

INDIA'S \$4 TRILLION GDP: A CRITICAL EXAMINATION OF ECONOMIC SIZE VERSUS HOLISTIC DEVELOPMENT

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Abstract - This report critically examines India's recent achievement of a \$4 trillion Gross Domestic Product (GDP), analyzing whether this milestone represents a true success in holistic development or merely a statistical triumph. By comparing India's economic and social indicators with those of more developed economies like Japan and the United Kingdom, the paper delves into the limitations of GDP as a sole measure of national well-being. It explores India's growth drivers, highlights significant disparities in per capita income and human development, and assesses the quality of life across key dimensions including healthcare, education, infrastructure, and social welfare. The analysis reveals that while India's aggregate economic growth is commendable, substantial challenges in inclusive development, income inequality, and social infrastructure persist. The report concludes with recommendations for India to pursue a more equitable and sustainable path towards comprehensive development, ensuring that economic size translates into improved quality of life for all its citizens.

1. INTRODUCTION

India has recently achieved a significant economic milestone, officially surpassing Japan to become the world's fourth-largest economy. The International Monetary Fund (IMF) projects India's Gross Domestic Product (GDP) to reach \$4.187 trillion in 2025, marginally exceeding Japan's \$4.186 trillion. This achievement was confirmed by NITI Aayog CEO B.V.R. Subrahmanyam, who hailed it as a substantial stride towards "Viksit Bharat" (Developed India) under the current leadership.

Despite its impressive aggregate GDP, India is frequently compared to nations such as Japan and the United Kingdom, which are widely recognized as

significantly more developed. This perceived disparity necessitates a fundamental research question: Does India's \$4 trillion GDP truly signify a successful and inclusive developmental trajectory, or does it, as some observations suggest, mask underlying disparities and developmental gaps when measured against comprehensive indicators of quality of life and human well-being? This paper seeks to explore the nuances of this question, moving beyond simple economic figures to a broader understanding of national progress.

2. Literature Review

Prior studies have often examined India's remarkable growth story alongside its development challenges. For instance, Chakraborty (2025) notes that India's GDP more than doubled in a decade, while other analyses highlight persistent income and human development gaps. Comparative studies (e.g. Kapoor *et al.*, 2022; Singh, 2024) emphasize that despite strong growth, India still trails advanced economies on per-capita metrics and social indicators. Japan and the UK both appear near the top of global development indices (HDI, per-capita income, etc.), with well-established welfare and innovation systems. In contrast, India has made significant gains (rising HDI rank and human development in the UNDP reports) but remains in the medium development category.

The literature also discusses Japan and UK's aging populations and the pressures on public services, whereas India's young demographic presents both an opportunity and a challenge (e.g. labour force growth vs. need for jobs and services). On sustainability, it is noted that all three countries have committed to renewable energy and Paris Agreement goals, but India faces higher emission growth due to industrialization (World

Bank 2023). Innovation indices (WIPO's Global Innovation Index) consistently rank the UK and Japan in the global top 10–15, while India is a fast-climbing middle-income performer. This review underscores the necessity of a multi-dimensional analysis of economy, human development, public services, innovation, and sustainability to fully compare these countries.

Research Methodology

This research employs a qualitative, comparative analysis approach, drawing exclusively from secondary data. The methodology involves:

1. **Data Collection:** Gathering relevant economic, social, infrastructural, and governance data for India, Japan, and the United Kingdom from authoritative sources such as the International Monetary Fund (IMF), World Bank, United Nations Development Programme (UNDP), and national statistical agencies.
2. **Comparative Analysis:** Systematically comparing the selected indicators across the three nations to highlight similarities, differences, and developmental gaps.
3. **Critical Evaluation:** Analyzing the implications of India's aggregate GDP growth in the context of its per capita indicators and human development outcomes.

Research Hypothesis

While India's nominal GDP growth to \$4 trillion signifies substantial economic expansion, the hypothesis is that this achievement, when viewed through the lens of per capita income, human development indicators, and infrastructural quality, does not yet translate into a comparable level of holistic development and quality of life as seen in Japan and the United Kingdom, suggesting that significant socio-economic disparities persist.

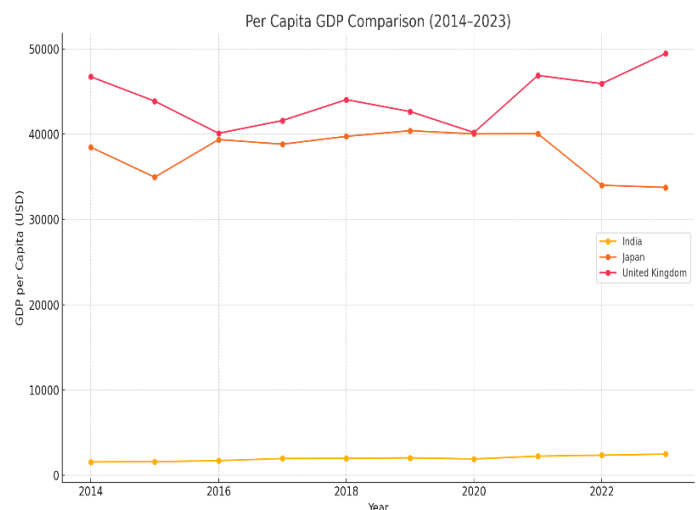
Research Objectives

1. To verify India's \$4 trillion GDP milestone and understand its economic significance.
2. To analyze GDP as an economic indicator, including its strengths and inherent limitations, particularly concerning holistic development.

3. To conduct a comparative analysis of key socio-economic development indicators between India, Japan, and the United Kingdom.
4. To identify the primary drivers of India's recent economic growth.
5. To explore the socio-economic development models and historical trajectories of Japan and the United Kingdom.
6. To synthesize findings to determine the extent to which India's nominal GDP growth reflects comprehensive development and quality of life compared to the benchmark nations.

Economic Indicators:

• GDP (Per Capita)



Interpretation:

1. Economic Size ≠ Economic Well-being

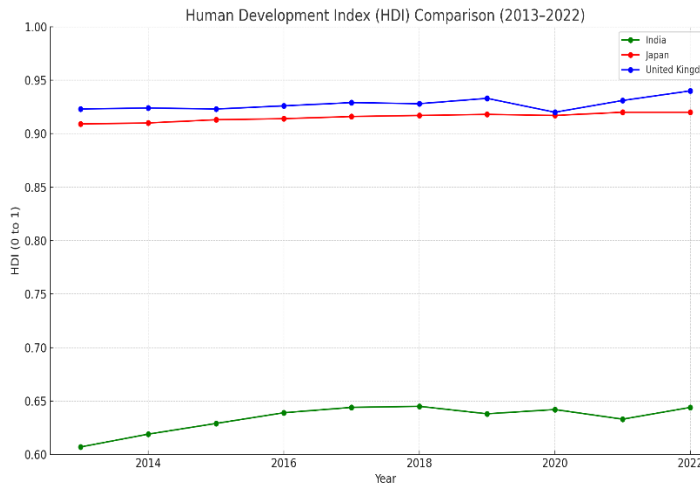
- India's economy is now **larger than UK and Japan in absolute GDP**, but **per person income remains extremely low**.
- This reinforces the idea that **economic development must be viewed holistically**, not just by total GDP.

2. Inequality & Development Gap

- Despite high GDP growth, India's low per capita income suggests **income inequality and a large population base**.

- Indicates **underperformance in job creation, wage growth, and social development** relative to economic output.

• Human Development Index (HDI)



Interpretation

1. India's Gradual Progress:

- Indicates slow but steady improvement in **life expectancy, education, and income**.
- Despite economic growth, HDI remains low due to challenges in **healthcare access, literacy levels, and income inequality**.

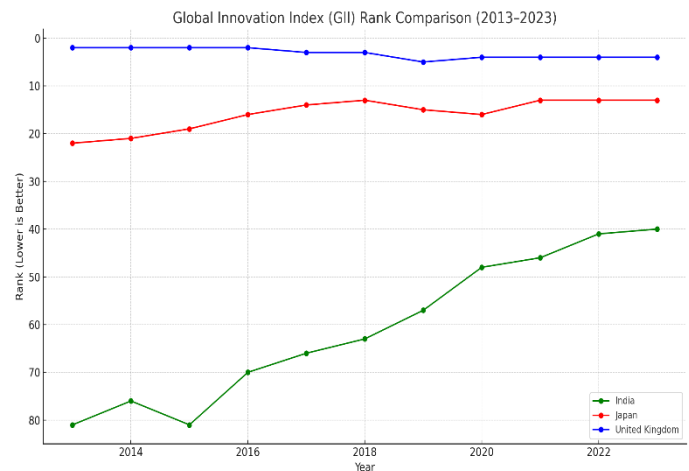
2. Japan's Consistency:

Reflects consistent investment in **universal health care, high education standards, and economic stability**

3. United Kingdom's Strong Performance:

Even after the dip in 2020 (COVID impact), the UK quickly recovered due to **robust public services and welfare policies**.

• Global Innovation Index (GII)



Interpretation

India:

- Reflects rapid improvement in startup ecosystem, ICT exports, and consistent overperformance relative to GDP

Japan:

- Suggests Japan has reached a stable upper-mid-tier in the GII but faces challenges climbing further, possibly due to limited risk-taking and investment bottlenecks.

United Kingdom:

- Held top-2 rank through 2015–2022, signalling elite innovation capacity.
- Slippage to #4 in 2023 highlights emerging pressure from economies like Switzerland.

▪ Infrastructure Quality



Interpretation

- Japan ranks 23rd globally in overall infrastructure quality with a score of 63.2. Its road quality is particularly high, ranking 6th globally with a score of 6.02 on a 1-7 scale. This strong infrastructure, including extensive road and rail networks, well-maintained airports, and major seaports, has historically supported its economic growth and industrial production.
- The United Kingdom ranks 22nd globally in overall infrastructure quality with a score of 64.4. Its road quality is rated 5.17 on a 1-7 scale. While the UK possesses a massive transportation network and bustling airports, it faces challenges with aging roads and bridges. Recent initiatives are aimed at improving and modernizing its infrastructure to ensure reliability for future generations.
- India ranks 53rd globally in overall infrastructure quality with a score of 31.1. Its road quality is rated 4.44 on a 1-7 scale. While India has made significant investments in infrastructure, particularly in highway development, the overall score indicates substantial room for improvement compared to developed nations.

Interpretation

India 1 (120 Mn)

The Consuming Class

- \$15K per capita
- 1 Lakh+ Per Month
- 120M people
- They have global jobs, invest in U.S. stocks, order avocado toast via Zomato

India 2 (300 Mn)

The Aspirant Class

- \$3K Per Capita
 - 260K Per Year
 - 20K a Month
 - 2 Earning Individuals
 - Total 40K a Month
 - They have jobs. They hustle.
- They've escaped poverty, but still live on the edge.
- In fact, they're just one medical bill away from slipping back.

India 3 (1 billion)

Unmonetizable Users (& Non-Users)

- \$1K Per Capita
 - or 80K Per Year
 - 7K a Month
 - 2 Earning Individuals
 - Total 14K a Month
 - These Indians are living like Sub-Saharan Africa.
- They live in conditions comparable to the poorest parts of the world.
- They have no proper sanitation.

Income Inequality in India



Findings

1. Economic Growth & Size

- India has experienced rapid GDP growth over the past decade, nearly doubling its economy and reaching approximately \$3.7 trillion nominal GDP and \$14 trillion in PPP terms by 2024.
- Japan and the UK have had slower growth, with GDP figures remaining relatively stable or modestly increasing.

2. Human Development Index (HDI)

- India's HDI improved modestly from 0.619 in 2015 to 0.644 in 2022, placing it in the *medium development* category.

- Japan and the UK consistently rank among the highest globally, both above 0.90, reflecting strong outcomes in health, education, and income.

3. Innovation Capacity

- India's Global Innovation Index ranking improved significantly, from 81st in 2015 to 40th in 2023, indicating strong progress in tech and entrepreneurship.
- However, Japan (13th) and the UK (4th) remain global leaders in R&D, intellectual property, and advanced industry innovation.

4. Public Services

- These gaps explain the limited impact of India's GDP growth on broader social well-being.

7. Internal Economic Disparity (India)

- Data suggests that economic benefits in India are concentrated among a small consuming class (~120 million people).
- A vast majority (~1 billion people) fall into the "unmonetizable" segment, with very low per capita income and limited access to quality healthcare, education, or employment opportunities.

Conclusion

India's achievement of a \$4 trillion GDP is undeniably a significant milestone, marking its ascent as the world's fourth-largest economy and the fastest-growing major economy globally. This economic size is a testament to robust domestic consumption, increasing investment, and a series of impactful economic reforms that have propelled growth across various sectors, particularly services and construction. From a purely aggregate economic standpoint, this represents a substantial success, enhancing India's geopolitical standing and its capacity to influence global economic dynamics.

However, to assess whether this milestone represents a true success in *holistic development* or merely a *statistical triumph*, a deeper examination beyond aggregate figures is essential. The analysis reveals that while India's economic numbers are impressive in absolute terms, they mask profound disparities when compared to more developed nations like Japan and the United Kingdom across several critical dimensions of human well-being.

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