ECONOMIC SCENARIO OF TOP TEN ECONOMIES IN THE WORLD

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Abstract

Economic growth of the country is always affected by natural resources including size and fertility of land, minerals, forest, water resources and very importantly human capital with strategic planning. US, Canada, China, Brazil and India holds one-fourth area of the world; while France, Japan, Germany, UK and Italy are aggregately hold only 1.2 % world's area. Japan, Germany, UK and Italy small countries their area is slightly larger than area of Maharashtra state. But these countries are exists in top ten world economies. Total world GDP is estimated about $ 91.98 trillion with 3.6 % growth rate in 2020. The GDP share of top ten economies is about two- third within the world economy, while the top 20 economies contribute about 79%. Even there is too much difference in per capita GDP and human development index of developed and less developed countries. It clearly indicates that the existence of wider economic inequality within the world.

Introduction

Global economy is the economy of all human beings of the world. It is considered as the international trade. The seven continents are in the world. According to IMF, world's highest GDP comes from Asia continent followed by North America, Europe. Out of total, more than 90% GDP comes from these three continents together and remaining South America, Africa, Oceania and Antarctica have only less than 10% world's GDP. Oceania has highest GDP per capita followed by North America and Europe on one hand and Asia and Africa have lowest, even less than world average. World's about 60% population and 36% GDP comes from Asia, it results into low GDP per capita, while Europe have higher GDP per capita because of 9.7 % population holds 25% world's GDP. US, Canada and Brazil are in the Americas. UK, France Germany, and Italy are economically largest countries which are located in Europe, while China, Japan and India are located in Asia. As we know the US is largest economy in world followed by China based on nominal GDP. This paper attempts to assess economic situation of top ten economies on the basis of geographical area, population status, GDP, growth rate, per capita GDP in the world.

Key words: Human Resource, Poverty, Economy, Literacy and Superpower.

World Economic Scenario

GDP is the monetary market value of all final goods and services produced within a country during one year. The world GDP is added the total of the gross national income for every country in the world. The world economy consist 193 economies. Total world GDP is estimated $ 91.98 trillion with 3.6 % growth rate in 2020. According to the

International Monetary Fund United States, China, Japan, Germany and United Kingdom, France, India, Italy, Brazil and Canada are the highest ranking economies in the world in nominal GDP. Indian economy is 5th world largest economy by nominal GDP. Experts as well as common people are expected in near future India become super economy in the world while US and China having eight time and four time bigger economies than India. The many business cycles toss economics around the world. But it is interesting fact that these top economies don't budge easily from the position they hold. Out of the top 20 economies of 1980, 17 are still on the same list, only three are make remarkable position and entered into the list. It means there is no change in economic positions of top economies in the last four decades.

The GDP of above 10 countries are about 66% of the entire world, while the top 20 economies contribute about 79% and remaining 21% is contributed by 173 countries together to the world's economy. It clearly indicates economic inequality in the world. A developed economy is characterized by economic factors such as relatively high economic growth and security, per capita income or per capita gross domestic product, industrialization, standard of living, improvement in technological infrastructure and non economic factor such as human development index which is composited by level of education, literacy, health and average life expectancy.

Top Ten Economies in the World

US, Brazil and Canada are in the Americas, while Germany, UK, France and Italy are economically largest countries are located in Europe and China, Japan and India these three are top Asia economies. The US is world largest economy with GDP of $ 21.43 Trillion in 2019 and it was slightly declined in 2020 because of Covid 19 pandemic while it is expected that the GDP of US will be $ 21.92 Trillion and $25.78 Trillion in year 2021 and 2025 respectively. It has retained first position since 1871. It is economic superpower because the economy constitutes almost one fourth of the global economy, backed by abundance natural resources with advanced technology and infrastructure. It has good natural resource with value of worth $ 45 trillion. US have 4.25% world population with third rank. In GDP per capita, US ranks 10th in the world and it are 6 times more than China and 30 times more than India. The fast changing service sector of US contributes 80% to its GDP. English is primary language of 80% US people, while Spanish and Chinese language is primary of 12.5% and 0.64% people respectively. The China is most populous country and second largest economy in the world. It is referred as 'world's factory' given its huge manufacturing and export base. It introduced economic reforms in 1978 and boosts their economy, manufacturing sector is key for economic development. China's manufacturing sector is world largest, it contributes largest to GDP.

Table 1 Top Ten Economies in the World by GDP in 2019

Sr. No	Country	Area km^2	Population Crore (% to World)	Growth Rate	GDP in Trillion $	Growth Rate	GDP Per Capita $
1	United States	93,72,610 (6.1)	33.05 (4.25)	0.7	22.20	2.8	67,063
2	China	97,06,961 (6.3)	143.80 (18.47)	0.39	15.47	6.6	10,747
3	Japan	3,77,930 (0.2)	12.65 (1.62)	1.62	5.50	0.78	43,450
4	Germany	3,57,114 (0.2)	8.37 (1.07)	0.32	4.16	1.4	49,617
5	India	32,87,590 (2.4)	137.67 (17.7)	0.99	3.26	6.9	2,361
6	United Kingdom	2,42,900 (0.2)	6.78 (0.87)	0.53	2.93	1.4	43,118
7	France	5, 51,695 (0.4)	6.52 (0.84)	0.22	2.88	1.7	44,062
8	Italy	3,01,336 (0.2)	6.04 (0.78)	-0.15	2.09	0.8	34,575
9	Brazil	85,15,767 (5.6)	21.22 (2.73)	0.72	2.06	1.1	9,703
10	Canada	99,84,670 (6.1)	3.76 (0.48)	0.89	1.83	1.8	48,553
	World	51,00,72,000	734.62 (100)	1.05	93.98	3.6	18,381

Sources: IMF: World Economic Outlook Database April 2019

UN: National Accounts Main Aggregates Database
#Figures in bracket ( ) indicate % to world total

Table 1 elaborates that the top 8 countries are common in both nominal and Purchasing Power Parity methods (PPP), while Russian Federation and Indonesia are in top 10 on PPP basis. According to PPP method China ($25.36 trillion) is largest economy in the world followed by US ($20.49 trillion). US is always on top but there is competition between China and Japan for second rank based on nominal GDP. Since 1967 Japan was second largest economy in the world, it was replaced by China from 2010, while based on PPP method China is super economy followed by US in the world since 2014, on the other hand India is third largest economy followed by Japan since 2008. Among the top 10 economies, Canada has least population where UK is smallest country in terms of geographical area. India has second highest population with highest density and lowest life expectancy and sex ratio.

The geographical area of Russia is largest (1,70,98,242 km^2) in world with 11 % of world landmass. Russia is geographically double than US. US, Canada, Brazil and China are holds more than 5% world's area each. These are geographically largest countries among world top ten economies; on the other hand India ranks 7th largest country in world. It simply means US, Canada, China, Brazil and India holds 25% world's area; while France, Japan, Germany, UK and Italy having aggregately only 1.2 % world's area. Japan, Germany, UK and Italy are small countries and their geographical area is slightly larger than area of Maharashtra state. It clearly indicates that geographical area is not single factor responsible for economic development of the nation. US ranked third in world with total area of 93,72,610 km^2 with holding 6.1 % world's area. It is slightly smaller (by about 4 lakh 65 thousand km^2) than China and (by about 7 lakh 10 thousand

km^2) Canada while smaller than Brazil. Its geographical area is covered by 93.24 % of land and remaining (6.76 %) by water. The coal, copper, lead, phosphates, uranium, bauxite, gold, iron, sliver and arable land etc are the abundant natural resources available in US, while tsunamis, volcanoes, earthquake, fold, forest fire are the natural hazards with sever water shortages, air pollution along with acid rain has been damages US economy.

The world population is reached at 7.87 billion people as of March 2021. It has experienced continuous growth. China is most populous county followed by India in the world. China and India having 36.2 % world population where as US is largest economy with 4.25 % world population. These three most populous countries are holding about 40% of world population. The population of Canada was 3.76 crore in 2020 which is lowest in top ten economies while it has highest geographical area. UK, France and Italy are having population about 6 crore while Brazil have 21.22 core population followed by Japan (12.65 crore) and Germany (8.37 crore) which are slightly more populous country in the top ten economies. Population of Japan is equal to Maharashtra state while Germany, UK, France and Italy are small countries than Maharashtra state by population. Out of top ten economies, population of five economies was less or equal to Maharashtra state. World population is currently growing by around 1.05 % per year. Population growth rate in all the top economies is less than world average except Japan. Highest population growth rate was observed in Japan (1.62%) followed by India and Canada in top ten economies on one side and on the other side population of China, Germany, France and Italy is growing by less than 0.5 %. Population of top ten economies has been growing by less than one percent except Japan, even declined trend is observed in Italy's population.

The US and China are occupied first two positions in world ranking by both nominal GDP and PPP methods. The share of US in World GDP is 23.6% followed by China (15.5%), Japan is third rank country with 5.7% world Share followed by Germany and India. US and China have contributed about 40% share in World GDP. About half of the world GDP is comes from top three economies Viz. US, China and Japan. Germany ($4.60 trillion) is fourth largest economy followed by India with $3.26 trillion GDP. All the countries have less than 5 trillion GDP expect US, China and Japan. India is fifth largest economy in the world with $ 3.26 trillion GDP (3.18% world Share). The UK, France, Italy and Brazil economies are having less than $ 3 trillion GDP.

GDP per capita or per capita income means average income earned per person in given area in one year. It is calculated by dividing the country's area total income by its total population. Therefore the countries are top in GDP but GDP per capita is less because of high population. According to IMF, World's average nominal GDP per capita was $ 18,381 in 2019. Luxembourg ($1,13,196) is the highest nominal GDP per capita country in the world followed by Switzerland ($83,716) while US ($67,063) having highest GDP per capita in top ten economies followed by Germany ($49,617). But US was the 7th largest GDP per capita country in the world. US is richest economy by GDP per capita followed by Germany. India is poorest economy followed by Brazil. Japan is third largest economy in the world, with $ 5.50 trillion GDP in 2019. It has world's 1.62 % (12.65 crore) population. GDP per capita of Japan is $43,450, which is two-third of US and 4 times and

about 20 times more than China and India respectively in 2019. Out of total, 41 countries having GDP per capita more than world average and remaining 145 countries having less than world average. All top ten economies having GDP per capita more than world average except China, India and Brazil. India has lowest GDP per capita in top ten economies and South Sudan ($275) having world lowest GDP per capita in the world. India and China are the fastest growing economies having more than 6.5 % growth rate followed by US with 2.8%. Germany, UK, France, Brazil and Canada having more than 1% growth rate while Japan and Italy are slowest (growing by less than 1 %.).

Correlations: it is observed that the correlation between geographical areas of countries and their population was positives weaker correlation (0.345) but areas with GDP was observed positive moderate correlation (0.516). GDP per capita is smaller with higher population; it is observed that there is negative correlation (-0.696) between population and GDP per capita, while higher positive correlation between population and GDP growth. It clearly shows that the human capital is crucial for economic development, but it reduces GDP per capita. Therefore quality human capital with fulfillment of HDI key indicators is prerequisite for economic development of the country. Standard deviation of population and GDP was 54.8876 and 6.9126 respectively. It clearly indicates more differences in population than GDP among the top ten countries of the world.

Human Development Index (HDI)

GDP, growth rate or per capita income are not adequate to measure overall development of a country. Therefore it is essentials to evaluate the nation on different grounds. Especially HDI, GDI, are useful to measure all round development of nation. HDI is a statistic tool used to measure a country's overall achievement in its social and economic dimensions. It is composite index of three dimensions viz. life expectancy, educational level and per capita index or GDP per capita (PCI). HDI is ranked on a scale between 0 and 1, with 1 being the highest human development. It is classified into four groups i) Very high human development (0.8 to 1), ii) High human development (0.7 to 0.79), iii) Medium human development (0.55 to 0.70) and iv) low human development (below 0.55). It combines all major social and economic indicators which are responsible for economic development. It was developed by Mahbub ul Haq and Amartya Sen in 1990 and was used by UNDP to measure country's development.

Table 2 HDI of Top Ten Economies in the World- 2019

Sr. No.	Country	HDI	World HDI Rank
1	United States	0.920	15
2	China	0.758	85
3	Japan	0.915	19
4	Germany	0.939	4
5	India	0.647	129
6	United Kingdom	0.920	15
7	France	0.891	26
8	Italy	0.883	29
9	Brazil	0.761	79
10	Canada	0.922	13

Source: UNDP, HDI Report 2019

Table 2 emphasized on worldwide HDI rank of top ten economies. Norway (0.954) is highest country in HDI followed by Switzerland, Ireland and Germany. Most of developed countries have an HDI score above 0.8. These countries have stable governments, widespread education and healthcare, high life expectancies and growing, powerful economies. Germany has highest HDI (0.939) in the world top ten economies followed by Canada, US, UK and Japan and lowest in India (0.647). Out of top ten economies, Germany, US, UK, Canada and Japan having more than 0.915 HDI. Their rank is ranges between 4th and 19th in 189 countries. Across all assessed countries, 24 countries have more than 0.90 HDI, 48 countries having HDI between 0.80 and 0.89, 53 countries have HDI between 0.70 and 0.79. Medium human development is reported in 36 countries their value is ranges between 0.550 and 0.79 followed by 36 countries have low human development with value less than 0.550. Niger's (0.377) HDI is world lowest. Top ten countries have high human development index except China, Brazil and India. It is found that the HDI is more associated with GDP per capita. Among top ten, all European countries are high HDI while American and Asia having exception Brazil and China, India respectively for same. It simply means that even though among the top ten countries China, Brazil and India haven't higher HDI. More serious is that China (rank 85) and Brazil (rank 79) are close to high HDI, but India is far way at 129th ranks out of 189 countries.

Along with HDI, population under poverty line is also need to evaluate for top ten economies in the world. Multidimensional Poverty Index (MPI) provides a comprehensive and in-depth picture of global poverty. According to UNDP report the 101 countries assessed across 31 low income countries, 68 middle income countries and 2 high income countries, about 1.3 billion (23.1%) people are multi dimensionally poor. Two-thirds of these people live in middle income countries. Half of the total poor people are children under age 18 and a-third are children under age 10. MPI is based on three key dimensions that are health, education and standard of living comprising nutrition, child mortality, years

and attendance of schooling, cooking fuel, sanitation, drinking water, electricity, housing and asses are the sub indicators.

Looking at worldwide poverty, 60 crore people across the world are live in extreme poverty and about 70% of world's poor live is Africa. More than one person would need to escape poverty every second in Africa. Poverty line in US is determined by the government and it varies according to size of family with age of family members. Poverty line for individual was $12,784 and for two people the weighted average was $16,247 and for four people that was $ 25,701. China set its poverty line higher than the World Bank's global standard. As far the international standard, China has a smaller percentage of rural people living in poverty. The people who are earning 2300 yuan (340 US dollars) per year means 6.3 yuan per day are considered below poverty line of in China as on 2018. Poverty in urban area of China is eradicated while rural poverty is till existence. China had helped 60.27 crore population escape poverty, accounting for 54 % worldwide. It has contributed more than any other country to global poverty reduction. Proportion of rural people living below the poverty line is 1.7 % in last year.

India ranked 129th position on 2019s HDI, out of total 189 countries. Global population of poor is about 1.3 billion; half of world poverty lives in Asia and the Pacific, of which India is the largest country, constitute 41 %of the world's poverty. Sri Lanka's HDI (0.780) is higher than India and Pakistan (0.560) is at 152 ranks. In 2015-16, Bihar was the poorest state in country, with more than 50 % of its population lives in poverty.

Conclusion

World's about 60% population and 36% GDP comes from Asia, it results into low GDP per capita, while Europe have higher GDP per capita because of a-tenth population holds one fourth world's GDP. Even though US is super economy in the world, according to GDP per capita, it ranks 10th in the world and it are 6 times more than China and 30 times more than India, but Norway, Switzerland and Ireland are superior than US as per standard of living , educational level, health level and life expectancy. It concludes that the human capital with natural resources is crucial for economic development, but it reduces GDP per capita. Therefore quality human capita with fulfillment of HDI key indicators is prerequisite for economic development of the country.

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