

India's Demographic Dividend

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India's Demographic Dividend : Opportunity or Time Bomb?

Context

India's **demographic dividend**, once hailed as its biggest economic strength, is increasingly being described as a potential **time bomb**. Rising automation, outdated education curricula, and low employability among graduates are raising serious concerns. Experts caution that without urgent skilling reforms, the youth bulge could become a liability rather than an asset.

What is Demographic Dividend?

- The demographic dividend refers to the **economic growth potential** that arises when a country's **working-age population** (15-64 years) is larger than its dependent population (children and elderly).
 - This **window of opportunity is time-bound** and requires **productive employment** to realise its full benefits.
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India's Position

- India has **over 800 million people below 35 years**, making it the **largest youth population in the world**.
 - The demographic window is expected to remain open till **2045**, giving India **about two decades** to harness this advantage.
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Significance of Demographic Dividend

- **Boost to GDP** - IMF estimates closing the gender gap alone could raise India's GDP by **27%**.

- **Global Workforce Supplier** - India has the potential to supply skilled manpower to **ageing economies** such as Japan, Europe, and the US.
 - **Innovation and Entrepreneurship** - A youthful population can drive **start-ups, digital adoption, and knowledge industries**.
 - **Export Competitiveness** - Labour-intensive industries like **textiles, leather, and gems** rely on youthful manpower.
 - **Social Development** - Productive employment aids **poverty reduction, social mobility, and inclusive growth**.
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Key Concerns

- **Skill Gap** - Only **43% of graduates** are job-ready (Graduate Skills Index 2025).
 - **Education-Industry Mismatch** - Nearly **40-50% of engineering graduates** remain unemployed due to poor alignment with industry needs.
 - **Automation Risks** - McKinsey projects that **70% of jobs** could be at risk from **AI and automation** by 2030.
 - **Low Female Labour Force Participation** - India's **FLFPR stands at 37-41.7%**, below the global average.
 - **Career Awareness Deficit** - **93% of students** are aware of only 7 career options, ignoring over **20,000 viable paths**.
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Consequences of Inaction

- **Economic Fragility** - Jobless growth, falling exports, and underutilisation of youth potential.
- **Social Unrest** - Risk of protests and instability, reminiscent of the **Mandal agitation (1990)**.
- **Missed Opportunity** - India may fail to replicate the demographic dividend success of **China or Japan**.

- **Brain Drain** - Skilled youth may migrate, weakening domestic **innovation and competitiveness**.
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Way Forward

- **Curriculum Overhaul** - Introduce **AI, digital literacy, and critical thinking** in school curricula.
 - **National Skilling Framework** - Build a cohesive system aligning **education, skills, and industry demands**.
 - **Women-Centric Policies** - Provide **childcare, safe transport, and flexible work** models to raise FLFPR.
 - **Career Guidance at Scale** - Ensure mandatory **counselling and exposure to diverse career opportunities** in schools.
 - **Technology-Enabled Learning** - Promote **AI-driven learning platforms** for re-skilling and cross-skilling.
 - **Public-Private Partnerships** - Encourage collaboration for **apprenticeships, vocational training, and gig economy formalisation**.
 - **Regional Best Practices** - Replicate successful models like **Karnataka's Shakti Yojana** and **Rajasthan's Urban Employment Guarantee**.
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Conclusion

India stands at a **decisive moment** in its demographic journey, with the window of opportunity closing by **2045**. The choice is clear:

- Equip the youth with **future-ready skills**, harnessing them as an **economic powerhouse**, or
- Allow the mismatch between education and employability to transform the dividend into a **demographic disaster**.

As Tagore once wrote, we must prepare our children "**for another time**" — today, that means the

AI-driven world of tomorrow..

Source : The Hindu

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