EAC-PM Working Paper Series
EAC-PM/WP/54/2026

The World in Purchasing Power Parity (Trends since 1992)

Economic Advisory Council to the PM

July 2026

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The World in Purchasing Power Parity: Trends since 1992

Executive Summary

Most papers regarding relative economic performance of countries deal with either nominal or real GDP. This paper focuses on four indicators of relative long-term economic performance in Purchasing Power Parity (PPP) terms: (i) share in world GDP, (ii) relative per-capita income, (iii) share in world savings and (iv) share in world investment. This provides a useful long-term perspective unclouded by exchange rates and relative prices.

We have used the International Monetary Fund (IMF) data for the study as it is reliable and comparable across countries. In order to avoid data complications caused by the Soviet-bloc and its collapse, our analysis begins in 1992. Moreover, to keep the analysis focused, individual countries have been considered only if their economy was greater than 0.5% of world GDP (in PPP $ terms) in 1992. The rest are clubbed together.

Our analysis highlights the major shifts in the world economy since 1992. Moreover, IMF forecasts have been included till 2030 to provide a sense of future direction while recognising the dangers of extrapolating too far into the future. Some key observations from the analysis are:

Share in World GDP: *In 1992, US was the largest economy accounting for one-fifth of the world's GDP in PPP terms. Japan was a distant second with a share of 8.2%, followed by Germany (6%), and then by Russia (4.9%). China accounted for a mere 4% share in the world economy in 1992. Since then, the relative shares of countries have changed significantly with an increase in the shares of most Asian countries and a decline for all European countries. Japan, once the pioneer Asian economy, has also witnessed secular decline. Following decades of rapid growth, China surpassed the US and now accounts for one-fifth of world GDP; the same position as US in 1992. Nonetheless, despite the decline in its share, US still accounted for 14.6% of world GDP in 2025. India is now the third largest economy in PPP terms with a share of 8.5% of the world economy. The IMF expects its share to rise to 9.7% by 2030.*

Relative Per-Capita Income: *The per-capita PPP GDP of US was four times the world average in 1992. It continued to increase in 1990s, but has declined thereafter to become 3.4 times in 2025. Canada had a per-capita income of 3.3 times the world average in 1992. Its relative per-capita income has declined since 2000s, reaching 2.5 times the world average in 2025. Other European counties like Germany, France, United Kingdom and Italy also had a per-capita income of more than thrice the world average, but the ratio for all of them has declined since 2000, although Europeans are still relatively rich. In contrast, China and India's per-capita incomes were merely 18% of world average in 1992. China's per-capita income rose to 112% the world average, while that of India rose to 45% of the world average in 2025, and is projected to continue rising further till 2030.*

Share in World Savings: *US's savings accounted for the largest share (15.4%) of world savings in PPP in 1992. It began declining in 2000s and stands at less than 10% in 2025. Japan, with 11.5%, had the second largest share in world savings in 1992, but now accounts for only 4.2%. Russia, which ranked third with 8.1% of world savings in 1992, now accounts for less than 4%.*

China ranked fourth with 6.8% of world savings in 1992. However, it now accounts for a staggering 32%, making it by far the largest contributor to world savings. Meanwhile, India's share surpassed US to become a distant second with a share of 10.3% in 2025. Germany which was a major contributor of world savings, ranking fifth in 1992 with a share of 6.6%, now accounts for only 3% of world savings. Meanwhile, the shares of European countries such as France, Italy and UK have stagnated in the range of 1%-2% over the last decade.

Share in World Investment: *The share in world investment (gross capital formation) for most countries mirrors their trajectory for savings. US accounted for the largest share (16.1%) in world investment in PPP in 1992, but it is now in second position with a share of 12.1%. Japan, which had the second largest share (11.7%) in world investment in 1992, now only accounts for 3.6% in 2025. China ranked third with a 6.4% share in world investment in 1992 but it has now become the largest contributor to world investment with a share of almost 30%. Despite this large investment effort, China's investment share in below its share in world savings. This is why it runs a structural current account surplus. India's share in world investment rose from 2.2% to 10.8% during the same time frame. This puts it in third place but note that the investment share is higher than its savings. This is the structural source of its current account deficit.*

The above analysis clearly lays out the trajectory of different countries and regions since 1992. While most readers will not be surprised by the general trend, the PPP based approach provides a very vivid picture of how the relative positions in the world are changing.

The United States continues to hold a very large share of the world economy, even though it is now in second position after China in PPP terms. Although the relative per-capita income of US has declined, it is still more than three times the world average. Its share in world investment and savings has also declined but remains very substantial. Meanwhile, the relative shares of major European countries have sharply reduced on all four indicators. Even though the relative per-capita income of these economies has declined during our period of study, Europeans were still relatively rich compared to the world average even in 2025.

From ranking second after US in terms of share of world GDP, savings and investment in 1992, Japan has witnessed a decline across all indicators. Its relative per-capita income has also reduced to just a little over double the world average. This is a reflection of its stagnation over the last three decades. In contrast, India's rise has been notable with it accounting for 8.2% of world GDP in 2025, and more than 10% of the world's savings and investment. The IMF expects its share of the world economy to rise to 9.7% by the end of the decade.

The rise of China is the most dramatic economic phenomenon since 1992. It now accounts for almost 20% of world GDP, 32% of world savings, and 30% of world investment. The IMF expects these shares to be somewhat higher by 2030. Even if its per-capita income is still lower than that of developed countries, the sheer magnitude of China's share in the world economic system is remarkable.

Background

There have been several previous attempts to look at the very long-run evolution of the world economy. One of the most well-known attempts was made by Angus Maddison, who looked at the development of the world economy over two millennials[1]! He consolidated the data of world population, GDP and growth rates, among numerous other estimates, from 0 AD till 1998 AD. However, due to unavailability of official data, he used crude estimates and hypotheses such as census materials of countries and work of historical demographers for his analysis.

It is fascinating to note that as per the estimates of Angus Maddison, just India and China accounted for more than 50% of world GDP in 1990 PPP $ in 0 AD (Table 1). India ranked first with 32.9% share of world GDP in 0 AD, followed by China with 26.2% share of world GDP. In fact, Asia as a group held a dominant 76.3% of the world GDP in 0 AD, while the Eastern and Western Europe combined held 12.7% of the world GDP. The United States and the United Kingdom held minuscule shares in world GDP in 1500 AD but thereafter the shares of the Western nations increased sharply, and that of Asia dwindled till the mid-twentieth century. It was only in the second half of the twentieth century that you see a reversal in the fortunes of the East led by Japan.

Table 1: Country-wise percentage share in world GDP (0-1998 AD) in PPP 1990 $

S.No.	Country	0	1000	1500	1600	1700	1820	1870	1950	1973	1998
1	India	32.9	28.9	24.5	22.6	24.4	16.0	12.2	4.2	3.1	5.0
2	China	26.2	22.7	25.0	29.2	22.3	32.9	17.2	4.5	4.6	11.5
3	Africa	6.8	11.8	7.4	6.7	6.6	4.5	3.6	3.6	3.3	3.1
4	Italy			4.7	4.4	3.9	3.2	3.8	3.1	3.6	3.0
5	France			4.4	4.7	5.7	5.5	6.5	4.1	4.3	3.4
6	Former USSR	1.5	2.4	3.4	3.5	4.4	5.4	7.6	9.6	9.4	3.4
7	Germany			3.3	3.8	3.6	3.8	6.5	5.0	5.9	4.3
8	Japan	1.2	2.7	3.1	2.9	4.1	3.0	2.3	3.0	7.7	7.7
9	Spain			1.9	2.1	2.2	1.9	2.0	1.3	1.9	1.7
10	Mexico			1.3	0.3	0.7	0.7	0.6	1.3	1.7	1.9
11	United Kingdom			1.1	1.8	2.9	5.2	9.1	6.5	4.2	3.3
12	Austria			0.6	0.6	0.7	0.6	0.8	0.5	0.5	0.5
13	Belgium			0.5	0.5	0.6	0.7	1.2	0.9	0.7	0.6
14	Netherlands			0.3	0.6	1.1	0.6	0.9	1.1	1.1	0.9
15	Portugal			0.3	0.3	0.5	0.5	0.4	0.3	0.4	0.4
16	United States			0.3	0.2	0.1	1.8	8.9	27.3	22.0	21.9
17	Denmark			0.2	0.2	0.2	0.2	0.3	0.6	0.4	0.3
18	Sweden			0.2	0.2	0.3	0.4	0.6	0.9	0.7	0.5
19	Switzerland			0.2	0.3	0.3	0.3	0.5	0.8	0.7	0.5
20	Finland			0.1	0.1	0.1	0.1	0.2	0.3	0.3	0.3
21	Norway			0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.3

Source: Maddison, A. (2001). The World Economy: A Millennial Perspective. Development Centre Studies, OECD

[1] Maddison, A. (2001). *The World Economy: A Millennial Perspective.* Development Centre Studies, OECD.

While the effort by Angus Maddison was commendable, his approach was really designed to overcome the paucity of data for the early periods. By its very nature it is not based on direct surveys and relies on strong assumptions about relative prices. Moreover, note that Maddison's initial estimates were till 1998 in 1990 PPP $. More recently, *The Maddison Project Database*[2] extended the data for all countries up till 2022. The updated estimates of GDP and per-capita GDP are based on 2011 PPP $. Nonetheless, in order to maintain continuity with older periods, the series does not do contemporary updating and relies on a one-time splice onto Maddison's 1990 $ series.

Unless one is attempting to go back centuries like Maddison, a more reliable approach would be to use the data from International Monetary Fund (IMF)[3] that has a much more consistent methodology and is based on more reliably measured contemporary data. This data series is available from 1980 but has the advantage that it based on a consistently applied national accounts framework and purchasing power parity data.

Introduction and Methodology

Much of the discussion on the economic performance of countries usually focuses on growth rates in nominal or real GDP. This paper focuses on examining the relative economic performance of the countries in Purchasing Power Parity (PPP) terms. The IMF defines purchasing power parity exchange rate as 'the rate at which the currency of one country needs to be converted into that of a second country to ensure that a given amount of the first country's currency will purchase the same volume of goods and services in the second country as it does in the first'[4]. Thus, PPP adjustments on current nominal data irons out price differences and currency fluctuations. It is widely accepted as the more meaningful approach for most inter-country comparisons over longer timeframes.

Even though IMF provides internally consistent dataset of parameters in PPP terms since 1980, our global analysis cannot start from 1980 as comparable data for the Russian Federation and other Soviet bloc countries is available only from 1992 onwards when they became members of the IMF. Beginning the study from 1980 and excluding the data for former Soviet constituents would result in an overestimation of the relative shares of other economies. Therefore, in this paper, we begin the analysis from the year 1992. The availability of the IMF data for more than

[2] https://www.rug.nl/ggdc/historicaldevelopment/maddison/releases/
[3] The United Nations Statistics Division put forward the need for international statistical standards in 1947, which led to the origin of the System of National Accounts (SNA)[3]. With improvement over the years, SNA has been established as an internationally agreed standard which provides a comprehensive framework for compilation of comparable statistics – which is provided by the International Monetary Fund (IMF).
[4] https://data.imf.org/en/Datasets/WEO/Frequently-Asked-Questions#4q5

three decades now (from 1992 to 2025, with projections till 2030), allows us to do a long-term analysis using data that is reliable and comparable across countries.

There are four primary indicators that are used in the paper to capture relative scale across countries. All the figures are in PPP $.[5]

1. **Share in world GDP (PPP Dollar)**: It is defined as the share of GDP at current prices in PPP international dollars of a country to the total world GDP at current prices in PPP international dollars.
2. **Relative per-capita income (PPP Dollar)**: It is defined as the ratio of GDP per-capita in PPP international dollars for a country to the world average GDP per-capita in PPP international dollar.
3. **Share in world savings**: It is defined as the ratio of savings of a country in PPP international dollars to the total savings of the world in PPP international dollars.
4. **Share in world investment**: It is defined as the ratio of Gross Capital Formation (GCF) of a country in PPP international dollar to the total Gross Capital Formation of the world in PPP international dollar.

It is important to note here that the data provided by IMF gives us the figures of savings as a percentage of nominal GDP and gross capital formation as a percentage of nominal GDP. As our analysis is based in PPP, we apply this percentage on the values of GDP PPP $ to estimate the savings and gross fixed capital formation in PPP $ for each country and the world. We then use it to calculate the country-wise share in world savings and country-wise share in world gross capital formation in PPP $. While we understand that percentage of nominal GDP may not translate to PPP based GDP for savings and investment, but it is used as a simple approximation to calculate the savings and gross capital formation in PPP terms for our current purposes. Given the long period under study, we felt that it gives us an adequately accurate view of broad trends.

The paper covers countries which accounted for at least 0.5% share of world GDP in PPP $ in 1992. This implies 35 countries including United States, Japan, Germany, Russia, Italy, China, France, United Kingdom, India, Brazil, Mexico, Spain, Canada, Indonesia, Türkiye, Saudi Arabia, Ukraine, Republic of Korea, Iran, Netherlands, Argentina, Australia, Thailand, Poland, South Africa, Nigeria, Pakistan, Chinese Taipei, Switzerland, Egypt, Venezuela, Belgium, Austria, Colombia, and Sweden.

[5] The figures are as per the ICP benchmarks 2017-2021. The International Comparisons Program (ICP) provides internationally comparable PPP estimates. These are then used by the World Economic Outlook (WEO) to calculate its own PPP weight time series. The IMF data from 1980 to 2030 (published under WEO) uses the ICP benchmarks of 2017-21 to extrapolate backward and forward.

I. Share in World GDP

Our analysis shows that the trajectory of countries has varied quiet a lot over the period of study. In 1992, US alone accounted for almost a fifth of world GDP. Japan was a distant second, with a share of 8.2%, followed by Germany with a share of 6%. Even after Soviet disintegration, Russia ranked fourth with a share of close to 5%. Italy was in the world's top five economies. China ranked sixth with a 4% share in world GDP. India with 3.2% share stood at ninth position. Together these top 10 countries accounted for around 60% of the world GDP PPP $ in 1992 (Table 2).

Table 2: Top 10 countries in terms of share in world GDP PPP $ in the year 1992

Rank	Country	GDP PPP (US $ billions)	Share in World GDP PPP $ (percentage)
1	United States	6,520.3	19.7
2	Japan	2,704.9	8.2
3	Germany	1,976.6	6.0
4	Russia	1,621.3	4.9
5	Italy	1,337.7	4.0
6	China	1,325.5	4.0
7	France	1,242.1	3.8
8	United Kingdom	1,106.8	3.3
9	India	1,051.6	3.2
10	Brazil	980.6	3.0

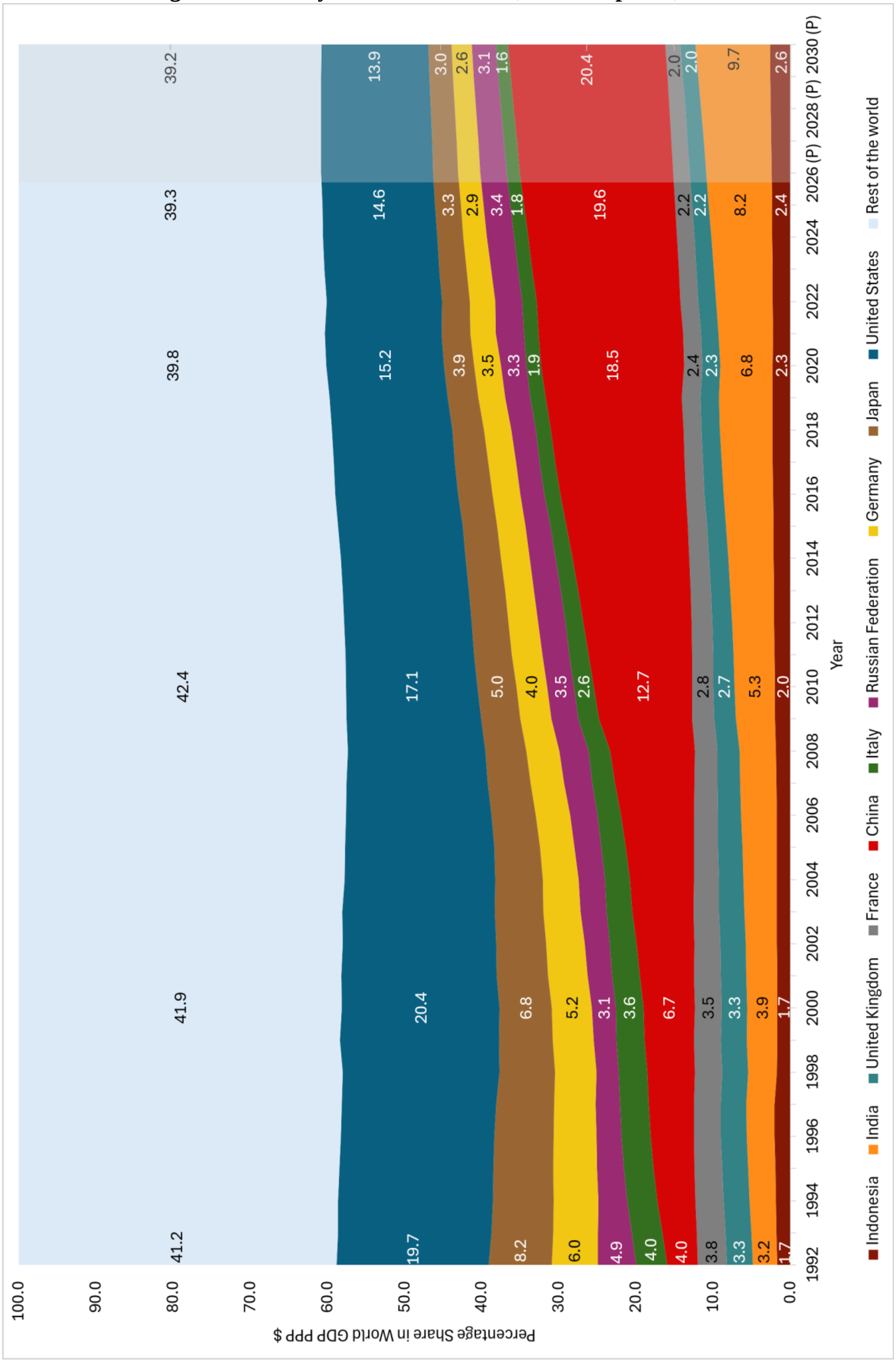
Source: IMF data (as of April 2026)

The shares of these countries have changed significantly over the period of our study. The trends indicate how the world order is broadly shifting back to the East, with the increase in shares of Asian countries and a decline for most European nations. Nonetheless, Asia's pioneer Japan has also seen its share decline (Figure 1).

The share of US in world GDP started declining after 2000s, after remaining around 19%-20% in 1990s. It dropped to 14.6% in 2025. Rapidly aging Japan has also witnessed a downward trajectory in its share in world GDP in the last three decades. Its share fell sharply from 8.2% in 1992 to 3.3% in 2025. It is projected to slip below 3% by 2030 (Figure 1 & Table 4).

Most of the European nations have seen a consistent decline in their share in the world GDP over the period of study. Germany, which was the third largest economy, saw its share fall by almost half – from close to 6% in 1992 to close to 3% in 2025. In fact, it is projected to further reduce in the second half of this decade. UK's share in world GDP hovered around 3% during the 1990s. After that, its share started declining to reach 2.2% in 2025, and in fact is projected to slip below 2% by 2030 as per the IMF projections. Similarly, Italy has experienced a sharp drop in its share during this period and is no longer in the top ten countries in 2025. Meanwhile, France's share in world GDP declined from 3.8% in 1992 to 2.2% in 2025 (Figure 1).

Figure 1: Country-wise share of GDP, Current prices, PPP $



Source: Author's illustration based on IMF data

Table 3: Top 10 countries in terms of share in world GDP PPP $ in 2025

Rank	Country	GDP PPP (US $ billions)	Share in World GDP PPP $ (percentage)
1	China	41,242.0	19.6
2	United States	30,767.1	14.6
3	India	17,257.9	8.2
4	Russia	7,236.6	3.4
5	Japan	7,009.5	3.3
6	Germany	6,181.1	2.9
7	Indonesia	5,047.5	2.4
8	Brazil	4,988.6	2.4
9	France	4,563.2	2.2
10	United Kingdom	4,553.1	2.2

Source: IMF data (as of April 2026)

In contrast, India and China have seen a significant increase in their share in world GDP. China had a notable growth over the past three and half decades making it the country with largest share in world economy overtaking US. It now accounts for almost one-fifth of world GDP – similar to US of 1992. India's share has also increased to 8.2% in 2025, up from 3.2% in 1992. In addition to the robust growth observed in India and China, the trajectory of Indonesia underscores the growing significance of Asia (Table 4). Indonesia has seen its share in world GDP increase since late 1990s. By 2025, its share was 2.4% of world GDP, taking it to the seventh place (Table 3). In fact, its share is now more than that of France and UK. The country-wise share in world GDP in PPP $ for all the countries in the sample is presented in table 4.

Table 4: Country-wise GDP PPP $ (percent share of world GDP)

	Countries	1992	2000	2010	2020	2025	2030 (P)
1	United States	19.7	20.4	17.1	15.2	14.6	13.9
2	Japan	8.2	6.8	5.0	3.9	3.3	3.0
3	Germany	6.0	5.2	4.0	3.5	2.9	2.6
4	Russia	4.9	3.1	3.5	3.3	3.4	3.1
5	Italy	4.0	3.6	2.6	1.9	1.8	1.6
6	China	4.0	6.7	12.7	18.5	19.6	20.4
7	France	3.8	3.5	2.8	2.4	2.2	2.0
8	United Kingdom	3.3	3.3	2.7	2.3	2.2	2.0
9	India	3.2	3.9	5.3	6.8	8.2	9.7
10	Brazil	3.0	2.9	2.9	2.4	2.4	2.3
11	Mexico	2.7	2.8	2.2	1.8	1.6	1.5
12	Spain	2.1	2.1	1.8	1.3	1.3	1.3
13	Canada	1.8	1.8	1.6	1.3	1.3	1.2
14	Indonesia	1.7	1.7	2.0	2.3	2.4	2.6
15	Türkiye	1.4	1.4	1.5	1.7	1.8	1.9
16	Saudi Arabia	1.4	1.2	1.2	1.1	1.3	1.3
17	Ukraine	1.3	0.5	0.6	0.5	0.3	0.3
18	Republic of Korea	1.3	1.6	1.8	1.8	1.6	1.5
19	Iran	1.2	1.1	1.2	0.9	0.9	0.8
20	Netherlands	1.1	1.1	0.9	0.8	0.7	0.7
21	Argentina	1.0	1.0	1.0	0.7	0.7	0.7
22	Australia	1.0	1.1	1.0	1.0	1.0	0.9

23	Thailand	0.9	0.9	1.0	1.0	0.9	0.9
24	Poland	0.8	0.9	0.9	1.0	1.0	0.9
25	South Africa	0.8	0.7	0.7	0.5	0.5	0.5
26	Nigeria	0.8	0.7	1.1	1.1	1.1	1.1
27	Pakistan	0.7	0.8	0.8	0.8	0.8	0.8
28	Chinese Taipei	0.7	0.9	1.0	1.0	1.0	1.0
29	Switzerland	0.7	0.6	0.5	0.5	0.4	0.4
30	Egypt	0.7	0.8	0.9	1.2	1.1	1.2
31	Venezuela	0.7	0.6	0.5	0.1	0.1	
32	Belgium	0.7	0.6	0.5	0.5	0.4	0.4
33	Austria	0.6	0.5	0.4	0.4	0.3	0.3
34	Colombia	0.6	0.5	0.5	0.6	0.6	0.6
35	Sweden	0.5	0.5	0.5	0.4	0.4	0.4

Source: IMF data (as of April 2026)

II. Relative Per-capita Income

We examine the same selected set of countries for assessing their performance in terms of relative per-capita incomes. There are many other small countries with significant per-capita GDP in PPP $ compared to the world average (such as United Arab Emirates, Brunei Darussalam, Luxembourg, etc.[6]), but for the purpose of this paper, we use the same sample of countries that accounted for more than 0.5% of world GDP in 1992.

Table 5: Top 10 major countries in terms of relative per-capita GDP in 1992

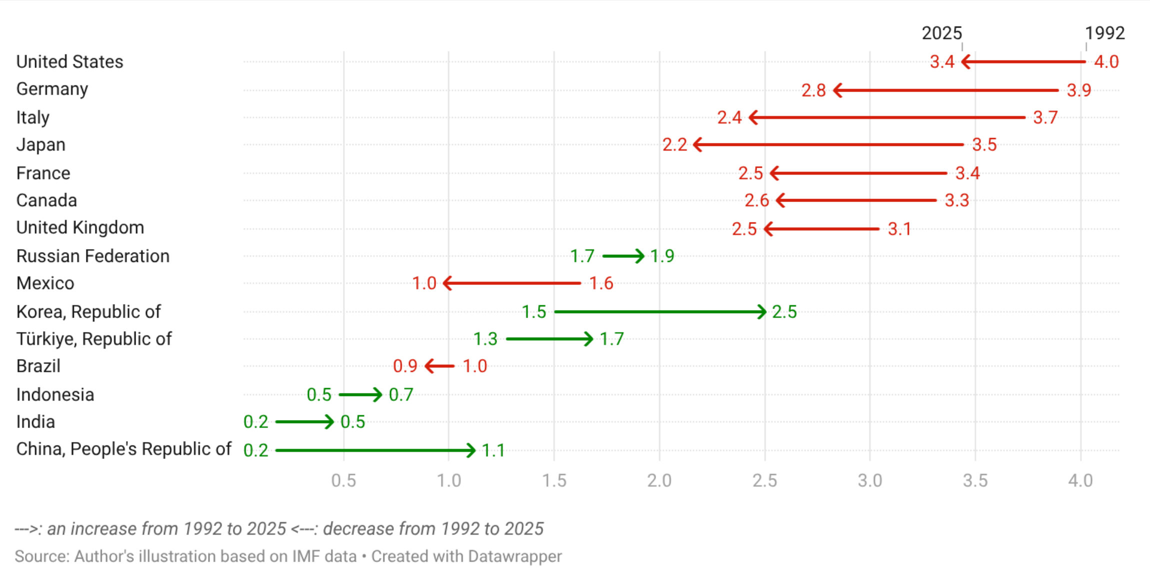
Rank	Country	Per-capita GDP PPP (US $ billions)	Per-capita GDP PPP $ relative to world
1	Switzerland	35,023.9	5.6
2	Saudi Arabia	30,473.0	4.8
3	United States	25,392.9	4.0
4	Germany	24,553.9	3.9
5	Austria	24,250.9	3.9
6	Netherlands	23,746.2	3.8
7	Italy	23,562.8	3.7
8	Belgium	23,054.6	3.7
9	Japan	21,749.6	3.5
10	France	21,207.2	3.4

Source: IMF data (as of April 2026)

Switzerland had a per-capita GDP of 5.6 times the world average in 1992. It was followed by Saudi Arabia with a per-capita income of 4.8 times the world average. Even United States' per-capita income was four times the world average. Germany, Austria, Netherlands, Italy, Belgium, Japan and France also had a per-capita income of more than three times the world average in 1992 (Table 5). Note that even though India, China, Brazil were in the list of top 10 countries when measured in terms of share in world GDP, they were far lower in per-capita terms.

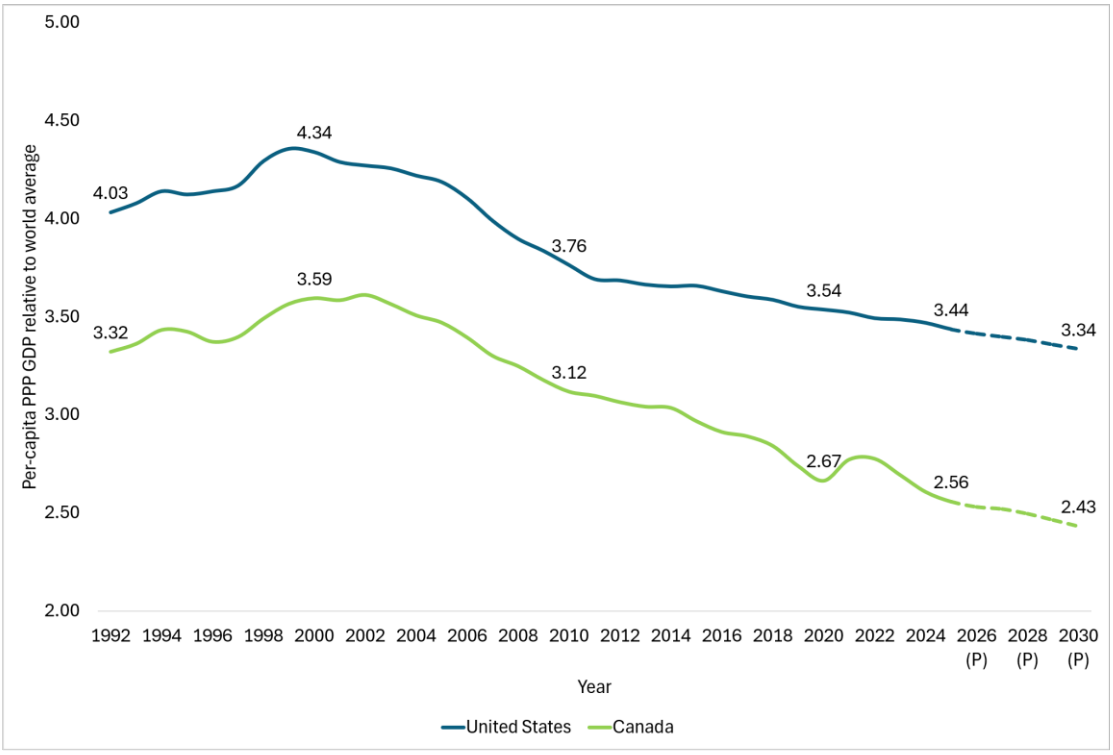
[6] In 1992, the per-capita incomes of United Arab Emirates, Brunei Darussalam, and Luxembourg were 9.73, 7.65 and 7.44 times the world average in PPP $, respectively.

Figure 2: Country-wise change in the relative per-capita income (in PPP $)



The trajectories of countries from 1992 to 2025 reflect some very interesting trends (Figure 2). Most of the European and American countries have seen a downward trajectory in their relative per-capita PPP GDP during this time period, while the Asian nations have witnessed an increase. Again China saw an outstanding performance while India too improved its position.

Figure 3: Per-capita GDP PPP $ relative to world average for North American countries

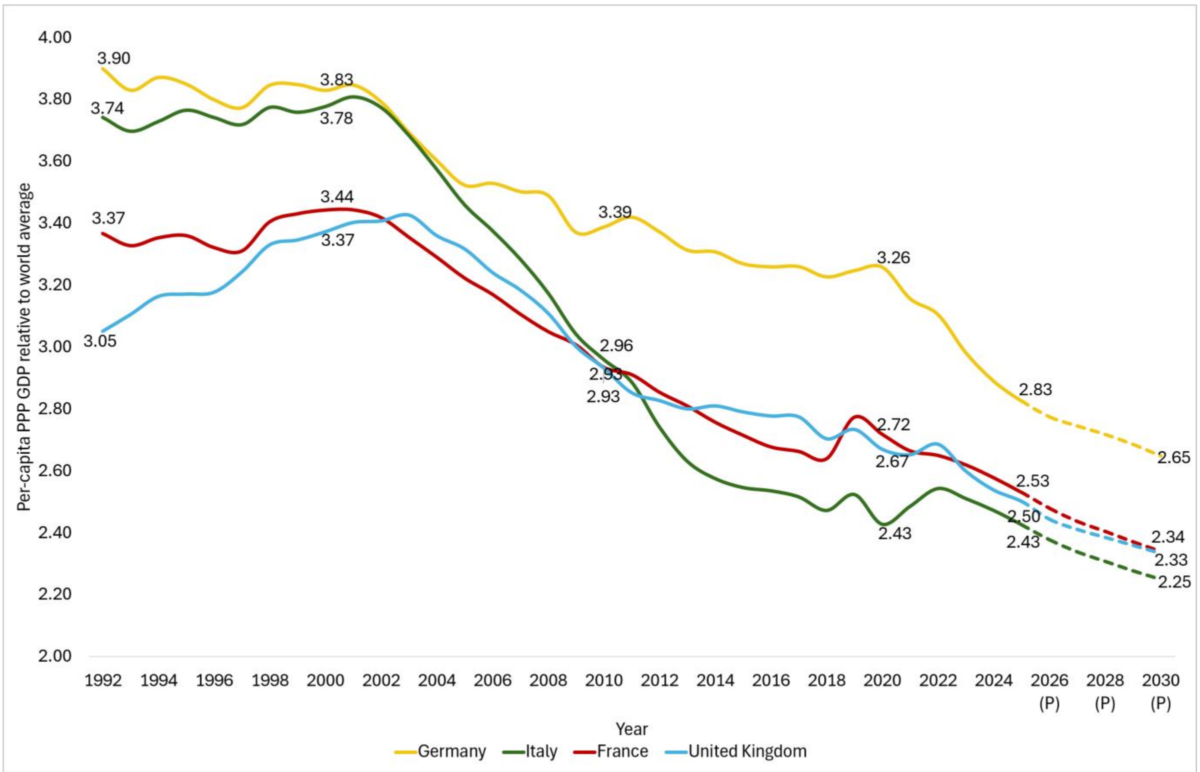


Source: Author's illustration based on IMF data

Between the North American nations, US' relative per-capita PPP GDP increased slightly during the 1990s, reaching 4.4 times the world average by the end of the decade (Figure 3). Subsequently, it has steadily declined and now stands at 3.4 times the world average, which is below the 1992 level. Canada's trajectory has been almost similar to that of US. Its relative per-capita income increased from 3.3 times the world average to 3.6 times in 2000, but steadily declined thereafter to reach 2.6 times the world average in 2025. However, the gap between US and Canada has widened over the last few years.

Overall, most European nations' per-capita incomes relative to the world have declined. The trend remains broadly same – with almost flat relative per-capita incomes in 1990s and reaching their peak around 2000s and a subsequent decline. Germany, the richest in the European group of major countries, had a per-capita income of almost four times the world average in 1992 (Figure 4). Even though it still has the highest relative per-capita income in Europe, it is much lower (2.8 times) than the 1992 levels. Italy's per-capita income was close to Germany, being 3.7 times the world average in 1992. It remained flat during the 1990s, before experiencing sharpest decline of them all. In 2025, Italy had a per-capita income of 2.4 times the world average, which is actually the lowest in our sample of European countries. It is projected to reduce further to 2.3 by 2030.

Figure 4: Per-capita GDP PPP $ relative to world average for European countries



Source: Author's illustration based on IMF data

In 1992, UK had the lowest per-capita income among the group. But it experienced the maximum increase in per-capita income among the group and reached about 3.4 at its peak in 2003, before it started declining. Similarly, France's per-capita income remained three times the world average till late 2000s before it began falling. It is important to note that all these

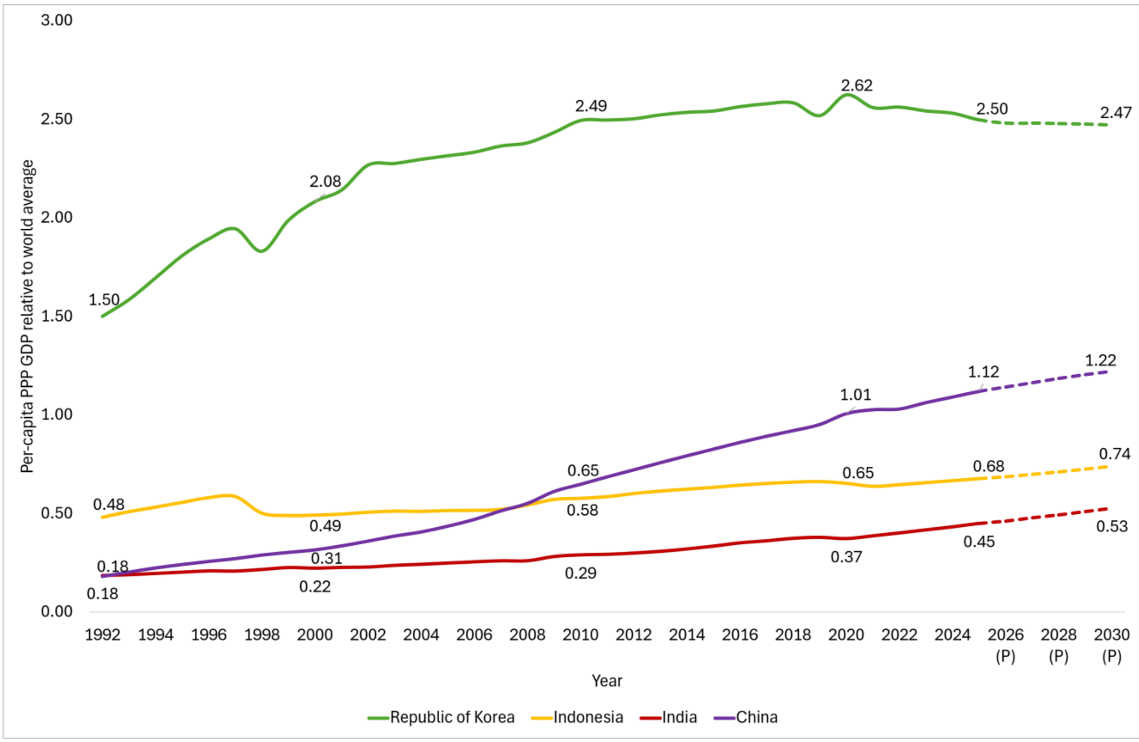
European nations are still rich and have well more than double the world average of per-capita income (in PPP $ terms).

In the Asian region, India, China and Indonesia all had a per-capita income much lower than the world average in 1992. India and China's relative per-capita income were at exactly same levels in 1992 at merely 18% of world average. This was the lowest, not just among the Asian nations but in the entire sample. In fact, Indonesia had relative per-capita income of 48% of world average – this was 2.6 times that of India and China.

While all three of them have recorded an upward trend, the transformation in China is the most remarkable. China's per-capita income rose steeply to surpass India in 1993 and Indonesia in 2008. By 2025, China had a per-capita income somewhat higher that the world average (Figure 5). India's per-capita income relative to the world average also increased and reached 45% of the world average in 2025.

During this period, Republic of Korea experienced a strong upward trend in its relative per-capita income. On an average, a Korean citizen had a PPP per-capita income of 1.5 times the world average in 1992 (not much better than today's China), which increased to 2.5 times the world average in 2025 (more in the European league) (Figure 5). In contrast, the average Pakistani went from being significant richer than the average Indian to being significantly poorer (Table 6).

Figure 5: Per-capita PPP GDP relative to the world average for Asian countries



Source: Author's illustration based on IMF data

Note that all countries in our sample experienced a positive compound annual growth rate (CAGR)[7] over the period of 1992 to 2025. While the world per-capita GDP in PPP $ grew at a CAGR of 4.4%, Asian countries witnessed a higher CAGR. China surpassed all other countries with a CAGR of 10.4%, followed by India (7.3%). Korea also recorded a CAGR of 6%, while Indonesia's CAGR was 5.5% during this period. Table 6 provides the relative per-capita income of all countries in our sample.

Table 6: Country-wise per-capita GDP PPP $
(relative to world per-capita GDP PPP $)

	Country	1992	2000	2010	2020	2025	2030 (P)
1	Switzerland	5.6	5.2	4.6	4.1	3.9	3.6
2	Saudi Arabia	4.8	4.0	3.5	2.6	2.9	2.8
3	United States	4.0	4.3	3.8	3.5	3.4	3.3
4	Germany	3.9	3.8	3.4	3.3	2.8	2.6
5	Austria	3.9	4.0	3.6	3.2	2.9	2.7
6	Netherlands	3.8	4.2	3.7	3.4	3.2	3.0
7	Italy	3.7	3.8	3.0	2.4	2.4	2.2
8	Belgium	3.7	3.8	3.4	3.1	2.9	2.7
9	Japan	3.5	3.2	2.7	2.4	2.2	2.1
10	France	3.4	3.4	2.9	2.7	2.5	2.3
11	Canada	3.3	3.6	3.1	2.7	2.6	2.4
12	Sweden	3.3	3.6	3.3	3.1	2.8	2.7
13	Australia	3.1	3.4	3.2	3.0	2.8	2.5
14	United Kingdom	3.1	3.4	2.9	2.7	2.5	2.3
15	Spain	2.8	3.0	2.6	2.2	2.2	2.0
16	Chinese Taipei	1.8	2.4	2.8	3.2	3.4	3.6
17	Venezuela	1.8	1.4	1.3	0.3	0.3	0.0
18	Russia	1.7	1.3	1.7	1.7	1.9	1.8
19	Argentina	1.6	1.6	1.6	1.2	1.2	1.2
20	Mexico	1.6	1.7	1.3	1.0	1.0	0.9
21	Republic of Korea	1.5	2.1	2.5	2.6	2.5	2.5
22	Ukraine	1.3	0.6	0.8	0.9	0.8	0.8
23	Türkiye	1.3	1.3	1.4	1.6	1.7	1.8
24	Iran	1.1	1.0	1.1	0.9	0.8	0.7
25	Poland	1.1	1.4	1.7	2.0	2.1	2.2
26	South Africa	1.0	1.0	0.9	0.7	0.6	0.0
27	Brazil	1.0	1.0	1.0	0.9	0.9	0.9
28	World	1.0	1.0	1.0	1.0	1.0	1.0
29	Colombia	0.8	0.8	0.8	0.9	0.9	0.8
30	Thailand	0.8	0.9	1.0	1.0	1.0	1.0
31	Egypt	0.7	0.8	0.8	0.9	0.8	0.9
32	Indonesia	0.5	0.5	0.6	0.7	0.7	0.7
33	Nigeria	0.4	0.3	0.5	0.4	0.4	0.4
34	Pakistan	0.3	0.3	0.3	0.3	0.3	0.3
35	India	0.2	0.2	0.3	0.4	0.5	0.5

Source: IMF data (as of April 2026)

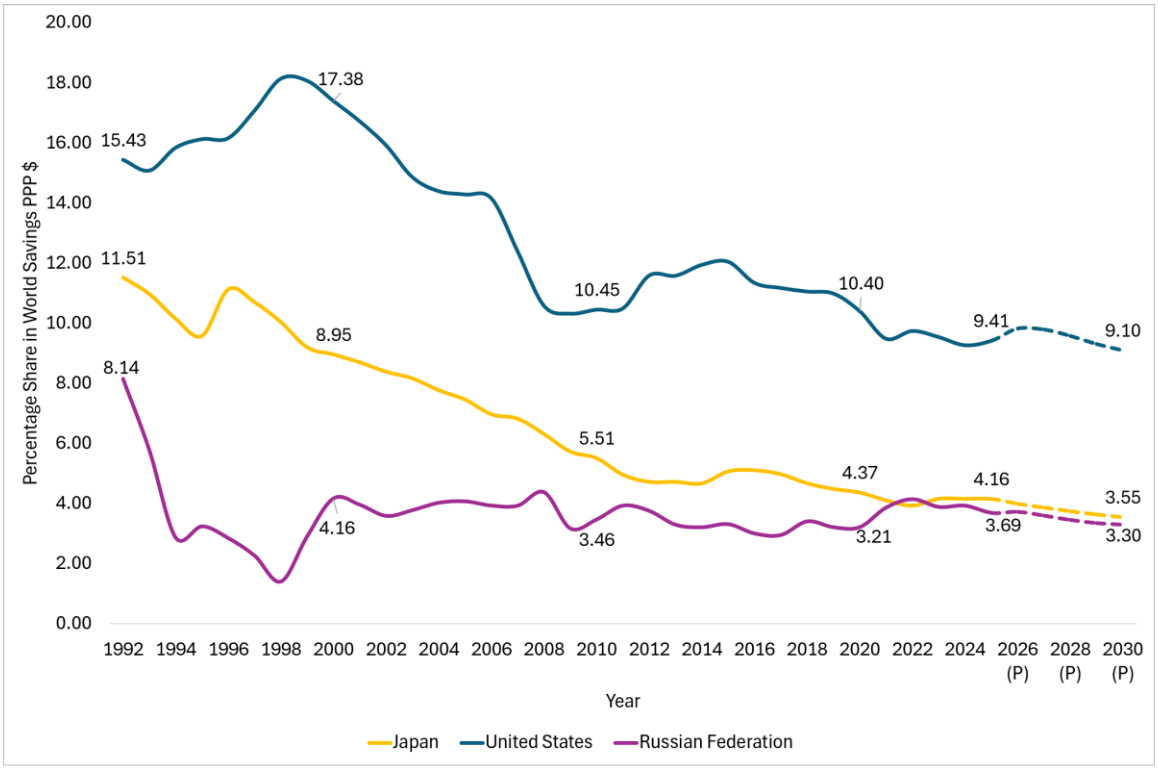
[7] CAGR = $[(\frac{\text{Ending value}}{\text{Beginning value}})^{1/n} - 1] \times 100$, where n is the number of years

III. Share in World Savings

Savings is not normally calculated in PPP terms as most researchers tend to think of it in financial flow terms which translates more easily into nominal dollars. However, for long term analysis, it is still interesting to think of it in PPP terms as it gives us a sense of the resources that can be mobilised by an economy expressed in its own prices. Shares in world savings saw pronounced changes during the study period (Figure 8). The shares of the United States and Japan, the dominant players in 1992, declined markedly, whereas India and China registered substantial increases in their respective shares (Figures 6 and 7).

In 1992, the United States was the largest contributor to global savings measured in PPP, accounting for 15.4% of the world total, followed by Japan with a share of 11.5% (Figure 6). During the 1990s, the United States further strengthened its position, with its share rising steadily to a peak of 18.1% in 1998. This upward trend, however, proved to be short-lived. From the late 1990s onward, the country's share declined persistently, reaching 9.4% by 2025. Meanwhile, Japan's contribution declined for almost the entire study period to only 4.2% of global savings in 2025.

Figure 6: Country-wise share of savings in PPP $ for US, Japan and Russia



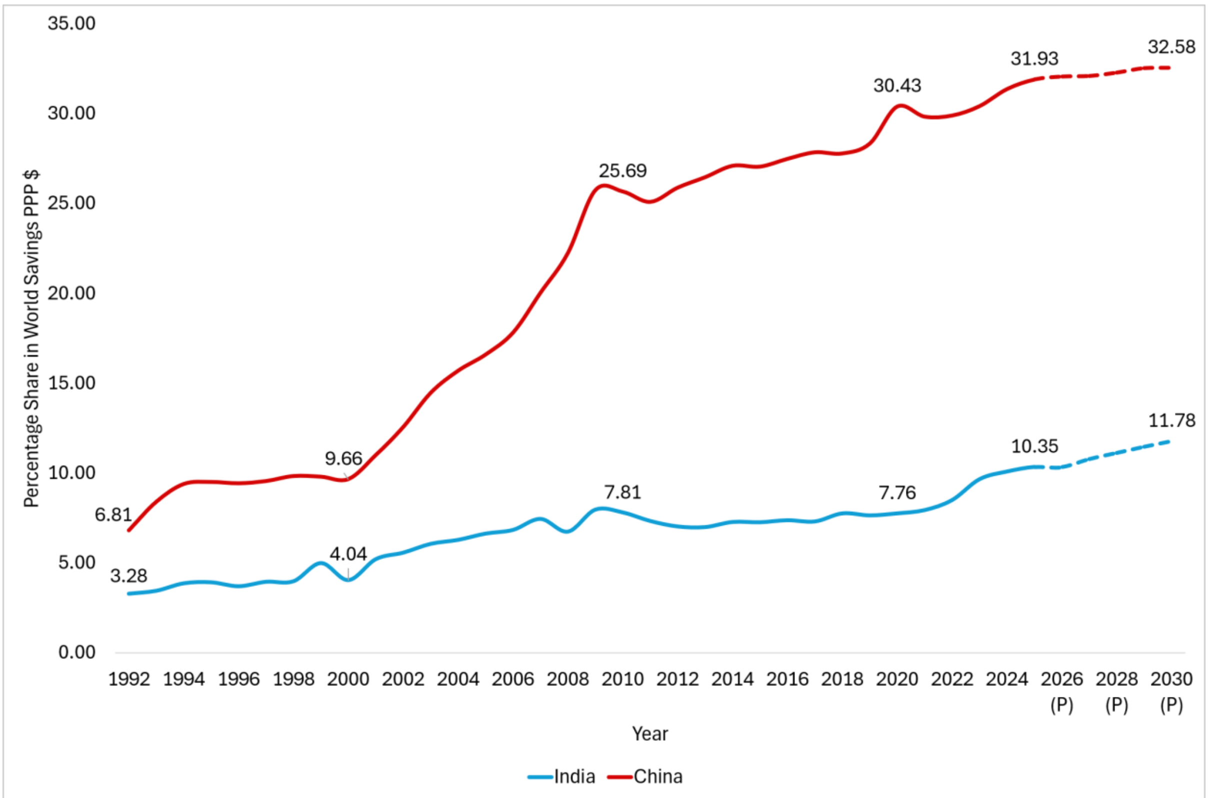
Source: Author's illustration based on IMF data

Post-Soviet Russia ranked third after US and Japan, accounting for 8.1% of world savings in 1992. However, it experienced a sharp decline in its share of savings in 1990s, dropping to only

1.40% by 1998. Although it regained some ground after that, the increase was modest. Its share has remained steady in the range of 3%-4% for the subsequent two and a half decades (Figure 6).

The most drastic change has been in the trajectory of China. In 1992, China ranked fourth in terms of its share of global savings measured in PPP, accounting for 6.8% of the world total (Figure 7). Its presence in global savings expanded gradually throughout the 1990s, but the pace of change accelerated dramatically during 2000-2010. At this stage, China had emerged as a dominant force in global savings, contributing nearly one-fourth of the world total. The upward trajectory continued in the years that followed. By 2025, China's share accounted for 32% of the world total (Figure 7). In other words, if measured in terms of a comparable basket of goods/services, China is generating almost a third of global savings! This is a truly unprecedented position.

Figure 7: Country-wise share of savings in PPP $ for India and China



Source: Author's illustration based on IMF data

India too has experienced a strong upward trajectory, albeit not as dramatic as that of China. Its share of global savings increased from 3.3% in 1992 to 10.4% in 2025, reflecting a significant expansion in its contribution to the world savings pool (Figure 7). Notably, India is now the second largest pool of savings in the world in PPP terms, with its share being higher even than that of US.

Figure 8: Country-wise share of savings in PPP $

Source: Author's calculations based on IMF data

For European countries like Germany, France, Italy, and United Kingdom, the overall share has declined over the period of our analysis, with minor upticks in some years. Their individual shares have plateaued in the range of 1%-3% post-2015 (Figure 8). The downward trend for all the European nations is expected to continue till 2030. The country-wise share in world savings in PPP $ for all countries in the sample is presented in Table 7.

Table 7: Country-wise share in world savings in PPP $ (in percentage)

	Country	**1992**	**2000**	**2010**	**2020**	**2025**	**2030 (P)**
1	United States	15.4	17.4	10.5	10.4	9.4	9.1
2	Japan	11.5	9.0	5.5	4.4	4.2	3.5
3	Russia	8.1	4.2	3.5	3.2	3.7	3.3
4	China	6.8	9.7	25.7	30.4	31.9	32.6
5	Germany	6.6	4.8	4.0	3.7	3.0	2.6
6	France	3.7	3.3	2.3	1.9	1.8	1.6
7	Italy	3.3	3.1	1.8	1.5	1.6	1.5
8	India	3.3	4.0	7.8	7.8	10.3	11.8
9	Brazil	2.8	1.8	2.1	1.3	1.3	1.2
10	United Kingdom	2.7	2.3	1.5	1.3	1.3	1.3
11	Republic of Korea	2.2	2.3	2.5	2.4	2.2	2.0
12	Iran	1.9	1.8	2.0	1.7	1.5	1.3
13	Ukraine	1.8	0.5	0.4	0.2	0.1	0.2
14	Spain	1.8	1.9	1.3	1.1	1.3	1.1
15	Indonesia	1.7	1.7	2.7	2.7	2.8	3.0
16	Mexico	1.7	2.2	2.0	1.5	1.4	1.3
17	Thailand	1.4	1.1	1.2	1.0	0.9	0.8
18	Türkiye	1.3	1.3	1.4	2.0	2.1	2.3
19	Canada	1.2	1.7	1.2	1.0	1.1	1.1
20	Netherlands	1.2	1.1	0.9	0.8	0.8	0.7
21	Switzerland	1.1	1.0	0.8	0.5	0.6	0.6
22	Chinese Taipei	1.0	1.1	1.3	1.5	1.8	1.5
23	Egypt	1.0	0.6	0.7	0.7	0.4	0.4
24	Australia	0.9	0.9	1.0	0.9	0.8	0.8
25	Belgium	0.7	0.7	0.5	0.4	0.4	0.4
26	Austria	0.6	0.6	0.5	0.4	0.3	0.3
27	Saudi Arabia	0.6	1.3	2.2	0.8	1.4	1.3
28	South Africa	0.6	0.4	0.5	0.3	0.3	0.2
29	Argentina	0.6	0.5	0.7	0.4	0.4	0.5
30	Venezuela	0.5	0.8	0.5	0.0	0.0	0.0
31	Pakistan	0.5	0.5	0.5	0.4	0.5	0.5
32	Poland	0.5	0.7	0.6	0.8	0.6	0.6
33	Sweden	0.5	0.6	0.5	0.5	0.5	0.4
34	Colombia	0.4	0.3	0.4	0.3	0.3	0.3
35	Nigeria	0.4	0.6	0.7	0.8	0.9	1.0

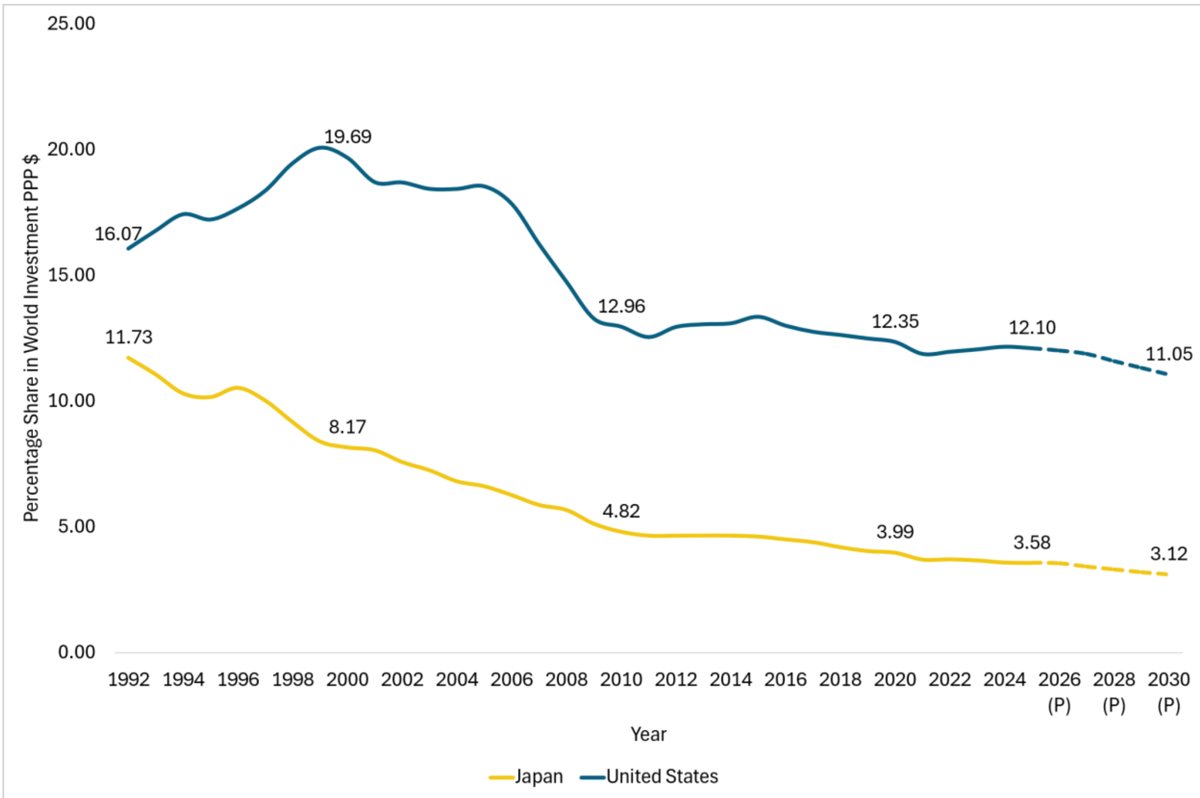
Source: IMF data (as of April 2026)

IV. Share in World Investment

In most economies, savings and investment roughly tend to move together, with the difference reflected in a country's current account balance. This relationship is evident in the global pattern of investment, where the country-wise distribution of gross capital formation (GCF) measured in PPP $ broadly mirrors the trends observed for savings (Figure 11). Nonetheless, the savings-investment dynamic is quite interesting when viewed from a PPP lens.

The investment trajectories of the United States and Japan reveal a significant shift in their relative positions within the global investment landscape. In 1992, the United States accounted for 16.1% of global investment measured in PPP, with its share rising further to a peak of 20.1% in 1999 (Figure 9). However, the trend subsequently reversed, and its share began a prolonged decline, falling to 12.1% by 2025. Japan experienced an even more pronounced contraction in its role as a contributor to global investment, with its share declining throughout our period of study. Japan's share in world investment was only 3.6% in 2025, which is less than one-third of its share in 1992.

Figure 9: Country-wise share of Gross Capital Formation in PPP $ for US and Japan

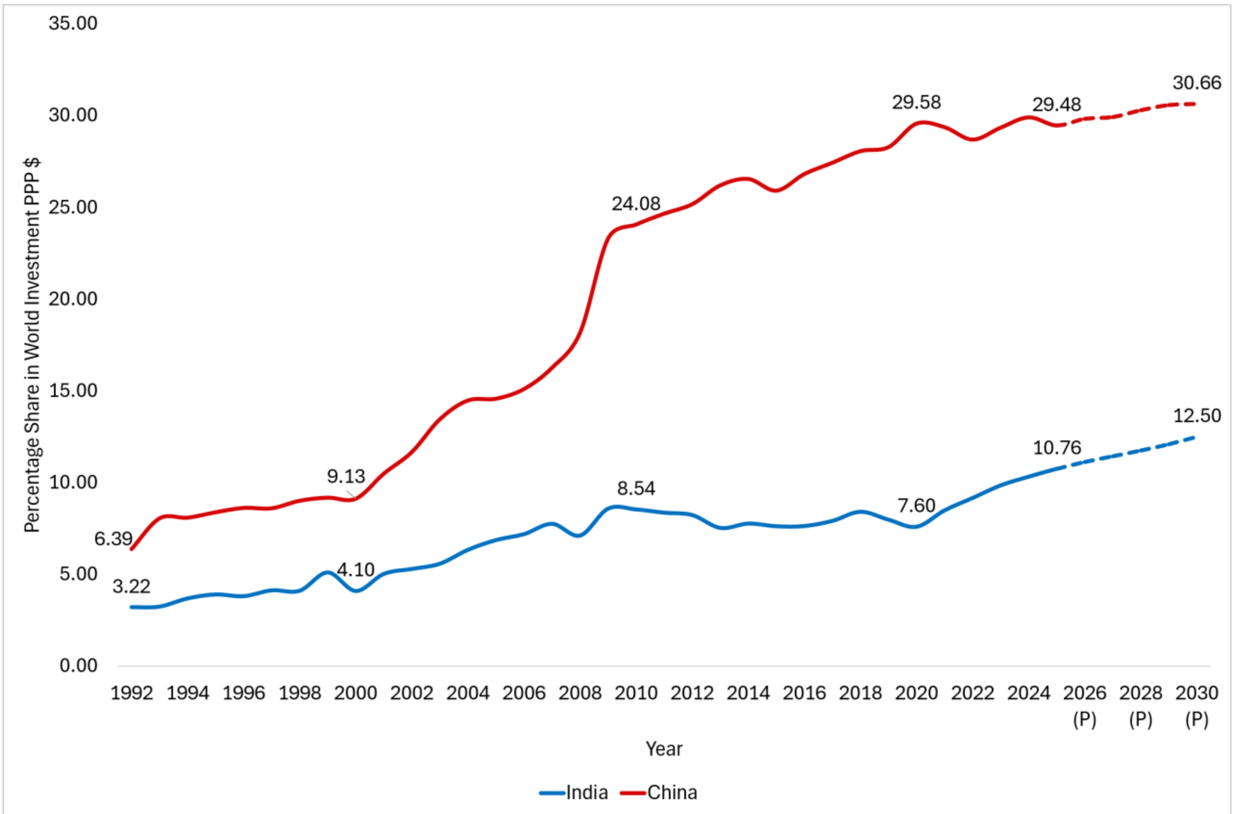


Source: Author's illustration based on IMF data

The rise of China in the global investment landscape closely mirrors their increasing contribution to global savings. In 1992, China already ranked third in terms of its share of global gross capital formation (GCF) measured in PPP, accounting for 6.4% of world investment. Following the acceleration in China's investment during the 2000s, its share increased sharply from 9.1% in 2000 to 24.1% in 2010, marking a fundamental shift in the geography of global investment. By 2025, China had emerged as the biggest contributor to global investment, accounting for close to 30% of world total (Figure 10). Still, this is less than its dominant share in global savings and the gap is reflected in its persistent current account surpluses.

India's share in world investment exhibited a sustained upward trend. In 2025, India's share of world investment reached 10.8%, up from 3.2% in 1992 (Figure 10). Interestingly, while India's share in world savings surpassed US, its share in world investment is lesser than US as of 2025 (Figure 6,7,9 & 10). Also note that, unlike China, India's share in world investment remains marginally greater than its share in savings. This is the structural source of persistent current account deficits and its dependence on capital inflows to finance the savings-investment gap.

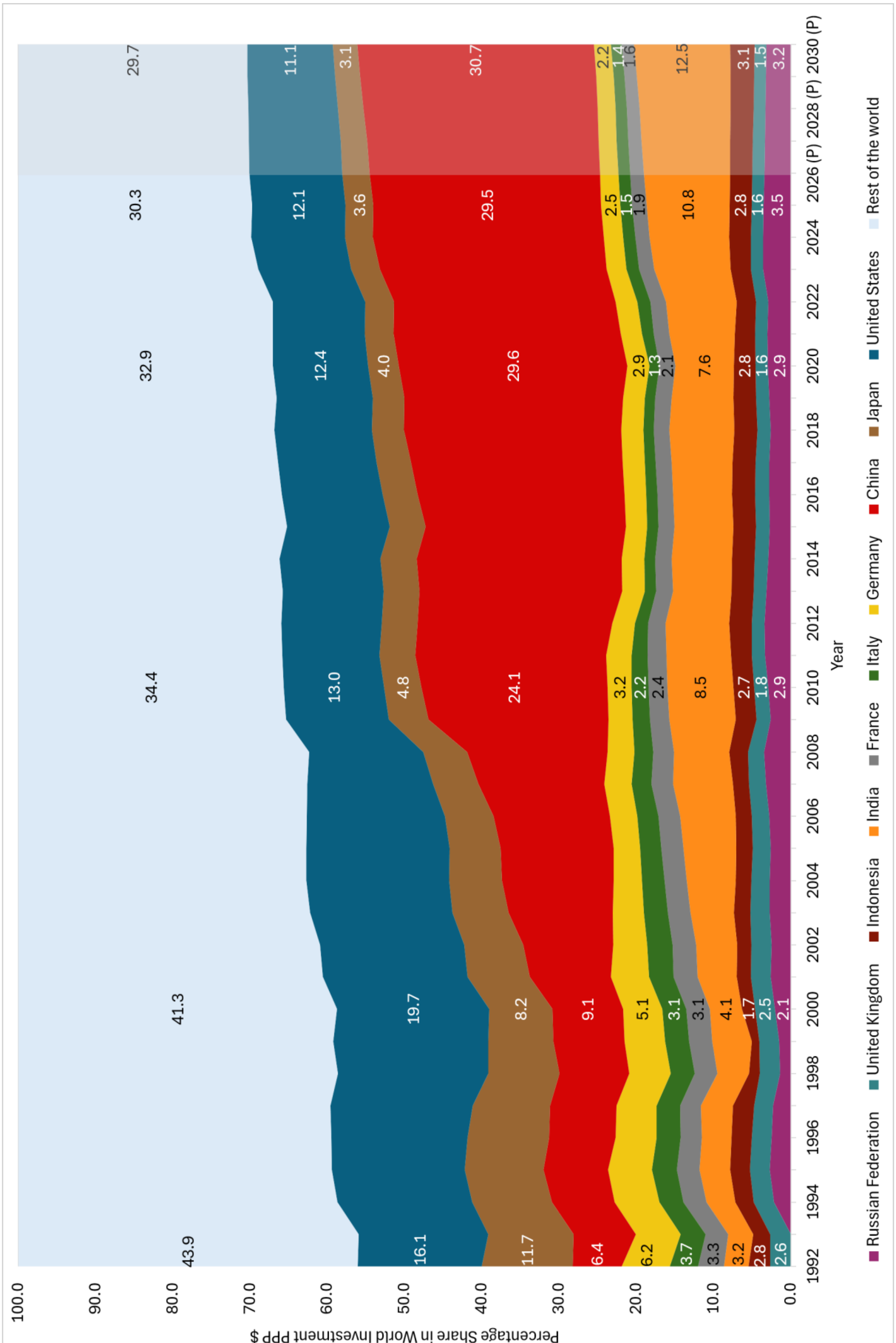
Figure 10: Country-wise share of Gross Capital Formation in PPP $ for India and China



Source: Author's illustration based on IMF data

Most major European countries have experienced a steady reduction in their shares in global investment over the past three and a half decades. Germany, which held a significant position in global investment in 1992, witnessed a substantial decline in its share, falling from 6.2% of world investment to 2.5% by 2025. A similar pattern is evident in the cases of France and Italy, whose shares declined from 3.3% and 3.7% in 1992 to 1.9% and 1.5%, respectively, by 2025. The United Kingdom also followed this broader trend, with its share decreasing to 1.6% of global investment in 2025.

Figure 11: Country-wise share of Gross Capital Formation (GFCF) in PPP $[8]



Source: Author's calculations based on IMF data

[8] Russia's data for 1992 and 1993 has been excluded as the figures are negative.

Russia's share in world investment was negative in 1992 and 1993 – a very unusual condition reflecting the collapse of the Soviet economy. In 1994, Russia's share in world GCF in PPP was 2.2%, which marginally rose before dropping in 1998. A decade later, in 2008, its share in world investment peaked at 3.5%. For the last two decades, its share has been hovering around 3% (Figure 11 and Table 8). The country-wise share in world investment in PPP $ for all countries in the sample is presented in Table 8.

Table 8: Country-wise share in world gross fixed capital formation in PPP $ (in percentage)

	Country	**1992**	**2000**	**2010**	**2020**	**2025**	**2030 (P)**
1	United States	16.1	19.7	13.0	12.4	12.1	11.1
2	Japan	11.7	8.2	4.8	4.0	3.6	3.1
3	China	6.4	9.1	24.1	29.6	29.5	30.7
4	Germany	6.2	5.1	3.2	2.9	2.5	2.2
5	Italy	3.7	3.1	2.2	1.3	1.5	1.4
6	France	3.3	3.1	2.4	2.1	1.9	1.6
7	India	3.2	4.1	8.5	7.6	10.8	12.5
8	Indonesia	2.8	1.7	2.7	2.8	2.8	3.1
9	United Kingdom	2.6	2.5	1.8	1.6	1.6	1.5
10	Mexico	2.5	2.5	2.1	1.3	1.4	1.3
11	Brazil	2.3	2.2	2.6	1.5	1.5	1.4
12	Iran	2.2	1.7	1.8	1.8	1.5	1.3
13	Republic of Korea	2.0	2.2	2.4	2.1	1.8	1.7
14	Spain	2.0	2.2	1.6	1.0	1.1	1.0
15	Ukraine	1.8	0.4	0.4	0.2	0.3	0.3
16	Thailand	1.5	0.8	1.1	0.9	0.8	0.7
17	Canada	1.3	1.5	1.5	1.1	1.2	1.1
18	Saudi Arabia	1.3	0.9	1.5	0.9	1.6	1.5
19	Türkiye	1.3	1.4	1.7	2.2	2.2	2.4
20	Netherlands	1.0	1.0	0.7	0.6	0.6	0.5
21	Australia	1.0	1.1	1.1	0.8	0.9	0.9
22	Switzerland	0.9	0.7	0.6	0.5	0.5	0.4
23	Chinese Taipei	0.8	1.0	1.0	0.9	1.0	0.9
24	Venezuela	0.7	0.6	0.5	0.0	0.0	0.0
25	Belgium	0.7	0.6	0.5	0.4	0.4	0.4
26	Austria	0.6	0.6	0.4	0.4	0.3	0.3
27	Argentina	0.6	0.6	0.7	0.4	0.4	0.6
28	Pakistan	0.6	0.5	0.5	0.5	0.4	0.5
29	Egypt	0.5	0.6	0.8	0.8	0.6	0.6
30	South Africa	0.5	0.4	0.5	0.3	0.3	0.2
31	Sweden	0.5	0.5	0.4	0.4	0.4	0.3
32	Poland	0.5	0.9	0.8	0.7	0.7	0.6
33	Colombia	0.4	0.3	0.5	0.4	0.4	0.4
34	Nigeria	0.4	0.3	0.6	0.9	0.7	0.8
35	Russia	-2.0	2.1	2.9	2.9	3.5	3.2

Source: IMF data (as of April 2026)

V. Conclusion

The above analysis clearly lays out the trajectory of different countries and regions since 1992. While most readers will not be surprised by the general trend, the PPP based approach provides a very vivid picture of how the relative positions in the world are changing.

The United States continue to hold a very large share of the world economy, even though it is now in second position after China. Although the relative per-capita income of US has declined, it is still more than three times the world average. Its share in world investment and savings has also declined but remains very substantial. Meanwhile, the relative shares of major European countries have sharply reduced on all four indicators. Even though the relative per-capita income of these economies has declined during our period of study, Europeans were still relatively rich compared to the world average even in 2025.

From ranking second after US in terms of share of world GDP, savings and investment in 1992, Japan has witnessed a decline across all indicators. Its relative per-capita income has also reduced to just a little over double the world average. This is a reflection of its stagnation over the last three decades. In contrast, India's rise has been notable with it accounting for 8.2% of world GDP in 2025, and more than 10% of the world's savings and investment. The IMF expects its share of the world economy to rise to 9.7% by the end of the decade.

The rise of China is the most dramatic economic phenomenon since 1992. It now accounts for almost 20% of world GDP, 32% of world savings, and 30% of world investment. The IMF expects these shares to be somewhat higher by 2030. Even if its per-capita income is still lower than that of developed countries, the sheer magnitude of China's share in the world economic system is remarkable.

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