

In 75th yr of freedom, India overtakes UK as 5th largest economy

TIMES NEWS NETWORK

The timing couldn't have been more appropriate, or the development more replete with symbolism. Seventy-five years after it attained freedom at midnight, India now has an economy larger than that of its erstwhile colonial master.

India has overtaken the UK to become the world's fifth-largest economy. It is set to become the third largest by 2029, reports said on Saturday.

"On an adjusted basis and using the dollar exchange rate on the last day of the relevant quarter, the size of the Indian economy in nominal cash terms in the quarter through March was \$854.7 billion. On the same basis, UK was \$816 billion," Bloomberg News said in a report, adding that the calculations were done using IMF database and historic exchange rates.

It said the UK is likely to have fallen since the March quarter. Its GDP grew 1% in cash terms in the second quarter and after adjusting for inflation shrank 0.1%.

[7.5% growth? P 15](#)

Economy forecast to grow by 7-7.5% in current fiscal

India had surpassed UK as the fifth-largest economy as early as December 2021, according to a State Bank of India report. The share of India's GDP in global GDP is now at 3.5%, as against 2.6% in 2014 and is likely to cross 4% in 2027, the current share of Germany, according to the SBI report.

"The path taken by India since 2014 reveals it is likely to get the tag of third-largest economy in 2029, a movement of seven places upwards since 2014 when India was ranked 10th. India should surpass Germany in 2027 and most likely Japan by 2029 at the current rate of growth," Soumya Kanti Ghosh, group chief economic adviser at SBI, said in the research note.

The Indian economy is forecast to grow by 7-7.5% in the current fiscal year while the UK economy has been battling a sharp slide in growth and record high inflation. Latest data showed the Indian economy grew by 13.5% in the quarter ended June. The IMF has forecast India to grow by 7.4% due to the impact of the slowing global economy, inflationary pressures and monetary tightening. The IMF forecast has shown India will retain its tag as the fastest growing major economy in the world.

The news of India surpassing the UK to emerge as the fifth-largest global economy triggered a range of responses on social media with some saying there is a huge gap still to be filled when it comes to per capita income.

"Proud moment for India to pip UK, our colonial ruler, as the 5th largest economy: India \$3.5 trn vs UK \$3.2 trn. But a reality check of population denominator: India: 1.4 bn vs UK: 068 bn. Hence per capita GDP we at \$2,500 vs \$47,000. We have miles to go... Let's be at it," Kotak Mahindra Bank CEO Uday Kotak said on

Twitter.

Anand Mahindra, chairman of Mahindra group, also hailed the milestone. “The law of Karma works. News that would have filled the hearts of every Indian that fought hard and sacrificed much for freedom. And a silent but strong reply to those who thought India would descend into chaos. A time for silent reflection,gratitude,” he tweeted.

RBI deputy governor Michael Debabrata Patra had last month said currently, India is the third-largest economy in the world in terms of purchasing power parity (PPP), with a share of 7% of global GDP (after China (18%) and the US (16%)). He said India’s GDP in market exchange rates is expected to reach \$5 trillion by 2027. “By that year, India’s GDP in purchasing power parity terms will exceed \$16 trillion (up from \$10 trillion in 2021). The OECD’s 2021 calculations indicate that the Indian economy will overtake the US by 2048. This would make India the largest economy in the world after China,” Patra had said in his speech at a function in Bhubaneswar.

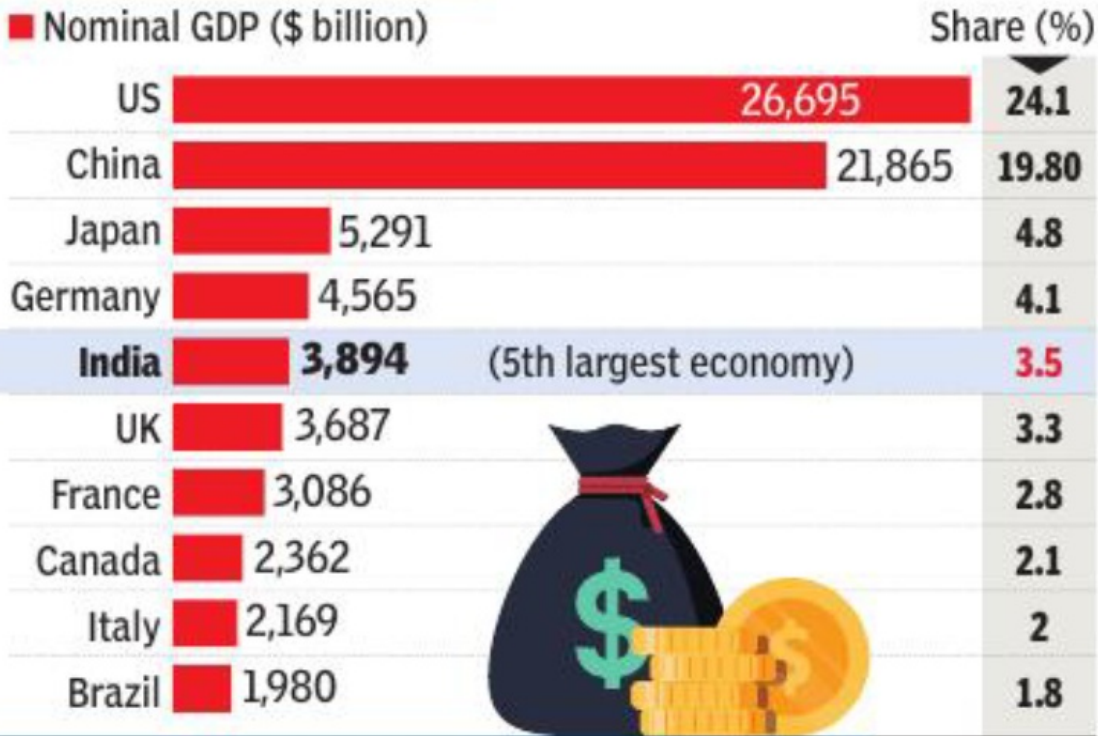
SUPER SIX

	Nominal GDP (\$ billion)	Share of world GDP(%)
US	26,695 ⚡	24.1
China	21,865 ⚡	19.80
Japan	5,291	4.8
Germany	4,565	4.1
India	3,894	3.5
UK	3,687	3.3

Source: IMF, SBI Research

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Source: IMF, SBI Research