Indian Economy · GS - III

India's demographic dividend may become a source of economic vulnerability if employment generation, educational outcomes and manufacturing growth fail to progress together. Examine the structural challenges involved and suggest a comprehensive strategy for inclusive economic growth.

EXAM YEAR	PAPER	SUBJECT
DAILY PRACTICE 18/11/2026	GS - III	Indian Economy

MARKS	WORD LIMIT
15	~250 words

Answer Hint

Demographic dividend, youth unemployment, skill mismatch, education quality, labour-intensive manufacturing, MSMEs, formalisation, female labour force participation, vocational education, structural transformation.

Model Answer

Introduction

India's young population offers a significant opportunity for economic growth. However, inadequate employment generation, skill mismatches and uneven educational outcomes can prevent the country from fully utilising its demographic potential.

Major Structural Challenges

1. **Employment deficit:** Limited creation of productive jobs, particularly for educated youth, can increase underemployment and economic insecurity.

2. **Skill mismatch:** Educational qualifications often do not correspond to the practical and technical requirements of industry.
3. **Manufacturing constraints:** Infrastructure gaps, technological limitations and regulatory complexities can restrict industrial expansion.
4. **MSME vulnerabilities:** Small enterprises face difficulties in accessing affordable credit, technology, markets and timely payments.
5. **Social inequalities:** Gender gaps and regional disparities restrict equal access to employment opportunities.

Comprehensive Strategy

- **Education reform:** Strengthen foundational learning, vocational education, research and industry-academia collaboration.
- **Labour-intensive manufacturing:** Promote textiles, food processing, electronics and other sectors with significant employment potential.
- **MSME support:** Improve credit availability, technology adoption, market access and formalisation.
- **Skill development:** Align training programmes with emerging industrial and technological requirements.
- **Inclusive participation:** Increase women's workforce participation through safe workplaces, childcare and flexible employment arrangements.

Conclusion

India's economic transformation requires coordinated progress in education, manufacturing and employment generation. Converting its demographic advantage into productive human capital is essential for sustainable and inclusive growth.