

How Human Resources affect Economy

Aanchal Tulsiani (16ucs003)

Ayushi Gupta (16ucs052)

Mayur Varshney (16ucs103)

Nanyam Shukla (16uec066)

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Paras Garg (16ucs122)

Factors affecting Economic Growth

1. Natural Resources
2. Human Resources
3. Technological Resources

A country's GDP is driven by all the 3 types of resources.

How Human Resources affect Economy

- The humans exploit the natural resources which in turn help in economic growth
- Also, the technological resources are the outcome of human ideas and inventions.
- Hence, human resources are the **crux** of economic growth.

How Size makes a difference

- GDP of a country is directly associated with the population size.
- **Past statistics:**
India and China accounted for 35%-40% of the World's population, and so does the 40% of the World's GDP.
- But population size alone doesn't determine the growth of a country completely, the quality of human resources play a major role too.

GDP statistics around the globe

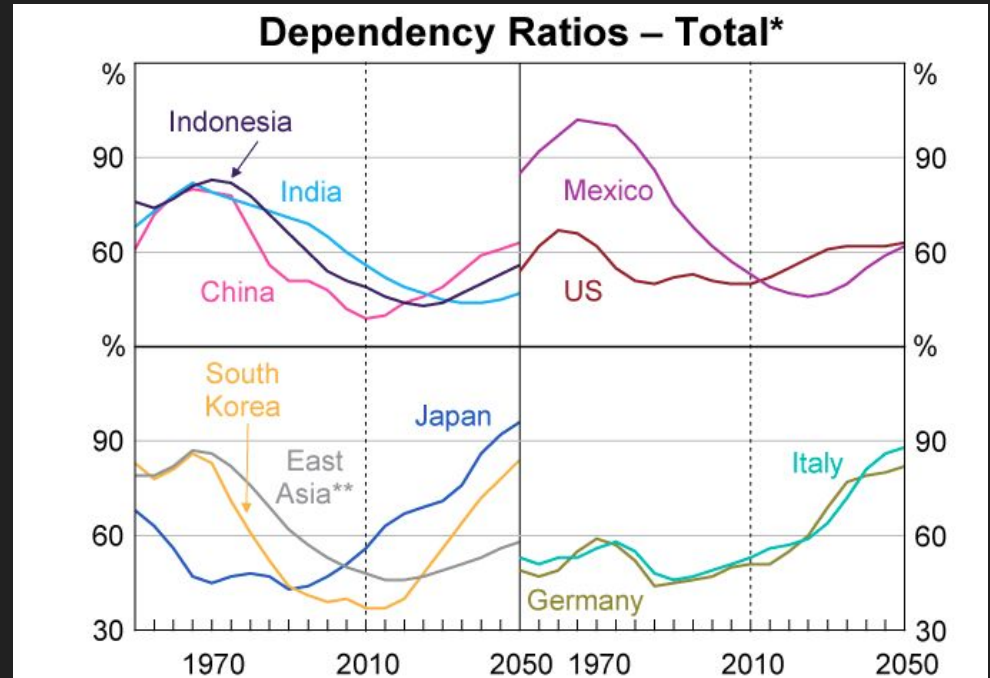
Country	GDP in 1984 (in millions)	GDP in 1996 (in millions)	GDP in 2008 (in millions)
China	1.45	3.52	8.90
USA	4.76	6.80	9.48
India	0.78	1.53	3.41
Europe	4.51	5.81	7.40
Japan	1.77	2.59	2.90

China started its growth in 1979, whereas India started off in 1991, this lag of **12 years** is still prevalent in their economical stats.

Dependency Ratio

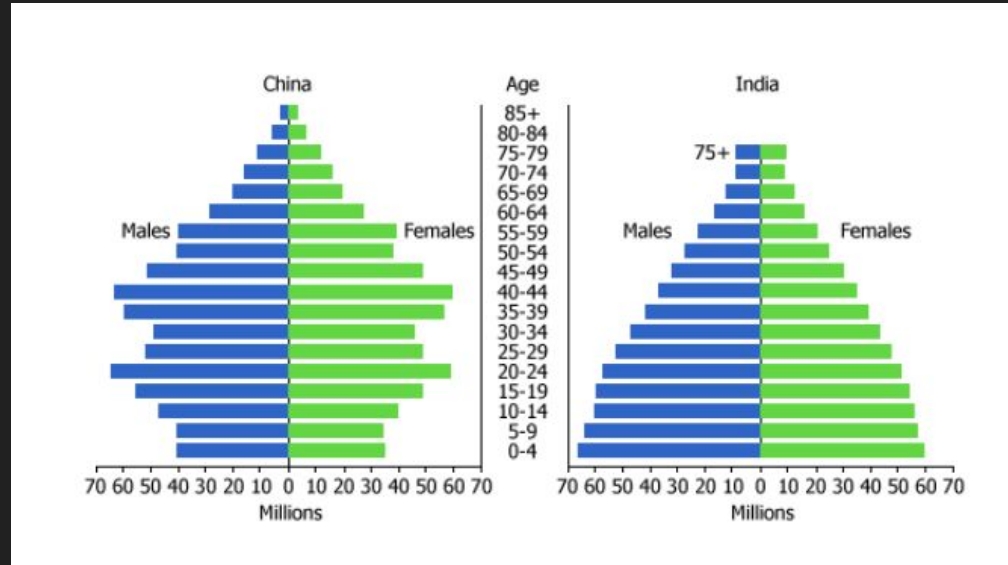
The dependency ratio measures the % of dependent people (not of working age) / number of working people.

A high dependency ratio means those of working age, and the overall economy, face a greater burden in supporting the aging population.



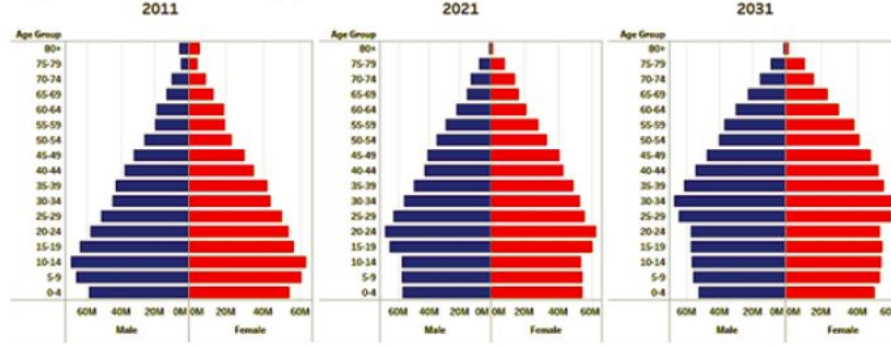
Median Age

Nation	Median Age
Japan	45
Europe	40+
USA	37
China	36
India	27
Brazil	30
Russia	40+



India is almost 10 years Younger than China and US.

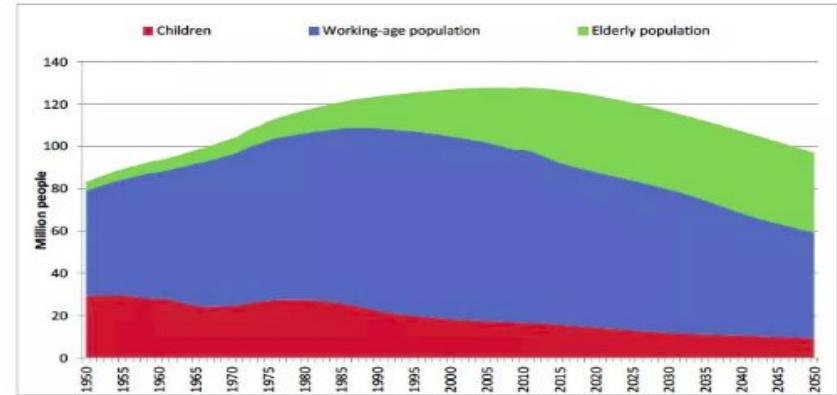
Figure 2. Population pyramids of India, 2011



Till 2030 India's median age will shift to around 35 and than that of china will go around 40+. So India's dependency ratio will be lesser than that of China.

Japan's Working age population will also decrease over the time.

Figure 1.1. Japanese population and age structure, 1950-2050



Reason Behind Higher Median Age

One Child Policy

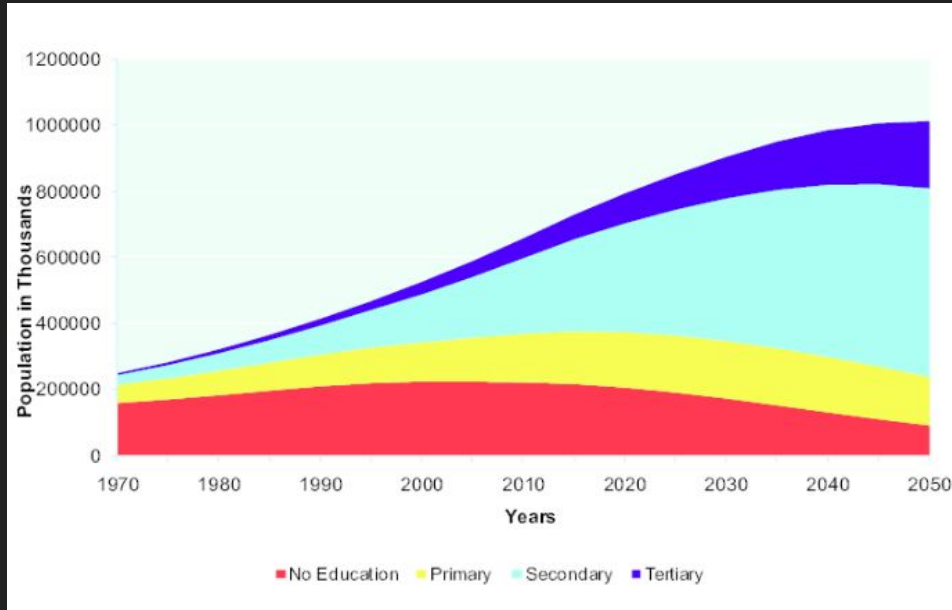
China's one-child rule was created in 1979 by Chinese leader Deng Xiaoping to temporarily limit communist China's population growth. By 2007 it achieved a zero population growth rate.

This results in Increase in Median Age.

Quality of Human Resources

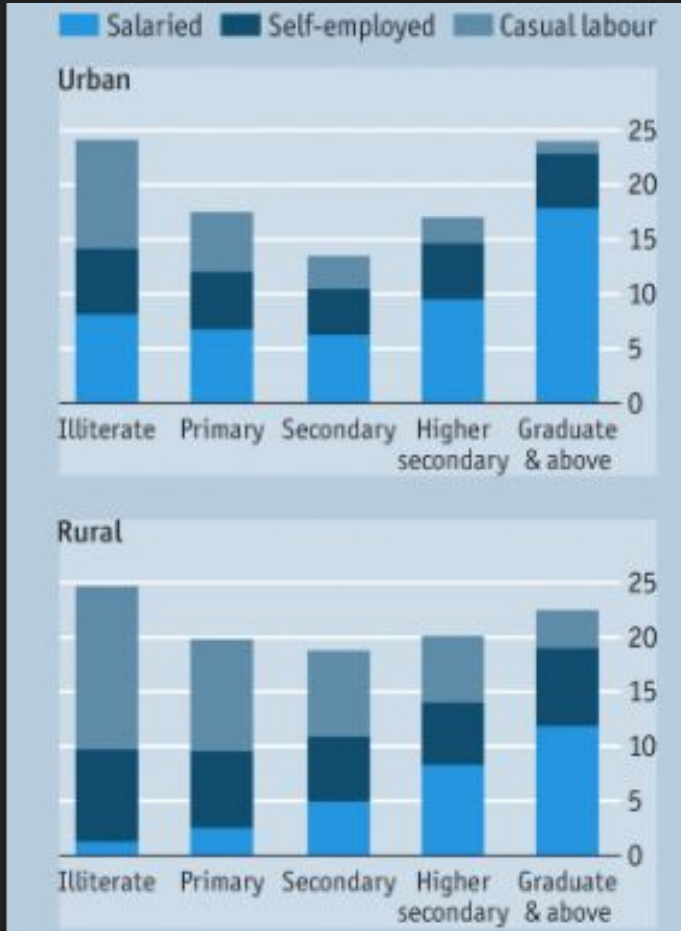
- The lower median age alone is not a deterministic of the country's growth, these resources need to be harnessed as well.
- Quality Assurance can be done by:
 - Education
 - High Skill Set
 - Healthy Population

Education



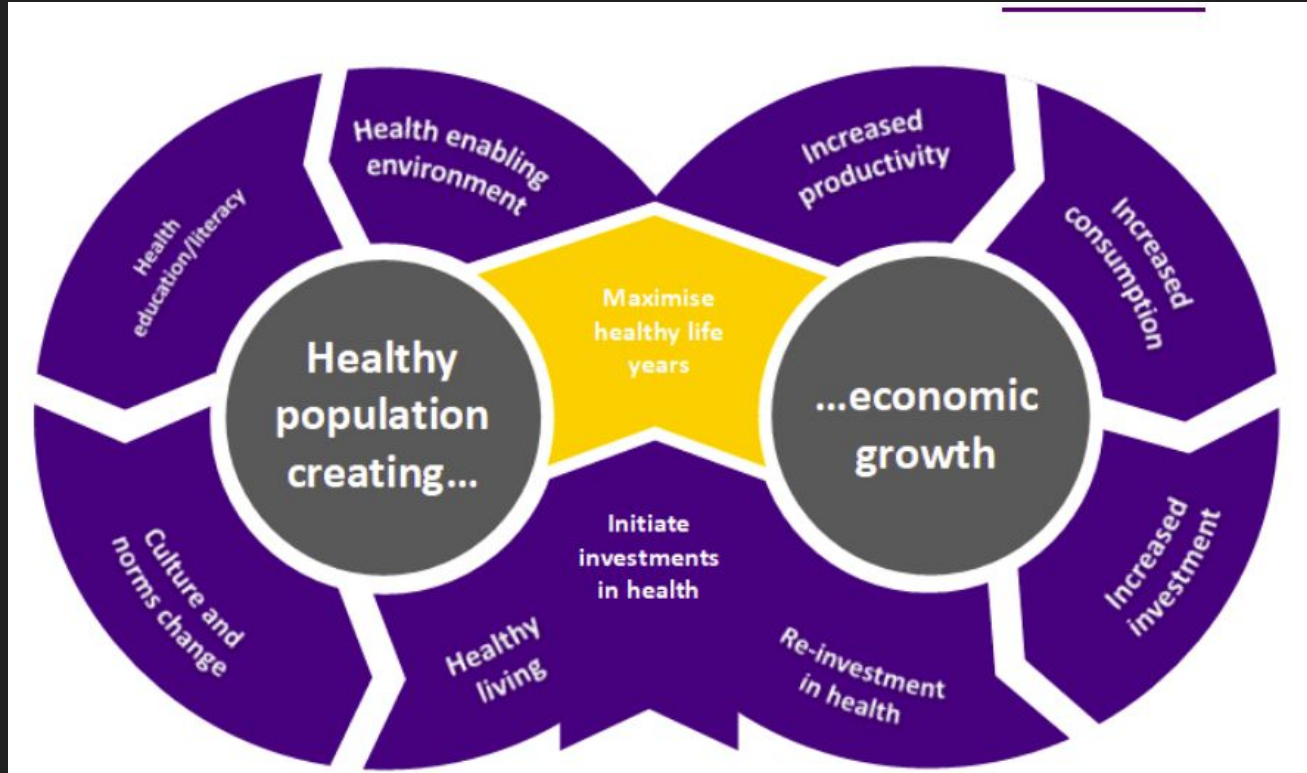
- Education improves the quality of workforce and raises individual productivity.
- India has an edge over China in terms of usage of **English** throughout the country.
- According to the latest MHRD report, only 8.5% of Indian population is graduate, which accounts for 6.8 crores personnels.

Skill Set



- But India's economic productivity is not dependent only upon education, the skill set is equally important.
- India is able to compete with countries having much higher education rates because of majority of population having certain skill sets acquired by different means, a major one being the **IT sector**.

How Health affects economic growth



Major Hindrance to the economic growth

Inequalities

Caste System in India and Racism in America hampers the economic growth, as these minority groups are suppressed by the society to come up and showcase their skills.

Reducing Inequalities will raise collective and aggregate productivity.

How Lucky we are!

Age : early 20's (around median age)

Education Level : Future graduates (less than 0.5% of Indian population)

Skill Set : IT Sector

This makes us the major contributors to the national economy in future!

References

Site to visit:

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- <https://www.investopedia.com/terms/d/dependencyratio.asp>
- <https://www.ideasforindia.in/topics/human-development/can-india-reap-the-demographic-dividend-in-higher-education.html>

Site not to visit:

- https://en.wikipedia.org/wiki/Human_resources

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We Stars of 2020



Thank You