

DEMOGRAPHIC DIVIDEND OF INDIA

A myth or reality

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WHAT IS DEMOGRAPHIC DIVIDEND???

- Rise in the rate of economic growth due a rising share of working age people in a population.
- Also known as demographic bonus or demographic window.

DEMOGRAPHIC TRANSITION

- Transition from high birth and death rates to low birth and death rates as a country develops from an agrarian economy to an industrialized economy.
- This could be made possible by industrialization accompanied by urbanization and widespread of education.
- Fertility rate in India in 2012 was 2.50 births per women.*

*Source: World Bank

PERCENTAGE DISTRIBUTION OF POPULATION BY BROAD AGE GROUPS

Broad age group

Sex	0-14	15-59	60+
Total	29.5	62.5	8.0
Male	30.0	62.2	7.7
Female	28.8	62.8	8.4

*Source - Census of India, 2011 Statement 3

DEPENDENCY RATIO

Dependent population(0-14 & 60+ age group) divided by working age population(15-59 age group).

Present dependency ratio of India is 0.6

Lower the dependency ratio higher the economic productivity.





A DEMOGRAPHIC WINDOW

- The window of opportunity is provided by relatively large and young work force.

IMPACT OF THE TRANSITION ON ECONOMIC GROWTH

- Saving rate increases, thus capital generated for investment purpose.
- Decline in fertility rate, hence women contribution in economic activities increases.
- Investment on health increases leading to better productivity.
- Government would be in a position to spend and invest in more productive activities.

BUT...

“The demographic dividend argument ignores the fact that available workers are not automatically absorbed to deliver growth.”

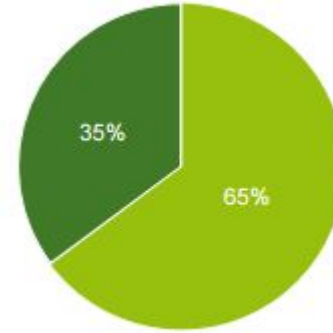
CHALLENGES

- Low Literacy Rate.
- Unskilled Workforce.
- Unemployment.
- High involvement in agricultural activities.

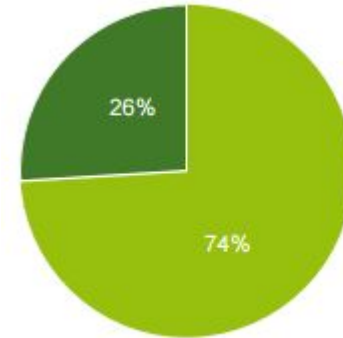


LOW LITERACY RATE:

- Criteria of literacy in India:-Too Low.
- Quality of schooling:- Extremely Poor.
- Increasing literacy rate but poor standard.
- Gender disparity.



2001



2011

■ Literates

■ Illiterates

UNSKILLED WORKFORCE

- Unskilled mass - low productivity.
- Most of the skilled workforce is incompetent to present scenario.
- Unemployment due to lack of skills.

UNSKILLED WORKFORCE(Contd...)

Category	Percentage of employment	Total employment (in million)
Unskilled Workers	83	25.6
Skilled Worker	10	3.3
Engineers	3	0.8
Technicians and foremen	2	0.6
Clerical	2	0.7

*Source: Eleventh Five Year Plan, Planning Commission, Government of India

UNEMPLOYMENT

- Unemployment rate shot up to a five year high of 5% in 2015-16.*
- Lack of women empowerment- results to increase in unemployment rate.
- How can we have a dividend if half of the total mass is not participating in economic productive activities?

*Source: A report by Labour Bureau

HIGH INVOLVEMENT IN AGRICULTURAL ACTIVITIES



*Source-: The Hindu March 6th, 2015

GOVERNMENT POLICIES:

To cope up with these challenges government have come up with several policies:

- **MAKE IN INDIA**
- **SARVA SHIKSHA ABHIYAN (SSA)**
- **NATIONAL SKILL DEVELOPMENT SCHEME**
- **STAND UP INDIA**
- **STARTUP INDIA**
- **MGNREGA**

POLICIES CONTD...

- **DIGITAL INDIA**
- **12TH FIVE YEAR PLAN**
- **SETTING UP NEW INSTITUTES FOR HIGHER EDUCATION**

But these are not enough if we want to have the fruits of this opportunity...

STILL THESE NEEDS TO BE DONE

- Improvement in education standards both for lower and higher.
- Women empowerment.
- Making economic environment more flexible and attractive for foreign investment.
- Creating a R&D favourable environment.

THE OTHER SIDE...

- Dividend will likely to continue upto 2030 and would become negative thereafter this could happen because of ageing population .
- A demographic burden is awaiting India, therefore it is high time to put in place sound policies that are good for nation today, and will stand us in good stead over the years as our population ages.

SOLUTIONS:

- Older worker as potential resources.
- Creating innovating financial structures.
- Improving quality of education thereby increasing productivity and hence enhancing the level of income and savings.

CONCLUSION

Demographic dividend provides India a golden opportunity to be a developed nation and economic superpower but for this some structural changes are needed, though we have great many policies but their proper implementation is more important. Special focus must be on education , skill development and producing new job opportunities to hit this movement otherwise dividend may turn into nightmare.

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