

**SOCIO-ECONOMIC VOICES**



**"India emerges as a global growth leader"**

**-Dr. S P Sharma,  
Chief Economist, PHDCCI**

**India is projected as the fastest growing economy among the major economies in the next five years (2024-2028). The pandemic impact has built a great immunity in India's economic system; meaningful and effective economic reforms have built steady strides for its journey from an emerging economy to the emerging economic superpower.**

India has exhibited strong economic immunity vis-à-vis geo-political developments. The Gross Domestic Product (GDP) grows more than 7% over the past two financial years (2021-22 and 2022-23) and a growth of 7.7% in H1 of the FY 2023-24. The consistent economic performance India's great immunity build from the impact of pandemic covid and geopolitical conflicts, positioning India as a robust growth leader in the global economic landscape. Almost all the growth ingredients of GDP have experienced a commendable growth trajectory including the mining and quarrying, manufacturing, public administration, defense and other services, electricity, gas, water supply and other utility services, and construction. These sectors have emerged as key contributors, playing pivotal roles in shaping and bolstering India's economic advancement.

**Growth of the components of GVA**

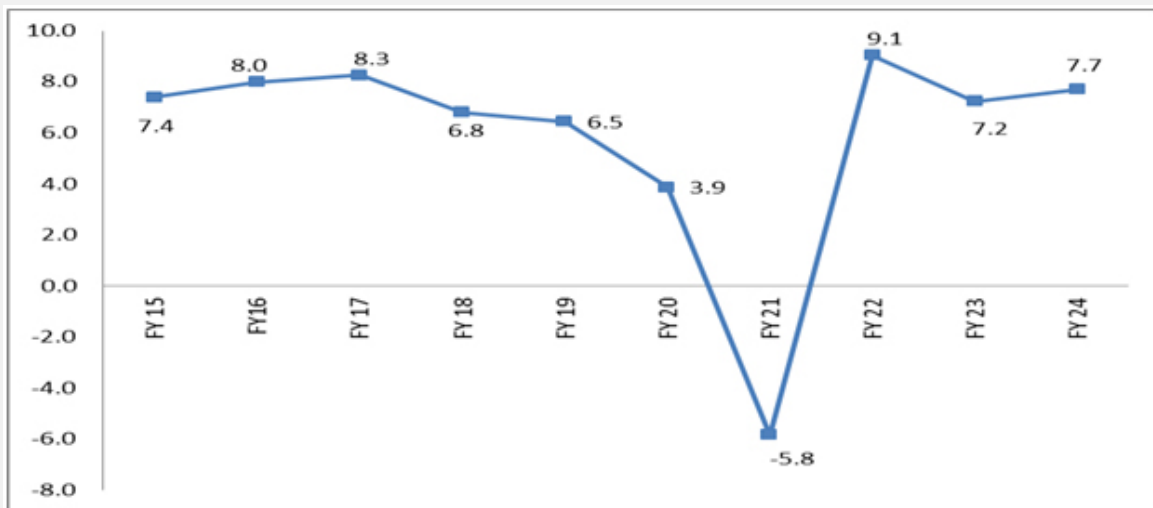
Components	Yearly Estimates				Quarterly Estimates	
	2019-20	2020-21	2021-22	2022-23	2023-24	
					Q1	Q2
Agriculture, forestry & fishing	6.2	4.1	3.5	4.0	3.5	1.2
Mining & quarrying	-3.0	-8.6	7.1	4.6	5.8	10.0
Manufacturing	-3.0	2.9	11.1	1.3	4.7	13.9
Electricity, gas, water supply & other utility services	2.3	-4.3	9.9	9.0	2.9	10.1
Construction	1.6	-5.7	14.8	10.0	7.9	13.3
Trade, hotels, transport, communication & services related to broadcasting	6.0	-19.7	13.8	14.0	9.2	4.3
Financial, real estate & professional services	6.8	2.1	4.7	7.1	12.2	6.0

Public administration, defense & other services	6.6	-7.6	9.7	7.2	7.9	7.6
<b>GVA at Basic Price</b>	<b>3.9</b>	<b>-4.2</b>	<b>8.8</b>	<b>7.0</b>	<b>7.8</b>	<b>7.4</b>
<b>GDP at Basic Price</b>	<b>3.9</b>	<b>-5.8</b>	<b>9.1</b>	<b>7.2</b>	<b>7.8</b>	<b>7.6</b>

Source: Compiled from CSO and MOSPI

Continued momentum in the growth of GDP is encouraging as broad-based growth across the sectors supports the economy to grow from strength to strength. The high growth of manufacturing at around 14% followed by construction at 13%, electricity, gas, water supply, and other utility services at 10%, and the mining & quarrying at 10% are inspiring and indicate that economic activity is continuing on the high road. It is appreciable that despite the global headwinds, the economy continues to grow consistently. The continued high momentum of gross fixed capital formation at 35% of GDP indicate continuous expansion in the CAPEX in the coming quarters. India is emerging as a great leader of economic resilience, and continues to be a bright spot in the global economic landscape. These positive indicators underscore India's ability to navigate challenges and demonstrate sustained economic progress in the coming times.

### The long-term growth trajectory of the Indian economy



Source: Compiled from CSO and MOSPI

This economic growth hinges on crucial drivers, including investments in human capital, infrastructure development, technological advancements, and institutional reforms. Its implications are far-reaching, generating employment opportunities, reducing poverty, bolstering manufacturing, and enhancing global competitiveness. Currently, among the top 10 leading economies, India firmly maintains its position as the 5th largest, demonstrating its substantial economic potential and resilience. India's remarkable growth rate, projected by IMF, from 2024 to 2028, records at 6.3%, surpasses significantly that of its counterparts. China's growth will be below 4%, significantly lower by more than 2 %age points as compared with India. The average growth rate of all the other major economies except India and China is projected below 2% during the period 2023-28 (average).

### GDP projections of the top 10 leading economies (2024-28)

Growth of GDP (%) YoY						
Top 10 Economies	2024	2025	2026	2027	2028	Average (2023-2028)

USA	1.48	1.82	2.06	2.12	2.12	1.95
China	4.16	4.12	4.07	3.66	3.38	3.87
Japan	1.03	0.65	0.49	0.42	0.41	0.60
Germany	0.92	1.99	1.88	1.29	0.91	1.39
India	6.29	6.33	6.32	6.35	6.26	6.31
UK	0.64	1.98	2.05	1.82	1.53	1.60
France	1.35	1.81	1.67	1.53	1.44	1.56
Russia	1.05	0.95	0.95	0.95	0.95	0.97

Source: World Economic Outlook, IMF, October 2023

India's robust economic growth underscores the effectiveness of India's economic policies and initiatives, reflecting the nation's capacity to foster sustainable expansion and capitalize on its demographic dividend. Furthermore, this impressive growth rate serves as a testament to India's increasing prominence as an attractive destination for foreign investments and a key participant in the Global Economy. India has been identified as a key contributor to global growth in the coming years by the International Monetary Fund (IMF).

Going ahead, India is poised to achieve significant economic milestones in the coming years, with a projected GDP of more than USD 4 trillion in FY 2024-25 and USD 5 trillion in 2026-27. Bolstered by comprehensive reforms, the Indian economy has garnered global acclaim for its robust economic fundamentals and notable improvements in the ease of doing business. According to a recent S&P report, India is anticipated to surpass Japan, emerging as the second-largest economy in the Asia-Pacific region and third largest in the World economy, with a projected GDP of USD 7.3 trillion by 2030. The optimistic outlook is further accentuated by the growing enthusiasm among businesses to expand their production possibility frontiers and deploy more workforce in their respective factories. As India continues on this trajectory, it is evident that the Nation is moving steadfastly on the right path towards becoming a formidable economic force on the global stage and a developed economy by 2047.

In a nutshell, India's contribution is paramount to global economic growth. As part of its quest to world's top three economies, India has provisioned significant measures. Continued process of economic reforms will further strengthen the economic fundamentals and maintain a strong economic growth trajectory in the coming years. Strengthening of India's connectivity with Global Value Chains (GVCs) will enhance India's integratedness with the global economy. Strong supply chains will help to reduce costs of doing business further and more price competitiveness in the domestic and international markets. Enhanced competitiveness of the Indian economy will attract more and more domestic and foreign investments and create more employment opportunities in the factories with expanded production possibility frontiers.

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