

Three sectors, one transformation

Why India's road to 2047 runs through people, not just output

THE BOTTOM LINE

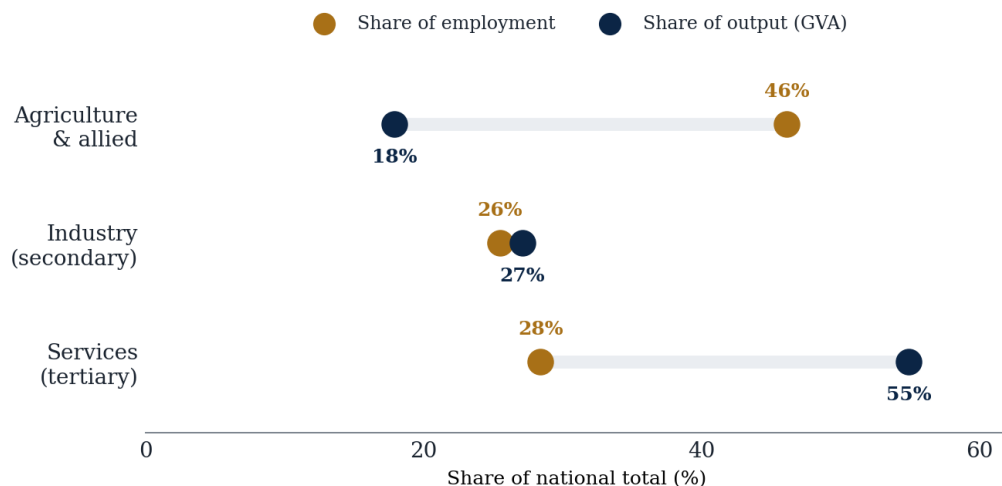
India has modernised its output but not its workforce. Services now generate 54.9% of value added, and industry 27.1%, yet 46.1% of all workers remain in agriculture, which produces only 17.9% of output. The defining economic challenge to 2047 is therefore not producing more - it is moving labour out of low-productivity work and into formal, productive jobs in industry and services. Growth that fails this test will raise output while leaving most workers behind - and put the goal of a USD 30 to 40 trillion economy by 2047 out of reach.

1. A modern economy carried on a traditional workforce

Output shifted to services decades ago; employment never followed.

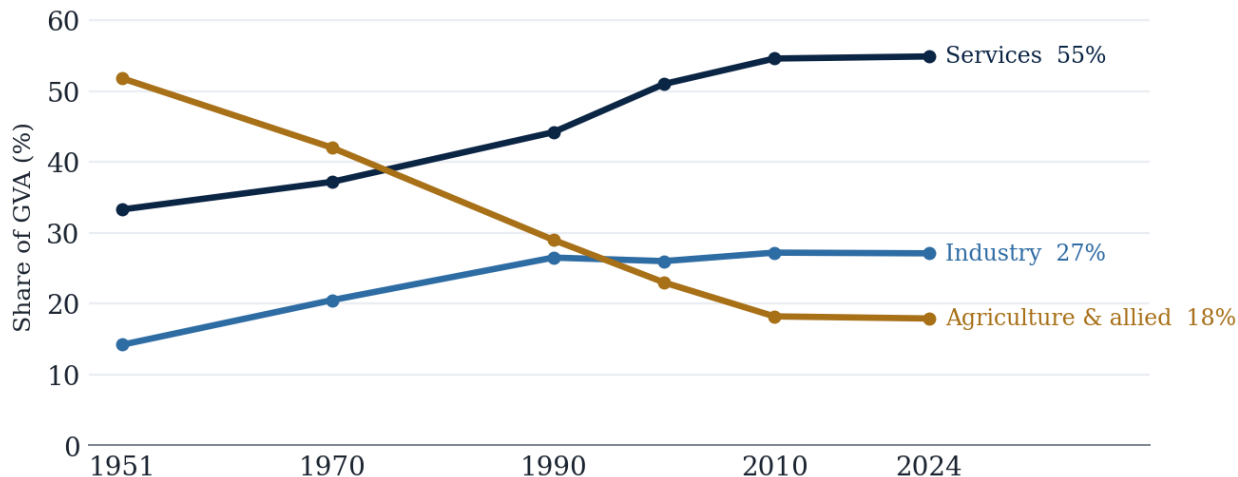
India's structural transformation is half-finished. Since 1950-51 the composition of output has changed beyond recognition - agriculture and allied activity has fallen from 51.8% of gross value added to 17.9%, while services have climbed from 33.3% to 54.9% and industry has settled near 27.1%.¹ India reached a services share above half before it ever built a manufacturing peak, an unusual path among large economies. Yet the labour market tells a very different story: almost half of all workers remain on the land, and the workers leaving agriculture have moved largely into construction and informal services rather than into factories.² The result is a modern output structure resting on a traditional distribution of work.

Exhibit 1 Output has left agriculture behind - employment has not



Source: Gross value added shares, MoSPI National Accounts 2024-25;¹ employment shares, PLFS 2023-24 (usual status).² Figures at current prices.

Exhibit 2 Fifty years of output shifting from farm to services



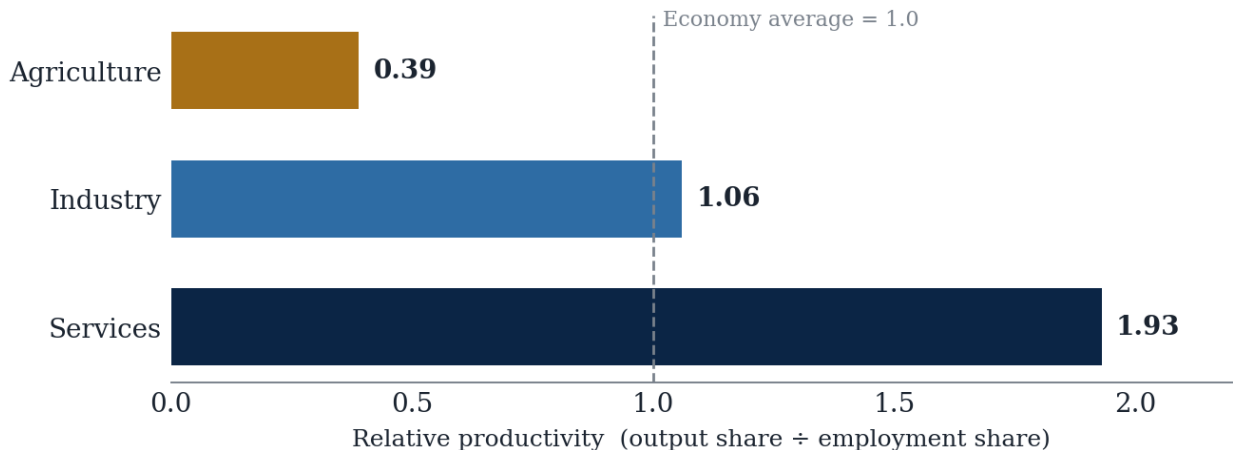
Source: MoSPI National Accounts, current-price GVA shares.¹ Series spans a base-year change after 2013-14; the trajectory, not the endpoints, is the point.

2. The productivity gap is the heart of the problem

A farm worker produces roughly a fifth of what a services worker does.

The mismatch between where people work and where value is created shows up as a stark productivity gap. Measured as each sector's share of output divided by its share of employment, relative productivity is just 0.39 in agriculture, 1.06 in industry and 1.93 in services.^{1 2} In plain terms, an average worker in services generates almost five times the value added of an average worker in agriculture. This gap - not a shortage of output - is what holds down incomes for the largest group of workers. Closing it requires two things at once: raising value added per worker within each sector, and moving workers from the low-productivity sector into higher-productivity ones.

Exhibit 3 The productivity gap between farm and services work is fivefold



Source: Author calculation from MoSPI National Accounts 2024-25¹ and PLFS 2023-24.² Relative productivity = output share ÷ employment share; the economy-wide average equals 1.0.

3. Each sector faces a different task

One transformation, but three distinct policy levers.

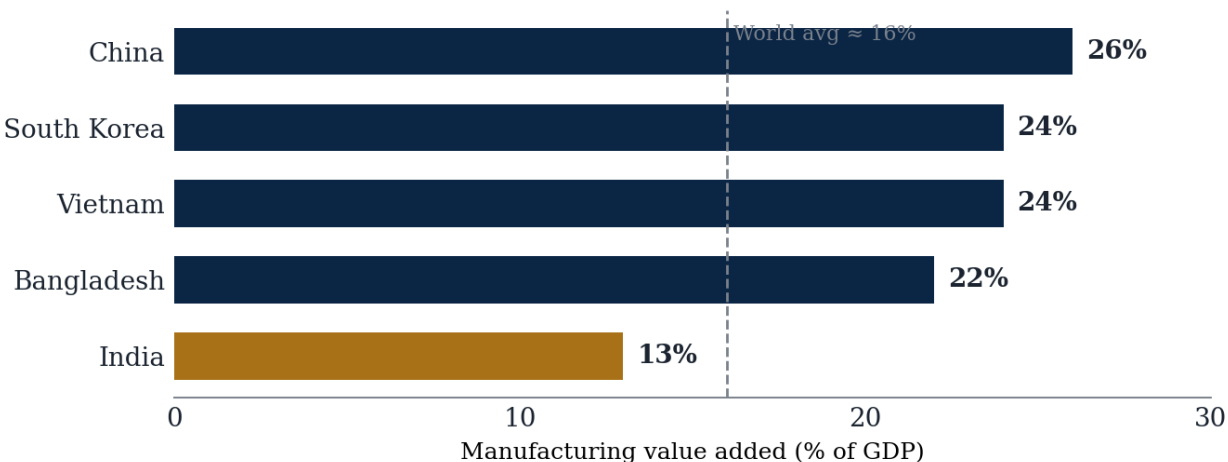
The three sectors are at different points on the same journey, and a single instrument will not serve all three. The primary sector has largely solved production security - foodgrain output reached 357.7 million tonnes and milk 247.9 million tonnes⁹ - and its unfinished task is raising value per worker while using less water and land. The secondary sector is the strategic swing factor: manufacturing has been stuck in a 13-17% band of output for four decades,¹ and its task is to deepen - adding domestic value and creating formal jobs - aided by an energy transition in which non-fossil sources now exceed half of a 505-gigawatt installed base.⁷ The tertiary sector is the proven engine - services exports reached a record USD 387.5 billion and the IT industry approached USD 283 billion^{3 4} - and its task is to broaden beyond information technology into finance, health, professional and tourism services, and to sustain the digital-and-finance advantage that underpins record GST collection and near-universal digital payments.^{5 6}

4. Manufacturing is the biggest missing piece

India makes far less, relative to its size, than the economies it aims to match.

Among the levers for the 2047 prize, none is more under-used than manufacturing. India's manufacturing value added is about 13% of GDP - roughly half the share of the East Asian economies that industrialised their way to prosperity: close to 26% in China, around 24% in Vietnam and South Korea, and 22% in Bangladesh.⁸ That gap is the clearest measure of unrealised potential; to reach developed-nation scale, official estimates suggest India must expand manufacturing capacity roughly sixteen-fold.¹⁰ Closing it is what would create formal jobs at scale, absorb the workers leaving agriculture and broaden the export base - which is why deepening manufacturing is the pivotal move of this brief.

Exhibit 4 India makes far less than its Asian peers, relative to GDP



Source: World Bank, Manufacturing value added (% of GDP), latest available. ⁸ India's national-accounts manufacturing GVA share is a comparable ~14%; figures are rounded.

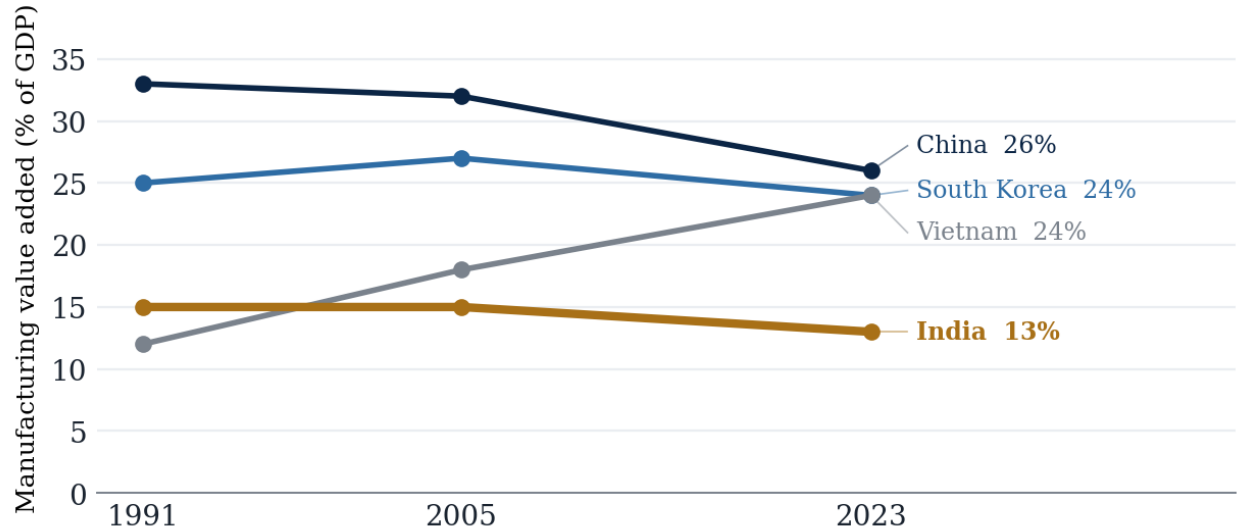
5. India's path is unusual - but not irreversible

Every economy that grew rich built manufacturing first; India can still catch up.

India's under-weight manufacturing is not a law of nature - it is a path not yet taken. The economies India aims to join built their manufacturing base before, or alongside, their services rise. China held

manufacturing near a third of output for decades before gently moderating; South Korea sustained roughly a quarter as it grew rich; and Vietnam doubled its share from about 12% to 24% in a single generation. India, by contrast, has moved sideways for thirty years.⁸ The encouraging reading is that Vietnam’s trajectory shows the gap can be closed quickly when policy, investment and openness align - which is precisely what the 2047 scenario requires.

Exhibit 5 Peers climbed the manufacturing curve; India moved sideways



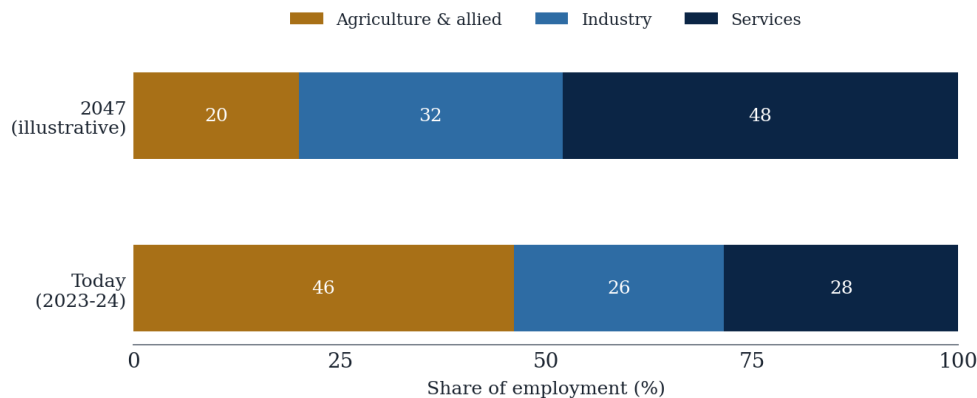
Source: World Bank, Manufacturing value added (% of GDP), selected years; figures are approximate and rounded.⁸

6. The 2047 test is jobs, not tonnage

Success will be measured in formal, productive employment.

If the transformation is to be completed, the single most important number to watch is not output but the distribution of work. Absorbing the workforce leaving agriculture into formal industry and services jobs - illustratively, agriculture falling toward a fifth of employment while industry and services expand - is what converts headline growth into rising household incomes.² This is a more demanding transformation than the output expansion already achieved, and a more complete one: it depends on manufacturing depth, services breadth, skilling and formalisation working together rather than on any single scheme.

Exhibit 6 The real 2047 target is where people work



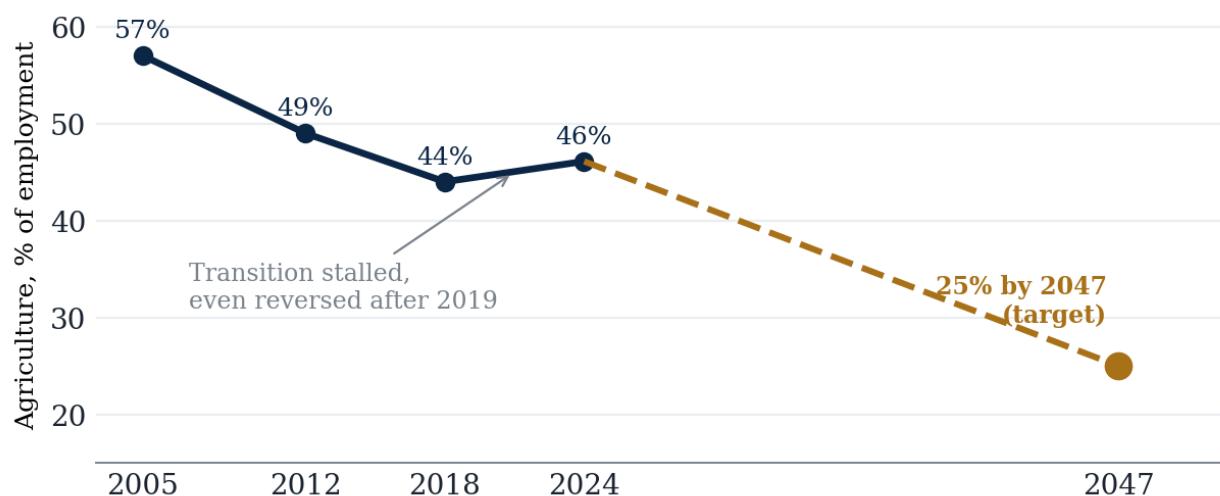
Source: Employment shares, PLFS 2023-24;² 2047 distribution is an illustrative policy target set by the authors, not a forecast.

7. The jobs arithmetic: 7.85 million a year

The transition has a number attached - and the clock is running.

The transition is not abstract. The Economic Survey estimates that India must create about 7.85 million non-farm jobs every year to 2030 simply to absorb its rising workforce, and that agriculture's share of employment must fall from 45.8% in 2023 toward 25% by 2047.⁶ Yet the shift has stalled - agriculture's share even rose after 2019 as informal and distress work absorbed returning migrants. Flagship schemes help at the margin, but the arithmetic is clear: the great majority of these jobs must come from broad-based, formal growth in industry and services, not from any single programme. This is the demographic window - and it does not stay open indefinitely.

Exhibit 7 Agriculture must release a fifth of the workforce by 2047



Source: Employment shares, PLFS and NSS rounds; 2047 target and jobs estimate, Economic Survey 2023-24. ⁶ Dashed line is the required path, not a forecast.

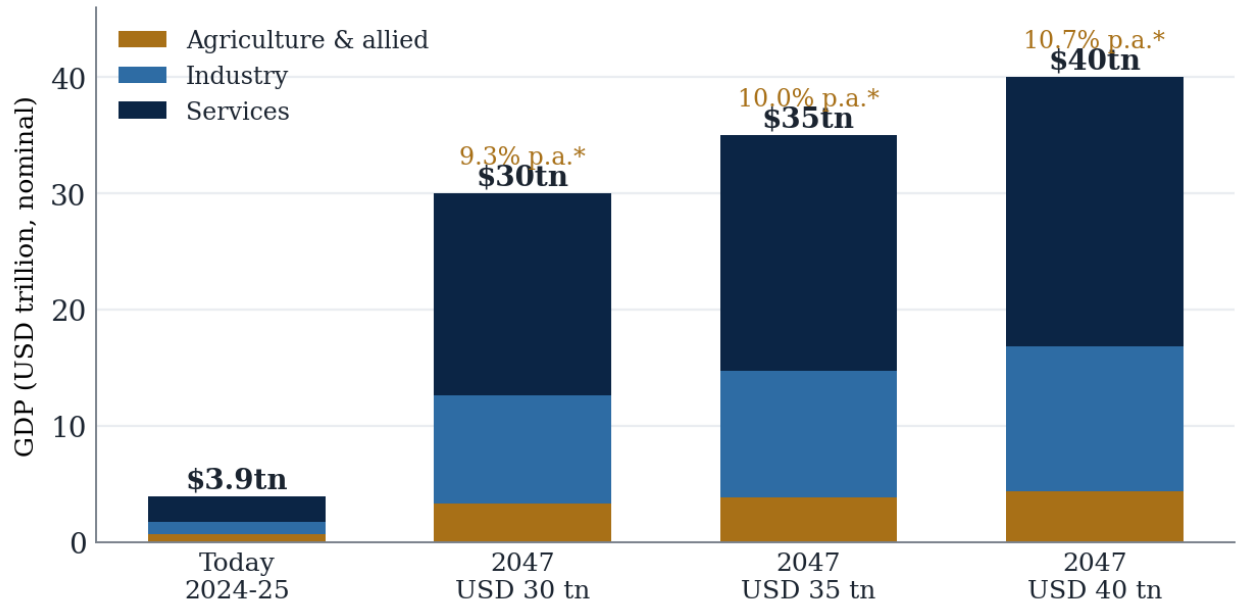
8. The prize: a USD 30 to 40 trillion economy by 2047

The ambition is achievable - but only if the jobs-and-productivity transformation succeeds.

India today is an economy of about USD 3.9 trillion.⁶ Reaching developed-nation scale by 2047 means expanding it roughly eight to ten times, to between USD 30 and 40 trillion, and lifting per-capita income toward USD 18,000 for a projected population of about 1.65 billion.¹⁰ The arithmetic is demanding: a USD 30 trillion economy requires sustained nominal-dollar growth of about 9.3% a year, USD 35 trillion about 10.0%, and USD 40 trillion about 10.7% - equivalent to the roughly 8% real growth over two decades that the Economic Survey identifies as the Viksit Bharat threshold.⁶ ¹¹ Only a handful of economies have ever sustained such rates without falling into the middle-income trap.

The route to that prize runs directly through this brief's central argument. An economy cannot grow ninefold while nearly half its workers remain in agriculture at barely a fifth of average productivity. The USD 30 to 40 trillion target is reached only if industry deepens and services broaden fast enough to absorb the workforce leaving the land - which is why the jobs-and-productivity transformation is not a social aspiration set beside the growth target, but the precondition for it.

Exhibit 8 The 2047 prize: an eight- to ten-fold economy, carried by industry and services



Source: Current GDP, MoSPI and IMF estimates for 2024-25;^{6 12} 2047 targets per NITI Aayog and independent projections.^{10*}Compound annual nominal-USD growth required from the 2024-25 base. Sector splits at 2047 are illustrative, assuming agriculture's share keeps falling as industry and services rise.

9. The central scenario: NITI Aayog's Viksit Bharat 2047 scorecard

What the USD 30 trillion ambition means, target by target, against today.

NITI Aayog's Viksit Bharat @2047 vision converts the headline ambition into concrete milestones. The scorecard below sets that central scenario against today's baseline - and every line runs through the engine this brief has described: a deeper manufacturing base, broader and higher-value services, and a workforce moving into more productive, formal work. The targets are demanding but internally consistent; missing the jobs-and-productivity transformation would put each of them out of reach.^{10 13}

Dimension	Today (2024-25)	Viksit Bharat 2047 target	Shift
GDP, size	USD 3.9 trillion	USD 30 trillion	8x
Per-capita income	USD 2,900	USD 18,000	6 to 8x
Real GDP growth	6 to 7% a year	8% sustained for two decades	Hold
Manufacturing, % of GDP	14 to 16%	25%	+9 to 11 pts
Total exports	USD 0.8 trillion	USD 10 trillion (goods + services)	12x
Investment rate (GFCF, % of GDP)	31 to 33%	35 to 40%	+5 to 7 pts
Female labour-force participation	36%	50% or more	+14 pts

10. What to track: a delivery dashboard to 2047

Six headline signals that show whether the transformation is on course.

Targets are only meaningful if you track them. The dashboard below summarizes the transformation into a few key signals, each with a 2030 checkpoint, when adjustments are still cost-effective. Used

with the scorecard, it turns ambition into actionable insights that a cabinet or chief secretary can review annually.

Signal to track	2024-25	2030 checkpoint	2047 target	What good looks like
Manufacturing, % of GDP	14%	18%	25%	Share rising, not just output
Non-farm jobs created	—	7.85m a year	Agriculture <30%	Formal, not informal work
Female labour-force participation	36%	45%	50%+	More women in paid work
Services exports	USD 387 bn	USD 700 bn	Broad-based	Beyond IT into finance, health
Investment rate (GFCF)	31 to 33%	35%	35 to 40%	Sustained and private-led
Real value added per worker	Low, uneven	Rising across states	Converging	Incomes, not tonnage

The single most important line is the last: if real value added per worker is rising across states and sectors, the transformation is working - whatever the headline growth rate.

11. Conclusion: the choice before India

The next quarter-century will be decided by where India's people work.

India has already achieved the harder-to-measure half of development: a modern, services-led output structure and world-class digital and financial infrastructure. What remains is the half that decides whether prosperity is broadly shared - deepening manufacturing, broadening services, and moving hundreds of millions of workers from low-productivity agriculture into formal, productive jobs. The USD 30 trillion economy, the roughly sixteen-fold rise in manufacturing capacity and the 7.85 million non-farm jobs a year are not separate ambitions; they are one transformation seen from different angles. The choice before decision-makers is therefore not whether India can grow, but whether it can complete the transformation that turns growth into shared prosperity - making each increment of output count in incomes, jobs and resilience - by 2047.

12. Policy priorities for decision-makers

Six moves that span all three sectors.

- 1. Measure success in value added per worker, not output.** Adopt a common dashboard - real GVA per worker, formal-job share and relative productivity by sector - so that policy is judged on incomes and jobs, not tonnage or headline growth.
- 2. Deepen manufacturing, do not just assemble.** Tie industrial incentives to domestic value addition, small-firm participation and firm survival after support tapers, and track the import intensity of exports.
- 3. Broaden services beyond information technology.** Extend the services advantage into finance, health, education, professional and tourism exports, and spread capability beyond a handful of metros.
- 4. Make labour transition an explicit outcome.** Coordinate skilling, urban housing and mobility so that exit from agriculture is voluntary, formal and productive rather than a shift into informal construction and petty trade.

5. Treat the energy transition and digital public infrastructure as industrial policy.

Build domestic clean-energy manufacturing and grids, and export the payments-and-identity stack, converting two national strengths into value added and jobs.

6. Raise value per worker in agriculture while releasing labour. Shift the primary sector from water-intensive tonnage toward higher-value, less resource-intensive output, so that fewer workers earn more.

INDIA AT A GLANCE · 2024-25

54.9% services share of GVA · **27.1%** industry · **17.9%** agriculture & allied · **46.1%** of jobs still in farming · **13%** manufacturing, % of GDP · **USD 387 bn** services exports · **7.85 m** non-farm jobs needed a year · **USD 30 tn** the 2047 goal

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