

The Importance of Economic Self-Reliance for A Developed India 2047

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Abstract:

In 2025, India faces a transformative moment in its foreign policy amid unprecedented global shifts, including the recent warming of US-China ties highlighted by the Trump-Xi G2 summit. With traditional assumptions of unwavering US support challenged, India must navigate a multipolar world marked by economic dependencies, regional tensions, and evolving global alliances. This new landscape demands a multi-aligned, pragmatic approach anchored in economic self-reliance (Atmanirbharta), technological innovation, and expanded strategic partnerships to safeguard national interests and assert India's growing global role.

Keywords: economic, self-reliance, developed India 2047, innovation.

Introduction

Manufacturing and Industrial Growth: The Production Linked Incentive (PLI) Scheme, with an outlay of ₹1.97 lakh crore, covers 14 crucial sectors such as electronics, pharmaceuticals, medical devices, telecom, automobiles, speciality steel, drones, and food processing.

PLI Scheme incentivises domestic production, attracts investments, and boosts exports, generating jobs and fostering integration into global value chains.

The National Manufacturing Mission (NMM), launched in the Union Budget 2025-26, provides support for capacity building and technological adoption to scale manufacturing in priority sectors.

Accelerating Progress in Agriculture: The Mission for Aatmanirbharta in Pulses (2025-2031) aims to achieve self-sufficiency by enhancing domestic pulse production, reducing import dependence, and ensuring nutritional security. The government ensures minimum support prices and procurement through NAFED.

The Agriculture Infrastructure Fund (₹1 lakh crore) finances farm-gate infrastructure, aggregation points, and supply chains to empower farmers and improve market linkages. [1,2,3]

PM Kisan Samman Nidhi and allied schemes provide direct income support, while the emphasis on fertiliser self-reliance reduces import vulnerability.

Healthcare and Pandemic Preparedness: The Prime Minister Atmanirbhar Swasth Bharat Yojana (PMASBY), with an outlay of ₹64,180 crore, strengthens healthcare infrastructure, including rural health and wellness centres, public health emergency surveillance, and laboratory networks.

Strengthening of the pharmaceutical industry through the Strengthening of Pharmaceuticals Industry Scheme (SPI) with ₹500 crore budget and PLI schemes aims to reduce import dependence on critical pharmaceutical ingredients and devices.

Technology and Digital Sovereignty: India plans to roll out Made in India semiconductor chips by the end of 2025, bolstering its semiconductor and electronics manufacturing ecosystem.

The Unified Payments Interface (UPI) processes over 650 million transactions daily, fostering financial inclusion. [4,5,6]

Investments in AI, cyber security, and digital infrastructure underpin the drive for tech autonomy.

Energy and Resource Security: Ambitious renewable energy targets led to India crossing 50% clean energy capacity by 2025.

Missions targeting critical minerals exploration and deepwater resources support energy independence and industrial raw material security.

Defence Sector Autonomy: India increased FDI limits in defence manufacturing from 49% to 74%, significantly expanding indigenous production capacities and reducing import dependence.

Its focus on indigenous jet engine development and local supply chains enhances strategic autonomy.

MSME and Business Empowerment: Measures include collateral-free automatic loans up to ₹3 lakh crore, corpus funds for MSME equity support, and subordinate debt plans to revive stressed units.

Newly introduced simplified MSME classification increases eligible units for benefits.

Tax reductions, such as lowered TDS and TCS rates, improve liquidity and ease of doing business.

Privatisation policy reforms in Public Sector Enterprises aim to improve competitiveness while retaining strategic sectors.

Enhanced Push for Employment Generation: The Atmanirbhar Bharat Rozgar Yojana incentivizes job creation in formal sectors. [7,8,9]

Expanded funding for MGNREGA supports livelihood security for rural poor while boosting rural economies.

Skill India Mission trains millions annually to meet industry skill demands.

Startup India fosters entrepreneurship, creating jobs and innovation.

Prime Minister's Employment Generation Programme (PMEGP) supports micro-enterprises driving self-employment.

Discussion

Labor Market Rigidity and Low Workforce Engagement: India's workforce engagement rate dropped from 24% (2024) to 19% (2025), the steepest global decline.

The labor market remains rigid, with complex labor laws, 80% informal workforce, limited social security, and weak skills development. Low engagement curtails productivity and formal job creation.

On-site workers show higher engagement (21%) than hybrid (19%) and remote (8%) workers; youth engagement (18–26 years) is lowest at 15%.

Skills Mismatch and Education–Employment Gap: Only 8.25% of graduates work in roles suited to their qualifications; many occupy low-skilled jobs.

A 51% talent gap exists in emerging tech like AI. India faces high youth unemployment (10.2%), with female unemployment at 20.1% in urban areas. This mismatch slows advanced manufacturing adoption and reduces productivity. [10,11,12]

Complex Land Acquisition Processes: Legal complexity and community resistance delay land acquisition for industrial and infrastructure projects.

For instance, the POSCO steel plant project in Odisha, once one of the largest proposed FDI projects, was stalled for years due to land acquisition issues and local resistance, eventually leading to the company's withdrawal.

These delays raise project costs, deter investors, and hinder manufacturing expansion, contributing to a stagnant percentage of manufacturing share of GDP, lower than competitors.

Inadequate Infrastructure and High Logistics Costs: Persistent inefficiencies in power, transport, warehousing, and ports contribute to India's logistics costs (about 7.97% of GDP for 2023-24, a significant

improvement from earlier estimates of 13–14%).

Despite progress, challenges such as operational bottlenecks in rail transport, uncontrolled pricing in road freight, and inadequate infrastructure at regional airports remain.

High costs reduce competitiveness and disrupt supply chains, slowing export growth.

Complex Regulatory Environment and Protectionism: High tariff rates and complex regulations restrict India's global value chain integration.

India's global trade share remains low at 1.8%. Over-reliance on protectionism can stall innovation and market diversification.

Despite reforms, MSMEs, which contribute 30% of GDP, face challenges in accessing affordable, long-term credit due to high borrowing costs and collateral requirements.

Reforms in labor, land, and capital markets are slow due to political hesitancy and social resistance. [13,14,15]

Fragmented state-level implementation weakens a unified, business-friendly environment, slowing manufacturing growth and investment momentum.

Global Geopolitical Volatility and Supply Chain Risks: India's dependence on external supply chains, especially for critical goods, exposes it to global shocks.

During the Covid-19 pandemic, India faced severe disruptions in API (Active Pharmaceutical Ingredients) imports, 70% of which came from China.

Overreliance on a few countries for essential technologies, defense hardware, and semiconductors weakens national security.

India imports over 90% of its semiconductor needs, making domestic chip fabrication a strategic imperative.

India imports over 85% of its crude oil and over 50% of its natural gas, making energy security vulnerable to global price fluctuations and geopolitical crises.

What are the Significant Accomplishments of the Make in India Initiative?

Global Vaccine Leadership: Powered by indigenous vaccine production, India achieved rapid nationwide COVID-19 vaccination and emerged as a major global supplier—producing 60% of the world's vaccines, meaning every second vaccine globally is made in India.

Vande Bharat Trains: India's first indigenous semi-high-speed trains exemplify advanced domestic engineering.

102 Vande Bharat services (51 trains) are operational, showcasing India's rising capability in modern rail technology.

Defence Self-Reliance: The commissioning of INS Vikrant, India's first indigenous aircraft carrier, marks a major leap in defence manufacturing.

Defence production reached ₹1.27 lakh crore in 2023–24, with exports to 90+ countries.

Electronics Manufacturing Boom: India's electronics industry touched USD 155 billion in FY23, with production nearly doubling since FY17. [16,17,18]

Mobile phone manufacturing now contributes 43% of total output, with 99% of smartphones produced domestically, making India the second-largest mobile manufacturer globally.

Record Merchandise Exports: India recorded \$437.06 billion in merchandise exports in FY 2023–24, strengthening its position in global trade.

Rising Bicycle Exports: Indian bicycles are in high demand in countries like the UK, Germany, and the Netherlands, reflecting strong global trust in Indian engineering.

Global Defence Accessories Market: 'Made in Bihar' boots are now used by the Russian Army, highlighting India's expanding footprint in defence-related manufacturing.

Kashmir Willow Bats: Kashmir willow cricket bats have earned global popularity, symbolising India's craftsmanship and cultural influence.

Amul's Global Expansion: Amul has launched its dairy products in the US market, showcasing the international appeal of Indian brands and flavours.

Massive Job Creation in Textiles: India's textile sector has generated 14.5 crore jobs, playing a crucial role in employment and economic growth.

Toy Manufacturing Growth: India now produces 400 million toys annually, with 10 new toys created every second, demonstrating rapid expansion in domestic toy manufacturing [17,18,19]

Results

Labor Market Reform and Skill Development: India must modernize labor laws to enhance workforce flexibility and expand formal employment, learning from models like Germany's dual vocational training which combines education with apprenticeship.

The government should scale up targeted skill development under the Skill India Mission and increase industry-institute linkages to bridge the severe skills mismatch where only about 8.25% of graduates work in matching jobs.

Increasing female labor participation through safe work environments, maternity benefits, and flexible work options is critical given the 22% female engagement rate and 20.1% female youth unemployment.

Land Acquisition and Infrastructure Enhancement: Streamlining land acquisition through a unified national act and digital land records, similar to South Korea's land development model, will reduce project delays and investment uncertainty.

The Union Budget 2025's National Manufacturing Mission and PM GatiShakti are important steps forward; these must be accelerated to keep a check on India's logistics costs, improve efficiency, and boost export competitiveness.

Simplification of Regulatory Environment and Trade Facilitation: Rationalising tariffs, simplifying customs procedures, and adopting WTO best practices will enhance India's global trade share (1.8%). [18,19]

The government should expand the One Nation, One Ration Card and Digital India initiatives that reduce compliance burdens, encourage entrepreneurship, and integrate local producers into global supply chains, aligning with recommendations in committees like the NITI Aayog and Economic Surveys.

Deepening Finance and Capital Markets for MSMEs: Expanding institutional credit with collateral-free loans, as under the Credit Guarantee Fund Scheme, and introducing fintech solutions to deliver affordable credit can unlock MSME growth (contributing ~30% to GDP).

Public-private partnerships (PPPs) can support innovative financing models tailored to MSMEs, addressing high capital costs which currently restrict technology adoption and scaling.

Raising Quality and Relevance of Education and Training: Aligning curricula with emergent sector skills and expanding STEM education will be pivotal.

Implementation of the New Education Policy 2020 must be hastened to improve vocational training and digital literacy, preparing the workforce for sectors prioritized under PLI schemes such as electronics and biotech.

Collaboration with global universities and training institutes will bring international standards and innovative pedagogy.

Promoting Indigenous Innovation and Technology Development: Investing in public R&D and startups through schemes like Innovations for Defence Excellence (iDEX) and the Electronics Component Scheme fosters cutting-edge technologies including semiconductors and AI.

India must foster a robust intellectual property regime and ease technology adoption in manufacturing, drawing inspiration from countries like Japan's industrial clusters that integrate suppliers and innovation hubs.

Expanding Social Security and Inclusive Growth Measures: With a large informal workforce, India must enhance social security nets—including universal health coverage as envisaged under the PM Atmanirbhar Swasth Bharat Yojana—and promote formalization of gig and contract workers to support more stable livelihoods.

Investment in rural infrastructure and digital connectivity will reduce urban–rural disparities, supporting inclusive self-reliance. [19]

Conclusion

India's economic self-reliance is vital to building a prosperous future. As PM Modi stated, "Aatmanirbharta is the need of the times. Self-reliance is the cornerstone of building a Viksit Bharat." To realize this vision, India must pursue labor reforms, streamline land acquisition, simplify regulations, deepen MSME financing, align education with industry, foster indigenous innovation, and expand inclusive social welfare. This integrated approach will empower India to become a resilient, globally competitive, and developed nation by 2047. [20]

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