

‘India to beat Germany as 4th largest economy by FY26’

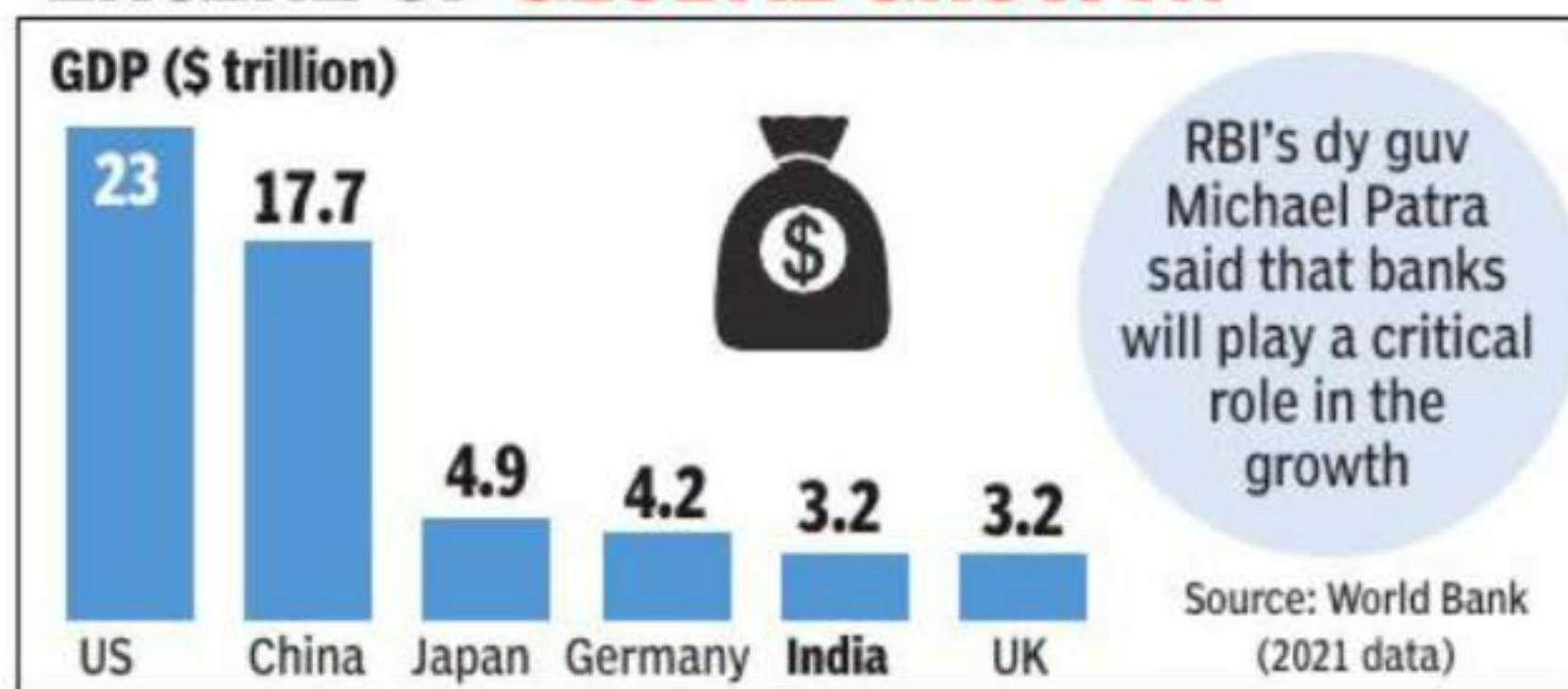
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MUMBAI: India will match Germany's GDP (just over \$4 trillion as of 2021) and become the fourthlargest economy by 2025-26 and by 2027, India will surpass Japan (nearly \$5 trillion GDP) and become the third-largest economy, RBI deputy governor Michael Patra has said.

According to Patra, India —already the fifth-largest economy of the world ahead of the UK (about \$3. 2 trillion GDP) —is an engine of global growth with the second largest contribution to global growth in 2022. “India’s population will become the largest in the world next year and its youngest. It will demand the world’s best financial intermediation services,” Patra said at arecent RBI event.

‘ENGINE OF GLOBAL GROWTH’



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The deputy governor's statement comes a few weeks after the IMF forecast that Germany and Italy will slip into recession next year. According to the IMF World Economic Outlook, the German economy is expected to shrink by 0. 3% in 2023. The multilateral institution has forecast India's GDP to grow at 6. 9% with tight monetary conditions slowinggrowth to 6. 1% in FY24.

Patra said that banks will have a critical role in this transformation. “The reach and spread of the bankingnetwork have improved the mobilisation of financial resources in the economy,” he said. Patra added that the number of deposit accounts per thousand populationhas increased to over 1,600 from 43 in 1972.

The share of smaller loans (up to Rs 10 crore) in total loans has increased to 60% in 2022 from 45% in 2014.