

VIRTUAL EVENT | 28 MAR, 2023

Why India has overtaken UK and will surpass Germany, Japan soon

India Capital Growth fund manager Gaurav Narain shows the bigger picture behind the country's impressive growth record.

BY CITYWIRE

INDIA IN PERSPECTIVE

	UK	India
Demographics		
Average Age	41yrs	28yrs
25 years or below	16m	600m
Growth rates		
GDP \$tn in 2028 (World Bank)	3,800	4,300
GDP growth 2023 (IMF)	0.5%	6.3%
Debt		
Total Debt/GDP %	271%	181%
Household Debt/GDP	87.2%	11.0%
Macro		
FX Reserves \$tn (Jan 23)	187	375
Inflation CPI (Jan 23)	10.1%	6.5%

Source: Ocean Dial Asset Management, Q3 23 slide

India Capital Growth ([IGC](#)) fund manager Gaurav Narain shows the bigger picture behind the country's impressive growth record which is set to see it become the world's third-biggest economy.

This short video is an excerpt from the [virtual event](#) we held with Narain and Ocean Dial earlier this month.

You can watch the [whole broadcast here](#) or look out for more excerpts to be published soon.

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Gaurav Narain:

I will just give a perspective of where India stands today. The best way to do it is really to compare where India is versus the UK. I think three things stand out. If you see, India is a very young population, 600m people, average age below 25 years. In terms of size of the economy, India is similar to the UK, but if you look at the growth rate, it's significantly higher than the UK. The third aspect which really stands out is that India is actually not a leveraged economy, even on the household debt, it's very, very low.

If you go broader and look at it from a bigger picture, what I've done is compile data from the World Bank, which actually ranked countries in terms of size over different five-year periods. Going back as well as they see it going forward. What you'll see is that the orange line is that of India and you'll see that virtually in every time period, India's rank has doubled. No other economy can you see such a jump. Today, in fact last year, we crossed the UK in size with the fifth-largest economy today. I think what's more interesting is if you look forward. Over the next decade, India will become the third-largest economy. It will really take over from Germany and Japan as well. So really, I would say that's the bigger picture story.

Looking more at the shorter-term horizon, I also thought I'll compare what the IMF forecasts are for the current year, as well as going into the next year. Here too, you'll see among the large economies, India is the fastest growing. Not just that, it's actually growing much faster than China, even after China has increased its growth forecast.