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India: From the $4 Trillion Milestone to A Recalibrated Global Ranking

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Abstract

India turned its $4 trillion nominal GDP during 2024–25, crossing the important threshold on the country's post-liberalisation growth trajectory. Initial reports from late 2025 and early 2026 suggested that India crossed into the world's fourth-largest economy club, overtaking Japan. But the February 2026 revision of India's GDP base year (2011–12 to 2022–23) by the Ministry of Statistics and Programme Implementation (MoSPI) and the concomitant depreciation of the rupee pulled India's dollar GDP down in the revised series. As per the IMF's April 2026 World Economic Outlook, India is the sixth-largest economy in nominal GDP (as per the latest exchange rates), with the US, China, Germany, Japan, and the UK above it, but the third-largest in GDP in purchasing power parity (PPP) terms and has been so since before 2010. This article takes a close look at factors underpinning India's growth, revisits the 'fourth-largest economy' proposition in light of the fresh data, and examines India's prospects of turning its $5-trillion economy by the end of next fiscal, 2026–27 and $26 trillion by 2047 - 25 years from now. India's growth trajectory, as this note argues, will see its headline figures (nominal GDP in current prices or PPP) rise, but its developmental challenges - low per capita income, inequality, and vulnerability to shocks - need to be reckoned with to turn this growth into sustainable and inclusive development.

Keywords: *India; $4 Trillion Economy; GDP Ranking; GDP Base Year; Rupee Depreciation; IMF World Economic Outlook; Inclusive Development; Infrastructure; Digital Transformation; Consumption; Investment; Inequality; Climate Resilience; Economic Policy; Global Economy; Emerging Markets.*

Introduction

India's economic evolution over the last three decades has been remarkable, with its economic policy reforms, digital disruption, and growth trajectory making it one of the fastest-growing major economies. India's growth has been driven by consumption, investment, innovation, and its growing role in the global economy, with the $4 trillion nominal GDP being just another marker in this journey.

What happened after this was announced changes to this 'ranking' in subsequent months. Government officials and commentators were quick to proclaim India as the world's 'fourth-largest economy,' having overtaken Japan after 2025. This view was based on projecting figures and not finalised data. As of mid-2026, official statistics revealed that India ranks sixth in nominal GDP, just ahead of the UK, Germany, Japan, the US, and China. However, as mentioned previously, India is the world's third-largest economy in PPP terms and has been so since before 2010. This article discusses this update in detail while also examining India's growth, its medium- and long-term prospects, and the challenges it must overcome to sustain this growth trajectory, as well as the opportunities and policy priorities.

The $4 Trillion Milestone: A Ranking in Flux

India's GDP has grown from about $2.1 trillion in 2015 to about $4.2 trillion in 2025 (despite the pandemic and the geopolitical headwinds). India's GDP has been growing at an unprecedented rate; it took about seven years to double from $1 trillion to $2 trillion (between

2007 and 2014), about four more years to reach $3 trillion in 2021 (despite the pandemic), and another four to cross $4 trillion in 2025.

India's Real Strength: The World's Third-Largest Economy in PPP Terms

Nominal GDP (output in dollars at exchange rates), which determines the ranking of economies, is just one indicator of an economy. As shown in the table below, it can be highly volatile and vary significantly due to exchange rate variations, statistical revisions, and other variables. More meaningful is gross domestic product (GDP) in purchasing power parity (PPP), which measures the total value of goods and services produced in the country using a common international currency that reflects the relative buying power of the domestic currency. For example, a kilogram of rice costs roughly 0.67 in India and 4.76 in Japan (approximately), meaning it purchases much less in the latter. On the other hand, the same amount of money in India can buy more of anything, from real estate to consumer goods to services.

Based on this, India ranks third in the world in terms of GDP, equal to number one – China ($44.3 trillion) and number two - the US ($32.4 trillion), with India closely following at $18.9 trillion (2026). It is significantly ahead of Russia ($7.5 trillion), Japan and Germany – $7.3 trillion and $6.4 trillion respectively. China overtook the US in 2014 to rise to the first place in GDP PPP in the world and continues to grow. India's GDP PPP has grown roughly nine times in ten years. India has overtaken Japan in 2025 to take second place in the world in net terms.

It is difficult to say with a high degree of certainty whether India will overtake the US in nominal GDP – there are too many variables, both within and outside of India, that affect this figure. Its position in PPP terms is also linked to these variables, which are difficult to control on a regular basis. The table below shows the IMF's GDP rankings for the largest economies for 2026, which were discussed in the preceding paragraph.

Rank	Country	Nominal GDP (2026, IMF)	Notes
1	United States	$32.4 trillion	Largest economy by a wide margin
2	China	$20.9 trillion	Slowing, but still second-largest
3	Germany	$5.45 trillion	Europe's largest economy
4	Japan	$4.4 trillion	Yen depreciation weighs on dollar GDP
5	United Kingdom	$4.26 trillion	Services-heavy, post-Brexit stability
6	India	$4.15 trillion	Fastest-growing major economy (6.5%)
7	France	$3.6 trillion	Eurozone's second-largest

Key Drivers of India's Growth

Private Consumption: The Backbone of Growth

Private consumption is about 56% of GDP and drives India's economic growth. Increasing consumption, along with rising incomes, urbanisation rates, and the growing middle class, is projected to provide major growth catalysts in India. Unlike China's investment-driven economy, India has a consumption-led growth model. With a median age of around 28 years, and a large working-age population, India's consumption potential is growing. India's working-age population will peak (according to the UN projections) in the 2050s.

Capital Formation and Infrastructure Push

Both private and public investments have seen a significant rise over the last decade. Gross fixed capital formation in India is close to 33% of GDP, with capital investments by the government also rising, reaching over 3.3% in 2023–24. The government is focusing on infrastructure development, transport corridors, and clean energy through PM Gati Shakti masterplan and PLI schemes for electronics, semiconductors, and renewable energy.

Sectoral Dynamics: Services, Industry, and Agriculture

Services account for roughly 55% of Gross Value Added (GVA), with IT and digital services firms like Infosys, TCS, and Wipro, as well as a thriving start-up ecosystem, driving growth. Industry comprises roughly 26% of GVA, with significant growth in auto, pharma, renewables, and electronics, while agriculture makes up almost 18% of GVA and over 40% of employment - with scope for improvement in productivity.

Reforms and Digital Transformation

Structural reforms, such as GST, IBC, and liberalisation, have had a significant impact on economic growth, while digital public infrastructure, such as UPI and Jan Dhan, has enhanced financial transactions and service delivery in India. As a result, India has emerged as a leader in digital public goods, with its innovations garnering international acclaim from the World Bank.

Innovation, Start-ups, and the Digital Economy Multiplier

Beyond the digital public infrastructure discussed above, India's private innovation ecosystem has become

a meaningful contributor to growth in its own right. The country now hosts one of the largest start-up ecosystems in the world by number of registered ventures, spanning fintech, business-to-business software, healthtech, agritech, and deep-tech domains such as artificial intelligence and space technology. A number of these companies have scaled into billion-dollar valuations, and a steady stream of them have begun listing on domestic stock exchanges, adding a new category of high-growth, technology-driven firms to India's capital markets alongside the more established industrial and financial conglomerates that historically dominated index composition.

Venture capital and private equity inflows into India, while cyclical and sensitive to global interest-rate conditions, have grown substantially over the past decade, positioning the country as one of the top destinations for early-stage technology investment in Asia. Government-backed initiatives aimed at easing compliance for start-ups, providing tax relief on capital gains for early investors, and supporting deep-tech research through dedicated funds have complemented this private capital, though founders and industry bodies continue to flag regulatory and taxation complexity as areas requiring further simplification.

The digital economy's contribution extends beyond the start-up ecosystem itself. The Unified Payments Interface has fundamentally reshaped retail transactions, processing a volume of digital payments that now rivals or exceeds several times the transaction volumes of comparable systems in other large economies, and its export to partner countries has become a soft-power and commercial success story in its own right. E-commerce penetration, still comparatively low relative to its addressable population, continues to expand rapidly as internet and smartphone access deepen into smaller towns and rural areas, a trend often described as India's "Bharat" market opportunity, distinct from the more saturated metropolitan consumer base. Taken together, this digital layer functions as a multiplier across the other growth drivers discussed in this paper: it lowers transaction costs for consumption, widens access to formal credit for investment, and creates an increasingly important channel through which services exports, particularly in software and business-process outsourcing, are delivered to global clients.

Manufacturing, Supply Chains, and the "China+1" Opportunity

Global supply-chain realignment, accelerated by pandemic-era disruptions and subsequent geopolitical tensions between major powers, has opened a window for India to expand its share of global manufacturing and exports. Multinational electronics, automotive, and pharmaceutical companies have increasingly sought to diversify production away from a single-country concentration, and India, alongside Vietnam and other Southeast Asian economies, has positioned itself as a beneficiary of this "China+1" diversification strategy. Production-linked incentive schemes covering mobile-phone manufacturing, semiconductors, pharmaceuticals, and renewable-energy components are central to this effort, aiming to build domestic manufacturing scale and export competitiveness in sectors where India had previously been a net importer.

Mobile-phone manufacturing has been an early and visible success, with India rising to become one of the largest producers of smartphones globally and a growing exporter of finished handsets, reversing a previous reliance on imports. Semiconductor assembly and testing facilities, though still nascent relative to established hubs in East Asia, have begun to attract significant domestic and foreign investment commitments, supported by dedicated fiscal incentives aimed at building an indigenous chip ecosystem over the coming decade. Renewable-energy manufacturing, including solar modules and battery components, has similarly benefited from incentive schemes designed to reduce import dependence and support India's clean-energy transition goals.

Nonetheless, India's manufacturing sector continues to face structural headwinds that limit how quickly it can close the gap with established manufacturing powerhouses. Logistics costs as a share of GDP remain higher than in competitor economies, despite improvements from infrastructure investment under initiatives such as the PM Gati Shakti masterplan. Land acquisition and regulatory compliance burdens, while eased in several states, remain more cumbersome than in competing manufacturing destinations. Skilled technical labour for advanced manufacturing, particularly in electronics and semiconductors, remains in comparatively short supply relative to demand. Addressing these bottlenecks will be central to determining whether India's manufacturing share of GDP, which has been broadly stagnant for years even as services and consumption expanded, can rise meaningfully over the coming decade, a shift that would be important both for absorbing the country's expanding workforce and for sustaining export-led growth alongside its consumption- and investment-driven engines.

Financial Sector Deepening and Capital Markets

A less visible but increasingly important pillar of India's growth story is the deepening of its financial system. India's banking sector has undergone a substantial clean-up over the past decade, with non-performing

asset ratios falling from the elevated levels seen in the mid-2010s to healthier levels following recapitalisation, insolvency reform under the Insolvency and Bankruptcy Code, and stronger provisioning norms. This has restored banks' capacity to lend, supporting the private capital expenditure cycle referenced earlier in the context of gross fixed capital formation.

Equity markets have expanded dramatically in both depth and retail participation, with the number of individual investor accounts registered with depositories rising many-fold over the past several years, driven by rising incomes, financial literacy campaigns, digital brokerage platforms, and systematic investment plans that have channelled household savings from traditional physical assets such as gold and real estate into financial instruments. India's stock exchanges now rank among the largest in the world by market capitalisation, and a steady pipeline of initial public offerings, including large state-owned enterprise divestments and new-economy technology listings, has added further depth to domestic capital markets.

The bond market, while still smaller relative to GDP than in many advanced economies, has also seen gradual reform, including the inclusion of Indian government bonds in major global bond indices, which has drawn substantial foreign portfolio inflows and lowered the government's borrowing costs at the margin. The insurance and pension sectors, though still underpenetrated by international standards, are expanding as regulatory reforms permit greater private participation and as rising incomes drive demand for protection and retirement products. Taken together, this financial deepening is a structural enabler of the investment-led growth that India will need to sustain its path toward the $5 trillion and, eventually, the $26 trillion economy milestones discussed elsewhere in this paper.

The Demographic Dividend: Human Capital, Skilling, and Employment

India's much-discussed demographic dividend, referenced above in the context of consumption-led growth, is only an asset if the country's institutions can convert a young population into a productively employed one. India adds several million people to its working-age population each year, and the extent to which these entrants find remunerative work will determine whether the demographic dividend becomes a durable growth driver or a source of social and economic strain. Labour-force participation, particularly among women, remains comparatively low relative to other major emerging economies, representing both a challenge and a substantial untapped source of future growth were participation rates to rise toward regional or global benchmarks.

Educational attainment and vocational skilling have improved markedly over the past two decades, with near-universal primary enrolment and rising secondary and tertiary participation, but a persistent quality gap remains between the skills produced by the education system and those demanded by a modernising, increasingly automated economy. Government skilling missions, apprenticeship programmes, and public-private partnerships with industry bodies have sought to narrow this gap, alongside a growing private ecosystem of vocational training providers and edtech platforms. The informal sector, which continues to employ a majority of India's workforce, presents an additional structural challenge, as informal employment typically offers lower productivity, weaker social protection, and limited access to credit compared with formal-sector jobs.

The rise of the gig and platform economy, spanning ride-hailing, food and grocery delivery, and freelance digital services, has created a new category of flexible but often precarious employment that policymakers are still working to formally recognise and regulate, including through social-security extensions for gig workers introduced under the labour codes. Meanwhile, India's much-publicised IT and services sector, while a major employer of skilled urban youth, directly employs only a small fraction of the total workforce, underscoring the need for labour-intensive manufacturing and construction growth to absorb the far larger pool of workers with basic or intermediate skills. The success of India's demographic dividend will ultimately hinge on whether job creation in agriculture-adjacent, manufacturing, and services sectors can keep pace with the sheer scale of new entrants to the labour market each year.

Growth Momentum in FY2025–26

India's real GDP growth accelerated to 8.2% in the second quarter of FY2025–26 (July–September 2025), compared to 7.8% in the first quarter, reaching a 6-quarter high. MoSPI recently (in mid-2026) revised India's real GDP growth for FY2025–26 to around 7.6 percent, up from the initial 7.4 percent. The robust growth was driven by strength in private consumption, government capital expenditure, and services. This year's growth rate is distinct from the 6.2–6.5 percent growth projected by the IMF for 2026, which is also a calendar year. India is the fastest-growing major economy, overtaking China, the US, and the Eurozone, with momentum expected to continue through FY2026–27.

India in Comparative Perspective: Brics and the Emerging-Market Landscape

India's growth story cannot be read in isolation from the broader universe of emerging economies with which it is routinely compared, particularly its BRICS partners. China remains the dominant force among developing economies, with a nominal GDP roughly five times that of India, but its growth rate has slowed considerably from the double-digit expansions of the 2000s to more moderate single-digit figures as it contends with a property-sector correction, an ageing population, and softening export demand. Brazil and Russia, by contrast, are commodity-dependent economies whose growth is closely tied to oil, metals, and agricultural cycles, making their trajectories far more volatile than India's increasingly services- and consumption-led model. South Africa, the smallest of the original BRICS members, continues to grapple with structural unemployment and energy-supply constraints that have kept its growth well below India's for over a decade.

Within this cohort, India stands out for two reasons. First, its growth is broad-based rather than resource-dependent, drawing on a diversified mix of services exports, domestic consumption, and a maturing manufacturing base. Second, India's demographic profile is the youngest among the major emerging economies, offering it a multi-decade runway of labour-force expansion at a time when China, Russia, and much of the developed world face shrinking working-age populations. This has led several multilateral institutions and investment banks to describe India as the primary engine of global growth for the remainder of this decade, contributing close to a sixth of incremental world GDP growth in dollar terms.

At the same time, India's per-capita metrics remain well behind its BRICS peers on several counts. China's per-capita income is several multiples of India's, reflecting decades of sustained investment-led growth and an earlier start to industrialisation. This gap underscores a recurring theme in India's economic narrative: aggregate size is growing rapidly, but the translation of that size into individual prosperity remains a work in progress. India's expanding presence in multilateral forums such as the G20, BRICS, and the Shanghai Cooperation Organisation gives it a growing voice in shaping global economic governance, even as its domestic development indicators continue to catch up with its geopolitical stature.

State-Level Growth Disparities And Sub-National Economic Diversity

A national GDP figure, however large, conceals enormous variation across India's twenty-eight states and eight union territories. Maharashtra, Tamil Nadu, Karnataka, Gujarat, and Uttar Pradesh together account for a disproportionate share of national output, with Maharashtra alone contributing a share comparable to that of many mid-sized countries. Karnataka and Telangana have emerged as the country's leading technology and services hubs, anchored by Bengaluru and Hyderabad respectively, while Gujarat and Tamil Nadu have built strong manufacturing and export bases in chemicals, automobiles, and textiles. Uttar Pradesh, India's most populous state, has posted some of the fastest state-level growth rates in recent years off a comparatively low base, aided by infrastructure investment, an expanding expressway network, and a push to attract manufacturing investment away from more saturated coastal states.

This unevenness matters for two reasons. First, per-capita income gaps between the wealthiest and poorest states in India are wider than the gaps between many separate countries, meaning that national averages mask deep pockets of underdevelopment even as headline growth accelerates. States in the eastern and central parts of the country, including Bihar, Jharkhand, and parts of Madhya Pradesh, continue to lag on income, human development, and infrastructure indicators despite improvements over the past decade. Second, India's federal structure means that much of the reform agenda relevant to ease of doing business, land acquisition, and labour regulation is implemented at the state level, producing a competitive dynamic in which states vie with one another to attract domestic and foreign investment through dedicated industrial policies, single-window clearance systems, and sector-specific incentives.

The Finance Commission's periodic devolution formulas and the Goods and Services Tax compensation mechanism have become central battlegrounds in this context, as faster-growing southern and western states argue that population-weighted devolution formulas penalise their demographic transition and fiscal discipline, while less industrialised states rely more heavily on central transfers. Understanding India's growth story therefore requires looking beneath the national numbers to this mosaic of state economies, each following a distinct pace and pattern of development.

India's Economic Outlook: Road To $5 Trillion and Beyond

The $4 trillion mark and the subsequent discussion about the 'fourth-largest economy' are both just milestones on India's long journey to a developed economy. India's nominal GDP growth of roughly $4.7 trillion in 2026

and $5.7 trillion in 2028 is expected to be achieved if the current growth rate and exchange rate trends are maintained. India's nominal GDP is expected to surpass $5 trillion by 2027–28, according to Morgan Stanley, so we may achieve this milestone a little later than the $4.7 trillion forecast.

EY Vision 2047's $26 trillion ($15,000 PC) target would see India's per-capita income rise by about six times to around $15,000 (nominal GDP), with a comparable rise in PPP, roughly $35,000 (based on current exchange rates). India's growth rate and, consequently, its GDP rank (sixth or fourth) would depend on its reforms, capital expenditure, external factors, and, not least, on India's ability to withstand occasional rating adjustments of the sort that occurred in early 2026. India will have to reconcile growth with equality to enable and promote inclusive development and meet the needs of its population.

India and International Economic Cooperation

Domestic Economic Performance and the Basis for Global Engagement

India's economy grew by 8.2% in FY2023, 7.2% in FY2024, and an estimated 7.6% in FY2025–26 (as per MoSPI, revised). Exports are projected to exceed USD 824 billion in 2024–25. India's reforms, such as GST, as well as production-linked incentives (PLIs) for the mobile phone, semiconductors, and renewable energy industries, have resulted in increased FDI inflows and a rising value of the 'Make in India' initiative and 'Digital India.' These initiatives have enhanced India's appeal as an investment destination.

India and the United States: Strategic Economic Partnership

India's largest trading partner is the United States, with bilateral goods trade totaling about USD 129.2 billion in 2024, with India's exports accounting for USD 87.4 billion and imports for USD 41.8 billion. India's exports to the US include engineering goods (22.7%), electronics (13%), gems and jewellery (12.8%), and pharma products (11.3%). Bilateral economic ties are strengthened by the India–US Trade Policy Forum, the India–US Clean Energy Partnership, and defence agreements (COMCASA and BECA). India has designated the US as one of its 'Major Defence Partners,' and Mission 500 aims to achieve USD 500 billion in bilateral trade by 2030. However, the relationship is complicated by India's concerns about China's hegemonic intentions and America's contradictory policies in the region.

India and the US were locked in a trade dispute in 2025 after the US imposed tariffs of up to 50% on several Indian goods, including textiles, seafood, and gems, threatening to reduce India's exports by as much as USD 48–87 billion and damage GDP growth. This was followed by a major devaluation of the Indian rupee, which threatened to slow down India's economic growth. A trade agreement between India and the US was signed in early 2026 that reduced 'reciprocal' tariffs on Indian exports to the US from 25% to 18%. It also has implications for the value of the rupee and, therefore, India's GDP, with an expected contribution of about 0.2% to India's growth. India's reliance on the US is minimal compared to other major economies like China because only about 4% of India's GDP comprises exports to the US. Apart from trade, the US and India are cooperating on technology, clean energy, and the Indo-Pacific strategy via the Quad grouping and the Indo-Pacific Economic Framework (IPEF).

India–European Union Relations

The EU is India's second-largest trade partner, with bilateral trade valued at over USD 129 billion in 2023. Free Trade Agreement negotiations between India and the EU are ongoing, alongside the India-EU Connectivity Partnership. In addition, the EU is a major destination for India's clean energy and financial sector exports.

India and ASEAN: Act East Policy

India's Act East Policy has resulted in over USD 110 billion in bilateral trade with ASEAN, making it India's fourth-largest trading partner. The ASEAN–India Comprehensive Economic Cooperation Agreement (CECA), as well as bilateral collaborations with Japan (on the Delhi-Mumbai Industrial Corridor and high-speed rail), South Korea (automobiles and electronics), and Singapore (urban development), all contribute to India's economic ties with the region.

Challenges and Caveats

Inequality and Per-Capita Limitations

India's per capita income for 2026 is only about $3,051, according to the IMF, which is substantially lower than the

$7,000 for the UK, $5,500 for the US, and $7,300 for Germany, among others. Growth in India, as mentioned in the preceding section, has primarily been consumption-driven, leaving many Indians with less access to goods and services. In addition, there are enormous disparities in wealth and income between urban and rural areas, as well as between India's many states. Consequently, most Indians are unlikely to be significantly impacted by whether India ranks 5th or 6th in nominal GDP - although Indians as a whole would be delighted if the 2026 estimate places it in 4th, as suggested in the previous section. India has a long way to go to close these gaps and make its GDP growth more equitable.

Structural Vulnerabilities

India's industrial base is concentrated among a few large firms, and its agriculture is fragmented, with low productivity. India's government debt to GDP ratio is also a concern, coming in at 80.8% as of FY2025.

Climate and Environmental Risks

India is vulnerable to climate damage, with some studies suggesting that warming temperatures would reduce its GDP by up to 25% by 2070. India has already achieved its goal of generating 50% of its electricity from non-fossil fuels five years ahead of schedule, and it aims to generate 500 GW of renewable energy by 2030. India's water stress and growing thirst for clean water may also stymie its economic growth.

External Pressures

India's external trade and investment environment is vulnerable to geopolitical tensions, particularly between the US and China, as well as protectionist measures by advanced economies. Currency fluctuations, like those that occurred in early 2026, can also wreak havoc on India's growth and, consequently, its GDP rankings.

Poverty and Human Development

India has made tremendous strides in reducing poverty over the last two decades, but there are still significant inequities in health, education, sanitation, and nutrition. India's vulnerabilities were laid bare during the pandemic, and there is still room for improvement when it comes to social protection and welfare.

Policy Recommendations

Inclusive Development

India must pursue inclusive development to reduce inequality while boosting growth. This entails improving social security, expanding access to quality education, and reskilling and upskilling workers to meet the requirements of the digital and green economies. In this regard, Jan Dhan Yojana, Aarogya Mandirs, and a 'One Nation, One Insurance' scheme, among others, will be critical.

Green Growth

India's green growth is essential to its long-term prosperity. It involves transitioning to a circular economy, investing in renewable energy, and building climate-resilient systems such as water management infrastructure. The National Water Mission, the Green Hydrogen Mission, and the proposed Sustainable Aviation Fuel production are examples of initiatives that will contribute to this objective.

Entrepreneurship and Innovation

India must foster an entrepreneurial culture, particularly among its youth, to drive innovation and create millions of jobs. India has a thriving start-up ecosystem that has created enormous value, with roughly 300 start-ups already established in the space sector alone, following its opening up to private players. Initiatives such as PRIME, Vikas with AI, and Unnati will be critical enablers of this innovation-led growth.

Global Engagement

To raise its global profile as an emerging economic power, India must deepen its engagement with emerging markets and increase its trade and investment ties with both developed and developing countries. This includes strengthening partnerships with the US, the Quad, the G20, and other nations, as well as pursuing alternative alliances via the Focus Africa strategy and India's EFTA accord with smaller European states.

Conclusion

India's five-fold economic growth over the last decade or so has been extraordinary, propelled by deep-seated reforms, a dynamic domestic business environment, and significant demographic dividends. Whether it is currently the fourth, fifth, or sixth-largest economy in nominal GDP - only about six months ago, it had overtaken Japan to become the fourth-largest - matters less than the fact that it is today the fastest-growing major economy and has been the third-largest in PPP for over a decade.

The more critical question is how this growth trajectory will be leveraged to transition India from an emerging to a developed economy while ensuring that its vast population benefits from the abundance generated by this growth. India's path to a $5 trillion economy and beyond will entail addressing a slew of domestic and external challenges, from strengthening governance and the rule of law to withstanding periodic currency volatility, such as that observed in 2026, which affected not only its growth but also its global economic ranking. As India looks to transform itself into a $26 trillion economy by 2047, its economic narrative should be linked to its ability to turn its nominal GDP (whether it is $4.1, $4.2, or even $4.5 trillion) into an engine for equitable, sustainable, and inclusive growth that delivers meaningful prosperity for all.

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