

## The Emerging Opportunities of India's Demographic Dividend

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### Abstract

India is 2nd most populous country where more than half of the population is under the age of 25. In the next decade, this age group will join the workforce. The addition of this young age into the workforce will contribute to a remarkable hike in GDP per capita and be a reason for extraordinary economic prosperity. Presently India is a country of the Young independent age group where more than 60% population lies in the age cohort between 15 and 60 indicates that India has already achieved the condition of demographic dividend by the earlier investment into social, educational, and health facilities.

The demographic dividend is normally a window of opportunity and it has two terms effects e.g. demographic bonus and burden. If all the people in a working-age cohort get a chance to engage themselves for any productive work then they can improve the country's existing economic condition otherwise this working-age people would be a burden for this country. Currently Indias employment rate, GDP per capita, Labour Force Participation Rate (LFPR) gradually increase which indicate that India achieves the goal of Demographic window of opportunity to some extent but Unemployment rate, out-migration rate, female LFPR gradually decreased in last few decades which indicates India has failed to access the opportunity in all its entirety.

**Key Words:** Demographic Dividend, Bonus, Burden, Demographic Window

### Introduction

India is the most populous Country in the world according to recent estimations by 2024 the average age of an Indian will be 29. Presently India is known as Young India because more than 50 per cent of its population is below the age of 25 and more than 65 percent of its population is below the age of 35 years old. Demographic dividend in terms of the young and working-age group is the biggest asset because of the working age group being generally more energetic and more productive (Panda, 2017).

Demographic dividend refers to the Status of faster economic growth made possible by the increase of adult productive ages (Canning D, 2015). India is known as a developing nation though it tries to develop its economic condition continuously. The demographic dividend is not in any way the indication of faster economic growth of a country is an indication of the enhancement of economic condition with the help of adult productive ages. The Demographic Dividend has two kinds of effects like demographic bonus or burden. If the dividend opportunity leads into faster economic growth for a geographical space then it will be the demographic bonus for that particular space otherwise it will be the burden which may create pressure on the existing economic condition of that particular space (Jain, A. K. 2012). This

paper examine how India comes under the condition demographic dividend and how it influences India's present economic condition. The demographic dividend requires the right kind of environment in the areas of education, health, family planning, economic policies etc. for the fruitful development of the country's economic condition this paper examines the environments before achieving the demographic dividend for an underdeveloped country.

### **Fertility and Mortality Transition for Creating Demographic Window of Opportunity**

The demographic window is the result of the rising share of workingage people and this usually occurs when the fertility rate falls and the youth dependency ratio declines. The following table gives us a brief idea about the Impact of Fertility and Mortality transition for creating Demographic Window of opportunity.

Table 1: Infant Mortality Rate and Total Fertility Rate (1950-2011)

Five Year	1950-1955	1955-1960	1960-1965	1965-1970	1970-1975	1975-1980	1980-1985	1985-1990	1990-1995	1995-2000	2000-2005	2005-2010
IMR	195	186	169	148	130	128	106	92	86	78	72	43
TFR	6.0	5.9	5.7	5.6	5.5	4.8	4.5	4.3	3.8	3.5	3.2	2.53
CBR	45.5	45	42.5	40.1	38	35	34	32.5	30	27.5	24.5	21.8
CDR	25.4	22.5	20.2	17.5	15.5	14.6	13.2	12.3	10.6	10.1	9.2	6.7

IMR: Infant Mortality Rate / 1000 birth

TFR: Total Fertility Rate (Children/Woman)

CBR: Crude Birth Rate/1000 population

CDR: Crude Death Rate/1000 population

Data Source: Report of Register General of India

Table 1 shows during the first two decades (1950-1970) of postindependence, the fertility rate was more or less stagnant while infant mortality rates fall significantly. Therefore, the population of young people increased significantly because of greater child survival. In the next three decades (1970-2000), though the fertility rate has been declining, the infant mortality rate has fallen quite sharply, with possibly the same effect. The initial fall in infant mortality and improvement of child survival results in a baby boom generation, with a larger number of people in the younger ages. The same pattern is also being noticed for CBR and CDR and this also indicates the rising share of the working-age population.

The effect of these trends on the dependency ratio has been along expected lines. India's total dependency ratio fell from a high of 81.2% in 1965 to 75.2% by 1980. It fell further to 70.6% in 1990. The decline then accelerated, with the ratio falling to 62.8% by 2000 and 54.4% by 2010

### **Economic Development and Growth Curves**

Economic development is the development of economic wealth of countries or regions for the well-being of their inhabitants. In the socio-economic context, development means the improvement of people's lifestyles through improved education, incomes, skills development, employment and so on. It is the process of economic and social transformation based on cultural and environmental factors. It is the process by which a nation improves the economic, political, and social wellbeing of its people. In India, the concern of Socio-Economic Development has gained a greater momentum since Independence when the first Five Years Plan was introduced.

During that time not only India but also the whole world was indifferent about the concept of sustainability and consequences of those economic activities upon environment. The concept of Sustainable development has become significant since 1987. The Sustainable Development and the setting up of the World Commission on Environment and Development (WCED), a body founded by the UN General Assembly in 1983 are indicative of the importance of the Sustainable Development as the development that “meets the needs of the present without compromising the ability of future generation to meet their own needs.”

The United Nations Conference on Environment and Development (UNCED) held in 1992 at Rio de Janeiro was the major step on the relationship between environment and development. The major initiatives include 27 principles on Sustainable Development, Agenda 21, a comprehensive action plan for Sustainable Development in 21st century and conservational policy on Biological Diversity. Since then, the term ‘Sustainable’ has been using widely in almost every aspect but the Environmental Sustainability is the concept which has been chosen to connect the gap between development and environment.

In it's the 2030 Agenda for Sustainable Development, the United Nations notes that it is “determined to protect the planet from degradation, including through sustainable consumption and production, sustainably managing its natural resources.” (Nations, 2015) This complex relationship between societal development and geographical environment is reflected empirically in the writings on environment.

### **Impact of Unprecedented Population Growth**

The unprecedented growth in the global population rate over the last two hundred years has raised many important questions in the social sciences scholarship. The ecological crisis and the population growth are among some of the worrying and urgent global problems in the contemporary world. The expansion of the demographic trend in the world has put a severe challenge on the sustainability of the environment. The developing world, with its rapid population growth, on one hand, and general economic, scientific, technical backwardness, on the other, are worst affected by the consequence of the global climate change.

Apart from the ecological crisis and its relation to the demographic trend, the debate on the growth of population and its correlation to socio-economic development across the globe has also captured attention of the academics and policy makers alike. Many scholars, suggest an inverse relationship between the rapid growth of population and increase in the means of subsistence, finally entailing hunger and poverty in the society. It is true that an increase in population leads to new economic challenges in the society. Many small African countries, which have the tremendous potential to develop with its small population base and huge natural resources. However, this possibility of economic prosperity has never been materialized. Demographic patterns and issues are determined by the socio-economic factors.

India had begun to reap the demographic dividend around 1991. But the process is likely to extend well into this century with the dependency ratio projected to fall 48.2 % in 2021 and 44.2% in 1931 because of continued fall in the child dependency ratio. After that, it will rise by near about 2050 because of an increase in the old-age dependency ratio. The condition of Demographic Dividend is not permanent and it will change after a few decades. Then India will be a country of ageing population because India's fertility and mortality rate have already been declined. On that time a very few numbers of the economically active population will

engage themselves for country's economic growth and the present young age population comes under the old age population that means old-age dependency ratio will be increased after few decades

### **Demographic Dividend and Employment Scenario in India**

Demographic dividend can boost the Indian economy if we can't take necessary planes and programme to invest in education, health, training and skill formation for our young generation.

This is the time to prepare an action plan to integrate the nation's development with the aspirations of the young millions and make growth inclusive to take advantage of the demographic dividend.

A large number of the cultivators left their agricultural activities between 2004-05 and 2009-10 and it seems to be the main reason declining self-employment in the corresponding period. The share of regular employment witnessed a fluctuating trend between 1972-73 and 2009-10 in the NSSO rounds, but it has almost stabilized. Due to economic reforms, regular employment has largely benefited during the post-reform period (1993-94 to 2009-10), the share has currently increased from 1972-73 to 2000-10.

### **Demographic Dividend and Labour Force Participation in India**

Table 1 indicates the Labour Force Participation Rate (LFPR) of all the age groups in India between 1972-73 and 2009-10. It is observed that the maximum LFPR was recorded in 1977-78 and gradually it declined up to 1999-2000 after that it increased to 2.4 percentage points in 2004-05. But again, it declined in the subsequent NSSO round and reached 40 per cent in 2009-10.

Table 1: Labour Force Participation Rate (LFPR) in India (in %)

Year	Rural and Urban		
	Persons	Male	Female
1972 to 73	42	54.5	28.6
1977 to 78	43.9	56	31
1983	43	55.1	30
1987 to 88	42.2	54.5	29
1993 to 94	42.7	55.6	28.7
1999 to 20	40.6	54	26.3
2004 to 05	43	55.9	29.4
2007 to 08	41.3	56.3	25.4
2009 to 10	40	55.7	23.3

Source: NSSO 66th round (Key indicator of Employment and Unemployment in India 2009-10)

It is significant to note that though the working-age cohort increases day by day but the rate of LFP is not increasing adequately. Migration of working-age cohort from our nation to another country, lack of proper skill, or proper employment opportunity may be the reasons for this kind of fluctuation in LFPR. It has cleared to us that economically active population increases day by day but there is a little confusion in it. All the people in the working age cohort is not economically active, particularly the female population. Table 4 shows a great disparity between male and female in LFPR in India. The female LFPR is near about half of the male



LFPR in all the NSSO round. And the gap gradually increases from 2004 onwards. Global financial crises, lack of employment opportunity for females and the social orthodoxy of the Indian women may be the reasons for this reduction. MGNREGA, 100 days employment guarantee act, The National Rural Employment Guarantee Act and other rural development civic programmes have generated employment opportunity for rural male. In the last few decades, the secondary and tertiary sector of economy develops fruitfully that's why a large number of an urban male has got the opportunity to engage themselves in that kind of activity.

### **Emerging Challenges of India;s Demographic Dividend**

The educated youth of India face serious issues like educated unemployment and underemployment. Currently, the unemployment rate is high, in particularly educated categories unemployment is very high. It is around 20 % among graduates.

Currently there is 61.5 % population that is economically active and among them, 64.5% are males and the rest are females. Disparity is noticed between men and women in LFPR. LFPR for the males is 53.26 % whereas it is 25.51 % for females.

Earlier investment in various kind of social development such as the expansion of the family planning programmes, education, health facilities etc. can accelerate the condition of demographic window of opportunity.

In the case of India, there is a ongoing debate about the productivity of young adults. We have to improve our job oriented educational facilities, skill development sectors, etc. for harnessing the demographic bonus benefit. According to different NSS round, the unemployment rate of adult youth (15-29 Years) is much higher concerning the total population. The unemployment rate of urban youth is much more in comparison to rural youth. The females' unemployment rate is higher than the males' unemployment rate and it remarkably high in an urban area. That indicates a huge amount of working-age population is still unproductive. It is a great challenge for us to achieve the goal of Demographic dividend.

The demographic dividend brings both benefits and challenges in India. Here are some potential goals for tackling India's demographic dividend:

1. Economic Development and Growth:

Take use of the big working-age population to increase national productivity and GDP.

2. Creation of Employment:

Create enough job opportunities to absorb the expanding number of young people entering the labour force. Electronic copy available at: <https://ssrn.com/abstract=4609381>

3. Development of Skills:

Create and promote skill development programs to guarantee that the workforce is prepared to tackle the challenges of the modern economy.

4. Education of High Quality:

Ensure universal access to high-quality education, with a focus on both foundational and higher education.



5. Health and Happiness:

Promote health and well-being in order to keep the youthful population healthy and productive, with a focus on reproductive health.

6. Gender Parity:

Encourage gender equality so that men and women can both contribute to and profit from economic prosperity.

7. Infrastructure Development and Urbanization:

Manage urban growth effectively and invest in infrastructure to meet the movement and requirements of a large population.

8. Safety Nets and Social Security:

Create social security measures for the future, when the population structure shifts again and the senior population grows greater.

9. Technological Progress and Digital Inclusion:

Utilize the power of technology breakthroughs to ensure that the public, particularly the youth, has access to digital tools and resources.

10. Entrepreneurship and Creativity:

Encourage entrepreneurship and creativity among youngsters to create jobs, increase productivity, and develop a self-reliance culture.

11. Development of Regions:

Address regional imbalances in development to guarantee that the demographic dividend benefits all states and regions in India.

12. The Environment and Long-Term Development:

Align economic expansion with environmental sustainability, ensuring that the vast workforce likewise follows environmental guidelines.

13. Policy Changes:

Implement legislative improvements to address the demographic profile's needs, such as labour laws, ease of doing business, and investment incentives.

14. Diplomacy and International Cooperation:

Make the most of India's young population by participating in global forums, partnerships, and collaborations for mutual growth and development.

Increase in international migration in India. In 1961 there were about 144 million migrants by place of birth which rose to 307 million. India has been facing a successive Brain drain, international labour migration etc. are frequent even today. That indicates India can't full fill the demand of his productive age population. So, it is a great challenge for India.

After a few decades, India will gradually become a country of ageing population because fertility and mortality rate has already been decreased. The present working-age people will shift from working-age cohort to old (60 and more) dependent age cohort.



## Conclusion

Lack of employment opportunities, lesser scope of skill development, limited number of professional training institution, the disparity between males and females etc. may be the responsible causes behind it. In between three to four decades, the phases of demographic dividend will turn into the phases of the ageing population. There are only thirty to forty years during which we have to catch all the opportunities of the demographic dividend for faster economic growth. So, it is time to invest in the improvement of health, education etc. The development plans and policymakers should also implement some economic policies which will turn the myth of demographic dividend into reality.

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