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# A Study of the Contribution of Human Resource Management in the Development of Indian Economy in the Context of Vision India @ 2047

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**ABSTRACT:** In early 2024, the Prime Minister is expected to unveil a road map to transform the country into a developed nation with a USD 30 trillion economy by the time it completes 100 years of Independence.

The Vision India@2047 plan, as it is officially named, has been in the works for nearly two years with officials across ministries brainstorming on how to take the country from its current level of development to where it aspires to be.

The NITI Aayog, in the process of giving this vision document a final shape, will soon run its central ideas and goals past top minds across sectors, including World Bank President Ajay Banga, Apple chief Tim Cook, as well as Indian industrialists and thought leaders, to finetune them and factor in any blind spots. Coming ahead of the Lok Sabha election, the plan may well be viewed as the government's policy playbook promise for prospective voters.

**KEYWORDS-** Vision India@2047, Prime Minister, Niti Aayog, Lok Sabha

## I. INTRODUCTION

- Vision India@2047 is a project initiated by the NITI Aayog, the apex policy think tank of India, to create a blueprint for India's development in the next 25 years.
- The project aims to make India a global leader in innovation and technology, a model of human development and social welfare, and a champion of environmental sustainability.
- Objectives:
  - Achieving a USD 30 trillion economy with a per-capita income of USD 18,000-20,000 and strong public finances and a robust financial sector.
  - Building world-class infrastructure and facilities in both rural and urban areas.
  - Eliminating unnecessary interference by the government in the lives of citizens and promoting digital economy and governance.
  - Developing 3-4 global champions in every sector by merger or restructuring and boosting indigenous industry and innovation.
  - Becoming self-reliant in defence and space sectors and enhancing India's role in the world.
  - Fostering green growth and climate action by increasing renewable energy capacity and reducing carbon emissions.
  - Empowering the youth with skills and education and creating more employment opportunities.
  - Partnering with foreign R&D organizations to build top 10 labs in the country and bringing at least 10 Indian institutions among the top 100 globally.



- Current Status:
  - India is currently estimated to be the fifth largest economy in Nominal terms and 3rd largest in PPP (Purchasing Power Parity) terms.
  - By 2022, the size of Indian GDP had already become larger than the GDP of the UK and also France.

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GDP in \$ tn	2022	2023
United States	25.5	27.9
China	17.9	17.7
Japan	4.2	4.4
Germany	4.1	4.2
<b>India</b>	<b>3.4</b>	<b>3.7</b>

- Future Prospects:
  - Several estimates show that India's GDP is expected to overtake Japan and Germany by 2030.
    - Ratings agency S&P estimates that India's nominal GDP will rise from USD 3.4 trillion in 2022 to USD 7.3 trillion by 2030.
    - This rapid pace of economic expansion would result in the size of the Indian GDP making India the second largest economy in the Asia-Pacific region.
  - The preliminary results from NITI Aayog's forecasting have predicted:
    - India's exports will be valued at USD 8.67 trillion in 2047 while its imports will be valued at USD 12.12 trillion.
    - India's average life expectancy will jump to 71.8 from 67.2 in 2021 and its literacy rate to 89.8% from 77.8% in 2021.

- Demographic Dividend: India has a large and young population that can provide a skilled and productive workforce for various sectors.
  - According to reports, India has a population of over 1.4 billion people, with more than 40% below the age of 25. This provides a huge demographic dividend for economic growth.
- Growth of the Middle Class: India's middle class is projected to expand from about 50 million in 2023 to over 500 million by 2050, creating a huge domestic market and demand for goods and services.
- Accelerated Digital Economy: India has been embracing digital transformation and innovation, especially in the areas of e-commerce, fintech, edtech, healthtech, and agritech.
  - These sectors have the potential to create new jobs, improve efficiency, and increase access to services.
- Sustainability-Focused Economy: India has been investing in renewable energy, green infrastructure, and climate resilience, aiming to reduce its carbon footprint and enhance its environmental quality. These initiatives can also create new opportunities for growth and development.

#### Challenges before India's 30 tn Dollar Economy Vision

- Middle Income Trap: There are apprehensions that while moving on its path to developed economy, the Indian economy will fall in Middle Income Trap. After reaching a per capita income of USD 5,000-6,000, it will not move fast.
  - According to the World Bank definition, the middle-income trap "refers to a situation whereby a middle-income country is failing to transition to a high-income economy due to rising costs and declining competitiveness".
- Ageing Population: India's current population is around 1.4 billion, and is projected to peak at 1.64 billion in 2048, before declining to 1.45 billion by 2100.
  - This means that India will have to deal with the challenges of an ageing population, such as rising health care costs, pension liabilities, and labor shortages.
- Maintaining Higher GDP Growth Rate: Though the Indian economy is growing at a very good rate of 8% but to achieve this goal, this growth rate might not be enough. India needs to grow at a very high and sustainable growth rate.
  - Moreover, various estimates show that the Indian Economy will grow at 7% for the next 10 years.
  - While the preliminary numbers provided by the Niti Aayog, estimates show that the economy will need to post an annual average economic growth of 9.2% between 2030-2040, 8.8% between 2040-2047 and 9% between 2030 to 2047.
- The Rupee-Dollar Conundrum: India's GDP in dollar terms is also a function of the rupee-dollar exchange rate, which is influenced by various factors such as inflation, trade balance, capital flows, and monetary policy.
- Geopolitics and regional integration: India faces a complex and dynamic geopolitical environment, with rising tensions with China, Pakistan, and other neighbors, and changing relations with the US, Russia, and other major powers.
- Stagnated Agriculture and Manufacturing sectors: Improving the productivity and competitiveness of the agriculture sector, which employs more than half of the workforce but accounts for just 17% of the GDP, and revitalizing the stagnated manufacturing sector, which has maintained a 15% GDP share for decades, while simultaneously generating employment opportunities for the expanding population.
- Lower Labor Force Participation: According to the latest Periodic Labour Force Survey (PLFS) Annual Report 2022-2023, India's labor force participation rate (LFPR) was 40.4% in 2022-2023, which is lower than the global average of 61.4%. Moreover, India's LFPR has been declining over the years, especially for women.
- Aim for Greater, Faster Divestitures: India has a large public sector that often suffers from inefficiencies, corruption, and losses. By divesting or privatizing some of these enterprises, India could raise funds, improve productivity, and attract foreign investment.



- **Boost the Middle Class:** India's middle class is a key driver of consumption and growth, but it is also burdened by high taxes and low savings. By cutting tax rates or abolishing personal income tax and replacing it with a consumption tax, India could increase the disposable income and spending power of its middle class, while also simplifying the tax system and reducing evasion.
- **Increase Labor Force Participation:** India needs to invest more in improving the quality and accessibility of education and skill development for its labor force.
  - Initiatives like New Education Policy and Skill India Mission are the right steps towards this.
- **Accelerate the Infrastructure Pipeline:** India needs to invest heavily in its infrastructure, such as roads, railways, ports, airports, power, water, and sanitation, to improve connectivity, efficiency, and quality of life.
  - India has announced a Rs 100 lakh crore-plus National infrastructure pipeline, but it needs to speed up its execution and financing.
- **Build on Manufacturing Momentum:** India has a huge opportunity to become a global manufacturing hub, especially in sectors such as electronics, textiles, pharmaceuticals, and defense. India has launched several initiatives, such as the production-linked incentive (PLI) scheme, to boost its manufacturing sector and create jobs.
  - India needs to further improve its ease of doing business, labor laws, and skill development to attract more domestic and foreign investment.
- **Boost Private Investment:** India needs to attract more foreign direct investment and encourage domestic companies to invest in the economy. The government can incentivize private investment by offering support for infrastructure projects and manufacturing.
- **Implement Structural Reforms:** India needs to undertake targeted reforms to raise productivity and competitiveness. McKinsey has identified six areas of targeted reform that can help raise productivity and competitiveness, including financial-sector reforms, urban planning, and e-commerce.
- **Increase Capital Accumulation:** Investment as a proportion of GDP needs to increase to achieve the goal of becoming a USD 30 trillion economy. The government can play a key role in boosting investment by offering substantial support for infrastructure projects and by incentivizing manufacturing.

## II. DISCUSSION

- **India's Economic Growth:** India's rise from 1991, when it accounted for 1.1% of the global economic output, to 3.5% and currently as the world's fifth largest economy, has been driven by reforms and liberalization agenda.
  - Further, India is aiming for a 9% growth rate between 2030 and 2047.
- **Rising India's Importance:** India is a critical player in almost every major issue facing the planet.
  - The Ukraine crisis has shown that great powers are desperate to count on India as an ally.
  - Further, there will be no successful solution to climate change without India.
- **Need for Vision India@2047 Document:** This Vision India@2047 document is under development to ensure that India does not slip into a middle-income trap in the future.
- **Vision India@2047 Document:** Vision India@2047 will cover government process re-engineering, global engagement, implementation roadmaps, and measures to avoid the middle-income trap.
  - The document will also include plans for creating global leaders, addressing regional disparities, and developing human capital.
  - **Middle-Income trap:** According to the World Bank, the middle-income trap refers to a situation whereby a middle-income country is failing to transition to a high-income economy due to rising costs and declining competitiveness.
- **Formulation:** The strategy for achieving the objective was started in December 2021 and is being prepared by NITI Aayog.
- **Major Themes for 2047:** These include infrastructure, welfare, commerce and industry, technology, and governance.
- **Adaptability:** This document will outline the necessary changes and reforms to achieve the goal.
- **Timeframe:** The Vision India@2047 document has action points and outcome goals into two periods viz. 2030, and the 17 year-period from then till 2047.

- Opinions: The NITI Aayog will soon share its central ideas and goals past top minds including World Bank President, Apple chief, as well as Indian industrialists and thought leaders, to make it more better.

#### About Amrit Kaal

- Era of Elixir: The Prime Minister of India introduced the concept of Amrit Kaal or 'The Era of Elixir' to the entire nation on India's 75th Independence Day.
- New India: Amrit Kaal is the Vision India@2047 for 'New India', a new dawn for the country which will bring with it the chance to fulfill the nation's aspirations.
- Objective: To restructure all fragments of the Indian economy through rapid profitable growth, better living conditions for all, infrastructural and technological advancements, and re-awakening the world's trust in India.

### III. RESULTS

- Significant Demographic Dividend: India is home to more than 600 million people aged between 18 and 35, with 65% under the age of 35.
  - India's demographic dividend is expected to persist until 2055–56 and peak around 2041.
- Vibrant Democracy: India is the largest democracy in the world with a population of around 1.44 billion people, of which around 945 million voters.
  - In a world where big and small nations are breaking into micro-entities, India has demonstrated its inherent resilience. This strength comes from its composite culture, making India a vibrant democracy.
- Resilient Economy: Resilient economies are flexible at both macro and micro levels, and there is abundant evidence that the Indian economy has become more resilient since liberalization 30 years ago.
  - The multiple shocks suffered by the global economy in the last 15 years have generated considerable international discussion of resilience. India's rapid post-COVID recovery also provides some encouraging pointers.
  - NITI Aayog has forecasted that India's economy will be worth \$30 trillion in 2047, with a per capita GDP of \$17,590.
  - According to the World Bank's latest India Development Update (IDU), India was one of the fastest-growing major economies in FY22/23 at 7.2% despite significant global challenges.
- Diplomacy: In this digital age, it becomes important for countries like India to employ public diplomacy as a responsible power.
  - India is adopting a public diplomacy policy that can effectively communicate the nation's story to foreign audiences.
  - India was ranked 28th in the Global Soft Power Index 2023 report making it the second year in which the country has featured in the top 30 countries.

### IV. RESULTS

- According to the State of Southeast Asia Survey 2023, India has also gained trust among the ASEAN countries, recording an improvement in trust ratings from 16% in 2022 to 25% in 2023.
- Bloomberg has also highlighted India's soft power, reinforced through the country hosting the G20 and SCO in 2023.
- Sustainable and Inclusive Development: Over the last decade, India has been a frontline contributor to the fight against climate change and has surfaced as a global economic power.
  - For instance, at the COP26 summit, India committed that it would achieve 'net zero' carbon emissions by 2070.
  - The launch of 'Mission LiFE' - Lifestyle for Environment, further pushed all Indian citizens to come forward and take steps towards an environmentally conscious life setting.
  - New India also professes equality of all genders with the nation's leaders promoting equal participation and representation of women at all workplaces by providing them fair and equal opportunities and ensuring their upliftment through various schemes and programs such as 'Beti Bachao Beti Padhao'.
- Technology and Innovation: India is making advances in healthcare not only through infrastructure development but also by employing Artificial Intelligence (AI) to its best use.
  - The use of AI in agriculture has proved to be a game-changer with over 7000 farmers using AI to monitor the health of their crops, control quality and test their yield.

- A robust digital public infrastructure (DPI), comprising distinctive digital identification, a payments system (Unified Payments Interface), and a data exchange layer, is significant for driving economic transformation and fostering inclusive growth.
- Lack of Inclusivity: According to the 2024 Asia-Pacific Human Development Report, India has persistent disparity and widespread disruption.
- Amidst rapid growth but persistent disparity, the income distribution has become skewed.
- For instance, the top 10% of the population gets 57% of national income and the top 1% gets 22%.
- Various factors drive this persistent wealth divide. For example, globalization and technological advances have created new opportunities for some groups while leaving others behind.
- Further, the legacy issues are a high proportion of the non-agricultural labor force in the unorganized sector and the proportion of women's time devoted to the care economy.
- Global Uncertainty: Shocks arising from geopolitical conflicts (Eg. Israel- Hamas conflict), structural changes like the energy transition, etc. will limit greater labor market flexibility and mobility. This has implications for everything from transport infrastructure to housing markets.
- Lack of Trade Openness: Protectionism in rich countries under the guise of environment leakage is an emerging risk, even as traditional supporters of a rules-based trading system are less interested in defending it.
- Further, India's economy is expected to face constraints in FY 2023-24, with weak global demand and monetary policy tightening to manage inflationary pressures. This will limit real GDP growth to 6%.
- Breaking Lower Middle-Income Country Status: India continues to grow but this current trend growth will not be sufficient to reach its goals to reach middle-income and eventually high-income status.
- For instance, to become a middle-income country, India needs 80% high prosperity (measured at PPP terms) compared to where the country is today. It means a \$7 trillion economy, 2.5 times the size of today.
- To become a high-income country, India would need to become a \$60 trillion economy, 20 times the size of today.
- Other Challenges: Risks to positive GDP growth projections are predominantly hindered by challenges which include potential deterioration of banks' asset quality, delays in fiscal consolidation, difficulties in trade agreements, and the impact of below-normal monsoon seasons, etc.

#### Way forward: Road Map for the Vision India@2047

- Harnessing Demographic Dividend: Efforts are needed to upskill millions of our working-age youth nationwide to make them industry-ready and future fit for the new sets of jobs that are being created owing to the disruption of existing business models.
- Acquiring relevant skill sets aligned to futuristic goods and services such as servicing robots, repairing augmented reality (AR)/virtual reality (VR) devices, and manufacturing chips would also be useful going forward.
- This goal may be achieved through close cooperation between private, public and civil society organizations. One district one skill (ODOS) could be a starting point, mirroring the one district one product (ODOP) scheme.
- Increase Spending in Education Sector: The Government spending in the education sector in India has been under 3.5% of the GDP, compared to a global mean of about 4.5% of the GDP. India needs a calibrated increase of the education sector's budget from the current levels to match global levels with a focus on spending efficiency.
- The new National Education Policy (NEP) 2020 is an effort in this direction, and implementing this policy is the need of the hour.
- Further, the announcement of the Combined University Entrance Test (CUET) for admission to central universities instead of students' admissions only on the basis of marks is a step in the right direction.
- Inclusive Growth: The labor force participation rate (LFPR) in India is around 40% compared to over 74% in Spain and around 75% in Portugal. The primary reason for this low LFPR is the absence of women from the workforce in India, which has a female LFPR of around 20%.
- Women earning and proactively participating in the workforce positively impact a family's prosperity, can help eradicate poverty and strengthen the journey towards building a prosperous, safe and healthy India@2047.
- Unlocking Manufacturing Potential: India has been aspiring to grow its manufacturing sector to account for 25% of the economy from the current levels of around 15%. The recent supply chain shocks owing to the pandemic and fractured geopolitics present a unique opportunity to India to dominate this space.
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- The Production Linked Incentive (PLI) scheme has been launched to benefit from this growth wave.
- Simultaneously, India needs to focus on new-age manufacturing in the areas of space, telecom, renewables and metaverse devices.
- The National Skill Development Mission should also work towards making such skills available for the new-age manufacturing sector.

## V. CONCLUSIONS

Vision India@2047 presents a comprehensive roadmap for transforming India into a developed nation with a \$30 trillion economy, addressing challenges through strategic planning, inclusive growth, and harnessing the nation's strengths for a prosperous future.

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