

# Is India's economy 'dead' as Donald Trump claimed?

*Trump says India's economy, the fastest growing in the world, is 'dead'. Here's how India stacks up against other countries on growth. But the data also show significant concerns for India on a range of indicators*

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United States President Donald Trump (AP Photo/Jacquelyn Martin)

On July 30, United States President Donald Trump announced 25% tariffs on India, as well as an unspecified "penalty" for buying military equipment and energy from Russia.

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A day later, Trump posted on social media that he did not care if India and Russia “take their dead economies down together”.

Asked about Trump’s description of India as a “dead” economy, Leader of Opposition in Lok Sabha [Rahul Gandhi](#) said: “Yes, he (Trump) is right... Everybody knows this except the Prime Minister and the Finance Minister. I am glad President Trump has stated a fact... The whole world knows that India is a dead economy and that the [BJP](#) has killed it...”

Union Minister of Commerce & Industry [Piyush Goyal](#) pushed back, saying that India had rapidly transformed from being one of the ‘fragile five’ to the fastest growing major economy in the world in just over a decade.

“We have risen from the 11th largest economy to one of the top five... It is also widely expected that we will become the third largest economy in a few years. Today, international institutions and economists see India as the bright spot in the global economy. India is contributing to almost 16% of the global growth,” Goyal said in a statement to Parliament.

“In the last decade, the government has taken transformative measures to promote India as the manufacturing hub of the world... India’s young, skilled and talented workforce is driving

innovation and competitiveness of Indian industry. Our exports have steadily increased during the last 11 years,” he said.

## Economic growth

So, is India's economy “dead”? While Trump, who seems annoyed with India's hard bargaining in the talks for a trade deal, need not be taken literally, it stands to reason that one absolutely necessary attribute of a dead economy must be an absence of economic growth.

The Table alongside contains data for gross domestic product (GDP) from the International Monetary Fund (IMF) for a selection of countries over the past 30 years from 1995.

They have been selected in the context of Trump's comments, and the recent trade pacts signed between his administration and countries such as Pakistan, the UK, and the EU (of which Germany is the biggest economy). Japan has been included because it is one of the world's biggest economies.

The data throw up a picture that is obviously contrary to Trump's contention that India, or even Russia, are “dead” economies.

Column 3 shows the number of times the GDP of each country has grown over the past 30 years. The top three countries are China, India, and Russia in that order.

While the US has now become four times its 1995 size, its closest trade partners like the United Kingdom have grown by less than 3 times, and Germany has failed to even double its economy.

Japan's GDP in 2025 is lower than what it was in 1995, which would, by this metric, qualify it to be not just a “dead” but perhaps a decaying economy.

In contrast, India's economy is today almost 12 times its size in 1995.

## Comparison with US

There is another way to look at these numbers: how did these economies grow relative to the US?

Columns 4 and 5 show there are only three economies that have grown in size relative to the US: China, India, and Russia. India was less than 5% the size of the US economy in 1995, but in 2025 it is almost 14%.

By contrast, all of America's friends and trading partners have shrunk in size relative to the US.

## Concerns for India

Do the above numbers mean India's economy has no problems? While India is by no means a "dead" economy — far from it — it does have several ailments.

While India's overall GDP has grown, its growth rate has lost a step since 2011-12, and failed to replicate the spurt of fast growth — averaging 8%-9% — that was witnessed before the Global Financial Crisis of 2008-09. Since 2014, India's growth rate has hovered around 6%.

India also has not achieved the pace of growth that China did during its own journey. In 2014, India's GDP was \$2.1 trillion; 11 years later, at the end of the ongoing financial year, it is projected to reach \$4.1 trillion, according to the IMF. By comparison, China's GDP raced from \$1.9 trillion to \$4.6 trillion in just four years, from 2004 to 2008.

In terms of trade — which is the context of Trump's comments — India's share is just 1.8% of total global exports of goods, and just 4.5% of total global exports of services.

One sign of weakness in the economy is the fact that there are many sectors that India wants to protect when it comes to international trade. India's farm economy is plagued with distress, with the bulk of the farmers living at subsistence levels.

The reason why the bulk of India's population is still engaged in the rural and farm sectors is the failure to boost manufacturing. Official data show that since 2019-20, manufacturing has registered a slower growth rate (CAGR of 4.04%) than even agriculture and allied activities (4.72%).

Further, despite overall GDP growth, the quality of growth and its distribution is acutely skewed, leading to widening inequalities and persistently high poverty. Twenty-four per cent of the population is below the World Bank poverty line for India. In 2011-12, when India was a poorer country and its poverty line was the same as the abject poverty line, 27% of India qualified as poor.

Data on inequality also show an alarming rise. And on human development metrics such as health and education, the situation is concerning.

A stark skills mismatch means that unemployment in India rises to very high levels with rising educational attainment. And female participation in the economy is among the lowest

in the world — even when it is rising, the quality of work is of the poorest quality with low and stagnant wages.

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