Indian Economy · GS - III

In the context of the IMF’s projection of 7% GDP growth for India in FY 2026–27, analyse how India’s economic growth can influence the global economy.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 13/10/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~150 words

Answer Hint

IMF GDP growth forecast, India as a major growth engine, fastest-growing major economy, domestic consumption, global trade, import demand, services exports, digital public infrastructure, UPI, foreign direct investment (FDI), global supply chains, manufacturing, employment generation, South-South cooperation, global economic stability, inclusive and sustainable growth.

Model Answer

Introduction:

The IMF’s projected 7% GDP growth for India in FY 2026–27 highlights India’s growing role in the global economy. As a major emerging economy, India can influence global demand, trade, investment and technological development.

How India’s Economic Growth Can Benefit the Global Economy:

1. **Expansion of Global Trade:** Rising income and domestic consumption can increase India’s demand for imported energy, electronics, machinery and technology, creating export opportunities for other countries.
2. **Global Growth Spillover:** Strong economic activity in India can support aggregate global demand and provide additional growth opportunities to international trading partners.
3. **Technology and Digital Innovation:** India’s IT services, digital public infrastructure and digital payment systems can promote digital transformation and technological cooperation across developing countries.

4. **Foreign Investment and Supply Chains:** Infrastructure development and manufacturing expansion can attract foreign direct investment (FDI) and strengthen India’s participation in global value chains.

Challenges:

Global conflicts, energy price volatility, trade restrictions and financial uncertainty may limit these benefits. Moreover, growth must generate employment and improve productivity to ensure inclusive development.

Conclusion:

India’s economic growth can contribute to global trade, investment and innovation. Sustained reforms, competitive manufacturing and international cooperation are essential to convert this potential into shared global prosperity.

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