



Mains Practice Questions

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Q.India's demographic dividend may soon turn to demographic disaster in absence of proper education, skilling and employment opportunities. Examine (250 words)

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Approach:

- Define demographic dividend keeping India in perspective.
- Write challenges associated in reaping India's demographic dividend.
- Write how demographic dividend if not reaped can become disaster
- Write solutions to reap the demographic dividend.

Answer:

- According to **United Nations Population Fund (UNFPA)** demographic dividend refers to "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)."
- India has one of the youngest populations in an aging world. By 2020, the median age in India will be just 28, compared to 37 in China and the US, 45 in Western Europe, and 49 in Japan. Demographics can change the pace and pattern of economic growth. While China's spectacular growth has already benefited from a demographic dividend, India is yet to do so.
- The demographic dividend becomes once-in-a-lifetime opportunity for any country in its developmental process. India's demographic dividend is expected to peak by 2020s after which the population starts ageing and the dependency ratio starts rising.

Challenges for India in reaping the demographic dividend:

- **Poor human capital formation** reflected in low employability among India's graduates and postgraduates. According to ASSOCHAM, only 7 % of MBA graduates are employable in India, and only around 20-30 % of engineers find a job suited to their skills which is an alarming figure.
- **Jobless growth:** Indian economy has transitioned from agricultural sector to services sector bypassing manufacturing sector which requires basic training and skills. Moreover the main contributor in India's GDP is service sector which is not labour intensive and thus adds to jobless growth. Further about 50 % of India's population is still dependent on agriculture which is notorious for underemployment and disguised unemployment.
- **Low human development Index** reflected in the human development report of UNDP. According to the Human Development Index-2018, India ranked 130 out of 189 countries marginally improved from the last year. Further most of improvements have flowed to the top of social pyramid while those at the bottom have only just been lifted out of poverty.

- **Low social capital:** Further high levels of hunger, malnutrition, stunting among children, high levels of anaemia among adolescent girls, poor sanitation etc., have reduced the productivity of India's demographic dividend.

Demographic dividend as demographic disaster

- The growth benefit of a demographic dividend is not automatic. Much depends on whether the increase in working population can be trained, and enough jobs created to employ the 10 million more people who will join the labour force every year.
- While digital technologies may enable the creation of new products and more productive jobs, they may also substitute existing jobs. India may not be able to take advantage of these opportunities, due to a low human capital base and lack of skills.
- Lack of jobs combined with a demographic dividend will increase the share of the population that is dependent on the working population increasing the economic insecurity of the elderly, as there will be fewer people generating wealth.
- Whether the demographic dividend promotes growth or transforms into a curse depends on how prepared the states that should benefit from a young population are.

For example, Bihar, Uttar Pradesh and other lagging states will experience a much bigger bulge in working population than more developed states like Tamil Nadu. Further, these less-developed states are also the least prepared to take advantage of the demographic change they will undergo.

Solutions

- There is a need to change the education system to ensure that it helps in creating skills which add to the employment potential.
- There is a need to promote manufacturing at a large scale and also identify areas which have high employment generation potential. Promoting MSME sector to generate meaningful employment will be very productive.
- There is a need to harness low cost benefit in the areas, which India has natural advantage. If IT can generate substantial employment, so can manufacturing. Manufacturing can be the real contributor in employment growth in the years to come.
- The informal sector which generates significant level employment needs to have policy benefits which will provide critical supports which are available to the workers in the organised sector such as health care and bare minimum social security.

Unfortunately demographic dividend can't remain neutral if it's not tapped. So, India is at a crossroad, where the same population, which has the potential to generate demographic dividend, can also become disaster if not utilized properly. If India succeeds in tapping the potential of its surging population, India can emerge as an economic superpower.