

Editorial

India Overtakes UK To Become The Fifth Largest Economy

India has become the world's 5th largest economy, in nominal cash term overtaking the UK, the colonial ruler for 200 years. While in terms of purchasing power parity, India is the third largest economy with a share of 7 percent of global GDP after China (18 percent) and the US (16 percent). If in the next decade, India could achieve a growth rate of 11 percent, it would become the second largest economy by 2031. Among the large economies, India was ranked 11 while the UK was at the fifth position, a decade ago and now it is behind only the US, China, Japan and Germany.

The decision of India being at the fifth position is based on calculations by Bloomberg using the dollar exchange rate on the last day of the April-June quarter. During this quarter the size of the Indian economy was \$854.7 billion whereas the UK was \$816 billion. At present, India is \$3.5 trillion whereas the UK is \$3.2 trillion economy. However, the population of India is 20 times that of the UK. India's population is 1.4 billion while the population of the UK is 0.068 billion, hence, the per capita GDP of India is at \$2500 while that of the UK is \$47000. There was a growth of 13.5 percent in India's GDP in the April-June quarter but the increasing interest cost and the fear of recession in the dominating world economies could slow down the impulse. The estimation of the Reserve Bank of India for the quarter was 16.2 percent, the lower growth was due to the slow growth of the manufacturing sector at 4.8 percent and the trade deficit because of higher imports than exports. By 2027 India's GDP in terms of market exchange rates is expected to reach US \$5 trillion and by that year India's GDP in terms of purchasing power parity will exceed US \$16 trillion. The Organisation of Economic Co-operation and Development estimates that by 2048 Indian economy could overtake the US economy and will become the largest economy in the world after China. By that period the Indonesian Rupiah is predicted to become the strongest currency across the globe and the Indian Rupee will be counted as the second strongest currency. Demographic dividend, exports manufacturing and internalization shall be the engines that would power India. Presently, it has a

population of 1.38 billion but by 2023 with the population of 1.43 billion it will be the most populous country in the world. India's share of the Indian manufacturing sector would rise to 25 per cent by 2031 if a boost of 10 percent comes through the campaigns like Make in India or Startup India. Paramount challenges viz- reviving the livelihood lost due to pandemic, enhancing high-quality labour force, reducing carbon footprint and developing infrastructural ecosystem should be addressed. With the average median age of an Indian is 28.4 years, India is the world's youngest country. In contrast to the countries like Japan, US, China and Brazil, India is at an advantageous position in terms of working age population as working population in other countries have started declining.

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