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Harnessing India's Youth: A System Dynamics Approach

Problem Statement

India has one of the largest youth populations in the world, offering a significant opportunity for growth and development. However, despite this potential, the country faces challenges in fully utilizing its youth demographic. Factors such as unemployment, lack of quality education, skills mismatch, and underdeveloped infrastructure hinder the ability of young people to contribute meaningfully to the economy and society. In order to tap into this potential, it is crucial to understand the underlying factors that affect youth development and how they interact with each other. A System Dynamics approach can help map these complex relationships and provide insights on how to harness the full potential of India's youth for sustainable growth.

Introduction

India's youth population is one of the largest in the world, with more than 50% of its population under the age of 25. This demographic presents both a powerful opportunity and a potential challenge for the country's future. On one hand, a young, energetic workforce can drive economic growth, foster innovation, and bring about social change. If adequately equipped with the right skills, education, and employment opportunities, this generation can fuel India's progress toward becoming a global economic leader.

However, if this potential is not harnessed effectively, the consequences could be severe. The country risks facing high unemployment, social unrest, and a failure to achieve its economic goals. Additionally, there is a looming danger of a demographic disaster in the long run, similar to the situation in Japan, where an ageing population, coupled with low

birth rates, has led to an economic stagnation. Without proper strategies for education, employment, and skill development, India's youthful population could turn into a burden, unable to contribute to or sustain the nation's growth.

The key challenge, therefore, is to understand how to channel the energy and potential of India's youth in a way that promotes long-term prosperity while avoiding the pitfalls that could lead to economic decline. A System Dynamics approach offers a unique way to analyze and address these interconnected challenges, helping policymakers create a balanced and sustainable path forward.

Background / Literature Survey

In [4] it has been discussed that India is experiencing a significant demographic shift, where the working-age population is increasing, presenting an opportunity for economic growth. This shift occurs when a country transitions from high fertility and mortality rates to lower levels, creating a demographic window of opportunity. Many economists predict that India will benefit from this youthful population. India's average age of 29 could contribute an additional 2% to its GDP annually and account for 25% of the global increase in the working-age population until 2040.

Despite this potential, India faces several obstacles that may hinder its ability to reap the benefits of its demographic dividend. The labour market has an imbalance, with some skills in surplus and others in shortage, limiting economic efficiency. Poverty remains a significant issue, as lower-income households struggle with access to quality education, healthcare, and nourishment, negatively impacting youth productivity. Many young workers accept jobs with poor working conditions due to economic insecurity, leading to long hours, low wages, and job instability. Employment rights are often overlooked, with workers facing termination without notice and a lack of benefits, contributing to a growing number of working poor.

Furthermore, job insecurity prevents employees from planning their futures, while the education system fails to meet market demands. The high cost and limited availability of vocational training restrict opportunities for many young individuals. Without adequate skill development, the workforce remains underprepared for industry needs, limiting the overall productivity of the economy. Addressing these challenges through effective policies in education, employment rights, and economic inclusion is crucial to ensuring that India's growing youth population contributes meaningfully to national development rather than becoming a burden on the economy.

In [2], it has been argued that the transformation of demographic potential into demographic dividend depends on the adoption of a state-sponsored socio-economic policy regime. This should focus on public health and education to equip youth with skills required for the twenty-first century and ensure macroeconomic policies that optimize human resource utilization. Without such interventions, the demographic dividend will remain an unfulfilled promise and may turn into a demographic burden instead of an advantage.

References

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