GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION NO.2638
TO BE ANSWERED ON TUESDAY, AUGUST 11, 2026 /*20 Shravana, 1948 (Saka)*

India lagging behind among major global economies

2638. Shri Ramji Lal Suman

Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that instead of becoming the world's third-largest economy, India is slipping to the sixth position;
(b) if so, the reasons thereof;
(c) the steps being considered by Government for its restoration; and
(d) the quantum of funds withdrawn by foreign investors from Indian markets since January 2026 till date.

ANSWER

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDAHRY)

(a) to (c) The Government has adopted a broad-based strategy to enhance the growth potential of the Indian economy. The strategy focuses on enhancing agricultural productivity, promoting manufacturing through initiatives such as the Production Linked Incentive Schemes and relaxing Quality Control Orders, strengthening MSMEs, expanding world-class infrastructure, improving logistics through PM Gati Shakti and the National Logistics Policy, and fostering innovation, digitalisation and research.

The Government is also promoting investment through sustained public capital expenditure, a liberalised FDI policy, an efficient and streamlined tax system through direct tax and GST reforms, and continued improvements in the ease of doing business. Measures to strengthen human capital, support emerging sectors such as electronics, semiconductors, renewable energy, Global Capability Centres and artificial intelligence, and deepen financial markets are expected to further enhance India's growth potential and create quality employment opportunities.

In addition, the Government is strengthening external competitiveness and trade resilience by expanding its network of Free Trade Agreements and Comprehensive Economic Partnership/Cooperation Agreements, while maintaining macroeconomic stability through prudent fiscal management and price stability.

The International Monetary Fund in its World Economic Outlook for April 2026 noted India's nominal GDP to be USD 3.92 trillion for 2025-26, which makes India the sixth-largest economy in the world. The IMF's rankings are based on nominal GDP measured at prevailing US Dollar exchange rates. Consequently, the relative ranking of economies can change due to a combination of factors, including economic growth, movements in exchange rates and prices, revisions to national accounts and changes in the size and growth of other major economies.

(d) As per data from the National Securities Depository Limited, the gross sales by Foreign Portfolio Investors stood at ₹29.8 lakh crore during the period from January to August 2026 (up to 5th August 2026).

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