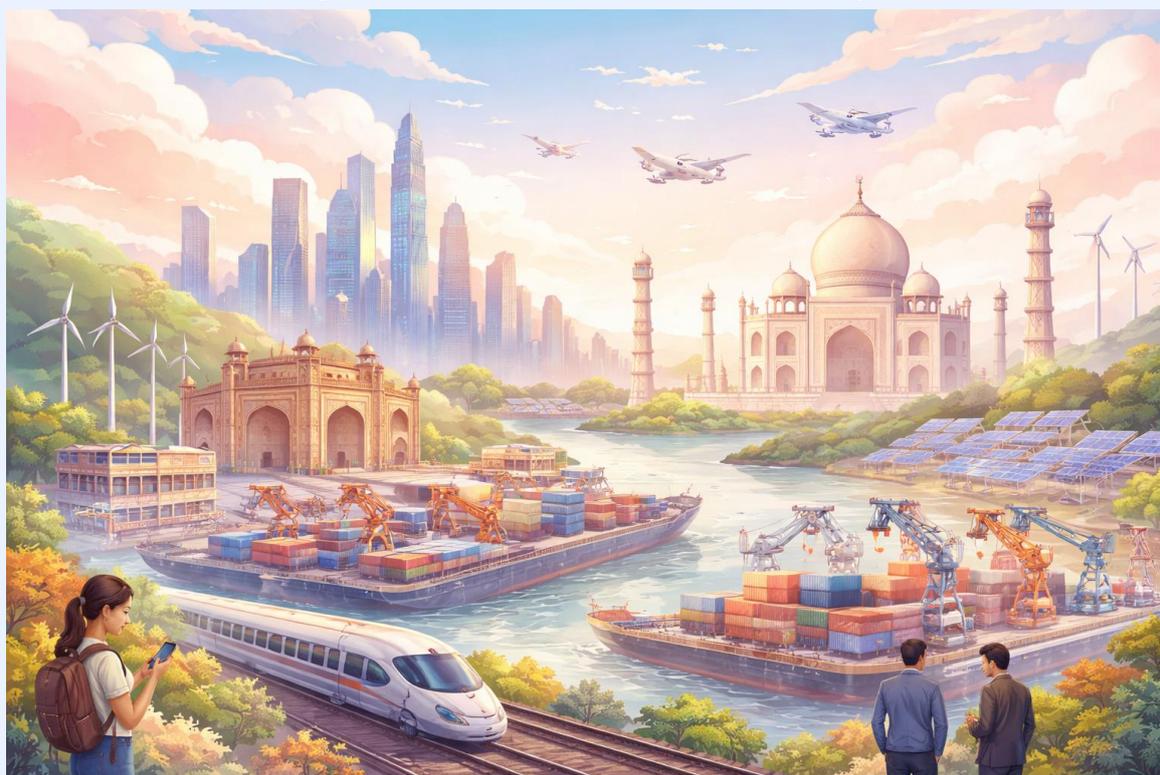


## India's Ascent: Why the Next Decade Will Be Defined by the Subcontinent



**“As India becomes a central market for consumption, manufacturing, digital services, and clean energy, Thai firms face a choice: remain observers or engage early and strategically.”**

For much of the past decade, India has been described as a country with vast potential that was always just slightly out of reach. Today, that description is no longer adequate. India is no longer merely “emerging”; it is increasingly shaping global economic outcomes in real time. For countries like Thailand, understanding India’s rise is no longer optional, it is strategic.

What distinguishes India’s current phase is not just speed, but balance. Growth remains strong, inflation has moderated, and domestic demand continues to anchor the economy even as global conditions remain uncertain. According to official data, India’s real GDP growth accelerated to 8.2% in the second quarter of FY2026, continuing a run of robust quarterly expansions. At the same time, consumer price inflation fell sharply through 2025, easing from above 4% early in the year to below 1% by November. This rare combination

has given policymakers room to support growth without undermining stability.

The Reserve Bank of India has maintained a constructive outlook for FY2026, while international institutions such as the World Bank, IMF, and OECD consistently project India to remain among the fastest-growing major economies globally. In a world where growth has become scarce, India stands out not only for its scale, but for the resilience of its domestic engines.

### Domestic Demand and a Changing Economic Structure

India’s expansion today is less dependent on external demand than in past cycles. Household consumption, credit growth, and public investment have played central roles, supported by steady improvements in infrastructure and logistics. Services exports, particularly in IT, business services, and digital

platforms, continue to strengthen India's external position, helping to cushion volatility in global trade.

This structural shift matters. It suggests that India's growth is increasingly self-reinforcing rather than episodic. A large internal market, rising middle-class incomes, and improving financial depth have created conditions where growth momentum can persist even when global cycles turn less favorable.

### Demographics as an Economic Force

Perhaps India's most enduring advantage lies in its population profile. With a median age under 30, India is entering a period where demographic trends align with economic opportunity. A younger workforce is supporting consumption growth, entrepreneurship, and rapid adoption of new technologies.

Within this broader demographic story, Generation Z is emerging as a powerful force shaping consumption and business strategy. Digitally native and highly networked, this cohort places greater emphasis on value, brand credibility, and social impact. Their influence is already evident across consumer goods, entertainment, financial services, and e-commerce. For businesses, success in India increasingly depends on understanding these preferences rather than relying on scale alone.

### Manufacturing, Technology, and the Reordering of Supply Chains

India's role in global supply chains is also evolving. Policy initiatives aimed at strengthening domestic manufacturing and reducing critical import dependencies have begun to attract sustained investment, particularly in electronics, automobiles and automotive components, pharmaceuticals, and renewable energy. Combined with India's strengths in software and digital services, this

has positioned the country as both a manufacturing base and an innovation hub.

This dual capability is reshaping how multinational firms think about diversification and resilience. Rather than serving as a peripheral alternative, India is becoming a core node in global production networks. For Thai firms, this opens opportunities for joint ventures, regional supply-chain integration, and access to a market that increasingly operates at global scale.

### A Symbolic Milestone with Strategic Meaning

India's rising economic weight was underscored recently when World Bank GDP data showed India overtaking Japan to become the world's fourth-largest economy in nominal terms. While rankings fluctuate, the broader signal is unmistakable: India's economic presence is now firmly embedded in the global system.

This milestone reflects more than short-term momentum. It is the outcome of sustained growth, expanding savings, rising investment, and improving policy credibility. Importantly, it has been achieved without triggering destabilizing inflation, which is an outcome that has strengthened investor confidence at a time when macroeconomic stability is increasingly rare.

### Policy Direction and Long-Term Signals

The presentation of India's Union Budget for FY2026–27 reinforced this trajectory. Against a backdrop of global uncertainty, the Budget emphasized continuity, maintaining fiscal discipline while supporting long-term growth through infrastructure, manufacturing, and high-productivity services. Regulatory clarity, ease of doing business, and support for private investment featured prominently, sending a

signal that India remains focused on durable expansion rather than short-term stimulus.

For international partners, including Thailand, these signals matter. They suggest that India's rise is not accidental, nor purely cyclical, but rooted in a strategic policy framework aimed at sustaining growth through the next decade.

### What This Means for Thailand

India's ascent presents Thailand with both opportunity and challenge. As India becomes a central market for consumption, manufacturing, digital services, and clean energy, Thai firms face a choice: remain observers or engage early and strategically. Sectors where Thailand already has competitive strengths—automotive, energy, food, hospitality, and services—align closely with areas of growing demand in India.

Success, however, requires patience and local understanding. India is complex, diverse, and regionally varied. But for those willing to invest time and partnerships, the rewards are increasingly commensurate with the effort.

### Turning Insight into Action

To translate these trends into practical insights, Bangkok Bank will soon host the “**Unlock India**” seminar, broadly offering perspectives on India's growing role in the global economy, investment trends, and key policy frameworks. The seminar will cover essential government support mechanisms relevant to foreign businesses and investors looking to enter or expand within India's dynamic market, focusing on practical lessons and strategic considerations for operating in one of the world's most dynamic economies.

As India's global role continues to expand, the discussion aims to help Thai businesses move beyond simply watching India's rise and toward engaging with it as a long-term strategic partner.

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