



# India as the World's Fourth Largest Economy

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**Why in news:** The Government of India announced that **India has surpassed Japan** to become the **world's fourth-largest economy**, with a **GDP of USD 4.18 trillion**, making it the **fastest-growing major economy** globally.

## Global Ranking (Nominal GDP)

1 United States – USD 30.6 trillion

2 China – USD 19.4 trillion

3 Germany – USD 5 trillion

**4 India – USD 4.18 trillion**

- **Projection:** India is poised to **displace Germany** and become the **third-largest economy** in the next **2.5–3 years**, with a projected GDP of **USD 7.3 trillion by 2030**.

## GDP in Purchasing Power Parity (PPP) Terms

India ranks **3rd globally in PPP**, behind China (USD 33 trillion) and the US (USD 25 trillion).

### IMF Projections:

o GDP (PPP) could reach **USD 20.7 trillion by 2030**.

o India may become the **second-largest PPP economy by 2038** with a GDP of **USD 34.2 trillion**.

## Growth Momentum

**Q2 2025–26:** Real GDP grew **8.2%**, a **six-quarter high**, showing resilience despite global uncertainties.

### International Forecasts:

o **World Bank:** 6.5% growth in 2026

o **IMF:** 6.6% growth in 2025

o **Asian Development Bank:** 7.2% growth in 2025

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oMoody's: India to remain the **fastest-growing G20 economy**

**Supportive Macroeconomic Indicators**

**Low inflation and declining unemployment**

**Strong credit flow and robust urban demand**

Economic resilience strengthened by **structural reforms and policy initiatives**

**Vision 2047:** Long-term goal: Achieve **high middle-income status by India's centenary of independence**, backed by:

Structural reforms

Inclusive growth

Economic resilience and social progress