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Demographic Dividend of India: Opportunity and Reality

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Abstract: India, near to fertility transition, received a large demographic dividend which has already started. At present more than 64% 'economically active' people live in India, popularly known as 'demographic dividend'. In near future 'window of opportunity' will convert to 'burden' due to increasing percentage share of elderly population in demographic architecture. India will enjoy the demographic dividend for next twenty five to thirty years. So augmentation of job in industrial economy and skill development programme should be prime focus. In this regard "Coordinated Action on Skill Development" with three-tier institutional structure is an important Governmental initiative since eleventh five year plan. Unfortunately the scheme failed to fulfill its training target each and every year and the people are less interested because after completion of successful training employment is not guaranteed. Above all the industrial growth is the key of succession. Government should review industrial policy and emphasized on manufacturing industries. Small and medium scale industries should encourage in small urban centers and in country side. Otherwise 64 percent economically active population will not be considered as dividend.

Keywords: Window of opportunity, dividend, skill, industrial, dependency, age structure.

INTRODUCTION

'Demographic Dividend' is a common demographic agenda related with fertility transition but has highest economic significance for a nation. Social and economic progress of a country shifts its population from a situation of high fertility and high mortality to a new situation where fertility and mortality are low. Obviously it is a development from a pre-industrial to an industrialized economic system. India is not an exception also. Gradual reduction of fertility performance and increasing life expectancy over time modified the age structure significantly where share of 'economically productive age group' people will be high. No doubt it is the benefit of earlier high fertility performance. This change presents wide-ranging and complex health, social, and economic challenges, both current and future, to which this diverse and heterogeneous country must rapidly adapt [1]. The concept and practice of so called 'dividend' related with dependency factor, ratio between economically dependent population (Ages up to 15 years and ages above 65 year) and economic productive population (Age group 15 to 64). Naturally dividend is not a static concept. The opportunity lasts for 30-40 years depend upon the countries social, economic and demographic policies. In near future 'opportunity' will convert to 'burden' due to increasing percentage share of elderly population in demographic architecture. According to UN population department it has defined the windows of opportunity as 'period when the proportion of children and youth under 15 years falls below 30% and the proportion of the people 65 years and older is still below 15%'. So, history of development, contemporary opportunity and potential opportunity in industrial sectors for employment augmentation are the crucial factors to get benefit from the demographic dividend for a country. Scholars are generally cited example in this regard taking comparison between India and china where the growth of manufacturing sectors in China is 1.6 times higher than India with 5^{th} times high per capita income than Indian people [2]. Apart from that, serious problem is inherent within the Indian demography which evolved with high level of disparities in aerial and social scale. The demographic transition shows that a high level of disparity among different strata unlike European countries.

The paper focused on the history of demographic development emphasizing on evolution of age structure with its regional variation. Dependency factor and opportunity of demographic dividend of Indian population is analyzed in the next segment of this paper. The paper ends with discussising the Government policies and implementation regarding demographic dividend.

Development of demographic characteristics and present scenario

In 1951 Indian population was 361 million which touches 1210 million in 2011 (Table-1). Simultaneously the percentage of child population (0-14 years) has decrease 46% to 27.3% from 1951 to 2015. On the otherhand percentage share of old (60+ years) and economically active population (15-59 years) increased 4% to 8.3% and 49.9% to 64.4% respectively in the same period. Another important observation is that the decadal growth rate of Indian population showing a decreasing trend whereas the decadal change of old population is an increasing trend. In other words the growth rate of old population exceeds the growth rate of total population. So, Indian population is going to be old with the advancement of time. But at present it is very important that the percentage share of economically active population increased remarkably (nearly 15%) during six and half decades. This bulging middle aged population is the dividend of Indian population (Table-2). Mason suggested that each country in the Asia and Pacific region should act now to harvest the first demographic dividend [3].

Average life expectancy of Indian population is considerably increased (41 years to 68 years from 1951 to 2015) due to extension of modern medical facilities. Reduction of infant mortality rate (IMR) is one of the important causes for reduction of crude birth rate (CBR) because; it motivates the couples to choose to take fewer children due to higher certainty of survival. So from the population statistics it may be said that the reduction of CBR reduces the supply of younger people while a decreasing death rate signifies the increasing number of old age people with a higher life expectancy.

Table-1: Changing demographic scenario in India during last four decades (1981 to 2011).

	2011	2001	1991	1981
Population Size (in Million)	1211	1027	846	683
Decadal Growth Rate (in Percent)	17.70	21.35	23.67	24.66
Old (60+years) population in Million	103	77	57	43
Percentage of old population to total population	8.6	7.5	6.7	6.5
Life Expectancy (in Years)	68.89	65.34	59.40	55.5
Infant Mortality Rate (IMR)	34*	63	80	110
Crude Birth Rate (CBR)	19.30*	25	29.5	----
Crude Death Rate (CDR)	7.30*	8.10	9.80	----
Literacy Rate	74.30	64.84	52.20	43.57
Percentage of Child (0-6 years) population	13.12	15.37	17.94	-----
Population Density (Persons per squire km)	382	324	267	216

* SRS data, 2016 [4]

Source: Census of India 1981, 1991, 2001, 2011 [5] and SRS Bulletin – 2016.

Table-2: Percentage of Population by broad age groups to Total Population by sex and residence, India - 2015

Residence	Sex	Broad age groups (Years)							
		0 - 4	5 - 9	10 – 14	0 - 14	15 - 59	60+	15 -64	65+
Total	Total	8.6	9	9.7	27.3	64.4	8.3	67.5	5.2
	Male	8.8	9.2	9.9	27.9	64.1	8	67.1	5
	Female	8.4	8.8	9.5	26.7	64.7	8.6	67.8	5.5
Rural	Total	9.2	9.5	10.2	28.9	62.9	8.3	65.8	5.3
	Male	9.4	9.6	10.4	29.4	62.6	7.9	65.6	5
	Female	9	9.3	10	28.3	63.1	8.6	66.2	5.6
Urban	Total	7.3	8	8.6	23.9	67.7	8.4	70.9	5.2
	Male	7.5	8.2	8.8	24.5	67.2	8.3	70.5	5
	Female	7.1	7.9	8.4	23.3	68.2	8.5	71.3	5.3

Note: Total percentage may not add to on rounding in broad age groups.

Source: National Sample Survey Organisation (NSSO) [6]

Dependency factor and emerging opportunity

People of some ages produce less than they consume, depend on the rest of the society for their support. This people are called dependent population. The ratio of the dependent population to that of the working age population is defined as the dependency ratio and is an important indicator of the economic burden carried by each worker [7]. Dependents are divided into two broad age groups, dependent youth considering the age group 0 to 14 years and dependent elderly comprises with 60 and above aged population. So the population between 15 to 59 years are considered economically active age group, they produce more than they consume. Now ignoring some critical variables like process of transfer of resource from working adult to dependent children and elderly, age

specific consumption pattern, additional role of capital in modern times in the production process etc. In a society or country the demographic process of aging, fertility and mortality will determine the predictable movement of the age structure. In case of stable population age specific fertility and mortality is also constant signifies that the relative number of population in each ages are constant. Continuous falling of fertility rate reduces child dependency ratio and old dependency ratio rises for several decades in India. So a nation experiencing fertility transition will be able to move temporarily below the locus of stable population. India, near to fertility transition, received a large demographic dividend which has already started. Dependency ratio is better than past.

The slow declining rate of Crude Birth Rate (CBR) and Total Fertility rate (TFR) has been observed from 1971. It has already mentioned that changing age structure due to fertility and mortality performance influence the supply of labour, productivity, earning, savings behaviour and consumptions – all the key drivers of the economic growth. At present the growth rate of economically active aged population (15 to 59) is more than the dependent child and old. The supply of labour in Indian job market is increasing and we are enjoying so called demographic dividend. But unfortunately unlike the developed realm Indian labour market absorbed a large number of workers in unorganized sectors. Days are changing fast; presently service sectors are growing rapidly and have an important role in Indian economy. Advancement of Indian economy requires special skill for entry in new job market (mainly in organized sectors). Fertility decline and overall social change encourage youth people for education and training. Female participation in organized sectors has increased after 1990 mainly due to reduction of fertility and educational development. Statistics from Ministry of finance, Government of India shows that the percentage of female employee increased 13.80% to 24.40% during the time span 1990 to 2016. In this regard Bloom and Williamson [8, 9]. Gave an interesting example about East Asia's economic growth in the second half of the 20th century. In this region rapid decline of infant and child mortality was began in the late 1940s. This decline triggered a subsequent fall in fertility rate. The CBR was dropped around 40 to 20 within thirty years (1950 to 1980). During the lag between fertility and mortality a 'baby boom' generation was created which was larger than the cohorts that preceded and followed it. As this generation reached in working age, it boosted the savings rate and also the size of work force; from 1965 to 1990. The working age population grew by 2.6% per annum and dependent population by just 1%. This is the story of East Asia's economic miracle between 1965 to 1990.

So, it is very important phase for proper use of human resource and economic planning to flourish the same because India will enjoy dividend just twenty five to thirty years as per projection and will be experiencing a period of "demographic bonus," where the growth rate of the working age population would exceed that of the total population [10].

Regional variation of age structure in India

Variation in age composition is observed among different Indian states as per their level of social and economic development. Though in some cases ethnicity and religion are also important and rural and urban differential is also prominent. From the sample registration data (SRS), 2015, percentage share of population in the selected age groups for bigger States/UTs by residence and sex are given here (Table-3). At the National level, 7.3 percent population in urban areas constitutes below 5 years of age as against 9.2 percent for rural area. Sex differences in the share of child population are negligible both in rural and urban areas. The difference in the share of male child population to female child is maximum (about 1 percent higher) in rural areas of Delhi, Kerala and Uttarakhand. The urban areas of the newly added state of Telangana have also shown about 1 percent higher difference in the male to female child population share. Among the bigger States/UTs, the percentage of child population in rural areas varies from 5.9 percent in Telangana to 12.2 percent in Bihar. In urban areas, such variation is from 5.3% in Jammu & Kashmir to 11.0 percent in Uttarakhand.

Government direction and initiatives

Two important issues are interlinked with age composition change. One is reaping demographic dividend and another is care for elderly. In this regard Government of India already has taken some initiatives. Planning commission of India mentions that - To reap the benefits of "demographic dividend", the Eleventh Five Year Plan had favored for the creation of a comprehensive National Skill Development Mission [11]. As a result, a "Coordinated Action on Skill Development" with three-tier institutional structure consisting of (i) PM's National Council (ii) National Skill Development Coordination Board (NSDCB), (iii) National Skill Development Corporation (NSDC) was created in early 2008. Whereas, Prime Minister's National Council on Skill Development has spelt out policy advice, and direction in the form of "Core Principles" and has given a Vision to create 500 million skilled people by 2022 through skill systems (which must have high degree of inclusivity), NSDCB has taken upon itself the task of coordinating the skill development efforts of a large number of Central Ministries/Departments and States. The NSDC has geared itself for preparing comprehensive action plans and activities which would promote PPP models of financing skill development.

Table-3: Percentage of Population in the working age group 15-59 years by sex and residence, India and bigger States/UTs, 2015

India and bigger	Total			Rural			Urban		
States/ Uts	Total	Male	Female	Total	Male	Female	Total	Male	Female
India	64.4	64.1	64.7	62.9	62.6	63.1	67.7	67.2	68.2
Andhra Pradesh	69.3	68.7	69.8	68.6	68	69.2	71	70.6	71.4
Assam	64.4	63.9	65.1	63.5	63	64	69.9	68.9	70.9
Bihar	58.3	57.9	58.8	57.8	57.4	58.3	61.5	60.8	62.2
Chhattisgarh	63.7	64.1	63.3	62.4	62.9	61.9	67.7	67.7	67.8
Delhi	67	67.5	66.5	68.1	69	66.9	67	67.4	66.5
Gujrat	65.2	65.2	65.2	63.3	63.3	63.2	67.6	67.4	67.8
Haryana	65.3	64.7	66	64.3	63.8	64.8	67	66.2	68
Himachal Pradesh	65.6	64.6	66.5	65.2	64.1	66.2	69.8	69.6	70
Jammu & Kashmir	67.9	67.5	68.4	66.8	66.3	67.3	71.2	70.8	71.7
Jharkhand	62.7	62.4	63.1	61.5	61	62	66.7	66.8	66.7
Karnatak	67.2	66.9	67.4	66.5	66.3	66.7	68.2	67.8	68.7
Kerala	64.6	63.7	65.3	64	63.2	64.8	65.1	64.3	65.9
Madhya Pradesh	62.4	62.4	62.5	61.1	61.3	60.9	66.1	65.5	66.7
Maharastra	65.3	64.9	65.7	62.5	62.3	62.8	69	68.4	69.6
Odisha	64.4	64.1	64.7	63.6	63.4	63.9	68	67.5	68.5
Punjab	67.7	67.5	67.9	66.5	66.3	66.8	69.3	69.1	69.4
Rajasthan	62.4	62	62.8	61.1	60.8	61.6	66.1	65.7	66.5
Tamil Nadu	69.5	69	70	69	68.6	69.3	70.3	69.6	71.1
Uttar Pradesh	62.4	62.1	62.7	61	60.8	61.2	66.6	66.1	67.1
Uttarakhand	61	60.7	61.3	59.7	59.3	60.2	64.4	64.4	64.4

Source: National Sample survey Organisation (NSSO).

The government of India set a target to impart the necessary skills to 500 million people by 2022. In this regard some experts are raised concerns over the magnitude of the target. The institute of Applied Manpower Research (IAMR) (presently NILERD) has computed new skill gap figures to arrive a realistic overall target. According to IAMR calculation the total number of population need to be trained by 2022 ranges between 249 and 290 million across differing skill requirement scenarios. The Twelfth plan has embarked on a relatively modest target of skilling 80 million people until 2017 [12]. Which leaves around 400 million people to be trained in the Thirteenth period by 2022. In view of the above, the Government could consider re-examining mission targets and redesigning its policies/execution accordingly. NSDC projects fixed the target an incremental requirement of 347 million personals (skilled & unskilled) in twenty one high growth sectors by 2022. Based on this estimate IAMR has forecast the total workforce will cross 1000 million by 2022 [13].

India faced a considerable skill development challenge because the country has a training capacity around 4.3 million [14] but around 12 million people work force expected to join in every year from the next decade. Moreover, net enrolment in vocational courses in India is estimated at around 5.5 million per year, while that in China is 90 million and in the US 11.3 million. Clearly, the country faces a major challenge of imparting "employable skills" to its growing workforce over the next few decades.

CONCLUSION

The starting phase of demographic divided do not bear a good signal. Already some important shortcomings is identified in this regard and failed to manage the situation properly. Skill Development Yojana is renewed in 2016 and decided to continue its function up to 2020 with a funding of Rs. 12,000 crore. Unfortunately the scheme failed to fulfill its training target each and every year. Not only that the people are less interested to take part in this programme because after completion of successful training employment is not guaranteed. For example only 8.5% people are engage in the work field after completion of training under Standard Training Assessment and Reward Scheme (STAR) in the regime of UPA Government. Even in the financial year 2016-17, only 16.6% trainees have got employment. Moreover proper regulation and control should be imposed on private training centers to protect economic corruption. Above all the industrial growth is the key of succession. Government should review industrial policy and emphasized on manufacturing industries. Small and medium scale industries should encourage in small urban centers and in country side. Otherwise 64 percent economically active population will not be considered as dividend. Defiantly we will look for a better future.

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