



# **REPORT ON**

## **DEMOGRAPHIC DIVIDEND**

### **OF INDIA :**

### **MYTH OR REALITY??**



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# INTRODUCTION

## DEFINITION::

The demographic dividend is the economic growth that may result from changes to a country's age structure that is the rise in rate of the economic growth due to rising share of working age people in the population.

It means that since most citizens are working, economic growth goes up.

The expectation and anticipation is that India is approaching such a condition.

## PHASES OF DEMOGRAPHIC DIVIDEND

### PHASE I

- Increase in fertility ratio  
(Fertility ratio: average number of children that would be born to a woman over her lifetime)
- Decrease in mortality ratio  
(mortality ratio: measure of number of deaths for a particular population per year)
- Overall rise in population
- Increase Dependency Ratio  
(Dependency ratio: age to population ratio of dependent people and independent working class)

## PHASE II(A)

- Rise in youth population leads to growth in manpower of the country.
- Rise in income earners makes the people more self dependent and increases working people.
- Decreases Dependency Ratio which contributes in the economic growth and national income of the country.
- GDP grows leading to better HDI rating which means better standards of living.
- More working hands than feeding mouths
- eg: India, Australia

## PHASE II(B)

- Improved medical facilities helps to improve quality of life in every sector.
- Increased life expectancy increases the number of wor
- Increase in savings after retirement
- Continues to assist the growth of GDP
- eg: Brazil, China, USA

## PHASE III

- Dividend starts disappearing
- Baby Bust due to family desires which increases the overall population of the country.
- Old people on the rise which means there is more number of depending population. It slows down the growth rate of the economy.
- Reduced income per head which disturbs the living standard of people and deprives them from better quality of life.

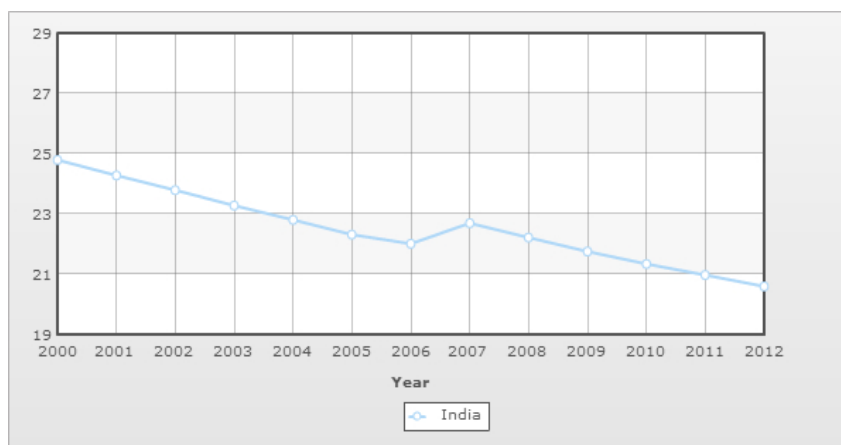
## EFFECTS

- Dependency ratio declines
- Higher per capita income leading to higher saving
- Rapid labour growth
- Window of opportunity in a nation's development

## INDIA'S POTENTIAL FOR HUGE DEMOGRAPHIC DIVIDEND

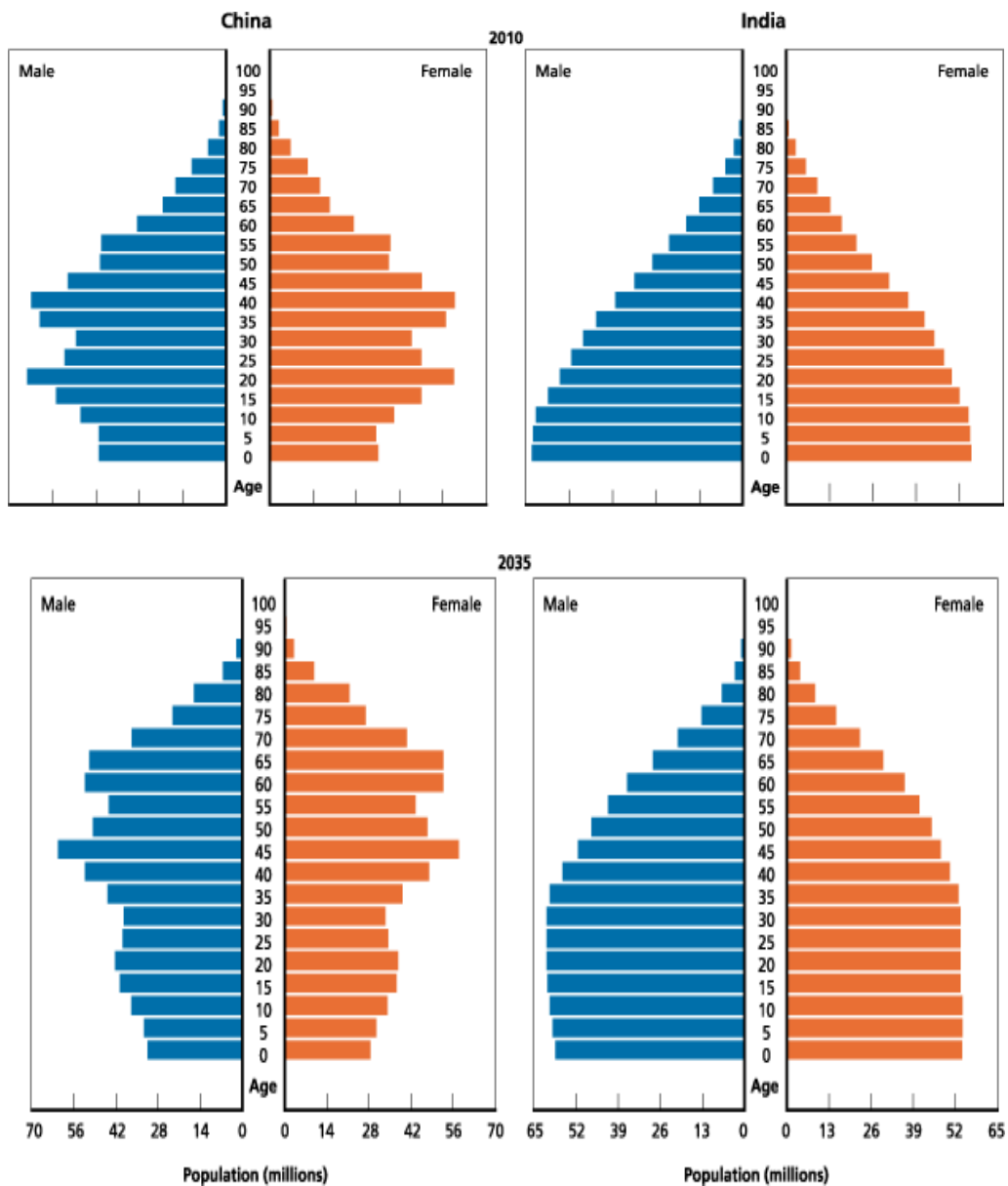
- Increase in 15-34 working age group : from 174.26 million (31.79%) in 1970 to 354.15 million(34.43%) in 2000 and is projected to peak at 484.86 million in 2030.
- Demographic evolution will have important implication for labour market. India's labour force 481 million in 2013 is expected to grow to 653 million by 2031.
- 58% working age population from BIMARU states.

### BIRTH RATE:: BIRTHS/1000 POPULATION

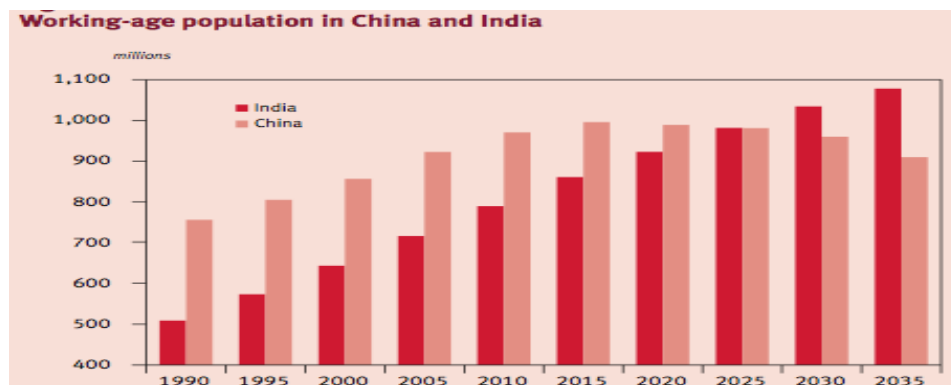


# AGE AND SEX STRUCTURE OF CHINA AND INDIA

SOURCE:CHINA(IDB);INDIA(PRB/PF)



## WORLD POPULATION PROSPECTS:: THE 2015 REVISION



# MYTH OR REALITY??

- In 2015, India added the fewest organized sector jobs among large companies and factories in seven years across 8 important industries.
- The proportion of jobs in the unorganized sector without formal monthly payments or social security benefits is set to rise to 93% in 2017.
- However, as many as 60% of those with jobs do not find employment for the entire year, indicating widespread underemployment and temporary jobs
- Rural wages are at a decadal low, as agriculture which amounts for 47% of jobs contracted 0.2% during 2014 - 2015, however growing a mere 1% in 2015 - 2016
- The formation of companies has slowed to 2009 levels and existing companies are growing at 2%, the lowest in 5 years.
- Large corporations and public sector banks are under financial stress.
- Moreover, the average size of companies in India is reducing at a time when well organized large companies are central to creating jobs.
- This indicates that a very large labor force is moving into an environment which does not have the ability to absorb them
- India has seen growth after 1991 and still less than half the population is fully employed.
- The UN Development Program report said that the number of jobs in China grew from 628m to 772m between 1991-2013, but the working age population increased by 248m.

- The slowing down of the Global economy in the last 7 years, has meant that there is no external demand of large size that we can capitalize on.
- Another equally big reason is a lack of qualified manpower. This will surprise upper class urban Indians, who can get jobs relatively easily because of their access to good education; but a vast majority of Indians do not have such access. Therefore, they are not equipped to work in the modern economy.
- We ignore the dropping rate of employability with each passing year.

Less than :

- ➔ One out of every four MBAs are employable.
  - ➔ One out of every five engineers are employable.
  - ➔ One out of every ten graduates are employable.
- 
- The world outside is changing rapidly, Business is not booming as it did in the pre-dot-com era.
  - Opportunities are like rainbows, they appear for a brief while and suddenly disappear.
  - By the time the competition has caught on, the opportunity dries up and appears elsewhere. Thus, people have to constantly re-skill themselves.



# MAKING IT A REALITY



## Education

- Improvements in educational opportunities prepare young women and men with the skills they need to move into formal-sector jobs, earn higher wages, and contribute to a demographic dividend.
- Government steps include :
  - ➔ National Literacy Mission Programme
  - ➔ Mid-day meal
  - ➔ Sarva Shiksha Abhiyan
  - ➔ Rashtriya Madhyamik Shiksha Abhiyan
  - ➔ Right to education act



# Healthcare

- Improvements in health programs and systems can foster the development of a population that is healthy and capable of maximizing its contributions to economic growth.
- Government steps include :
  - ➔ Rashtriya Swasthya Beema Yojana
  - ➔ Central Government Health Scheme
  - ➔ National Rural Health Mission
  - ➔ Free medicines and tests in certain states



# Economic Reforms

- Economy should be able to create enough productive jobs to accommodate the large working crowd.
- More jobs -> more people earning -> more savings -> more investments -> economic growth
- Make in India – an important measure taken by Indian government to create jobs. 100 million manufacturing jobs Indian government aims to create by 2022.

# CONCLUSION

Thus, we can conclude by saying that the concept of Demographic Dividend is valid. Although India does have a demographic dividend, in order to properly reap the benefits of a Demographic Dividend, India will have to step up its efforts in fields relating to economic development.

When India has the proper infrastructure to harvest the full effects of its population, we can safely say that India's Demographic Dividend is a reality. However, looking at the current situation in India, unfortunately, it is still a myth.

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