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The Stark Reality of the Missing Jobs for India's Gen Z

Context

- India possesses one of the world's largest youth populations, with nearly 371 million young people in 2025.
- This demographic profile is widely viewed as a potential **demographic dividend**, capable of driving long-term **economic growth**.
- However, this advantage can be realized only when young people successfully transition from **education** to **productive employment**.
- Recent labour market trends reveal a growing crisis marked by high unemployment, informal employment, gender inequality, and limited **social security**, raising concerns about India's ability to convert its youthful population into a productive workforce.

The Weak Transition from Education to Employment

- A major challenge lies in the fragile transition from education to employment.
- Although many Gen Z individuals remain in education, delayed entry into the labour market has not resulted in better employment outcomes.

- Instead, a significant proportion enters **casual work**, **unpaid family work**, or other forms of **informal employment**, while only a small share secures **regular salaried employment**.
- This trend reflects a growing **skills mismatch** between educational qualifications and labour market demands.
- The rapid expansion of higher education has not been matched by sufficient **job creation**, making employment opportunities increasingly uncertain.
- As a result, education alone no longer guarantees stable or rewarding careers.

Gender Inequality in the Labour Market

- The labour market continues to display deep **gender disparities**.
- A large proportion of young women remain outside the labour force because of **domestic duties**, **childcare responsibilities**, **safety concerns**, restricted mobility, and prevailing social norms.
- Consequently, female **labour force participation** remains significantly lower than that of men in both rural and urban areas.
- Women who actively seek employment also face higher **unemployment rates** than men.
- Their exclusion from paid work not only limits individual economic independence but also reduces national productivity.
- Greater participation of women in the workforce is essential for fully realizing India’s demographic potential.

The Graduate Unemployment Crisis

- Contrary to expectations, higher educational attainment **no longer guarantees better employment prospects.**
- Graduate unemployment is particularly severe among young women, reflecting the widening gap between the education system and labour market requirements.
- Growing adoption of **automation** and **artificial intelligence (AI)** has further transformed employment patterns by reducing opportunities in several sectors while increasing demand for specialized skills.
- Prolonged unemployment among educated youth weakens confidence in higher education, places financial pressure on families, and creates widespread frustration, posing risks to long-term **social stability**.

Informal Employment and Lack of Social Protection

- Most young workers lack formal **employment contracts** and access to **social security** benefits such as insurance, pensions, or workplace protections.
- The majority continue working in insecure and low-paid positions with limited opportunities for career advancement.
- The growing **informalisation** of employment leaves workers vulnerable to unstable incomes and poor working conditions.
- Such insecurity often contributes to labour unrest, highlighting the urgent need for stronger labour protections and expanded formal employment opportunities.

Structural Problems Rather Than Isolated Issues

- **Unemployment**, low female participation, inadequate **skilling**, informality, and weak labour market transition reinforce one another.
- Addressing only one aspect cannot resolve the broader crisis.
- A comprehensive strategy requires expanding **labour-intensive industries**, strengthening **apprenticeships**, improving **school-to-work pathways** and encouraging **formal hiring**
- Additionally, creating more urban employment opportunities, and investing in safe transport and childcare facilities will address the employment problem.
- Skill development programmes remain important but must be complemented by sustained employment generation and stronger links between education and industry.

Conclusion

- India's youthful population offers immense opportunities for future development, but demographic advantage alone cannot guarantee prosperity.
- Persistent **graduate unemployment**, widespread **informality**, limited **social protection**, low female participation, and inadequate job creation continue to undermine this potential.
- Until structural barriers are addressed, India's demographic dividend will remain a **promise deferred** rather than a foundation for inclusive and sustainable development.

The Stark Reality of the Missing Jobs for India's Gen Z FAQs

Q1. What is meant by India's demographic dividend?
Ans. India's demographic dividend refers to the economic advantage created by its large young population when they are productively employed.

Q2. Why is graduate unemployment increasing in India?
Ans. Graduate unemployment is increasing because job creation has not kept pace with the growing number of educated youth and changing labour market demands.

Q3. Why do many young women remain outside the labour force?
Ans. Many young women remain outside the labour force due to domestic responsibilities, safety concerns, limited mobility, and social norms.

Q4. What is the major problem with employment among Gen Z workers?
Ans. The major problem is that many Gen Z workers are employed in informal jobs without job security or social protection.

Q5. How can India realize its demographic dividend?
Ans. India can realize its demographic dividend by creating quality jobs, promoting formal employment, improving skill development, and increasing women's workforce participation.

Source: The Hindu

Much More than 'Melbourne Meets Modi'

Context

- Prime Minister Narendra Modi's visit to Australia marked a significant turning point in **India-Australia relations**.
- Although the enthusiastic reception by the Indian diaspora in Melbourne highlighted Modi's popularity, the visit achieved much more than symbolic diplomacy.
- It strengthened bilateral ties through major agreements in **defence**, **economic cooperation**, **education**, **technology**, **culture**, and **sports**, reflecting the growing **strategic partnership** between two democratic nations.

Key Areas of India-Australia Cooperation

- **Expansion of Strategic Cooperation**
  - The visit resulted in several landmark agreements that enhanced cooperation in regional and global security.
  - The **Joint Declaration on Defence and Security Cooperation** strengthened defence collaboration, while the Partnership on Cyber, Critical Technologies and Supply Chains improved cyber resilience and technological cooperation.
  - The **Maritime Security Collaboration Roadmap** reinforced cooperation in the **Indo-Pacific**, promoting peace, security, and maritime stability.
  - In addition, the agreement on energy security, including Australian uranium exports for peaceful purposes, expanded long-term strategic trust.
- **Economic and Educational Partnership**
  - Economic collaboration emerged as a major outcome of the visit.
  - Australia's largest pension fund announced significant investment in India's infrastructure sector, while leading technology companies committed investments in data centres.
  - These developments demonstrate growing confidence in India's expanding economy and investment potential.
  - Education also became an important pillar of bilateral cooperation. Eight Australian universities, including the **University of New South Wales (UNSW)**, decided to establish campuses in India.
  - These institutions will promote **innovation**, research collaboration, skill development, and academic excellence while strengthening educational ties between both countries.
- **Culture, Sports and the Indian Diaspora**
  - The partnership expanded beyond economics and security through cultural and sporting initiatives.
  - The **G'Day-Namaste** programme will showcase Australian culture and business in India, while the **Big Bash League** plans to play its first overseas match in India.
  - These initiatives strengthen cultural understanding and deepen people-to-people connections.

    - The **Indian diaspora**, Australia's fastest-growing migrant community, plays a vital role in strengthening bilateral relations.
    - Its economic contributions, cultural influence, and continued ties with India create a strong bridge between the two nations and enhance long-term cooperation.

Leadership Drives Partnership

- Successful international partnerships require both shared interests and effective leadership.
- Prime Ministers **Narendra Modi** and **Anthony Albanese** demonstrated mutual respect, trust, and a shared vision for expanding bilateral cooperation.
- Their strong personal rapport reflects the stability and confidence driving the relationship.
- Both countries also possess **complementary economies**. Australia's strengths in **energy**, **mining**, education, and technology complement India's rapidly growing **manufacturing** sector and expanding market.
- This compatibility creates opportunities for increased **investment**, trade, and sustainable economic growth.

Conclusion

- The visit marked a new phase in **India–Australia relations**, moving beyond symbolic diplomacy toward meaningful and long-term cooperation.
- Progress in **defence cooperation**, **cyber security**, **investment**, education, culture, sports, and people-to-people exchanges reflects a partnership built on shared democratic values and common strategic interests.
- With visionary leadership, growing **strategic trust**, and expanding economic opportunities, India and Australia are well positioned to promote **regional stability**, **prosperity**, and a lasting partnership in the Indo-Pacific region.

Much More than 'Melbourne Meets Modi' FAQs

Q1. What was the main purpose of Prime Minister Narendra Modi's visit to Australia?

Ans. The visit aimed to strengthen the strategic, economic, and cultural partnership between India and Australia.

Q2. How did the visit enhance India–Australia strategic cooperation?

Ans. It led to new agreements on defence, cyber security, maritime security, and energy cooperation.

Q3. Why is the Indian diaspora important to India–Australia relations?

Ans. The Indian diaspora strengthens economic, cultural, and people-to-people ties between the two countries.

Q4. What role does education play in the India–Australia partnership?

Ans. Educational collaboration promotes research, innovation, skill development, and academic exchange.

Q5. Why is the visit considered more than symbolic diplomacy?

Ans. It produced concrete outcomes that deepened long-term cooperation in multiple sectors.

Source: **The Hindu**

Reviving India’s Textile Leadership – Building Institutions for Global Competitiveness

Context

- India, once the world’s leading textile producer and exporter, currently accounts for only about **3%** of the global apparel export market, despite possessing a fully integrated textile value chain.
- India’s aspiration of achieving **$100 billion** in textile and apparel (T&A) exports by **2030** requires not just incentives but a **robust institutional ecosystem** that strengthens scale, productivity, finance, labour, logistics and trade facilitation.

India’s Historical Textile Legacy

- India has been a global textile powerhouse since the **Indus Valley Civilization (IVC)**, with archaeological evidence of spinning, weaving and dyeing dating back nearly 4,500 years.
- **Key historical milestones:**
  - Indian cotton fabrics were traded across Asia and Europe.
  - **Dhaka muslin**, **Murshidabad silk**, and fine cotton textiles became globally renowned.
  - Around 1700, India contributed nearly one-fourth of global economic output, largely driven by textiles.
  - The Industrial Revolution in Britain shifted competitiveness from artisanal craftsmanship to **mechanised production**, resulting in India’s decline in textile exports.

Current Status – Strong Capabilities, Weak Global Presence

- India possesses an integrated textile value chain, covering cotton production, spinning, weaving, processing, garment manufacturing, and exports. However, its share in global apparel exports remains stagnant.
- For example, China’s global apparel market share in 2024 was **4%,** Bangladesh (9.2%), Vietnam (6.4%), and India (3.0%).
- Although the global apparel market exceeds USD 520 billion, India’s participation remains disproportionately low.

Why the Apparel Sector Matters

- This highlights apparel manufacturing as a **strategic sector** because of its high employment intensity.
- Employment generation for every ₹1 crore invested in the apparel sector creates **153 jobs**, automobiles create 27 jobs, and steel creates 14 jobs.
- Thus, apparel manufacturing is particularly valuable for labour-intensive industrialisation, women’s employment, rural-to-urban workforce transition, and inclusive economic growth.

Lessons from Successful Exporters

- **China:** Developed vertically integrated textile clusters, provided concessional finance, ensured policy stability, and created globally competitive manufacturing ecosystems.

- **Bangladesh:** Benefited from Least Developed Country (LDC) trade preferences, supported exporters through RMG (readymade garment)-specific finance, and developed export processing zones.
- **Vietnam:** Leveraged foreign investment. Established industrial parks. Signed multiple Free Trade Agreements (FTAs). Built strong industry-academia linkages.
- **Common lesson:** Every successful exporter created institutions that enabled firms to compete at scale.

Major Challenges Before India

- **Undervalued currency advantage elsewhere:** Countries like China enjoy an implicit export advantage due to relatively undervalued currencies, making their exports more competitive.
- **Missing "middle" in manufacturing:** India lacks mid-sized export-oriented firms capable of handling large export orders, delivering quickly, and achieving economies of scale. This remains a major structural weakness.
- **Fibre mix imbalance:**
    - Global apparel demand increasingly favours man-made fibres (MMF). **For example**, global consumption (Cotton : Non-cotton) is 25 : 75, while India's is 60 : 40.
    - This limits India's participation in rapidly expanding segments such as activewear, technical textiles, and athleisure.
    - Although customs duties on MMF have been rationalised, complementary investments in spinning and weaving remain inadequate.
- **High cost of capital:** Real interest rates – India (6.2–8.2%), China (~1.3%), Vietnam (~1%), and Bangladesh (negative real interest rates). Higher financing costs reduce export competitiveness.
- **GST refund delays:** Delays in GST refunds, and export incentive disbursals create liquidity constraints for exporters.
- **Labour challenges:**
    - The apparel industry depends heavily on migrant labour from states such as Bihar, Odisha, and Jharkhand.
    - Key concerns include seasonal migration, high worker attrition; festival absenteeism; and labour shortages in manufacturing clusters like Bengaluru, Tiruppur and Surat.
    - There is the need to expand production into regions with abundant labour, such as Bihar, following examples like **Pearl Global's Muzaffarpur unit**.
- **Low female labour force participation:** Greater female workforce participation could reduce labour shortages, support labour-intensive manufacturing, and enhance inclusive growth.
- **Trade competitiveness:**
    - The recently concluded India–UK Comprehensive Economic and Trade Agreement (**CETA**) and the EU–India FTA negotiations improve market access. However, tariff reductions alone are insufficient.
    - India must also improve end-to-end logistics, customs efficiency, documentation, digital approvals, supply chain predictability, and compliance processes.

Way Forward – Build Institutions, Not Just Incentives

- India needs a **whole-of-ecosystem** approach rather than isolated policy interventions.

- **Priority reforms:**
    - Strengthen **PM MITRA** (Mega Integrated Textile Region and Apparel) Parks.
    - Develop globally competitive textile clusters.
    - Expand manufacturing scale.
    - Improve logistics and port connectivity.
    - Lower financing costs.
    - Accelerate GST refunds.
    - **Promote MMF and technical textiles.**
    - Encourage investment in spinning, weaving and processing.
    - Improve labour skilling and mobility.
    - Increase female labour force participation.
    - Create digitally enabled and predictable trade facilitation systems.
    - Integrate finance, infrastructure, institutions, skills and market access into a unified industrial strategy.

Conclusion

- India possesses the historical legacy, raw material base and integrated value chain required to become a global textile leader once again. Yet history alone cannot secure future competitiveness.
- With structural reforms implemented with urgency, India can reposition itself as a leading global apparel sourcing hub and significantly expand its share in global value chains.

Reviving India’s Textile Leadership FAQs

Q1. Why has India failed to significantly increase its share in global apparel exports?

Ans. India’s competitiveness is constrained by high financing costs, inadequate manufacturing scale, weak trade facilitation, etc.

Q2. What is the importance of the apparel sector in achieving inclusive and employment-intensive economic growth?

Ans. It generates around 153 jobs per ₹1 crore invested, promotes women’s employment, supports labour-intensive industrialisation, etc.

Q3. What lessons can India learn from China, Bangladesh and Vietnam to strengthen its textile exports?

Ans. India should build integrated textile clusters, provide affordable finance, attract investment, etc.

Q4. Why is diversification towards Man-Made Fibres (MMF) crucial for India’s textile sector?

Ans. Expanding MMF production is essential to enhance India’s export competitiveness and participation in global value chains.

Q5. What key policy measures are required to achieve India’s target of $100 billion textile and apparel exports by 2030?

Ans. India should strengthen PM MITRA parks, reduce logistics and capital costs, ensure timely GST refunds, etc.

Source: **IE**
