

# India as an Emerging World Power : Challenges & Opportunities

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**Abstract:** India's ascent on the global stage is one of the defining stories of the 21st century. Anchored by rapid economic growth, demographic advantages, strategic diplomacy, and expanding technological capabilities, India is increasingly recognized as an emerging world power. However, this transition is neither linear nor uncontested. Persistent structural challenges — from infrastructure deficits and inequality to geopolitical tensions and environmental sustainability — pose significant obstacles. This research paper critically examines India's trajectory, delineating key enabling factors and constraints that shape its prospects for assuming a central role in global affairs.

**Introduction** - In recent decades, India has moved from the periphery of world politics and economics toward a position of major global relevance. With a population exceeding 1.4 billion and one of the world's fastest-growing major economies, India's rise intersects with transformative geopolitical realignment, multipolarity, and shifting economic power structures. Observers increasingly view India as a rising global actor and a potential counterbalance to dominant powers such as China and the United States. The central research question of this paper asks: **What are the principal opportunities and challenges that will influence India's emergence as a world power in the coming decades?** This inquiry is crucial for understanding India's internal development dynamics and its evolving international role.

## Literature Review

Scholarly and policy analyses highlight India's remarkable economic performance, strategic diplomacy, and demographic advantage as foundational to its growing global stature. Economic growth has transformed India into one of the largest economies worldwide, increasingly integrated into global trade and investment flows.

Strategic perspectives emphasize India's role in shaping a multipolar world order - engaging with multiple power centers while avoiding rigid alignments. Its involvement in forums such as the Quad, BRICS, and G20 highlights a diversified foreign policy approach that leverages partnerships with both Western and non-Western powers.

Simultaneously, research identifies persistent structural barriers including income inequality, infrastructure gaps, and governance constraints that could undermine sustained power projection.

**Conceptual Framework and Methodology:** This paper adopts a **qualitative, multidisciplinary approach**, drawing

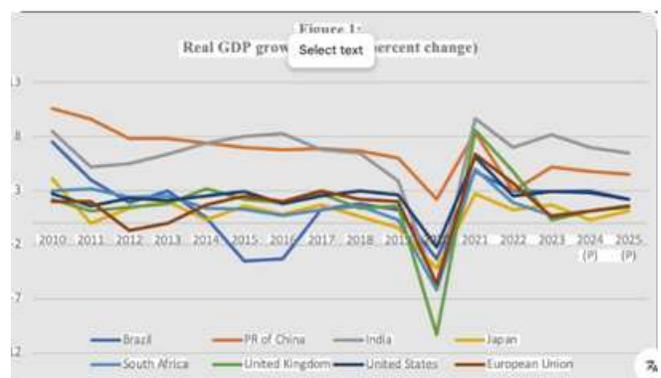
on geopolitical theory, development economics, and international relations scholarship. It synthesizes secondary data from economic reports, policy analyses, and geopolitical assessments to evaluate:

- 1. Opportunities:** economic, demographic, strategic, and diplomatic assets.
- 2. Challenges:** structural, political, socio-economic, and security-related constraints.

By framing India's emergence within both domestic and international contexts, the study offers a holistic view of its potential trajectories.

## Opportunities for India's Rise

**Economic Growth and Market Potential:** India's economic expansion is central to its global rise. It has sustained high GDP growth rates, driven by domestic demand, services, manufacturing, and technology sectors. Size of Indian economy as per latest official figures 3 trilliondollars and stands 4<sup>th</sup> in the list of large economies just after USA, China & Japan. Recent projections indicate robust performance, with the economy forecast to grow strongly amid global uncertainties.



**Manufacturing and Exports:** Initiatives like *Make in India* and Production Linked Incentives (PLI) aim to boost exports and attract foreign investment.

**Digital Economy:** India's digital ecosystem — exemplified by platforms such as Unified Payments Interface (UPI) and a booming tech services sector — enhances economic dynamism and global competitiveness.

The following table shows the main economic indicators in 1980–2024 (with IMF staff estimates in 2025–2029). Inflation below 5% is in green. The annual unemployment rate is extracted from the World Bank, although the International Monetary Fund finds them unreliable.

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**Demographic Dividend:** India's young population is a significant advantage. Unlike many advanced economies facing aging populations, India boasts a median age under 30, providing a potentially strong labour force that can drive innovation, consumption, and productivity.

**Strategic Positioning and Diplomacy:** India's foreign policy pursues **strategic autonomy**: balancing relationships with major powers while avoiding entanglement in exclusive blocs. This multi-alignment facilitates partnerships across geopolitical divides — with the U.S., Russia, Japan, ASEAN states, and African nations.

India also plays leadership roles in global platforms such as the G20 and seeks a permanent UN Security Council seat — signalling growing global influence.

**Technological and Industrial Innovation:** Investment in technology sectors — from information technology to semiconductors and renewable energy — creates pathways for India to assume leadership in future industries. Government initiatives such as the India Semiconductor Mission further this potential.

**Challenges to India's Emergence**

**Structural Economic and Social Barriers:** Despite growth, significant inequality and regional disparities persist. India's Human Development Index and per capita income remain lower than many developed and emerging peers, limiting broad-based prosperity and social stability.

Infrastructure deficits continue to hamper competitiveness, increasing business costs and limiting productivity.

**Geopolitical Tensions and Security Dilemmas:** India's strategic environment poses substantial challenges. Border tensions with China and Pakistan require sustained military focus, complicating foreign policy and resource allocation. Similarly, balancing ties with both the U.S. and Russia — especially in defense and energy — presents diplomatic complexity.

**Environmental and Energy Security Pressures:** Rapid industrialization raises concerns over environmental

sustainability and climate resilience. India must balance growth with sustainable infrastructure and energy transition efforts — including renewable energy targets — to meet domestic needs and international commitments.

**Institutional and Governance Constraints:** Effective governance and institutional capacity are crucial for long-term development. Complex regulations, corruption, and uneven implementation of reforms can undermine business confidence and social welfare.

**Case Illustrations**

**Global Trade and Strategic Navigation:** India's tariff and trade dynamics — including recent high tariffs imposed by the U.S. — illustrate how global economic interdependence intersects with strategic policy decisions, affecting export competitiveness and diplomatic relations.

**Regional Influence in the Indo-Pacific:** India's naval deployments and diplomacy in Southeast Asia reflect efforts to balance China's growing regional influence and strengthen ties with ASEAN — central to its "Act East" policy.

**Policy Implications:** To enhance its prospects as a global power, India may consider policy priorities such as:

1. **Accelerating infrastructure investment** to support economic growth.
2. **Enhancing human capital development** through education and skills training.
3. **Strengthening strategic partnerships** without compromising autonomy.
4. **Promoting environmental sustainability** as part of development planning.

These areas are crucial for addressing both domestic development goals and international responsibilities.

**Conclusion:** India's emergence as a world power is rooted in substantial economic growth, demographic advantages, and strategic diplomacy. Its trajectory reflects both remarkable achievements and enduring challenges. Whether India consolidates its position as a central global actor depends on how effectively it addresses structural constraints, leverages strategic opportunities, and navigates evolving geopolitical dynamics.

As the world continues to shift toward multipolarity, India's role will likely expand — but not without concerted policy effort and adaptive leadership.

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Year	GDP (in Bil. US\$PPP)	GDP per capita (in US\$ PPP)	GDP (in Bil. US\$nominal)	GDP per capita (in US\$ nominal)	GDP growth (real)	Inflation rate (in Percent)	Unemployment (in Percent)	Government debt (in % of GDP)
1980	366.4	526.9	189.4	271.0	▲6.74%	▲11.3%	n/a	n/a
1981	▲431.5	▲603.2	▲196.5	▲274.7	▲6.01%	▲12.7%	n/a	n/a
1982	▲474.1	▲647.5	▲203.5	▲278.0	▲3.5%	▲7.7%	n/a	n/a
1983	▲528.6	▲705.3	▲222.0	▲296.3	▲7.3%	▲12.6%	n/a	n/a
1984	▲568.6	▲741.4	▼215.6	▼281.1	▲3.8%	▼5.2%	n/a	n/a
1985	▲617.4	▲787.1	▲237.6	▲302.9	▲5.3%	▼5.56%	n/a	n/a
1986	▲659.9	▲822.8	▲252.8	▲315.2	▲4.8%	▲7.8%	n/a	n/a
1987	▲703.0	▲857.7	▲283.8	▲346.2	▲4.0%	▲9.1%	n/a	n/a
1988	▲797.9	▲952.7	▲299.6	▲357.8	▲10.18%	▲7.2%	n/a	n/a
1989	▲878.5	▲1,027.0	▲301.2	▼352.2	▲5.9%	▲4.6%	n/a	n/a
1990	▲961.8	▲1,101.3	▲326.6	▲374.0	▲5.5%	▲11.2%	n/a	n/a
1991	▲1,004.8	▲1,127.4	▼274.8	▼308.4	▲1.1%	▲13.5%	6.8%	75.3%
1992	▲1,084.1	▲1,192.2	▲293.3	▲322.5	▲5.5%	▲9.9%	—6.8%	▲77.4%
1993	▲1,162.5	▲1,253.5	▼284.2	▼306.4	▲4.8%	▲7.3%	—6.8%	▼77.0%
1994	▲1,266.4	▲1,339.2	▲333.0	▲352.2	▲6.7%	▲10.3%	—6.8%	▼73.5%
1995	▲1,390.8	▲1,442.9	▲366.6	▲380.3	▲7.6%	▲10.0%	▲7%	▼69.7%
1996	▲1,523.2	▲1,550.6	▲399.8	▲407.0	▲7.6%	▲9.4%	▲7.2%	▼66.0%
1997	▲1,612.3	▲1,610.8	▲423.2	▲422.8	▲4.1%	▲6.8%	▲7.3%	▲67.8%
1998	▲1,731.2	▲1,698.1	▲428.8	▼420.6	▲6.2%	▲13.1%	▲7.5%	▲68.1%
1999	▲1,904.2	▲1,834.4	▲466.9	▲449.8	▲8.5%	▲5.7%	▲7.7%	▲70.0%
2000	▲2,024.7	▲1,916.3	▲476.6	▲451.1	▲4.0%	▲3.8%	▲7.8%	▲73.6%
2001	▲2,172.7	▲2,021.1	▲494.0	▲459.5	▲4.9%	▲4.3%	▲8%	▲78.7%
2002	▲2,292.8	▲2,097.1	▲524.0	▲479.2	▲3.9%	▲4.0%	▲8.2%	▲82.9%
2003	▲2,523.8	▲2,270.6	▲618.4	▲556.3	▲7.9%	▲3.9%	▲8.4%	▲84.4%
2004	▲2,795.0	▲2,474.2	▲721.6	▲638.8	▲7.8%	▲3.8%	▲8.5%	▼83.4%
2005	▲3,066.0	▲2,655.3	▲834.2	▲726.9	▲9.3%	▲4.4%	▲8.7%	▼81.0%
2006	▲3,415.2	▲2,913.1	▲949.1	▲814.4	▲9.3%	▲6.7%	▼8.6%	▼77.2%
2007	▲3,776.5	▲3,174.3	▲1,238.7	▲1,046.9	▲10.3%	▲6.2%	▼8.5%	▼74.1%
2008	▲3,968.1	▲3,288.3	▼1,224.1	▼1,019.5	▲3.9%	▲9.1%	—8.5%	▼72.8%
2009	▲4,306.4	▲3,519.4	▲1,365.4	▲1,121.2	▲7.9%	▲12.3%	▼8.4%	▼71.5%
2010	▲4,729.2	▲3,812.0	▲1,708.5	▲1,384.2	▲8.5%	▲10.5%	▼8.3%	▼66.4%
2011	▲5,079.8	▲4,039.1	▲1,823.1	▲1,458.1	▲6.6%	▲9.5%	▼8.2%	▲68.6%

Year	GDP (in Bil. US\$PPP)	GDP per capita (in US\$ PPP)	GDP (in Bil. US\$nominal)	GDP per capita (in US\$ nominal)	GDP growth (real)	Inflation rate (in Percent)	Unemployment (in Percent)	Government debt (in % of GDP)
2012	▲5,456.7	▲4,281.4	▲1,827.6	▼1,443.9	▲5.5%	▲10.0%	▼8.1%	▼68.0%
2013	▲5,904.0	▲4,572.7	▲1,856.7	▲1,449.6	▲6.4%	▲9.4%	—8.1%	▼67.7%
2014	▲6,451.9	▲4,935.5	▲2,039.1	▲1,573.9	▲7.4%	▲5.8%	▼8%	▼67.1%
2015	▲7,032.5	▲5,316.1	▲2,103.6	▲1,605.6	▲8.0%	▲4.9%	▼7.9%	▲69.0%
2016	▲7,685.5	▲5,741.2	▲2,294.8	▲1,732.6	▲8.3%	▲4.5%	▼7.8%	▼68.9%
2017	▲8,354.7	▲6,169.5	▲2,702.9	▲1,958.0	▲6.8%	▲3.6%	▼7.7%	▲69.7%
2018	▲9,230.8	▲6,742.7	▲2,702.9	▲1,974.4	▲6.5%	▲3.4%	—7.7%	▲70.4%
2019	▲9,932.8	▲7,181.5	▲2,835.6	▲2,050.2	▲4.2%	▲4.8%	▼6.5%	▲75.0%
2020	▼9,771.0	▼6,997.4	▼2,674.8	▼1,915.6	▼-5.8%	▲6.1%	▲7.9%	▲88.5%
2021	▲11,384.4	▲8,088.0	▲3,167.3	▲2,250.1	▲9.7%	▼5.5%	▼6.4%	▼83.7%
2022	▲13,048.1	▲9,207.2	▲3,389.7	▲2,391.9	▲7.6%	▲6.7%	▼4.8%	▼81.0%
2023	▲14,619.8	▲10,233.4	▲3,567.5	▲2,497.2	▲9.2%	▼5.5%	▼4.7%	▲81.9%
2024	▲16,020.0	▲11,111.7	▲3,889.1	▲2,697.6	▲7.0%	▼4.6%	n/a	▲83.0%
2025	▲17,364.8	▲11,937.8	▲4,271.9	▲2,936.8	▲6.5%	▼4.1%	n/a	▼82.6%
2026	▲18,831.4	▲12,834.6	▲4,710.4	▲3,210.4	▲6.5%	▲4.1%	n/a	▼81.8%
2027	▲20,420.1	▲13,801.3	▲5,193.5	▲3,510.1	▲6.5%	▼4.0%	n/a	▼80.7%
2028	▲22,143.7	▲14,844.9	▲5,723.2	▲3,836.8	▲6.5%	▲4.0%	n/a	▼80.0%
2029	▲24,015.1	▲15,973.1	▲6,307.2	▲4,195.1	▲6.5%	▲4.0%	n/a	▼78.4%

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