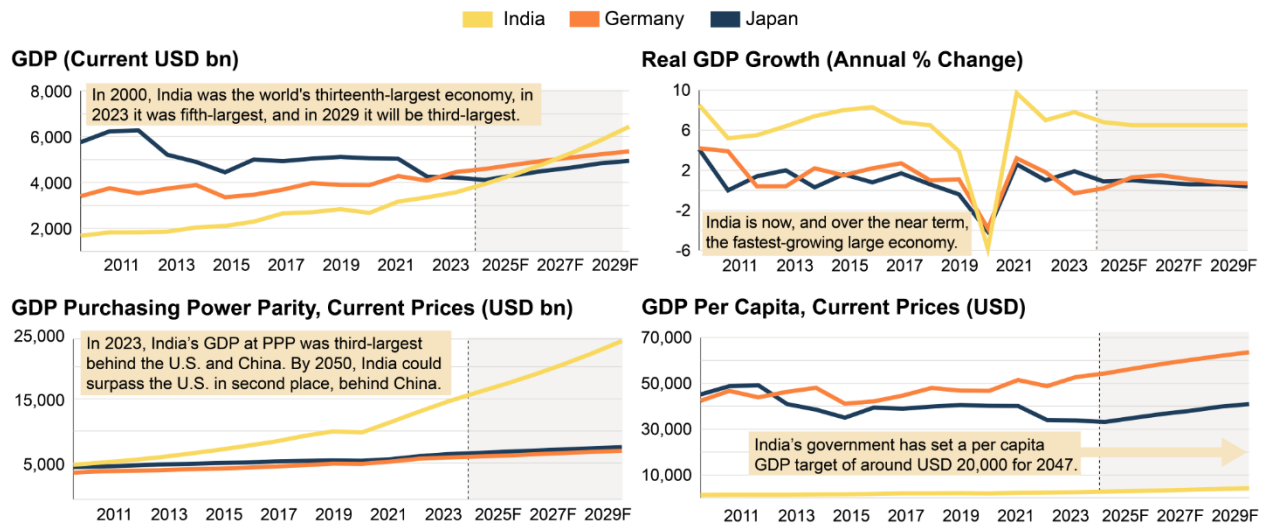


India Will Soon Be the World's Third-largest Economy

India: Catching Up With Japan and Germany



Over the next few years, the world will witness a historic development: India's economy will surpass that of Germany and Japan in terms of real GDP to become the world's third-largest after the U.S. and China. On a per capita basis, however, Indians will still be relatively far in arrears of their counterparts in Japan and Germany, but this gap is also narrowing.

These are four data points illustrating how India is catching up with Germany and Japan:

- In 2023, India's real GDP stood at approximately USD 3.6 trillion, and this is expected to reach USD 6.3 trillion by 2029, making it the third-largest economy globally, achieving the historic milestone of surpassing Germany and Japan.
- Except for the COVID-affected year of 2020, India's economy has consistently outperformed Germany and Japan over recent decades regarding economic growth. India is now the fastest-growing large economy and will likely remain so for a long time.
- Regarding Purchasing Power Parity (PPP), India already pulled ahead of Germany and Japan decades ago, and the gap is widening. By 2050, India could surpass the U.S. and be behind only China.
- India's per capita GDP is projected to reach USD 4,281 by 2029, which is still far in arrears of Germany and Japan. India's government has set ambitious growth targets for 2047, however, when the country will celebrate 100 years of independence, including a USD 30 trillion economy and per capita GDP of up to USD 20,000. This would be about half the per capita GDP in Japan in 2029.

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The implications of India's rise are vast and complex, and India's economy will likely keep growing throughout the century. Eventually, by around 2075, according to some projections, India's economy may start to rival that of the U.S. and China. The relentless rise of India's economy makes it imperative for businesses to position themselves accordingly.

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