

Indian Economy

India Becomes World's **4th Largest Economy**

India has overtaken Japan to become the world's 4th largest economy, with its GDP surpassing **\$4 trillion**, as announced by NITI Aayog in early 2025.

This is a significant milestone in India's economic journey, positioning it behind only the United States, China, and Germany.

Despite global uncertainties and internal economic challenges, India has demonstrated remarkable resilience.



India has displayed steady and robust economic growth while facing global challenges and geopolitical concerns and it continues to maintain its position as the fastest-growing major economy. India is estimated to clock in a GDP growth of **6.2** and **6.3 per cent** in **FY25** and **FY26**, respectively, backed by strong domestic demand, substantial infrastructure development initiatives, a spike in rural demand and effective government policy measures.

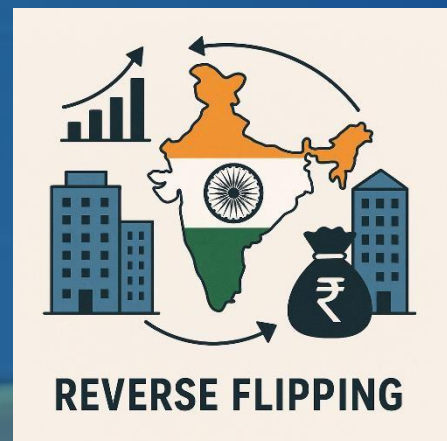
India's economic story during the first half of FY24 highlighted the unwavering support the government gave to its capital expenditure, which, in FY24, stood 37.4% higher than the same period last year. In the Union Budget of FY26, capital expenditure took lead by steeply increasing the capital expenditure outlay by 10.0 % to Rs. 11.21 lakh crore (US\$ 131.42 billion) over Rs. 10.18 lakh crore (US\$ 119.34 billion) in FY25. Stronger revenue generation because of improved tax compliance, increased profitability of the company, and increasing economic activity also contributed to rising capital spending levels.

Over the past two decades, India has consistently contributed a sizable share to global activity and growth. The nation continues to cement its position as a sought-after hub for innovation and entrepreneurship with its rapidly expanding startup ecosystem and its status as the world's third most preferred destination for technology investments. As increased volatility and constraints on global capital flows have affected foreign direct investment (FDI) flows to India in the past few years, the country is focusing on deregulation to boost growth and attract investment by fostering a more business-friendly environment.

Streamlining regulatory requirements and simplifying administrative processes to improve the ease of doing business. The government also announced an increase in capital expenditure in the union budget for FY26 by earmarking around INR11.2 trillion (USD134.5 billion), emphasising its commitment to infrastructure-driven growth.

Reverse flipping

Reverse flipping, also known as internalization, refers to the process where companies that were initially incorporated abroad move their legal headquarters back to their home country, such as India. This shift is driven by factors like investor-friendly regulations, new growth opportunities, and increased confidence in the local market. Reverse flipping helps companies capitalize on domestic benefits like tax incentives, expanded capital market access, and a growing consumer base while reducing reliance on foreign jurisdictions for operational and financial advantages.



At least eight startups plan reverse flipping to India in 2025, This marks rising confidence in Indian capital markets amid growing interest in SaaS, deep tech, and AI, fueling the next wave of digital innovation.

GDP

Real GDP for **FY25** is estimated at **Rs. 187.95 lakh crores** (US\$ 2.2 trillion) with growth rate of **6.5%**, compared to **Rs. 176.51 lakh crore** (US\$ 2.06 trillion) for **FY24**. As on Jan 2025, there are 118 unicorn startups in India, with a combined valuation of over Rs. 3.0 lakh crore (US\$ 354 billion). The government is also focusing on renewable sources by achieving 40% of its energy from non-fossil sources by 2030. India is committed to achieving the country's ambition of Net Zero Emissions by 2070 through a five-pronged strategy, 'Panchamrit'.

Start ups

With more than **1.59 lakh startups** recognised by the Department for Promotion of Industry and Internal Trade (DPIIT) as of January 15, 2025, India has firmly established itself as the third-largest startup ecosystem in the world.

GST

In the month of May, collections of CGST, SGST, IGST, and cess all rose year-on-year. So far in April-May 2025-26, the GST collections were at **Rs 437,767 crore**, up 14.3 per cent from Rs 383,006 crore in the same period last year.

Exports

India's total exports of goods and services rose by **55%** to a record **Rs. 69.8 lakh crore** (US\$ 820.9 billion) in **FY25**, compared to **Rs. 65.8 lakh crore** (US\$ 773.0 billion) in **FY24**.

FDI Trends

India's Service sector, Computer software and hardware and Trading have been the major receivers of FDI. The total amount of EFDI inflows received during (April 2000-December 2024) was **Rs. 61,57,738 crore** (US\$ 719.53 billion). This FDI has come from more than 170 countries that have invested across 33 UTs and States and 63 sectors in the country.

India has reached a significant milestone in its economic development, with gross Foreign Direct Investment (FDI) inflows totalling an impressive **Rs. 86,87,000 crore** (US\$ 1 trillion) since April 2000. This achievement has been further strengthened by a nearly **26%** increase in FDI, amounting to **Rs. 3,65,723 crore** (US\$ 42.1 billion) during the first half of the FY25. Such growth underscores India's rising attractiveness as a global investment destination, fuelled by a proactive policy framework, a vibrant business environment, and enhanced international competitiveness.

India's FDI equity inflows for April-December 2024 surged by **27%** to **Rs. 3,40,962 crore** (US\$ 40.67 billion), with significant investments in services and non-conventional energy sectors.

As of May 2025

Source: [Foreign Direct Investment \(FDI\) in India, FDI Inflows](#) | IBEF

Indian MSME

The Government of India has implemented a robust array of initiatives aimed at bolstering the Micro, Small, and Medium Enterprises (MSME) sector, recognizing its pivotal role in the economy. These efforts range from financial support and procurement policies to capacity building and market integration. Key initiatives include the Udyam Registration Portal, PM Vishwakarma scheme, PMEGP, SFURTI, and the Public Procurement Policy for MSEs, all aimed at fostering entrepreneurship, enhancing employment, and integrating informal sectors into the formal economy. These initiatives reflect the government's commitment to supporting MSMEs and driving inclusive economic growth nationwide.

Key Statistics

the total number of MSMEs registered in the country on the Udyam Registration Portal and Udyam Assist Platform is 6.46 Crs as of June 2025

S. No.	State/UT Name	Micro	Small	Medium	Total Udyam	IMEs (UAP)	Total MSMEs
1	ANDHRA PRADESH	1,631,476	16,410	939	1,648,825	1,675,059	3,323,884
2	ARUNACHAL PRADESH	21,145	341	19	21,505	17,051	38,556
3	ASSAM	799,201	6,475	514	806,190	350,584	1,156,774
4	BIHAR	1,534,734	11,573	559	1,546,866	1,979,516	3,526,382
5	CHHATTISGARH	543,935	8,174	700	552,809	571,569	1,124,378
6	GOA	71,764	1,083	79	72,926	38,710	111,636
7	GUJARAT	2,446,493	52,875	4,107	2,503,475	1,190,390	3,693,865
8	HARYANA	1,143,050	22,498	1,725	1,167,273	493,139	1,660,412

9	HIMACHAL PRADESH	219,966	2,491	207	222,664	66,295	288,959
10	JHARKHAND	621,911	5,738	346	627,995	675,051	1,303,046
11	KARNATAKA	2,094,670	30,658	2,229	2,127,557	2,166,654	4,294,211
12	KERALA	877,310	12,585	736	890,631	666,933	1,557,564
13	MADHYA PRADESH	1,834,863	19,228	1,143	1,855,234	2,234,968	4,090,202
14	MAHARASHTRA	5,851,336	72,464	6,655	5,930,455	2,524,629	8,455,084
15	MANIPUR	99,107	410	17	99,534	46,725	146,259
16	MEGHALAYA	37,463	383	33	37,879	14,278	52,157
17	MIZORAM	30,651	208	6	30,865	13,652	44,517
18	NAGALAND	35,823	169	16	36,008	23,234	59,242
19	ODISHA	1,076,236	9,758	579	1,086,573	936,742	2,023,315
20	PUNJAB	1,340,508	16,481	1,198	1,358,187	449,683	1,807,870
21	RAJASTHAN	2,559,895	26,414	1,596	2,587,905	1,106,711	3,694,616
22	SIKKIM	15,887	154	13	16,054	12,599	28,653
23	TAMIL NADU	3,470,937	38,398	2,731	3,512,066	1,711,693	5,223,759
24	TELANGANA	1,349,987	19,513	1,734	1,371,234	1,143,698	2,514,932
25	TRIPURA	87,622	674	45	88,341	180,095	268,436
26	UTTAR PRADESH	3,716,776	38,772	2,456	3,758,004	3,206,908	6,964,912
27	UTTARAKHAND	358,242	3,932	267	362,441	171,227	533,668
28	WEST BENGAL	1,662,268	23,214	1,689	1,687,171	2,828,390	4,515,561
29	ANDAMAN AND NICOBAR ISLANDS	15,695	157	2	15,854	3,306	19,160
30	CHANDIGARH	52,208	1,241	122	53,571	14,832	68,403
31	DELHI	843,741	27,619	2,670	874,030	324,411	1,198,441
32	JAMMU AND KASHMIR	517,652	3,149	201	521,002	212,161	733,163
33	LADAKH	12,947	111	2	13,060	5,373	18,433
34	LAKSHADWEEP	1,285	0	0	1,285	892	2,177
35	PUDUCHERRY	52,157	651	61	52,869	40,757	93,626
36	THE DADRA AND NAGAR HAVELI AND DAMAN AND DIU	23,635	898	130	24,663	5,826	30,489
Total:-		3,70,52,576	4,74,899	35,526	3,75,63,001	2,71,03,741	6,46,66,742

(Source PIB)

Public Procurement through GeM

Procurement From Central Ministries / Departments / CPSEs For FY 2025-26

total procurement: **19,998,89 Crs**

Procurement from MSME (Including SC/ST Owned): 7930.55 In crs from 19891 MSME's

Procurement from SC/ST Owned MSME;s : 169.72 Crs from 669 SC/ST owned MSME's

(Source MSME Sambandh)