

## Editorial

### Is India Primed to Reap the Gains of Demographic Dividend?

Demographic dividend is a situation boosting economic productivity due to growing numbers of people in the workforce relative to the number of dependents. That means the working age population, which falls between 15 to 64 years is larger than the non-working-age share of the population that is 14 and younger, and 65 and older

India with the population of 1.35 billion or 135 crore is the world youngest country. About two thirds of its population is below the age of 35 years, making it roughly 830 million or 83 crore people below the age of 35 years. To understand it meaningfully, India's young population that is below 35 years is more than double the total population of USA. To give another fascinating value, India's young population(15-25 years) is roughly 10 crore (100 million) more than the total population of all the G7 countries combined.

The working population in India is set to ascend significantly over the next decade or more. By 2020, the average Indian will be only 29 years of age, compared with 38 in China and the U.S., 48 in Japan and 45 in Western Europe. Moreover, by 2030, India will have the youngest median age of 31.2 years, while China's will be 42.5 years. Most key economies will see a turn down of working age adults (20-64 years).

United National population research states that, the countries of Asia and Latin America have been enjoying the benefit of the demographic dividend for the duration of the last four decades. Developed countries of Japan, Europe, and USA have an aging population due to low birth rates and low mortality rates. Neither the least developed countries nor the countries of Africa have as yet experienced favorable demographic conditions

With the waning working age population, particularly in the developed countries, more jobs coming forth from the developed countries will be redistributed and India can gain from it due to demographic dividend. According to International Monetary Fund (IMF), India's enduring demographic dividend can increase about 2 percent to the yearly rate of economic growth, providing a golden prospect for India to become a superpower, if explored properly. .

It is broadly anticipated that India will have a demographic dividend for another 25 to 30 years, after which India's total labour force is likely to start falling, in absolute terms. In other words, we have only 30 years, at best, to harvest the fruits of the biggest young work force in a country anywhere in the world. However, in order to reap the advantage of demographic dividend, the younger population must have access to quality education, adequate nutrition and health, improved skill development opportunities along with the ample avenues for employment.

### **Potent Threats**

The prospect of demographic dividend also presents India with an severe predicaments. Although India currently has the leading set of young people, the increase in the working-age ratio will be concentrated in some of India's poorest states making it difficult to provide basic amenities, education and quality of life to the young generation. Secondly, the demographic dividend will be fully realized only if India is able to create gainful employment opportunities for this working-age population. Human Development Report (HDR) published by the United Nations Development Programme (UNDP) states that, India is still in the middle human development group with countries like Philippines, Sri Lanka, Thailand, , Egypt, Indonesia, South Africa, and country like Vietnam has a better rank. Therefore, health and education standards need to be enhanced to make the Indian workforce proficient and skillful.

There is yet another challenge, of building young Indian's skillful for enhancing their employability. The problem is coupled with lack of educational infrastructure and sub-standard and industry incompatible syllabus. Data states that 130 million enroll in primary school every year but only 12 million graduate from college. NASSCOM estimates that Indian engineering graduates severely lack is employable traits like technical skills, communication and presentation skills, and collaboration abilities. This means that only one in four engineering graduates get decent job. As such , only 20 percent out of the 400,000 engineering graduates each year are employable in private sector.

### **Way Ahead**

The dual challenge of skill-building and career opportunity creation needs to be addressed very strategically. The need is for collaboration between the government and the private sector on both the supply and demand sides. There is also a call for for a facilitative and favorable environment for private sector interventions in this area. The example of one such partnership is the National Skills

Development Corporation, established with the purpose to upgrade the skills and potential of 500 million people in India by 2022, through skill development programs and providing funding by encouraging private sector initiatives

In addition, the public-private partnership (PPP) models, such as Build-Own-Operate-Transfer (BOOT) or Design-Build-Finance-Operate-Transfer (DBFOT) model, should be encouraged to put together key infrastructure in the country. There are many flourishing examples of PPP models in areas including healthcare, transportation, power, ports and education.

To take the benefit of demographic dividend in a country like India is indisputably a gigantic mission. But if it is not done now, we as a country will not get this opportunity again. Failure to grab this opportunity will deepen the political and social turmoil, disruptiveness and amplified public expenditure. We need to get this matter resolved in a committed manner while keeping in mind that India's biggest asset is its population who need to be actively involved in the right direction to foster India's ascent to the top of the world.