

Demographic Dividend -A Myth or Reality

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Meaning

- The rise in the rate of economic growth due to rising share of working age people in a population
i.e age between 15-59.
- Also known as demographic gift or bonus or even demographic window



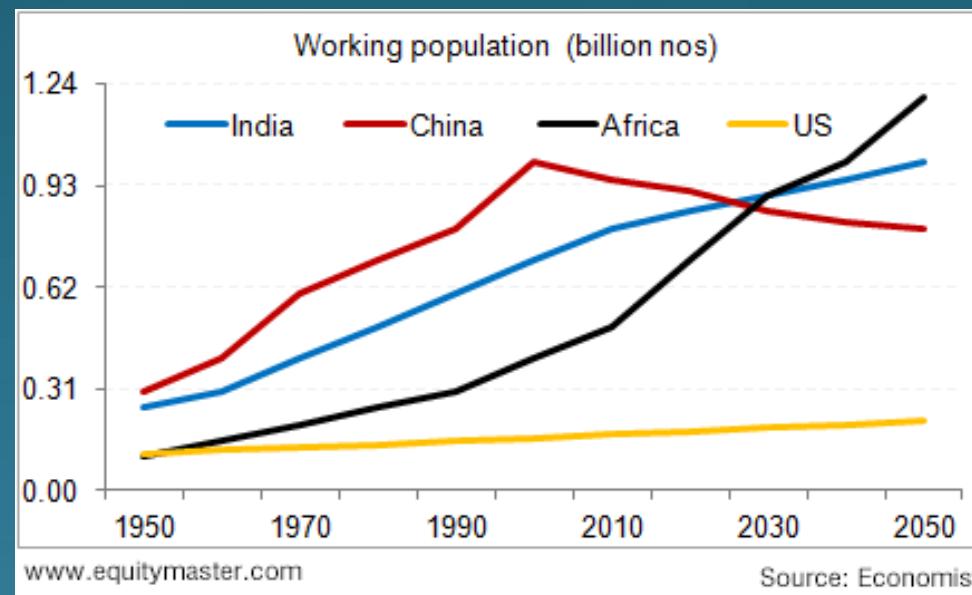
Demographic Transition

- „Contains three phases
 - „First phase – High fertility, High dependency ratio
 - „Second phase – Low fertility, Low dependency ratio (*Demographic dividend phase*)
 - „Third phase – High old age population, High dependency ratio



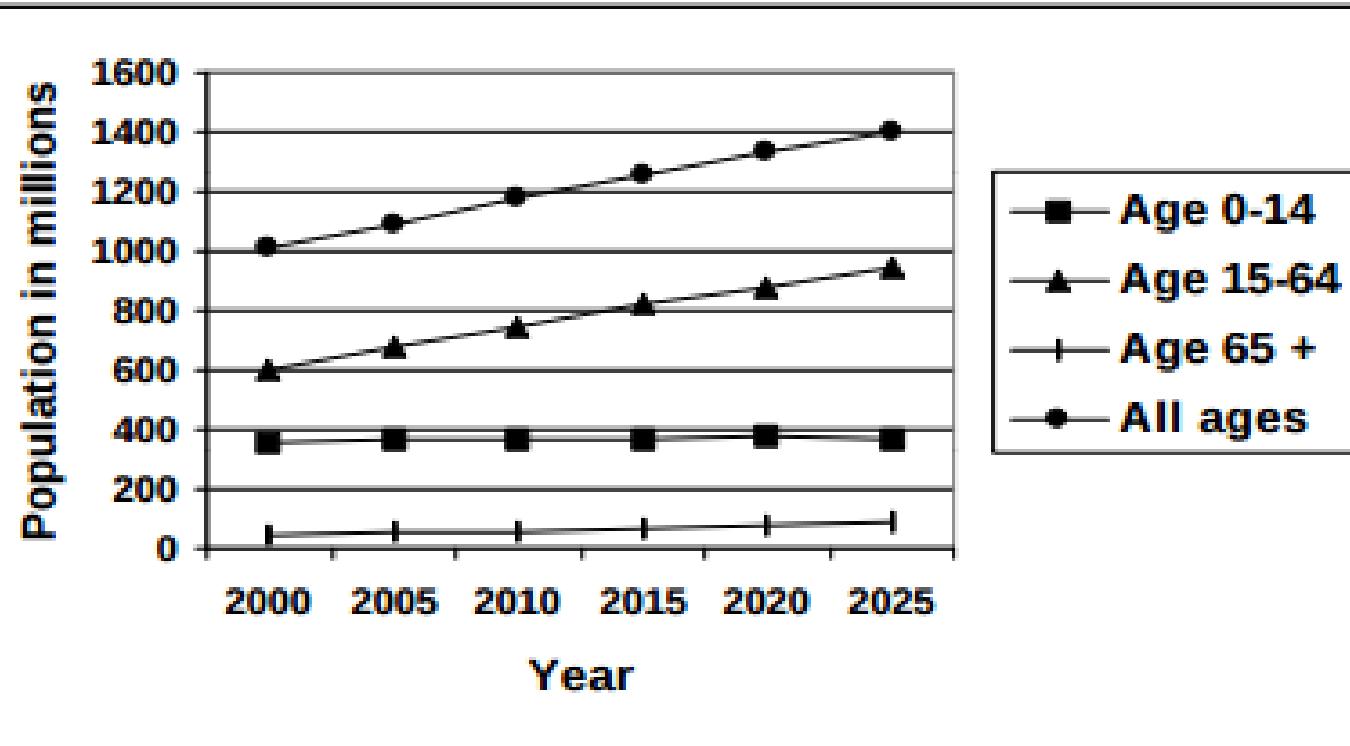
Present Scenario

- India is considered as one of the youngest nations
- Half of population below 30 in next 15 years
- About 300 million of expected labour force by 2025

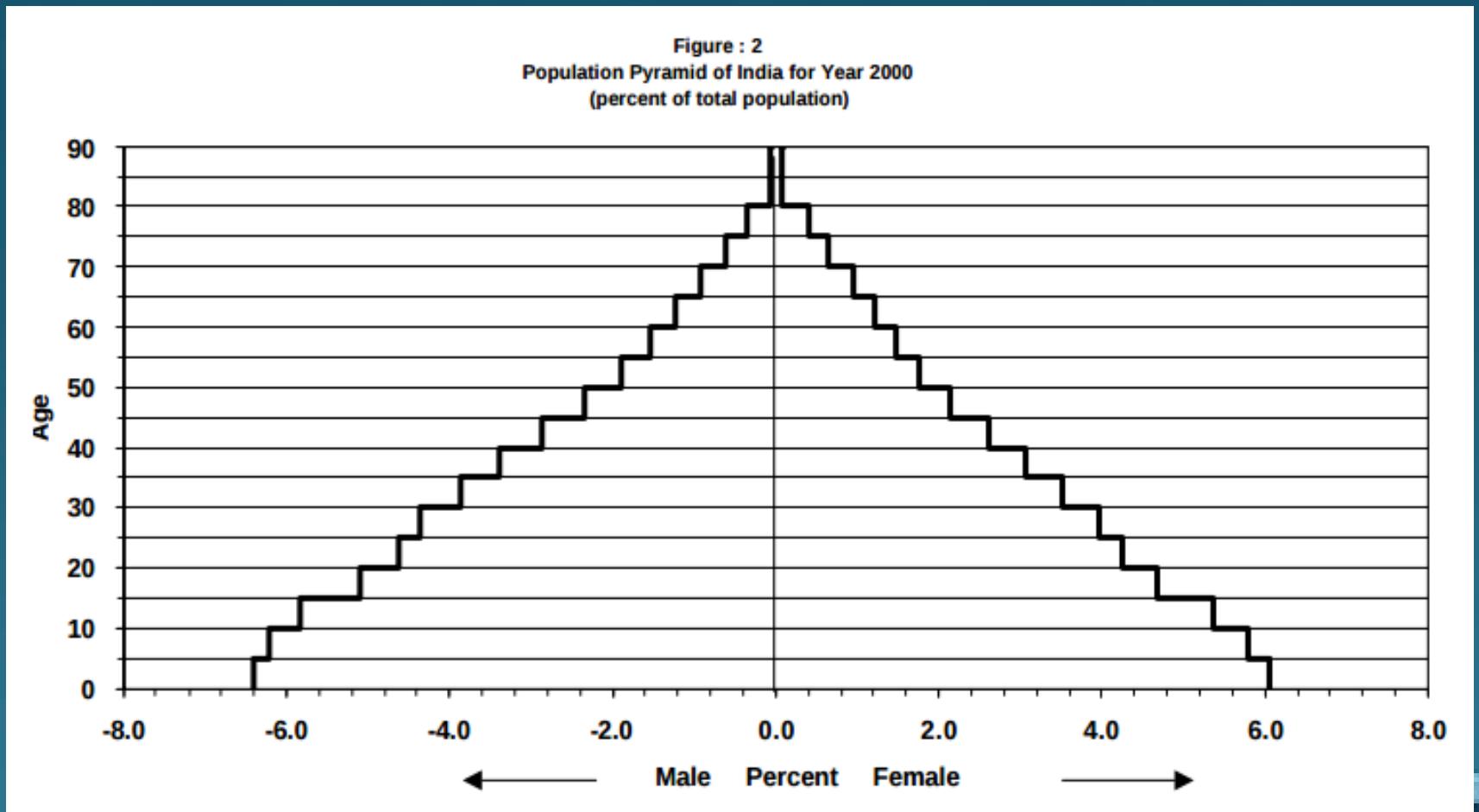


Present Scenario

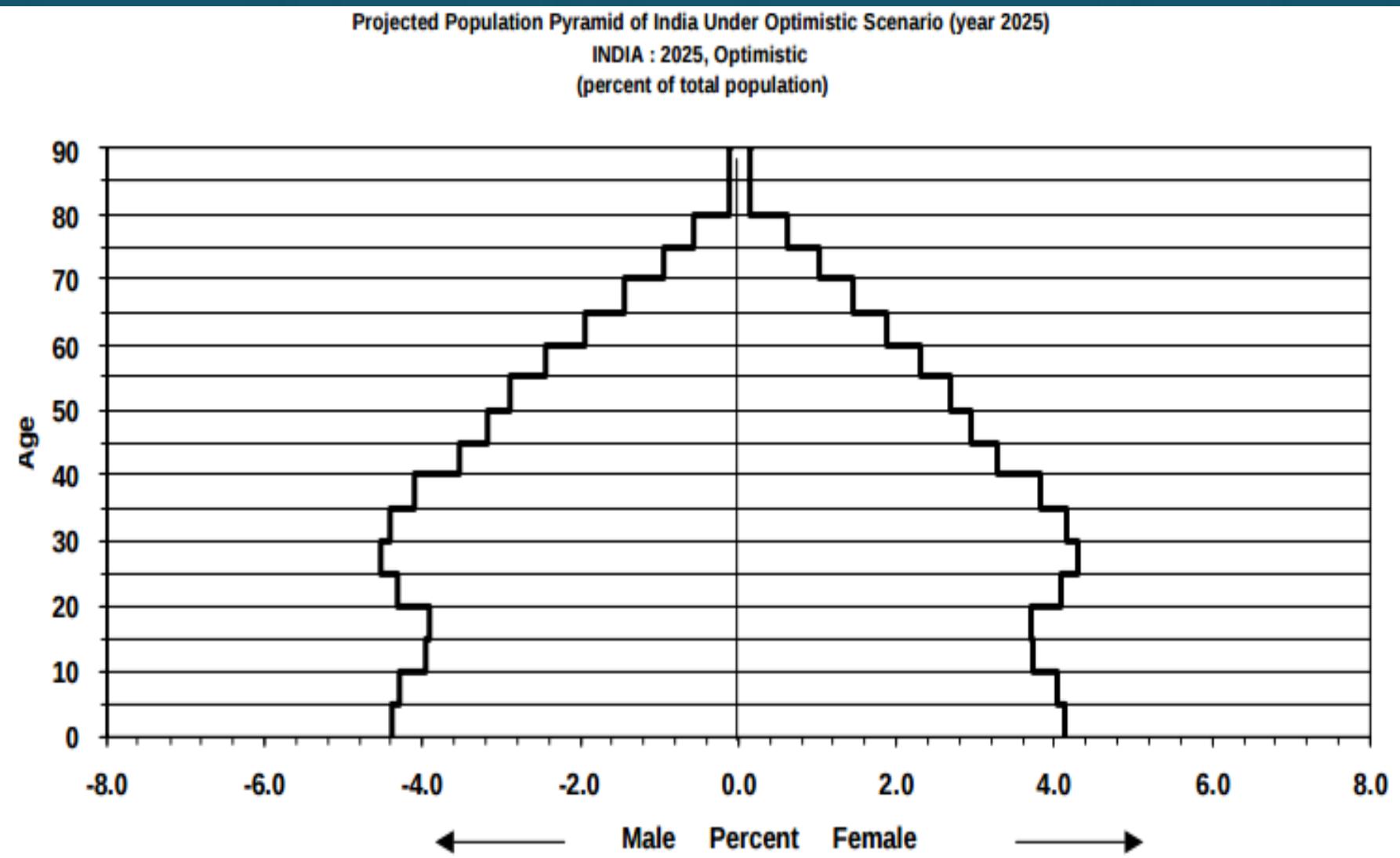
**Projected Population of India for Broad Age Groups
Under The Realistic Scenario, 2000-25**



Present Scenario



Present Scenario



Advantages

- More working population – More National Income
- Faster economic growth
- Less dependency ratio – Reduced public spending
- Increased female participation
- Better health



The Reality

Education:

- Need for skilled workforce
- Poor quality of education
- Standing behind many countries
- Public spending on education still to reach 6%



Table 1 India and the World: Comparison of the Access to and Quality of Education

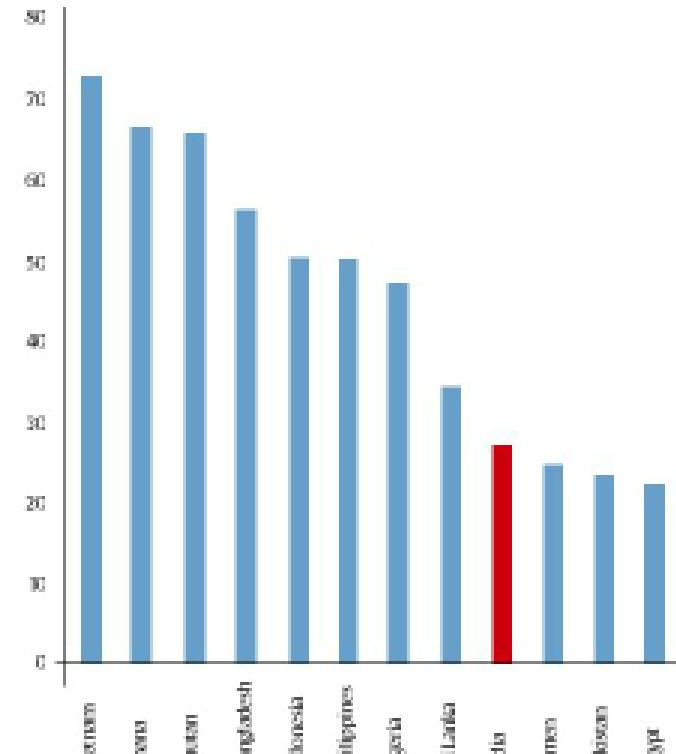
Indicators	Year	India	China	East Asia	BRCS	Developed
Countries						
Literacy rate, adult total (per cent of people ages 15 and above)	2010-11	62.8	94.3	94.9	93.2	98.3
Literacy rate, youth total (per cent of people ages 15-24)	2010-11	81.1	99.4	98.5	98.6	99.5
School enrolment, primary (per cent gross)	2010-11	112	111.2	104.5	112.5	104.7
School enrolment, secondary (per cent gross)	2010-11	63.2	81.4	82.0	92.4	104.1
School enrolment, tertiary (per cent gross)	2010-11	17.9	26.8	49.0	35.9	67.7
Average years of schooling	2010-11	4.4	7.5	8.5	8.8	10.7
Public spending on education, total (per cent of GDP)	2010-11	3.3	-	4.3	5.3	5.2
Public expenditure per student, primary (per cent of GDP per capita)	2010-11	7.3	6.0	15.9	53.2	21.4
Public expenditure per student, secondary (per cent of GDP per capita)	2010-11	13.8	11.5	17.3	45.7	26.9
Public expenditure per student, tertiary (per cent of GDP per capita)	2010-11	69.8	90.0	23.3	47.7	26.3
Pupil-teacher ratio, primary	2010-11	30.2	16.8	19.4	21.7	15.8
Pupil-teacher ratio, secondary	2010-11	25.3	15.2	20.2	16.3	13.3
Research and development expenditure (per cent of GDP)	2010-11	0.8	1.7	0.95	1.34	2.6
Researchers in R&D (per million people)	2010-11	136	863.0	1265.81	263.0	4269

The Reality (Contd)

Female Participation:

- 120th among 131 countries with less than 25%
- Way different scenario if females employment rate matches male %

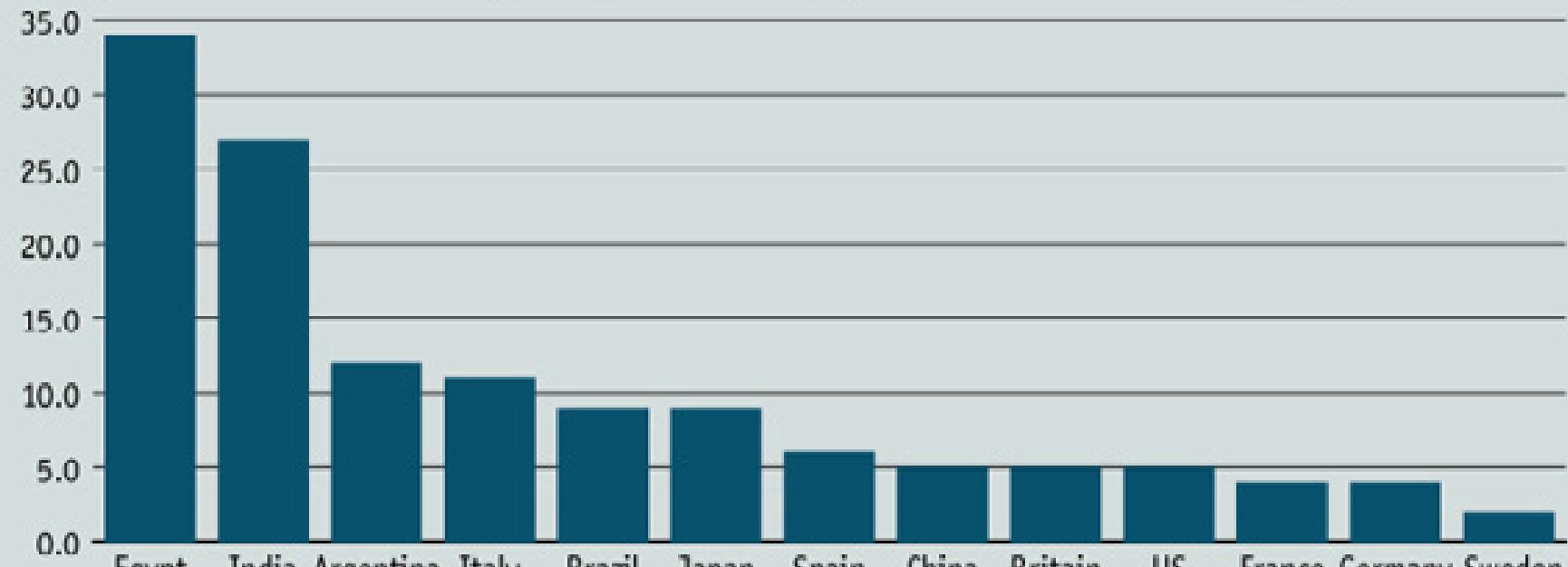
FIGURE 1: INDIA'S FEMALE LABOUR FORCE PARTICIPATION IS AMONG THE LOWEST IN THE WORLD
120th among 131 countries, alongside Yemen, Pakistan, Egypt; 2012 (%); age 15+



Source: World Development Indicators, World Bank (2012)

Economic contribution of women

(Forecast increase in GDP by 2020, if female employment rates match male rates, %)



Source: Strategy& (Formerly Booz & Company).

The Reality (Contd)

Health:

For us to take the benefit out of the demographic bonus it is important that the youth is healthy but the health sector also suffers , the expenditure on health has barely reached 2 percent of the GDP, which is way below than the adequate to provide proper health facilities to every citizen



The Reality (Contd)

Unemployment:

- Increase in workforce will also require increase in employment
- There is a huge gap between what educational systems provide and what the employers expect
- Out of more than 500,000 engineers produced annually, only 2.68% meet the skill requirements of the IT products sector



Possible Solutions

- „Investment in vocational education
- „Reduction in inflation and cost of capital
- „Unlocking of Unproductive Assets
- „Increase the productivity of workforce



THANK YOU

