

The Dream of a Developed India by 2047 – Potential Challenges and Solutions

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Abstract

This study examines the Viksit Bharat (Developed India) 2047 vision, identifying the critical challenges and proposing strategic solutions required to achieve this centennial goal. The core impediments analyzed include the necessity of sustaining an 8% average GDP growth to successfully avoid the Middle-Income Trap (MIT), a goal hampered by structural weaknesses in manufacturing and the imperative to shift toward investment-led growth. Socially, the challenge lies in effectively utilizing the Demographic Dividend by mitigating the massive skill gap and addressing the critically low Women's Labour Force Participation (W-LFP) and persistent regional disparities. Institutionally, the path requires bureaucratic transformation, improved regulatory efficiency, and the successful execution of complex Land and Labour reforms. Furthermore, Climate Disruption acts as a major risk multiplier, demanding significant climate finance for the Net-Zero 2070 commitment. The solutions blueprint focuses on leveraging the Digital Public Infrastructure (DPI) for efficiency, utilizing Incentive-Driven Fiscal Federalism to spur state-level reforms, and fostering greater Jan Bhagidari (citizen participation), ultimately aiming for inclusive, resilient, and sustainable national transformation.

Key Words: *Viksit Bharat 2047, Middle-Income Trap (MIT), Digital Public Infrastructure (DPI), Fiscal Federalism, Labour Productivity.*

Introduction

India's aspiration to achieve "**Developed Nation**" status—**Viksit Bharat**—by the centenary of its independence in 2047 is a commitment to not only high-income metrics but also to holistic socio-economic transformation (Government of India, 2023). This vision necessitates sustained, accelerated economic growth coupled with profound institutional and social reforms. While India currently ranks as one of the world's fastest-growing major economies, successfully navigating the transition requires overcoming deep-rooted structural impediments, ranging from persistent economic inequalities and human capital deficits to complex governance challenges and the existential threat of climate change (NITI Aayog, 2023). This article outlines these primary challenges and presents strategic, multi-pronged solutions essential for realizing the developed nation goal within the ambitious 25-year timeframe.

II. Economic Headwinds and the Growth Imperative

The foundational challenge for Viksit Bharat lies in **sustaining an unprecedentedly high and continuous economic growth rate** for over two decades. Estimates suggest an average annual real GDP growth of **7.5% to 8%** is necessary to reach the high-income threshold by 2047 (Panagariya, 2023). This required pace is significantly higher than the average sustained growth achieved by most large economies globally, presenting a formidable task that demands a fundamental shift in the economy's growth drivers. Furthermore, this relentless focus on quantity must be matched by a focus on quality to avoid the **Middle-Income Trap (MIT)**, a phenomenon where economies stagnate due to failure to transition from cost-based to **innovation-based growth** (Gill & Kharas, 2007).

The manufacturing sector, critical for large-scale job creation and export competitiveness, remains burdened by **structural weaknesses**. India's participation in **Global Value Chains (GVCs)** is low compared to its East Asian peers, and the sector is characterized by a high degree of **fragmentation**—a predominance of small, low-productivity firms that struggle to achieve the scale necessary for global competition (**World Bank, 2020**). Addressing this requires not only policy incentives like the Production-Linked Incentive (PLI) scheme but also substantial reforms in logistics, industrial land acquisition, and a sustained effort to raise the **Investment-to-GDP ratio**. Historically, consumption has been the primary driver of India's economy, but the 2047 target mandates a decisive pivot towards a regime powered by **Gross Fixed Capital Formation** and productivity gains, necessitating a stable, long-term capital formation environment (**Reserve Bank of India, 2023**).

III. Human Capital and Social Inclusion Barriers

The success of Viksit Bharat is deeply reliant on how India manages its vast **Demographic Dividend**—the large working-age population. The current reality, however, presents a paradox: the potential dividend risks becoming a **demographic liability** due to critically low **labour productivity** and a significant skill mismatch (**Dutta & Sen, 2018**). The formal skilling ecosystem often lags behind the rapidly evolving demands of the industry, particularly in emerging sectors such as **Artificial Intelligence (AI)**, advanced manufacturing, and **Green Jobs**. An urgent, scaled-up focus on **vocational and future-proof skilling** is essential to ensure this young workforce is equipped for the innovation-driven economy, thereby raising national productivity levels.

A parallel challenge is the persistence of profound **social and regional inequalities**. Economic growth has been highly uneven, leading to a widening **Urban-Rural Divide** and significant **Inter-State Divergence** in key social indicators like health, education, and basic infrastructure (**Oxfam, 2024; Das et al., 2023**). This disparity not only hinders overall national development but also leads to socio-political strains. Furthermore, India's **Women's Labour Force Participation (W-LFP)** rate remains among the lowest globally. Maximizing W-LFP is not merely a social goal but an **economic necessity**; bridging this gender gap can significantly boost GDP growth and per capita income (**World Bank, 2024**). Targeted policy interventions focused on education, health, and infrastructure in lagging states, alongside measures to improve women's safety and access to formal employment, are non-negotiable for inclusive development.

IV. Governance, Regulatory, and Sustainability Challenges

Institutional efficiency and regulatory certainty are prerequisites for attracting and retaining the investment needed for the 2047 goal. A major bottleneck remains the **speed and predictability of governance**. **Bureaucratic transformation**, championed through initiatives like **Mission Karmayogi**, must move beyond training to fundamentally restructure processes, promoting agility, transparency, and a citizen-centric, outcome-oriented approach (Government of India, 2020). Concurrently, judicial and regulatory bottlenecks—specifically the protracted timelines for **contract enforcement** and dispute resolution—raise the cost of doing business and dampen investor confidence (**Doing Business Report, 2020**).

The ambitious economic targets are further complicated by the need to execute politically sensitive and institutionally complex **structural reforms**. The successful, pan-India implementation of the **Four Labour Codes** is vital for formalizing the workforce, improving labour market efficiency, and providing a unified social security framework. Similarly, strengthening the **MSME credit and compliance framework** is crucial, as these small businesses are the largest employers. Finally, the commitment to **Net-Zero by 2070** introduces the substantial, long-term challenge of the **Climate Disruption Multiplier (Government of India, 2021)**. **Financing the Green Transition** requires multi-trillion dollar capital mobilization, while simultaneously,

climate adaptation measures—especially ensuring **water security** for climate-vulnerable agriculture—must be prioritized to safeguard food security and rural livelihoods.

V. Strategic Solutions: A Blueprint for Resilience

India's most powerful strategic lever for accelerated development is its **Digital Public Infrastructure (DPI)**. Foundational layers like **Aadhaar** (identity) and **UPI** (payments) have already fostered unparalleled financial inclusion and transaction **efficiency (IMF, 2023)**. The next phase involves expanding DPI into new domains, such as the **Open Network for Digital Commerce (ONDC)** to democratize e-commerce and utilizing this data ecosystem for efficient, scalable delivery of credit (e.g., **AI-Based Credit** for MSMEs). This digital backbone is crucial for bypassing traditional institutional inefficiencies and driving last-mile service delivery, provided robust **Cyber Resilience and Data Security** measures are ensured.

The challenge of inter-state divergence requires a definitive shift toward **Reimagining Federalism**. Moving away from a purely centralized model, the strategy must foster **Incentive-Driven Fiscal Federalism**, where a portion of central funding or competitive grants is tied to state-level performance in key reform areas like urban governance, ease of land acquisition, and improving social indicators (**NITI Aayog, 2023**). This competitive approach encourages states to become independent engines of growth. Furthermore, a decentralized industrial policy focused on **Empowering Smaller Towns as Manufacturing Hubs** can distribute economic benefits more widely, tackling the urban-rural divide and creating localized employment opportunities. Finally, cultivating a "**Global Mindset**" involves proactive engagement in global trade, aggressive pursuit of strategic Free Trade Agreements (FTAs), and continued efforts toward **Rupee Internationalisation** to bolster monetary sovereignty and reduce reliance on foreign currencies (**RBI, 2023**).

VI. Conclusion

The journey to Viksit Bharat by 2047 is more than an economic projection; it represents a **Generational Opportunity** to fundamentally transform India's socio-economic structure. While the challenges—from sustaining an unprecedented growth rate and fixing human capital deficits to navigating complex governance and climate risks—are immense, the convergence of India's demographic might, digital leadership, and increasing geopolitical significance offers a unique window to transition **from potential to reality**. Success hinges on the government's sustained commitment to difficult, politically costly reforms, and the nation's collective effort. The final realization of the developed nation dream requires decisive policy action built on inclusion and sustainability. The most critical recommendations involve: **(1)** utilizing DPI to build a fully interoperable data and credit ecosystem; **(2)** establishing a system of **incentive-based fiscal transfers** to drive state competition in reforms and social outcomes; **(3)** making a massive public investment in **future-proof skilling** (AI, Green Jobs) to raise labour productivity; and **(4)** leveraging India's geopolitical standing to secure crucial **climate finance and technology transfer** for a just energy transition. The realization of Viksit Bharat is, ultimately, a test of the nation's **collective resolve** and its capacity to execute large-scale transformation equitably.

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