



KAMARAJ IAS ACADEMY
Only IAS Academy by Grandson of "Perunthalsivai Kamarajar"

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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o**Moody'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