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Current Affairs search results for: " India set to become 3rd largest economy in the world by 2027-28: IMF"

1. 2020-2030 to be India's Decade and India to become world's 3rd largest economy and market: Morgan Stanley (Nov. 16, 2022)

India to become world's 3rd largest economy

In a report titled '**Why This Is India's Decade**' the American Investment Banking firm Morgan Stanley expects India to become the **world's third-largest economy and market** and India will account for **fifth of the global economic growth in the next decade**.

Morgan Stanley projection is in line with the [International Monetary Fund \(IMF\)](#) projection of India becoming the 3rd largest economy by **2027-28** and [SBI's](#) of India achieving this milestone in **2029**.

However the report says that these forecasts will depend on favourable domestic and global factors.

Main highlights of the Morgan Stanley report

- India's GDP is set to double from the current \$3.4 trillion to \$8.5 trillion over the next decade. It expects India to add more than \$400 billion to its GDP every year, a scale that is only surpassed by the US and China,
- Four key factors - demographics, digitalization, decarbonization and deglobalization are likely to facilitate India's rapid rise,
- Manufacturing's share of GDP will rise from **15.6% currently** to 21% by 2031, which implies nominal output jumping from \$447 billion to about \$1.49 trillion,"
- The number of households earning in excess of \$35,000 a year is likely to rise fivefold in the coming decade, to over 25 million.
- India's private consumption will more than double from \$ 2 trillion in 2022 to \$ 4.5 trillion by the end of the decade, a size that would be roughly similar to China in 2015,
- India's global export market share is expected to more than double at 4.5 per cent by 2031,
- India's services exports will almost treble to USD 527 billion (from USD 178 billion in 2021) over the next decade.
- E-commerce penetration to nearly double from 6.5 per cent to 12.3 per cent by 2031.
- Internet users in India will increase from 650 million to 960 million while online shoppers will grow from 250 million to 700 million over the next 10 years.
- Around 25 percent of incremental global car sales over 2021-2030 will be from India and it expects 30 percent of 2030 passenger vehicle sales to be electric-run.
- India should hit a "major inflection point" for the next residential property boom in 2030 - a confluence of high per-capita income, a mid-30s median age, and higher urbanization.
- India's workforce in the technology services sector will more than double from 5.1 million in 2021 to 12.2 million in 2031.
- Healthcare penetration in India can rise from 30-40 per cent now to 60-70 per cent which will lead to 400 million new entrants to the formal healthcare system.
- Over USD 700 billion in energy investments are expected over the next decade as India accelerates its energy transition.

About Morgan Stanley

Morgan Stanley is an American Multinational Investment banking firm which was set up in 1935 in New York City.

It is primarily in the business of wealth management, Investment banking, and brokerage and provides other financial services.

Headquarters: New York City, United States of America

Chairman and Chief Executive Officer: James P Gorman

2. India set to become 3rd largest economy in the world by 2027-28: IMF (Oct. 15, 2022)

According to the [World Economic Outlook Report 2022](#) released by the International Monetary Fund (IMF) on 11 October 2022, India is expected to become the **third largest economy in 2027-28** by overtaking Japan. Earlier [SBI](#) in its report had predicted that India will become world's 3rd largest economy by 2028-29.

India still 6th largest economy in the world

However India is still the **6th largest economy** in the world after the United Kingdom in 2021-22. The Indian Gross Domestic Product (GDP) 2021-22 was \$ 3.18 trillion while the United Kingdom GDP was \$ 3.19 trillion.

According to the IMF India will overtake the **UK in 2022-23**. India would become a \$3.47-trillion economy in 2022-23, while the UK's would be \$3.2 trillion in the same period.

Earlier, a [Bloomberg](#) report stated that India has overtaken the UK in the fourth quarter of 2021-22, basing it on IMF data. However, that comparison was made on quarterly data and not on yearly data.

Future Projection of Indian Economy

According to IMF projections, the Indian Economy will be equal to the German economy in **2025-26** and will become the **4th largest** in the world.

India's economy will not be able to achieve the \$5 trillion mark as hoped by the Finance Ministry by 2026-27 but it will be a \$4.94 trillion economy.

In **2027-28** the India economy is expected to be at the \$5.36-trillion mark, higher than Japan's at \$5.17 trillion. That year, India would become the third-largest economy.

According to the IMF, **the United States was the largest economy** in the world followed by China, Japan, Germany and the United Kingdom.

Managing Director **of IMF: Kristalina Georgieva**

IMF headquarters: **Washington D.C, United States of America**