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**DAILY EDITORIAL
ANALYSIS**

TOPIC

**INDIA: \$30 TRILLION
ECONOMY BY 2047**

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INDIA: \$30 TRILLION ECONOMY BY 2047

Context

- India's economic aspirations have always been grand, and rightly so. As we look ahead to the next few decades, the question arises: Can India achieve the remarkable milestone of becoming a \$30 trillion economy by 2047?

India's Vision 2047: Viksit Bharat

- According to **NITI Aayog**, the country's GDP is **projected to reach \$30 trillion** by 2047. This ambitious target hinges on the assumption that **India's real GDP** will grow at an annual average rate of over **9 percent**.
- However, it's essential to note that the **Budget for the fiscal year 2024-25** assumes a more conservative **real GDP growth of 6.5-7 percent**.

Rationale Behind Becoming a \$30 Trillion Economy by 2047

- Employment is a function of growth. Hence, emphasis has been on growth maximisation in recent years through ease of doing business, production-linked incentive (PLI) schemes, and large expenditure on infrastructure besides targeted welfare initiatives for inclusive growth.
- **Economic Might:** The primary aim is to elevate India's GDP to a whopping \$30 trillion by the centenary of its independence.
- **Per Capita Income:** Alongside this economic might, the vision also envisions a per capita income of \$18,000.
- **Participative Governance:** The plan emphasises participative governance. In other words, it's not just about the suits in government offices; it's about involving all of us—the citizens—in shaping our future.
- **Quality of Life and Sustainable Development:** Beyond the numbers, the vision focuses on enhancing the quality of life for every Indian, in terms of better healthcare, education, infrastructure etc.

Immediate Challenges

- **Productivity and Resilience in Agriculture:** Enhancing agricultural productivity is crucial. Sustainable practices, technological advancements, and better infrastructure can contribute significantly to this sector's growth.
- **Employment and Skilling:** India faces a dual challenge—unemployment and a skill gap. While the government's focus on skilling and reskilling job-seekers is commendable, bridging the gap between industry requirements and university education remains a priority.
 - ◆ About 50% of graduates are currently not employable. About 38% of IIT graduates could not get campus placement this year. The skill gap between industry requirements and knowledge imparted by Indian universities is high, except for a few premier educational institutions that provide skilled manpower to India and abroad.
- **Inclusive Human Resource Development and Social Justice:** Reducing inequality and ensuring social justice are vital. Quality education, healthcare, and social safety nets play a pivotal role in achieving these objectives.
- **Manufacturing and Services:** A robust manufacturing sector, coupled with a thriving services industry, is essential for sustained growth. Policies that encourage investment, innovation, and ease of doing business are critical.
- **Urban Development:** As India urbanises rapidly, efficient urban planning, infrastructure development, and smart cities are essential for economic progress.

Medium-to-Long-Term Goals

- There are **nine priority areas** documented in the Budget Speech.
- The **first five priorities** — *productivity and resilience in agriculture, employment and skilling, inclusive human*

resource development and social justice, manufacturing and services, and urban development —largely address the **immediate problem of inequality and unemployment**.

- The **last four priorities** — *energy security, infrastructure, innovation, research and development, and next-generation reforms* — mostly fulfil medium-to-long-term requirements for Viksit Bharat by 2047.
 - ♦ **Diversifying energy sources** and ensuring energy security are vital for sustainable growth.
 - ♦ **Investing in infrastructure**—roads, railways, ports, and digital connectivity—lays the foundation for economic expansion.
 - ♦ **Encouraging innovation and R&D** fosters technological advancements and competitiveness.
 - ♦ **Forward-looking reforms** in areas like taxation, labour laws, and governance are crucial for India's transformation.
- The Budget proposals are a well-thought-out package balancing immediate needs and long-term goals.

Role of the Middle Class and Investors

- The middle class stands to benefit from the Budget's provisions, including changes in tax slabs, standard deductions, and education loans. Investors, too, gain from reforms such as the abolition of angel tax and corporate tax reductions for foreign companies.

Way Forward (Role of Union Budget)

- The focus areas in the Budget are employment, skilling, MSMEs and the middle-class.
- The underlying message of the Budget is **four-fold**: the government is concerned about **reducing inequality, increasing employment, supporting MSMEs and providing relief to the middle-class**.
- While the new education policy would take time to tackle the skill gap problem, the Budget Wanted to address the unemployment problem upfront by **skilling/reskilling/upskilling job-seekers (internships included)** to be absorbed mostly in the employment-intensive MSME sector.
- New jobs likely to be generated by the government due to large infrastructure spending, including flagship housing projects for the poor, may not be sufficient.
- Quality employment needs to be generated in the private sector. The **employment-linked incentive (ELI) scheme** proposed in the Budget may nudge the private sector to create new jobs. The PLI scheme, introduced earlier, is still in force.
 - ♦ Hopefully, both the ELI and PLI scheme will enthruse the private sector.

Conclusion

- India's journey toward a \$30 trillion economy by 2047 is both aspirational and challenging. It requires a delicate balance between immediate needs and long-term vision. As India navigates this path, let's remain optimistic about the potential of a Viksit Bharat—a developed and prosperous India—emerging on the global stage.

Source: BL

Mains Practice Question

[Q] Considering the current economic trajectory of India, technological advancements, and global trends, do you believe India's economy has the potential to reach \$30 trillion by 2047? Justify your answer with supporting arguments.

