

Demographic Dividends in India: Challenges and Opportunities

Dr. Smt. S. D. Soragavi

Associate Professor and HOD, Department of Economics, KLE's SCP Arts, Science &
DD Shirol Commerce College, Mahaligpur, Tq: Rabkavi-Banhatti Dist: Bagalko

Abstract: Demographic dividend is the result of demographic transition which brings about a change in the age structure of the population of a country. There is regular discussion which goes on about demographic and how India is going to be benefited due to its natural advantage of growth in population of young people. The demographic structure appears favorable to India. As a today, India is youngest country in the world which has the largest number of young working population. However, there are many other challenges and barriers in reaping this so called demographic dividend. The study deals with the demographic dividend in India, and this paper highlights both opportunities and challenges in realizing the potential of demographic dividend in India, and also the study will suggests taking necessary steps to develop of demographic dividend in India.

Keywords: Demographic dividend, Population, Economic growth, Human capital

I. INTRODUCTION:

Demographic dividend, as defined by the United Nations Population Fund (UNFPA), is "the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population (15 to 64) is larger than the non-working-age share of the population (14 and younger, and 65 and older)". In other words, it is "a boost in economic productivity that occurs when there are growing numbers of people in the workforce relative to the number of dependents". UNFPA stated that "A country with both increasing numbers of young people and declining fertility has the potential to reap a demographic dividend." Demographic dividend occurs when the proportion of working people in the total population is high because this indicates that more people have the potential to be productive and contribute to growth of the economy. Due to the dividend between young and old, many argue that there is great potential for economic gains, which has been termed the "demographic gift". In order for economic growth to occur the younger population must have access to quality education, adequate nutrition and health including access to sexual and reproductive health.

According to the Population Census 2011 figures, the total population in India is 1.21 billion, which is expected to rise up to 1.40 billion by 2026 mainly owing to an increase in life expectancy at birth for males and females from 65.8 and 68.1 years, respectively. These figures reported between 2006 and 2010 shall rise up to 69.8 and 72.3 years respectively during 2021– 2025. A decline in the total fertility rate (TFR) from 2.6 to 2.0 is the main initiator of demographic dividends, such that the fall in

TFR with older generations having shorter life expectancies, the dependency ratio declines dramatically. This study focused on demographic dividend in India: Challenges and Opportunities.

OBJECTIVES:

- ❖ To study the demographic dividend in India;
- ❖ To know the government policies towards the demographic dividend in India;
- ❖ To identify the challenges, opportunities and to suggest way forwards for the development of demographic dividend in India;

II. METHODOLOGY:

The Paper is purely based on secondary data. The data have been collected from various national journals, books and websites.

DEMOGRAPHIC DIVIDEND IN INDIA:

India has one of the youngest populations in an aging world. By 2020, the median age in India will be just 28, compared to 37 in China and the US, 45 in Western Europe, and 49 in Japan. 1/5 Since 2018, India's working-age population (people between 15 and 64 years of age) has grown larger than the dependant population children aged 14 or below as well as people above 65 years of age. This bulge in the working-age population is going to last till 2055, or 37 years from its beginning. This transition happens largely because of a decrease in the total fertility rate (TFR, which is the number of births per woman) after the increase in life expectancy gets stabilized. These population parameters indicate an availability of

demographic dividend in India, which started in 2005- 06
and will last till 2055-56.

Size and Age Composition of India's Population, 1991 to 2050

Age group	1991 Population (million)	%	2001 Population (million)	%	2011 Population (million)	%	2050 Projections Population (million)	%
0-14	312.4	37.2	363.5	35.3	372.4	30.7	328.2	19.8
15-59	464.8	55.4	585.6	56.9	729.9	60.2	996.3	60.1
Above 60	57.7	6.7	76.6	7.4	103.8	8.5	332.0	20.0
Age not stated	4.7	0.5	2.7	0.3	4.5	0.3	-	-

Source: www.censusindia.gov.in

The above table shows that the size and age composition of India's population 1991 to 2050, the size of 0-14 age group composition of India's population was 312.4 million in 1991 and it increase to 372.4 million in 2011, and its projection wills 328.2 million populations by 2050. The percentage of the size of 0-14 age group composition of India's population was 37.2 percent to 30.7 percent during 1991 to 2011, and its projection of will 19.8 percent population by 2050. The size of 15-59 age group composition of India's population was 464.8 million in 1991 and it increase to 729.9 million in 2011, and its projection wills 996.3 million populations by 2050. The percentage of the size of 15-59 age group composition of India's population was 55.4 percent to 60.2 percent during 1991 to 2011, and its projection of will 60.1 percent population by 2050. Moreover, the size of above 60 age group composition of Indi's population was 57.7 million in 1991 and it increases to 103.8 million in 2011, and its projection of will 332.0 million populations by 2050. The percentage of the size of above 60 age group composition of India's population was 6.7 percent to 8.5 percent during 1991 to 2011, and its projection wills 20.0 percent by 2050. Finally, the size of unstated age group composition of India's populations was 4.7 million in 1991, and its decrease to 4.5 million in 2011. The percentage of the size of unstated age group composition of India's population was 0.5 percent to 0.3 percent during 1991 to 2011.

III. GOVERNMENT POLICES:

- ❖ Building human capital: Investing in people through healthcare, quality education, jobs and skills helps build human capital, which is key to supporting economic growth, ending extreme poverty, and creating a more inclusive society.
- ❖ Skill development to increase employability of young population. India's labour force needs to be empowered with the right skills for the modern economy. Government has established the National Skill Development Corporation (NSDC) with the overall target of skilling/ up skilling 500 million people in India by 2022.
- ❖ Education: Enhancing educational levels by

properly investing in primary, secondary and higher education. India, which has almost 41% of population below the age of 20 years, can reap the demographic dividend only if with a better education system. Also, academic-industry collaboration is necessary to synchronies modern industry demands and learning levels in academics.

- ❖ Establishment of Higher Education Finance Agency (HEFA) is a welcome step in this direction.
- ❖ Health: Improvement in healthcare infrastructure would ensure higher number of productive days for young labour force, thus increasing the productivity of the economy.
- ❖ Success of schemes like Ayushman Bharat and National Health Protection scheme (NHPS) is necessary. Also nutrition level in women and children needs special care with effective implementation of Integrated Child Development (ICDS) programme.
- ❖ Job Creation: The nation needs to create ten million jobs per year to absorb the addition of young people into the workforce. Promoting businesses' interests and entrepreneurship would help in job creation to provide employment to the large labour force.
- ❖ India's improved ranking in the World Bank's Ease of Doing Business Index is a good sign.
- ❖ Schemes like Start-up India and Make in India, if implemented properly, would bring the desired result in the near future.
- ❖ Urbanization: The large young and working population in the years to come will migrate to urban areas within their own and other States, leading to rapid and large- scale increase in urban population. How these migrating people can have access to basic amenities, health and social services in urban areas need to be the focus of urban policy planning.
- ❖ Schemes such as Smart City Mission and AMRUT needs to be effectively and carefully implemented.

IV. CHALLENGES ASSOCIATED WITH DEMOGRAPHIC DIVIDEND:

Asymmetric demography: The growth in the working-age ratio is likely to be concentrated in some of India's poorest states and the demographic dividend will be fully realized only if India is able to create gainful employment opportunities for this working-age population.

Lack of skills: Most of the new jobs that will be created in the future will be highly skilled and lack of skill in Indian workforce is a major challenge. India may not be able to take advantage of the opportunities, due to a low human capital base and lack of skills.

Low human development parameters: India's rank in the Human Development Report is **131 out of 189 nations** UNDP's Human Development Index, which is alarming. Therefore, health and education parameters need to be improved substantially to make the Indian workforce efficient and skilled. Informal nature of economy in India is another hurdle in reaping the benefits of demographic transition in India.

Jobless growth: There is mounting concern that future growth could turn out to be jobless due to de-industrialization, de-globalization, the fourth industrial revolution and technological progress. As per the NSSO Periodic Labour Force Survey 2017-18, India's labour force participation rate for the age-group 15-59 years is around 53%, that is, around half of the working age population is jobless.

V. OPPORTUNITIES ASSOCIATED WITH DEMOGRAPHIC DIVIDEND:

Better economic growth brought about by increased economic activities due to a higher working-age population and a lower dependent population. It will be channelized in following ways:

- ❖ Increased Labour Force that enhances the productivity of the economy.
- ❖ Increased fiscal space created by the demographic dividend to divert resources from spending on children to investing in physical and human infrastructure.
- ❖ Rise in women's workforce that naturally accompanies a decline in fertility, and which can be a new source of growth.
- ❖ Increase in savings rate, as the working age also happens to be the prime period for saving.

A massive shift towards a middle-class society, that is, the rise of aspirational class Demographic dividend has historically contributed up to 15 % of the overall growth in advanced economies.

- ❖ Japan was among the first major economies to experience rapid growth because of changing population structure.
- ❖ The country's demographic-dividend phase lasted from 1964 to 2004.

Rapid industrialization and urbanization because of higher number of employment seeking population that would force higher economic activities

Rise in workforce: With more than 65% of working age population, India will rise as an economic superpower, supplying more than half of Asia's potential workforce over the coming decades.

WAY FORWARD:

- ❖ India is on the right side of demographic transition that provides golden opportunity for its rapid socio-economic development, if policymakers align the developmental policies with this demographic shift.
- ❖ To reap the demographic dividend, proper investment in human capital is needed by focusing on education, skill development and healthcare facilities.
- ❖ This demographic transition also brings complex challenges with it. If the increased workforce is not sufficiently skilled, educated and provided gainful employment, we would be facing demographic disaster instead.
- ❖ By learning from global approaches from countries such as Japan and Korea and designing solutions considering the domestic complexities, we would be able to reap the benefits of demographic dividend.

VI. CONCLUSION:

To conclude, as per observation strategies exist to exploit the demographic window of opportunity that India has today, but they need to be adopted and implemented. In addition, the challenge of meeting a range of goals related to education and health is bound to grow. The dreams of huge income flow and resultant economic growth due to demographic dividend could be realized only when we inculcate the required skills in the work force to make it as competent as its counterparts in the developed world. The challenges mentioned here for help of government to prepare more policies regarding development of demographic dividend in India.

REFERENCE:

- Dr. Madhubala Swami (2016): *Demographic dividend: Challenges and opportunities for India*, Management Guru: Journal of Management Research, Vol. 4, and No. 11 Pp. 348-351.
- Laishram Ladusingh and M. R. Narayana (2011): *Demographic Dividends for India: Evidence and Implications Based on National Transfer Accounts*, ADB Economics Working Paper Series No. 292, ISSN 1655-5252, and Publication stock no. WPS124554.

- R.B.Bhagat (2014): The Opportunities and Challenges of Demographic Dividend in India, *Jharkhand Journal of Development and Management Studies XISS, Ranchi*, Vol. 12, No.4, pp. 6099-6113
- Indian society (2015-2016) Chapter 2 the Demographic Structure of the Indian society

WEBSITES:

- www.economictimes.indiatimes.com
- www.financialexpress.com
- www.investopedia.com
- www.censusindia.gov
- www.drishtiias.com/printpdf/india-s-demographic-dividend
- Wikipedia