains - which is not completely eased.

i) Inflation in developed world due to increased fiscal stimulus during pandemic

ii) After pandemic - developed economies on path of increasing 'Tightening policies' - to curb domestic demand & address demand-supply mismatch

iii) epi vs Fed hike - 4.25-4.5% } 50 basis points increase

iii) Geopolitical tensions - Russia-Ukraine war &

Energy crisis in Europe, ~~sky~~ increasing oil prices and supply cut by opec countries

iv) Dollar is strengthening strongly - leaving developing countries like India - in dispair. Increasing Import cost

v) China's slowdown - due to zero covid policy

World Bank - report - India is better position to deal with Global headwinds

1. Diversification - Economic Survey 2021 - showed india diversifying its top 10 trade, share reduced from 60% to 58% & decreasing further.

2. Young population - 64% young population - labour force 365 mn - raising per capita income

3. Adoption rates - In Manufacturing increased (81-97%)  
financial services sector - (59% to 84%), technologies

4. Shift in move to remote - advantage for India's IT sector

5. Renewables - 40% production from non-fossil  
reducing impact of oil & self reliance in renewables.

All these shows, despite growth forecast dropped to 6.8%. India still a fastest growing & on path towards \$5 trillion economy