An Overview on India 'Share in Global GDP: Lessons from China and us Economy

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Abstract:

This study examines India's evolving share in global GDP, drawing crucial lessons from the economic trajectories of China and the United States. India, currently the world's fourth-largest economy by nominal GDP and third by Purchasing Power Parity (PPP), has demonstrated robust growth, particularly post-2020, positioning itself as a significant contributor to global growth. In 2024, India accounted for approximately 8.3% of global GDP in PPP terms, up from less than 3.5% in 1990, and contributed nearly 17% to global GDP growth.

The analysis highlights distinct development models: China's growth has been largely driven by a manufacturing-led strategy, supported by trade liberalization and substantial foreign direct investment (FDI). In contrast, India's economic ascent has been predominantly services-led, leveraging its large educated workforce and digital technology. The US economy, while mature, continues to hold a significant global GDP share (around 26% in 2023), characterized by strong domestic consumption, robust innovation, and substantial FDI.

By comparing these three economic powerhouses, this study identifies key factors influencing GDP share, including structural reforms, investment in physical capital and human capital, productivity enhancements, and macroeconomic stability. For India, sustaining its upward trajectory necessitates continued structural transformation, focusing on reallocating labor from low-productivity agriculture to higher-productivity manufacturing and services, fostering innovation, and enhancing skill development. Lessons from China emphasize the importance of a strong industrial base and export-led growth, while the US model underscores the role of robust domestic demand, technological leadership, and a resilient financial system. The study concludes by outlining policy implications for India to accelerate its global economic integration and consolidate its position as a major economic force.

Keywords: *Global GDP, India, China, US Economy, Economic Growth, Development Models, Structural Reforms, Foreign Direct Investment, Manufacturing, Services Sector, Productivity.*

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