

Research Stream

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Developed India @ 2047: Capital Creation and Economic Transformation by Mutual Fund Industry in India

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Abstract

Developed India 2047” means “Viksit Bharat by 2047” represents the government’s vision to transform India into developed nation. It refers to a vision or goal for our country India to achieve developed nation status by the year 2047 which coincides with the hundredth anniversary of our country’s independence. Such vision often includes economic growth, social progress, environmental sustainability, good governance, technological advancement, socio-economic development and overall progress across various sectors to elevate the standards of living of people living in the country and ensure comprehensive growth. To achieve this vision, the focus should be on sections such as entrepreneurship development, promotion to mutual funds for creating capital formation, e-commerce platforms, value chain improvement, innovation technologies and a Climate-Smart environment friendly approach. Implementing these strategies can not only boost Indian economy and sustainability but also contribute significantly to India's journey towards becoming a developed nation by 2047. In this process Mutual Fund can play crucial role and this is the focus point of this paper. This paper studies the role of mutual fund how to contribute in completion of the objectives of Developed India 2047 vision by creation of capital for companies and economic transformation.

Key words: Viksit Bharat 2047, mutual funds, economic development, developed country, Economic

Introduction

On 11th December 2023, our Prime Minister Shri Narendra Modi launched ‘Viksit Bharat @2047: Voice of Youth’ via video conferencing and highlighted the role of academic and educational institutions in personality development of individual students and stated that a nation becomes developed only when there is development of people. The government has launched a consultation process to get ideas from the public on how to achieve the Viksit Bharat 2047 vision. People could share their ideas by visiting the ‘MyGov’ Portal and answering questions about how they think India should look in 2047 and what needs to be done to get there. He also highlighted the need of channelizing the energy of each and every university and college students and youth towards achieving the common goal of Developed India by 2047. The Viksit Bharat 2047 plan includes a number of ideas, including: Infrastructure- India is needed to improve its logistical capabilities by developing high-speed corridors and infrastructure. Manufacturing- India needed to increase its manufacturing capabilities and become a global manufacturing hub. Focus on specific groups- The government will focus on the poor, women, youth, and farmers. Economic growth- The goal is to increase India's GDP up to 30 trillion dollar by 2047. Environmental sustainability- The plan includes initiatives to ensure India is environmentally sustainable. Social progress- The plan includes initiatives to ensure social progress. Good governance- The plan includes initiatives to ensure good governance. Happiness- The plan emphasizes that happiness should be a central pursuit. Nuclear energy- The plan includes initiatives to develop nuclear energy.

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As India stands at this crucial point of time, poised to take off on its growth track, it is significant to realize that immense dedication and trust in India's destiny, massive desire, potential, talent and capabilities of the Indians, especially the youth, coupled with steadfast leadership, it is necessary to realize this potential. There is immense work that requires to be undertaken in a mission mode to make our country India Developed India by 2047.

In the Interim budget 2024, our Indian Finance minister Smt. Nirmala Sitharaman stated our Prime Minister Shri Narendra Modi's vision for Viksit Bharat by the year 2047. She mentioned that government of India is working towards development of India all-pervasive, all-round and all-inclusive. The Government of India's focus is on four major groups namely Garib (poor), Yuva (youth), Mahilayen (women) and Annadata (farmers). In budget 2024-25 Finance minister Smt. Nirmala Sitharaman envisaged sustained efforts on the following nine priorities for generating ample opportunities to achieve goal of Viksit Bharat 2047: (1) Providing employment and skilling youth of India, (2) Increasing productivity and resilience in agriculture, (3) Urban development, (4) Inclusive human resource development and social justice, (5) Infrastructural development, (6) Innovation, research and development, (7) Manufacturing and services, (8) Energy security, (9) Next generation reforms.

Review of Literature:

1. Shah and Humra (2015): In this paper author studied the Indian mutual fund industry, its growth and factors affecting it. They stated that impressive growth in Indian Mutual Fund industry in recent years can largely be attributed to various factors such as rising household savings, comprehensive regulatory framework, favorable tax policies and introduction of several products, investor education campaign and role of distributors. They also stated that only top five cities viz. Mumbai, Delhi, Bangalore, Chennai and Kolkata contributed more than seventy percentages in the growth of AUM of Indian mutual funds.

2. Kanodia and Khinchi (2017): reviewed twenty-five research papers related to the performance of mutual funds and provided some answers to the small investors. This paper significantly improved the necessity needed before investing in any mutual fund. They concluded that studies which have done have few gaps which are to be filled up and studied further. The correlation has to be developed to have a better idea on how one parameter can affect the other and evaluation of ratios performance and ranks has to be focused more based on foreside ratios to get a better understanding of interdependence among funds and index.

3. Balamurugan and Rangeela (2018): studied investors' perception towards and development and progress of Mutual Fund investments in India as well as in the world. Investors' opinion and perception has been studied relating to various issues. They concluded that today a lot of investment opportunities are provided by mutual fund to the investors and suggested the pros and cons of investment in mutual fund in connection with the scheme preference and selection.

4. Verma and Nema (2022): examined the growth in the Indian Mutual Fund industry from 1963 to 2021 by using secondary data. This study is divided into two parts; first part described the introduction and evaluation of mutual fund industry of India and its regulation while second part related to the resources mobilisation of Indian mutual fund industry. They concluded that the Assets under Management of the mutual fund industry stood at Rs. 31,24,764 Crores in the financial year 2020-2021 even though the Indian mutual fund industry was still far behind the global financial market

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5. Kumar (2023): provided an overview of the mutual fund industry in India, including its various aspects such as history, growth, types, advantages, and challenges. He concluded that mutual fund professionals or companies need to address these challenges and work towards increasing investor awareness and confidence to sustain the growth of the industry in India particularly in the long term.

6. Jayasingh, Anand and Sahu (2024): focused on establishing agriculture-innovation hubs, promoting e-commerce platforms, integrating cutting-edge technologies like AI and data science, expanding value chains, and adopting climate-resilient farming practices. They concluded that Indian agriculture has the potential to be a model for other countries dealing with comparable issues by 2047, shining as a beacon of innovation, sustainability, and production. However, conversion of this vision into reality is going to need a lot from stakeholders of improvement in agricultural sustainable productivity and rural development to step up their game to untapped boundaries.

7. Das (2024): highlighted the importance of women-led development, quality governance, youth engagement, and sports in contributing to Viksit Bharat 2047 and rural development is emphasized as a critical solution to curb migration from rural to urban areas, fostering balanced regional development, and preserving cultural heritage by creating livelihood opportunities. He stated that it is just a starting point, the possibilities are endless, and the journey to Viksit Bharat begins with each child, each teacher, and each community taking a step forward, guided by the light of knowledge and empowered by the spirit of innovation.

Objectives:

The objectives of this research paper is to highlight the Developed India 2047 vision, elaborate the role of Indian mutual fund industry in capital formation and economic development of the Country for achieving Developed India 2047 vision, study the growth pattern of GDP of India and her position in the world and providing suggestions for making India a developed nation.

Methodology:

This study is descriptive in nature. Secondary data has been used to analyse the role of mutual fund in Viksit Bharat 2047 vision and to study the growth pattern of GDP on India. The roadmap to a developed India involves integrating various sectors such as renewable energy, green infrastructure, sustainable agriculture, waste management, technology and innovation, capital formation through mutual funds, education, and policy reforms. To achieve the ambitious goals, the Skill India initiative, entrepreneurial ecosystem, capital formation and digital India campaign are identified as essential pillars. The decisions made on policy, infrastructure and technology investments, and community and individual empowerment in the agriculture sector will all play a major role in this change.

A developed country is a sovereign state with a higher standard of living, a strong economy and advanced technology equipped. Developed countries have some other features like the service sector becomes more important, advanced technological infrastructure and the industrial sector is less important. Citizens of developed countries have access to quality health care and higher education, overall high quality of life with stable birth and death rates. These countries have mature economy with a high gross domestic product (GDP), average income per resident, literacy rate and life expectancy. They also have a relatively equal distribution of income, low poverty and unemployment rates, and fast economic growth. Developing countries may be in the process of industrialization such as building the factories and infrastructure and underdeveloped countries usually depend on agriculture, often subsistence farming. Hence to make our country India

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developed country it is needed to do much more than the regular work, in this process capital formation is also important which can be achieved by mutual funds.

Study of growth of Mutual Fund Industry of India:

A mutual fund is an institution, which pools the money of people and invests it in various companies and sectors according to the aim of the particular scheme. Investment may be in variety of assets such as stocks, bonds, debentures etc. The fund is managed by professionals who decide which securities to buy and when to sell them. Investors own shares of the fund called units, which gives them a proportional share of the fund's income and capital gains. The mutual Fund industry in India started in 1963 with the formation of UTI by the Act of Parliament and functioned under the Regulatory and administrative control of the Reserve Bank of India. At the end of 1988 UTI had Rs. 6700 crores of Assets under management (AUM). In 1987 public sector mutual funds were allowed to enter into this field. SBI Mutual Fund was the first public sector Mutual Fund established in 1987. At the end of 1993 Mutual Fund industry had assets under management Rs. 47004 crores. In the year 1993 the first set of SEBI Mutual Fund Regulations came into force to protect the investors. During this time period first private sector Mutual Fund named Kothari Pioneer was established. In January 2003, there were 33 Mutual Funds with total AUM Rs 121805 crores whereas on October 2024 there are 44 Mutual Funds with total AUM Rs 6725615 crores. The Indian Mutual Fund Industry's AUM had crossed the milestone of Rs. 10 Trillion for the first time in May-2014. In a short span of about three years, the AUM size had increased more than two folds and crossed Rs. 20 trillion for the first time in August-2017, the AUM size crossed Rs. 30 trillion for the first time in November-2020. The Indian Mutual Fund Industry AUM has grown from Rs 26.33 trillion as on October-31, 2019 to Rs 67.26 trillion as on October 31-2024, more than 2 folds increase in a span of 5 years. The AUM of the Indian Mutual Fund Industry has grown from Rs 10.96 trillion as on October 31, 2014 to ₹67.26 trillion as on October 31, 2024 more than 6 times increase in a span of 10 years. The total number of investors' account/folios as on August-31 2024 stood at 20.45 crores, while the number of investor folios was 8.53 crore as on 31-August 2019, more than 2-fold increase in a span of 5 years, whereas the maximum investment is from retail segment stood at about 17 crores. The Industry AUM stood at Rs 75.19 Lakh Crore as on August 31, 2025. AUM of the Mutual Funds is increasing continuously year by year which are depicted in following the figure-1 (2009-2025).

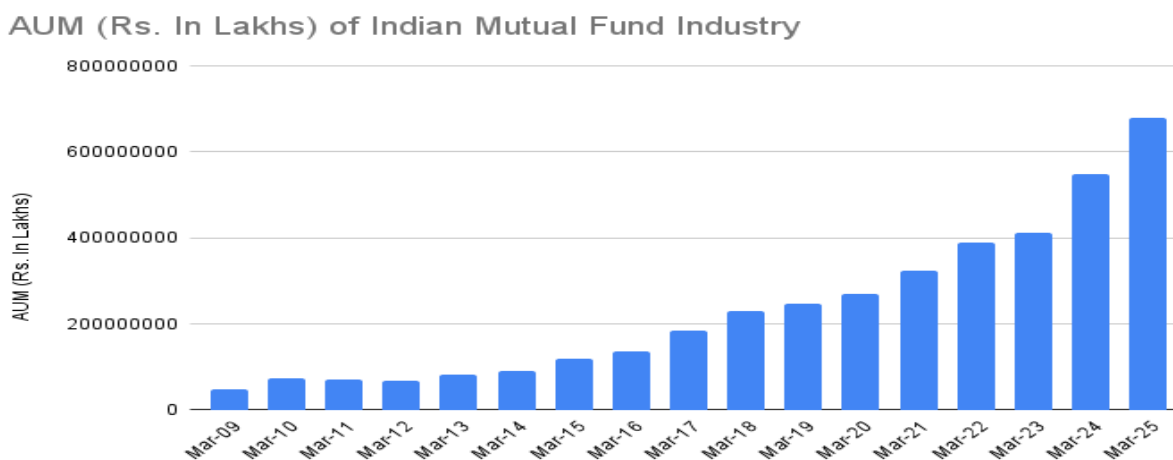


Figure-1: AUM of Mutual Fund Industry in India

(Source: www.amfiindia.com, Figure: Created by Author)

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Study of GDP growth of India:

GDP or Gross Domestic Product is a key indicator of a country's economic growth and economy. GDP is the total monetary value of all goods and services produced and sold within a country during a specific time period, typically one year. The Indian GDP grew by 8.2% in the financial year ending March of 2024, well above the initial print of 7.3%, and revised higher from the second estimate of 7.6%, to consolidate India as the fastest-growing major economy in the world. India's GDP has seen significant fluctuations over the last decade, from high growth periods to a sharp contraction due to the pandemic, followed by a strong recovery. The economy has become increasingly service-oriented, with challenges and opportunities in the manufacturing and agriculture sectors. Government policies, global economic conditions, and structural reforms have played crucial roles in shaping these trends. In Pandemic period, 2020-21 GDP growth was minus 7.3%. The International Monetary Fund (IMF) has predicted that India's GDP growth rate will be 7.8% for the year 2025-26. GDP growth rate year on year in the last 10 years is as follows:

Table-1: Ten Years GDP Growth Rate of India

| Year | Percentage | Year | Percentage |
|---------|------------|---------|------------|
| 2015-16 | 8.0% | 2020-21 | -7.3% |
| 2016-17 | 8.3% | 2021-22 | 8.9% |
| 2017-18 | 7.0% | 2022-23 | 7.2% |
| 2018-19 | 6.5% | 2023-24 | 8.2% |
| 2019-20 | 4.0% | 2024-25 | 6.5% |

Source: Ministry of Statistics and Program Implementation (MOSPI)

➤ World's GDP was \$106,172,000,000,000 (2023, nominal). (**Source:** World Bank (World development indicators, December-16, 2024)).

Table- 2: Top Five GDP of the world (countries)

| S N | Country Name | GDP (Nominal 2023) (In \$) | GDP Growth (%) | Share of World GDP (%) | GDP Per Capita (in \$) |
|-----|---------------|----------------------------|----------------|------------------------|------------------------|
| 1 | United States | 27,720,700,000,000 | 2.89 | 26.11 | 80706 |
| 2 | China | 17,794,800,000,000 | 5.25 | 16.76 | 12509 |
| 3 | Germany | 4,525,700,000,000 | -0.27 | 4.26 | 53528 |
| 4 | Japan | 4,204,490,000,000 | 1.68 | 3.96 | 33806 |
| 5 | India | 3,567,550,000,000 | 8.15 | 3.36 | 2481 |

Source: World Bank (World development indicators, December-16, 2024)

India is fifth position in the world as per GDP (nominal 2023) with as per GDP (nominal 2023) with 3.36% share in the world economy and GDP per capita is \$2481 but GDP growth rate is fastest in the top five countries with 8.15% rate (Table- 2).

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Suggestions: To achieve the aim of Viksit Bharat 2047 vision i.e. making India developed country we have to improve various sectors like providing skillful education, providing employment, promoting Entrepreneurial mind in real sense, Infrastructure development, good relation with other countries. We have to promote youth to make them skillful and employment oriented thinking, promoting capital formation, reducing tax burden, promoting use of advanced technology in education and business.

Conclusion: India's economy has grown significantly over the last decade, with a number of factors contributing to this growth like economic reforms, digital revolution, Infrastructure development, bankruptcy reforms etc. India's average growth rate has increased from 4.5% per year over the previous four decades to around 7.5% per year since 2015-16, except 2020-21 (Table-1). Viksit Bharat 2047 vision aims to make India developed country by 2047. Many factors are responsible for achieving this vision and capital formation is one of them. In capital formation mutual funds plays very vital role and it is growing in a rapid rate year by year. In Financial year, 2024-25 assets managed by domestic mutual funds in Indian stock market grew by 34%, which is highest increase since 2016-17 amounted to Rs 65.74 trillion dollars. The rapid growth of Indian mutual fund industry is very good sign for India's GDP to gain advanced position in World economy by creating capital for companies.

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