



# **DAILY EDITORIAL ANALYSIS**

**TOPIC**

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**HARNESSING INDIA'S  
DEMOGRAPHIC DIVIDEND**

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## HARNESSING INDIA'S DEMOGRAPHIC DIVIDEND

### Context

- India's youth is often hailed as the nation's greatest asset, but this so-called 'demographic dividend' could become a liability without relevant skills and may spiral into crisis if systemic issues remain unaddressed.

### Demographic Dividend

- It is the accelerated economic growth that can result from a rapid decline in a country's fertility and the subsequent change in the population age structure.
- It occurs when a **country's working-age population** (15–64 years) grows **larger than its dependent** population (children and elderly), creating a potential boost in productivity, savings, and economic growth.
  - India entered this phase around 2005, and it is expected to last until 2055.
- Countries like China, Japan, and South Korea leveraged their demographic windows to become global economic powerhouses.
- Currently, **India has more than 835 million people under the age of 35.**

### Importance

- India is on the brink of transformation due to its demographic dividend, with over **65% of the population under 35 and a median age of 28.**
  - This favourable age structure presents a major opportunity for economic **growth, productivity,** and positioning India as a global talent hub.
- India's working-age population will continue growing until 2055, offering a long window for strategic development.
- India's expanding middle class, digital adoption, startup ecosystem, and strengths in **IT, pharmaceuticals, and engineering** further enhance its global appeal.

### Key drivers of India's demographic dividend

- India's demographic dividend is driven by a growing working-age population, expected to reach 1 billion by 2047, **rapid urbanisation, digital employment through gig and remote work platforms,** and **rising entrepreneurship.**
- Key enablers include: Urban growth through Smart Cities and infrastructure projects.
  - IT hubs like Bengaluru and Pune boosting global investment.
  - Female workforce participation is improving through policy reforms and support schemes.
  - Education and skill development programs like Skill India are equipping youth with job-ready and future-proof skills.

### What are Concerns & Issues Linked With India's Demography?

- Gap in Academic Training & Market Needs:** Each year, millions of graduates enter the workforce, but **40-50% of engineering graduates remain unemployed.**
  - Alarmingly, **61% of higher education leaders** admit curricula are misaligned with industry demands.
- Outdated System in a Changing World:** India's education framework still emphasizes **rote learning and outdated curricula** while the future of work is being reshaped by AI.
  - Research suggests that up to **70% of current jobs globally will be impacted** by AI, with **30% of tasks automated** across many professions.
- Skills Mismatch Starts in High School:** Most students remain unaware of emerging career opportunities.
  - Consequently, **65% of graduates pursue degrees misaligned with their interests or abilities,** compounding employability challenges.

- ♦ **India Skills Report 2024** reveals that over 65% of students pursue degrees misaligned with their interests or market demand.
- ♦ The **Mindler Career Awareness Survey (2022)** found that **93% of students know of only seven career options**, mostly traditional ones like doctor, engineer, or lawyer.
  - In reality, today's economy offers more than **20,000 career paths**, but only **7% of students receive formal career guidance**.
- **Digital Tools, Analog Mindsets:** While smartphones and digital access are widespread, teaching methods remain examination-focused.
  - ♦ According to the **Graduate Skills Index 2025 (Mercer-Mettl)**, only **43% of Indian graduates are job-ready**.
  - ♦ EdTech platforms have largely emphasized test prep over practical skills, while industry-ready learning remains peripheral.
- **Missed Industrialization:** India missed the industrialization wave, unlike China and Vietnam.
  - ♦ The IT and service sectors absorbed only a fraction of the labor force, and millions remain underemployed in informal sectors, especially in rural areas.
- **Policy Loopholes:** The government has launched several initiatives — from the **Skill India Mission** to **PMKVY, PMKK, JSS, PMYY, SANKALP**, and others. Despite billions invested, targets remain unmet due to fragmented approaches and lack of alignment with real-world demands.

### What Need To Be Done?

- **Upskilling, Cross-skilling, and Reskilling:** By 2030, **70% of jobs in India could be at risk from automation** (McKinsey), while the **World Economic Forum (WEF)** predicts **170 million new jobs will be created globally** — but 92 million of them will simultaneously be displaced.
  - ♦ It underscores the urgent need for **upskilling, cross-skilling, and reskilling** at scale.
  - ♦ **Skill India Mission** focuses on upskilling and reskilling youth for emerging sectors like AI, robotics, and green energy.
- **Education Reform:** NEP 2020 aims to universalize access to education and integrate vocational training from early stages.
  - ♦ Career awareness needs to be improved — 93% of students are aware of only 7 career options, while the economy offers over 20,000.
- **Gender-Inclusive Growth:** Programs like **STEP and the National Creche Scheme** support working women and promote female participation in the workforce.
  - ♦ Women make **up 42.6% of STEM graduates**, but many drop out early — a missed opportunity for inclusive development.
- **Digital Economy & Innovation:** Digital India and platforms like UPI have revolutionized transactions and created new job ecosystems.
  - ♦ The digital economy is projected to reach \$350 billion by 2030, offering vast employment potential.
- **Industrial Strategy & Job Creation:** India needs to create 8.5 to 9 million jobs annually until 2030 to absorb its growing workforce.
  - ♦ The **Production Linked Incentive (PLI) scheme** aims to boost manufacturing and reduce dependence on services alone.
  - ♦ A shift from informal to formal employment is essential for long-term stability.
- **Global Integration & Investment:** India is positioning itself as a China-plus-one destination for global supply chains.
  - ♦ With 1.04 billion working-age people by 2030, India offers unmatched human capital for global investors.

**Conclusion**

- India's future as a digital powerhouse depends on how it addresses this skills crisis. The challenge is real, but so is the opportunity.
- India can transform its demographic dividend into a genuine advantage, by aligning education with industry, expanding career awareness, and embedding skill development at every stage of learning.
- To fully leverage the dividend, India must focus on job creation, inclusive growth, women's empowerment, and continuous upskilling.

**Daily Mains Practice Question**

[Q] Critically examine the concept of India's demographic dividend and discuss how it could potentially become a demographic time bomb if not harnessed effectively.

Source: TH

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