Indian Economy · GS - III

India's demographic dividend is a time-bound economic opportunity rather than an automatic advantage. Critically examine the structural reforms required to convert its favourable age structure into sustained high-income growth.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 13/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
10	~ 150 words

Answer Hint

Demographic transition, working-age population, employment elasticity, human capital, female labour force participation, manufacturing, skill mismatch, productivity growth, middle-income trap, structural transformation.

Model Answer

Introduction

Demographic dividend arises when the working-age population grows relative to dependents. For India, its economic benefits depend on productive employment, human capital and sustained productivity growth.

Major Challenges

- **Employment deficit:** Job creation may not keep pace with the expanding labour force.
- **Skill mismatch:** Education and vocational training often fail to meet industry requirements.
- **Low female participation:** Social and institutional barriers restrict the productive utilisation of human resources.
- **Informal employment:** Low productivity and limited social protection constrain income growth.
- **Productivity constraints:** Inadequate infrastructure, technology adoption and research investment can weaken competitiveness.

Required Structural Reforms

India must improve foundational education, healthcare and industry-linked skilling. Labour-intensive manufacturing, modern services and MSMEs should generate productive employment. Greater female workforce participation requires safe transport, childcare and flexible work opportunities. Investment in infrastructure, innovation and technology can strengthen productivity and global competitiveness.

These measures are essential to avoid the middle-income trap and support convergence towards high-income status.

Conclusion

India's demographic advantage will translate into prosperity only through inclusive employment, human-capital development and productivity-led structural transformation. The priority must be to create a skilled, healthy and economically productive population.

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