

Demographic Dividend: Indian Economy Notes for UPSC Exams

Demographic dividend takes place when a country undergoes a demographic transition from a rural agrarian economy with high fertility rates to an urban industrialized economy with low fertility and mortality rates. This article gives details on demographic dividend and opportunities that accompany it, in the Indian context. For more information on the UPSC Exam, visit the given link IAS Exam.

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What is a Demographic Dividend?

As per the United Nations Population Fund (UNFPA), the demographic dividend is the economic growth potential resulting out of changing population age structure with a large section of people in the working-age group of 15 years to 64 years as compared to the non-working age population of below 14 years and above 65 years.

Demographic Dividend - Causes

Change in population structure occur due to

1. Falling birth rate
2. Lower fertility rate
3. Increased longevity

Falling birth rate and lower fertility rate will contribute to a reduction in expenditure, increased longevity will lead to an increase in the size of the working-age population.

Demographic Dividend - Opportunities for India

1. India will have the youngest workforce in the world with a median age much lower than China and other Developed countries.
2. The other countries will have a higher proportion of the population which is not in the working-age group which will result in a shortage of manpower to the tune of 56 million.
3. Indian workforce can fill this gap in India and abroad and result in greater economic growth.
4. During the period of demographic dividend, the personal savings will grow, which means greater purchasing power, which can lead to the growth of the economy.

To know how demographic dividend and other factors impact the Indian Economy, visit the linked article.

Demographic Dividend - Challenges facing India

1. Skill development of the working-age population so that they can turn out to be productive for the country's economy.
2. Rate of employability among Indian graduates is on the lower side.
3. As per UNDP report, India ranks very poorly in Human Development Index (HDI).
4. The mean years of schooling and expected years of schooling is very low in India.
5. Unemployment rates are high in rural and urban India.
6. A huge percentage of the population is still dependent on agriculture in India, this segment is also known for underemployment and disguised unemployment.
7. A huge majority of the workforce is employed in the unorganised sector which is riddled with low wages and absence of social security.
8. Fall in female labour force participation in India, as per reports from International Labour Organisation (ILO) and World Bank.

Demographic Dividend - Measures to be taken by India to Reap the Benefits

1. Increase spending on health
2. Increase spending on education
3. Increase investments in Research and Development
4. Invest more in skill development

The above details would help candidates prepare for UPSC 2020.