



Harnessing the Demographic Transition

This editorial is based on [“Reaping India’s Demographic Dividend”](#) which was published in The Hindu on 13/01/2022. It talks about the measures that can be taken now to harness the potential of the youth to the fullest in future when the major proportion of India’s population will be aged.

For Prelims: Demographic dividend, Demographic transition.

For Mains: Issues faced by youth, challenges posed by improper implementation of policies centred around the young population, Steps to provide better facilities to the youth for a better future of India, Demographic transition of India, Tapping the youth potential, Utilising the Demographic Dividend of India.

A nation’s growth requires the productive contribution of all segments of society, particularly the children and the youth, who need to be provided opportunities for self-expression.

Household and national investments in children and youth yield long-term returns in terms of high productivity of the economically active population till they enter the elderly cohort.

Currently, India’s population is among the [youngest in an ageing world](#), however, a major proportion of India’s population will be aged by 2050. This calls for more forward-looking policies incorporating population dynamics, education and skills, healthcare, gender sensitivity, and providing rights and choices to the younger generation so they can contribute up to their maximum potential in the nation’s economic growth in future.

India’s Demographic Dividend

- **Impact of Decline in Fertility Rates:** As fertility declines, the share of the young population falls and if this decline is rapid, the **increase in the population of working ages is substantial**, yielding the [‘demographic dividend’](#).
 - The **smaller share of children** in the population enables **higher investment per child**. Therefore, the future entrants in the labour force can have better productivity and thus boost income.
- **Increase in India’s Median Age:** With [falling fertility \(currently 2.0\)](#), the median age of India has **risen from 24 years in 2011 to 29 years now** and is **expected to be 36 years by 2036**.
 - With a falling dependency ratio (expected to decrease from 65% to 54% in the coming decade taking 15-59 years as the working age population), India is **in the middle of a demographic transition**.
- **Impact of Demographic Transition on GDP:** India’s demographic transition provides a **window of opportunity towards faster economic growth**.
 - Although, in India, the **benefit to the GDP from [demographic transition](#)** has been **lower than its peers in Asia** and is already tapering.
 - Countries like Singapore, Taiwan and South Korea have adopted forward-looking

policies to empower the youth in terms of education, skills and health choices and achieved incredible economic growth.

- This points towards the **urgency to take appropriate policy measures**.

- **Diversity in India's States:** While India is a young country, the status and pace of population ageing vary among States. Southern States, which are advanced in demographic transition, already have a higher percentage of older people.
 - While **Kerala's population is already ageing**, in Bihar the working age cohort is predicted to continue increasing till 2051.
 - By 2031, the overall size of our vast working age population would have declined in 11 of the 22 major States.
 - The differences in age structure reflect differences in economic development and health of the states.

Roadblocks to Tapping the Youth Potential

- **India's Low Per Capita Consumption and Expenditure:** A child in India consumes around **60% of the consumption by an adult** aged between 20 and 64, while a child in **China consumes about 85%** of a prime-age adult's consumption.
 - In Asia, India ranks **poorly in terms of private and public human capital spending**.
 - **Health spending has also not kept pace** with India's economic growth. The public spending on health has remained flat at around 1% of GDP.
- **Impact of Absence of Proper Policies:** Without proper policies, the increase in the working-age population **may lead to [rising unemployment](#), fueling economic and social risks**.
 - India already suffers from poor implementation of several welfare policies and programmes.
- **Unfulfilled Educational Requirements:** The [gender inequality in education](#) is a concern as in India, boys are more likely to be enrolled in secondary and tertiary school than girls.
 - However, in the Philippines, China and Thailand, it is the reverse and in Japan, South Korea, and Indonesia, the gender differences are rather minimal.
- **Absence of Skill Upgradation:** [UNICEF](#) 2019 reports that **at least 47% of Indian youth are not on track** to have the education and skills necessary for employment in 2030.
 - While over 95% of India's children attend primary school, the [NFHSs](#) confirm that **poor infrastructure in government schools, malnutrition, and scarcity of trained teachers have ensured poor learning outcomes**.

Way Forward

- **Upgrading Education Standards:** Irrespective of rural or urban setting, the public school system must ensure that every child completes high school education, and is **pushed into appropriate skilling, training and vocational education** in line with market demand.
 - **Modernising school curricula**, deploying **new technology to put in place virtual classrooms** together with [Massive Open Online Courses \(MOOCs\)](#) and **investing in open digital universities** would further help yield a higher educated workforce.
- **Fulfilling Health Related Requirements:** The elderly population in India is projected to double from 8.6% in 2011, to 16% in 2040. This will sharply reduce the per capita availability of hospital beds in India across all major States, unless investments in health systems address these infirmities.
 - **More finance for health** as well as **better health facilities from the available funding** needs to be ensured and **reproductive healthcare services** need to be made accessible on a **rights-based approach**.
- **Bridging Gender Gaps in Workforce:** New skills and opportunities for women and girls befitting their participation in a \$3 trillion economy is urgently needed. This can be done by:
 - **Legally compulsory gender budgeting** to analyse gender disaggregated data and its impact on policies
 - **Increasing childcare benefits**
 - **Boosting tax incentives for part-time work**
- **Federal Approach for Diverse States:** A new federal approach to governance reforms for demographic dividend will need to be put in place for **policy coordination between States on various emerging population issues** such as [migration](#), [ageing](#), skilling, [female workforce](#)

participation and **urbanisation**.

- Inter-ministerial coordination for strategic planning, investment, monitoring and course correction should be an important feature of this governance arrangement.
- **Inter-Sectoral Collaborations:** Moving forward towards safeguarding the futures of adolescents, it is imperative to put in place mechanisms for better inter-sectoral collaboration.
 - For instance, School **mid-day meals** exemplify how improved **nutrition benefits learning**. Studies have established strong links between nutrition and cognitive scores among teenagers.
 - **Coordination across departments can enable better solutions** and greater efficiencies in tackling the crisis that our adolescents face.
 - The **Health and Education Ministries can collaborate** to disseminate key information to **help adolescents safeguard their health and ability to learn**.

Conclusion

The youth provides India with a great opportunity for growth, peppered with the possibility of path-breaking innovation. To be able to best utilise this boom, policies must ensure that they comprehensively cover all aspects aimed at increasing human development and standards of living, and can reach the remotest corners of this fast-growing nation.

Drishti Mains Question

“The policies that we adopt, and their effective implementation will ensure that the demographic dividend, a time-limited opportunity, becomes a boon for India”. Discuss.