



**STRATEGIC FINANCIAL REFORMS FOR**  
**VIKSIT BHARAT**  
**2047**

**Dr. D. Anbupriya**

**Dr. L. Santhi**

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## BEHAVIOURAL FINANCE AND INDIA'S JOURNEY TOWARD VIKSIT BHARAT 2047 : STRATEGIC PERSPECTIVES FOR NATIONAL DEVELOPMENT

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### ABSTRACT

Viksit Bharat @2047 represents India's visionary goal of transforming into a developed nation by the centenary of its independence. This study explores how behavioural finance can play a pivotal role in advancing this mission by enhancing economic decision-making, improving policy implementation, and fostering financial inclusion. It investigates how behavioural biases—such as overconfidence, loss aversion, and mental accounting—affect financial behaviour at both individual and institutional levels, with implications for economic outcomes and policy design. The research identifies critical domains where behavioural insights can be effectively applied to influence savings behaviour, investment decisions, and financial literacy. By proposing strategic interventions, the paper outlines how integrating behavioural finance into policy frameworks can contribute to more effective governance and sustainable economic progress. Ultimately, this study provides targeted recommendations for policymakers, financial institutions, and other stakeholders to align behavioural approaches with India's broader developmental goals, paving the way for a more prosperous, inclusive, and resilient Viksit Bharat by 2047.

**Keywords:** *Behavioural Finance, Viksit Bharat @2047, Behavioural Biases, Overconfidence, Herding, Strategic Insights.*

## INTRODUCTION

Behavioural finance offers a significant departure from the traditional rational finance model by emphasizing the role of psychological and emotional factors in financial decision-making. Unlike classical theories that assume individuals act purely out of logic and self-interest, behavioral finance highlights the impact of emotions, cognitive biases such as overconfidence and loss aversion, and social influences on investment behavior and market dynamics.

By integrating insights from psychology with financial theory, behavioral finance provides a more nuanced understanding of how individuals and institutions actually behave in economic settings. It challenges the assumption that market participants are always rational and suggests that understanding these human tendencies is essential for crafting effective financial strategies and policies.

This study aims to explore the connection between the principles of behavioral finance and India's vision of *Viksit Bharat @2047*—a national mission to transform India into a developed, prosperous, and globally competitive nation by the centenary of its independence. The vision encompasses all critical areas of national development including economic growth, social equity, environmental sustainability, and good governance.

As India sets its sights on achieving this ambitious goal, behavioral finance can serve as a valuable tool in shaping the country's financial architecture. Recognizing the influence of behavioral tendencies on saving, spending, and investing can help policymakers design more inclusive and effective financial policies. This research underscores the potential of behavioral insights to drive smarter economic decision-making, enhance financial inclusion, and support the broader objectives of *Viksit Bharat @2047*.

## LITERATURE REVIEW

**García & Vila (2020)** demonstrate that even financial experts are not immune to behavioral biases. The authors argue that while financial literacy can support better decision-making in cognitively controlled environments, it may be ineffective in situations influenced by procrastination or intentional inaction. The study advocates for the use of behavioral interventions or “nudges” to improve financial behavior, such as encouraging long-term savings by redesigning default options in retirement planning or promoting future-oriented consumption habits.

**Mahida (2024)** outlines the *Viksit Bharat @2047* initiative, launched under the leadership of the Prime Minister of India, which envisions transforming India into a fully developed nation by its 100th year of independence. The initiative is anchored in a strategic framework that emphasizes technological innovation, economic forecasting, sustainable development, and deeper integration with the global economy.

Projections indicate that India is poised to become the world's third-largest economy by 2027, with the potential to reach a GDP of \$30 trillion by 2047. This anticipated growth is supported by a comprehensive development model that promotes inclusivity, environmental stewardship, and fair resource allocation. Furthermore, the rise of Industry 4.0 and digital technologies is expected to significantly reshape multiple sectors, driving innovation, productivity, and overall efficiency.

## PURPOSE OF THE STUDY

This study aims to examine the intersection between behavioral finance principles and India's developmental journey toward *Viksit Bharat @2047*. It seeks to identify key areas where behavioral insights can be applied to enhance the effectiveness of policy design and implementation, ultimately supporting inclusive and sustainable national growth.

## IDENTIFYING KEY DEVELOPMENTAL CHALLENGES

Here this paper is mentioning various Key Developmental Challenges which are crucial for the Viksit Bharat @2047.

### 1. Economic Inclusivity

Any country's development plan must include economic inclusion, but that is true for India also, a nation striving to realize the lofty objective of Viksit Bharat 2047. Dealing with problems like financial literacy, access to financial services, and economic inequality is difficult. These difficulties may be made worse or lessened by understanding how psychological variables affect financial decision-making, which is something that behavioral finance provides insightful information on. Income Inequality is the degree of unequal income distribution within a population is known as income inequality.

**Behavioral Biases at Play:** These specific biases which play a key role.

**Overconfidence Bias:** Individuals with higher incomes often display overconfidence in their financial decision-making, leading them to engage in riskier investment behaviors. This tendency can result in disproportionate wealth accumulation and further widen the economic gap. Conversely, individuals from lower-income groups may exhibit a lack of confidence, discouraging them from pursuing beneficial financial opportunities, thereby reinforcing existing income inequalities.

**Present Bias:** Present bias leads individuals to prioritize immediate gratification over long-term benefits. This behavioral tendency is especially prevalent among low-income populations, often resulting in inadequate saving and underinvestment. Such patterns can perpetuate poverty and contribute to broader economic disparities.

**Mitigation Strategies:** Researcher can mitigate these biases through taking these steps mentioned here: Nudging Towards Long-term Planning: High-level competent financial professionals showed a considerable increase in voluntary saving while using the behavioral intervention that was examined in this study. The efficiency of adopting the default choice to promote long-term saving habits, particularly among young people and low-income workers who currently have the lowest levels of savings. Policymakers can create initiatives, such as default enrolment in pension plans, to reverse current bias and encourage long-term savings among low-income populations.

**Tailored Financial Education:** Creating initiatives that explicitly target overconfidence in high-income earners while increasing confidence and financial acumen in low-income groups can help close the wealth gap. Universities and Professional Institutions can build some educational programs to tackle these biases.

## 2. Financial Literacy

It refers to the capacity to comprehend and use various financial skills, such as personal financial management, budgeting, and investing. When somebody is financially literate, one lay the groundwork for a wise relationship with money.

**Behavioral Biases at Play:** These specific biases which play a key role.

**Confirmation bias** refers to the tendency of individuals to seek out information that supports their existing beliefs while ignoring contradictory evidence. This can lead to flawed financial decision-making, especially among individuals with limited financial literacy. For example, a person may rely on informal or unverified sources that reinforce misconceptions, ultimately resulting in poor investment choices and financial vulnerability.

**Anchoring bias** occurs when individuals rely too heavily on the initial piece of information they receive—often referred to as the "anchor"—when making financial decisions. This can significantly distort judgment, particularly in the context of complex financial products. In cases where financial literacy is lacking, individuals may base decisions on incomplete or inaccurate information, increasing the likelihood of poor financial outcomes.

**Mitigation Strategies:** Researcher can mitigate these biases through taking these steps mentioned here:

**Simplified Financial Products:** Providing simple, clear financial products can assist decrease

customers' cognitive burden, allowing people with weaker financial literacy to make more informed decisions.

**Behavioral Interventions in Education:** Financial literacy programs should use behavioral insights to directly address biases, such as through the use of relatable examples and interactive technologies that oppose confirmation and anchoring bias.

### 3. Access to Financial Services:

It is the capacity for individuals or businesses to acquire financial services such as credit, deposits, payments, insurance, and other risk management services. The unbanked or underbanked are those who have no or restricted access to financial services due to circumstances beyond their control.

**Behavioral Biases at Play:** These specific biases which play a key role.

**Loss Aversion:** The fear of loss frequently surpasses the possibility for gain, causing people, particularly in rural or underbanked regions, to forgo formal financial services such as savings accounts or insurance. Loss aversion is the propensity for people to loathe losses more than they enjoy benefits, which can lead to people lying to avoid the consequences of innocent (or other) mistakes.

**Status Quo Bias:** That's evident when people prefer to maintain things the same by changing nothing or sticking to a previous decision. Many people prefer to maintain the same status for a long time, which can further lead to a reluctance to accept new financial services or technology. In India, this prejudice can be especially powerful in areas where informal finance systems are heavily embedded.

**Mitigation Strategies:** Researcher can tackle these biases with

**Incentivizing Formal Financial Participation:** Small incentives (such as matching contributions or interest rate bonuses) might assist to mitigate loss aversion by making the potential benefits of utilizing formal financial services more evident.

### 4. Investment and savings Behaviors: Behavioral Finance's Role in Long-Term Development:

Investment and savings habits are crucial to a country's economic health, especially in light of India's ambitions for Viksit Bharat 2047. To support long-term infrastructure and development initiatives, the populace must be encouraged to save more, plan for retirement wisely, and make smart investments. Behavioral finance sheds light on the potential positive and negative effects of psychological factors on these financial practices.

**Behavioral Biases at Play:** These specific biases which play a key role.

**Present Bias:** This bias drives people to prefer now spending over future investment, resulting in low savings rates. In a youthful generation, this tendency might lead to insufficient savings for future requirements because they prefer to consume today and left so much less money to save for tomorrow's contingencies.

**Mental Accounting:** People frequently divide their earnings into separate "accounts" (for example, present spending vs. future saves), which can lead to ineffective savings behaviour. For example, someone may splurge on their monthly pay while being extremely conservative with their long-term investments, resulting in missed opportunities for improved financial planning. So here they left so much less for the Investment from the portion of savings.

**Mitigation Strategies:** Here we can tackle above biases with some strategies

**Automatic Savings Programs:** Implementing automatic savings mechanisms, such as diverting a percentage of income into savings or investment accounts, might help overcome current bias by limiting the urge to spend. Like I know someone who put his earning in some other account to save and invest and left over money for the monthly spending.

**Goal-Oriented Savings Strategies:** Motivating individuals to set clear financial goals—such as buying a house or funding education—can help counteract mental accounting biases, leading to more consistent and effective saving habits. Research shows that when people define specific objectives, their mindset aligns with those goals, increasing the likelihood of achieving them through sustained effort.

**CONCLUSION:**

## STRATEGIC INSIGHTS FOR DEVELOPMENT

Behavioral finance is not merely an academic concept—it serves as a powerful strategic tool to help India address the complexities of its diverse population and drive accelerated growth. By applying behavioral insights, policymakers can design more impactful initiatives that enhance financial inclusion, encourage sustainable practices, and empower citizens to actively participate in the country's development. As India works towards its vision of Viksit Bharat 2047, behavioral finance will be instrumental in crafting policies that foster a more prosperous, inclusive, and sustainable future.

To fully integrate behavioral principles into India's growth strategy, collaboration is essential. Economists, psychologists, policymakers, and financial institutions must come together to develop innovative financial products and policies that align with real human behavior. This interdisciplinary approach will lead to more effective and equitable economic outcomes, helping India realize its ambitious vision of becoming not only economically advanced but also socially and culturally unified by 2047.

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## About the Editors



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Dr. D. Anbupriya is a passionate educator with over 19 years of teaching experience in Commerce. She holds a Ph.D. in Commerce and is NET/SET qualified. She has served in reputed institutions and has been honored with the "Best Teacher Award" for her academic excellence. Dr. Anbupriya has presented more than 35 papers at national and international conferences and published over 20 research articles in recognized journals. Her academic contributions include guest lectures, faculty exchange programs, board scrutiny roles, public seminars, and online certifications through NPTEL and Coursera, promoting inclusive, skill-oriented, and future-ready education.



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