

Demography a dividend or a disaster

July 30, 2019

Source: *Rajya Sabha TV Discussions*

Manifest Pedagogy

Demographic transition as a theory and the impact of changing demography on India is an important topic for UPSC mains. The impact of India's demographic transition for its economy and the consequences on society are areas of importance for the exam

In news

India population to cross China's population by 2027

Placing it in the syllabus

Paper 1

Salient features of Indian Society

Paper 2

Issues relating to development and management of Social Sector/Services relating to Health,

Education, Human Resources

Paper3

Indian Economy and issues relating to planning, mobilization of resources, growth, development and

employment

Static dimensions

- Demographic Dividend definition
- Demographic transition – Definition and graphs
- Working age population statistics in India
- Advantages of Demography
- National population policy

Current dimensions

- Challenges in reaping Demography
 1. Skill development
 2. Technological divide
 3. Inequalities in society
 4. Artificial intelligence and robotics
- What role should government play for reaping the dividend?

Content

Demographic Dividend definition

According to United Nations Population Fund (UNFPA) the demographic dividend is the **accelerated development that can arise when a population has a relatively large proportion of working-age people coupled with effective human capital investment.**

In other words, the demographic dividend is the economic growth potential that can result from shifts in a population's age structure, mainly when the share of the working-age population **(15 to 64)** is larger than the non-working-age share of the population (14 and younger, and 65 and older).

Demographic Dividend transition



Stages of transition

- **Stage I:** It is characterised by high birth rate, death

rate and low rate of population growth.

- **Stage II:** It is characterised by high and stationary birth rate, rapidly declining death rate and very rapid increase in population.
- **Stage III:** It is characterised by a falling birth rate, low and stationary death rate and rapidly rising population.
- **Stage IV:** It is characterised by low birth rate and low death rate with stationary population at a low level.
- **Stage V:** It is characterised by death rate slightly exceeding the birth rate, and this causes **population decline**. This stage has only been **recently recognised, and there are very few countries that are considered in stage 5**

Working age population statistics in India

National Sample Survey Office's (NSSO) job survey

- As per the report of NSSO half of India's working-age population (15 years and above), for the first time, is not contributing to any economic activity.
- It mentions that the labour force participation rate (LFPR) stood at 49.8 per cent in 2017-18, falling sharply from 55.9 percent in 2011-12 (LFPR is the section of the working population in the age group of 16-64 in the economy currently employed or seeking employment)

Advantages of Demography

The demographic dividend can increase economic growth through six channels

- The first channel is through the **swelling of the labour force**, as more people reach working age.
- The second channel is the **increased fiscal space** created by the demographic dividend to divert resources from spending on children to investing in physical and human infrastructure.

- The third channel is the **rise in women's workforce** that naturally accompanies a decline in fertility, and which can be a new source of growth.
- The fourth is the **increase in savings rate**, as the working age also happens to be the prime period for saving.
- The fifth channel is an additional boost to savings that occurs as the **incentive to save for longer periods** of retirement increases with greater longevity.
- The sixth channel is a **massive shift towards a middle-class society** that is already in the making

National population policy-2000

It was launched by Government of India **to improve the quality of lives of people of India** and to provide them with equal opportunities to be productive individual of society. Following are some of the **key provisions of NPP;**

- The policy seeks to achieve 100 % registration of births, deaths, marriages and pregnancies
- It mentions that the school education upto the age of 14, to be made free and mandatory. This will also include a plan to check drop-out rate of boys and girls.
- It aims to curb the Infant Mortality Rate to less than 30 per 1000 live births.
- It stresses on the attainment of universal immunisation of all children against preventable diseases.
- The policy also strives to Integrate Indian Systems of Medicine to provide reproductive and child health services by reaching out to households(emphasise the role of Ayurveda, Yoga, Unani, Siddha and Homeopathy (AYUSH) medicine system to serve the goals of public health).
- It also focuses on women empowerment
- It promotes 20 years as the right marriageable age for girls and intent to act against child marriage

Challenges in reaping Demography

The demographic dividend of India is anticipated to peak by 2020 (2020 for peninsular India, 2040 for hinterland India) after which the population starts to age and the percentage of dependence begins to rise. Following are the challenges that India would face in reaping demography;

- **Skill development:** As per the report of NSSO Half of India's working-age population (15 years and above), for the first time, is not contributing to any economic activity. And NASSCOM estimates that only one in four engineering graduates in India are employable based on their technical skills, fluency in English, teamwork abilities and presentation skills. Though India has more than 50% of working population developing job related skills is a major challenge.
- **Inequalities in society:** The Deloitte report mentions that the female labour force participation in India has fallen to 26% in 2018 from 36.7% in 2005, amid lack of access to quality education and underlying social, economic barriers limiting the opportunities for women. According to the Deloitte report titled 'Empowering Women & Girls in India' for the Fourth Industrial Revolution, 95% or 195 million women are employed in the unorganised sector or are in unpaid work. Thus eradicating this divide among male and female is also challenge.
- **Artificial intelligence and robotics:** As a result of Industrial revolution 4.0 there is a rising concern among the people that AI and robotics may replace human force

What role should government play for reaping the dividend?

The key point is that the economic benefits India enjoys from favourable demographics can be magnified in several ways but the government has to play a major role in this regard,

following are the measures need to be taken;

- **Investment in health and education:** Investments in health and education which have considerable potential to produce higher incomes. As per the recommendations of National Health Policy 2017 it is necessary to increase its spending on health and education to at least 2.5 % and 6 % of GDP respectively from its present levels.
- **Bringing down fertility rate:** India needs to achieve its stated goal of bringing the total fertility rate down and promote infant and child survival which further promotes school attendance and makes the children more productive and, therefore, high-earning adults.

Focus on building skills: With the vast majority of those entering the workforce today being part of the unorganised sector, for India, in the near future, focus has to be in building skills for enabling the individuals to succeed in small organisations or through self employment on the strength of their specialisation. And usage of skill India programme to train the youth in this regard may play a pivotal role