Print ISSN: 2321-6379
Online ISSN: 2321-595X

Review Article

Demographic Profile of India – Opportunity or Threat (Qualitative Systemic Review Literature)

Shubham Painoli

Assistant Manager, Department of Quality and Process, Portea Medical Bengaluru, Bengaluru, Karnataka, India

Abstract

The demographic dividend is an important aspect for any country to raise its gross domestic product and per capita income. This review mainly focuses on exploring the current scenario of Indian population in terms of its dividend, skill set of population and influence of the various factors on the demographic dividend of India which is the deciding factor and plays an important role for the country on in terms of its dividend, skill Skill sets the areas of improvement to make Indian demographic dividend productive.

Key words: Age distribution, Demographic dividend, Economic gain, Education system, Gross domestic product, Skilled manpower, Unskilled worker

INTRODUCTION

"With over 1.277 billion people (2015), constituting more than a 6th of the world's population, India is the 2nd most populous country in the world.[1] It is projected to be the world's most populous country by 2022, surpassing China with its population touching 1.6 billion by 2050.[2]" Greater than 50% of the Indian population is below the age of 25 years and greater than 65% is below the age of 35 years. It is expected that by 2020, the average age of an Indian will be 29 years, compared to 37 of China, and 48 of Japan and by 2030; India's dependency ratio should be just over 0.4.[3]

Despite an ancient civilization, India has the largest proportion of young people in the world. The working-age population (15–64 years) constitutes 64% of the population. At the global level, every 5th person <25 years of age is an Indian (soon it will be every 4th).[4]

These changing demographic profiles indicate that India has a distinctive 20 to 25 years' window of opportunity called demographic dividend created due to decrease in the fertility and mortality rates coupled with improvement in life expectancy. This resulted in changes in the age distribution with lesser proportion of population in the dependent ages and hence, comparative cost advantage besides competitiveness of the productive work force to the economy.

India is having world's youngest work force with a median age way below of China and OECD Countries. Alongside this window of opportunity for India, the global economy is likely to face an acute shortage of skilled man power to the extent of around 56 million by 2020. Hence, the demographic dividend in India needs to be exploited not only to develop the production possibility frontier but also to meet the skilled manpower requirement in India and/or in other countries.[5]

As per International Monetary Fund, Demographic change may add 2% points to per capita (GDP) growth per annum, provided, country have appropriate policies and protocols. In absence of such Standard operating procedures, a country may find itself with a large number of unemployed or under-employed working-age individuals resulting in demographic disaster accompanied with adverse political, economic and social impact.

CONCEPT OF DEMOGRAPHIC DIVIDEND

Demographic transition creates a small window for countries to improve their demographic dividend. This opportunity comes when the population pyramid

Access this article online

www.ijss-sn.com

Month of Submission : 02-2019
Month of Peer Review : 03-2019
Month of Acceptance : 03-2019
Month of Publishing : 04-2019

Corresponding Author: Dr. Shubham Painoli, B 1/40 Sector F, Kapoorthala Lucknow, Uttar Pradesh -226 024, India.

shows maturity signs and bulges in the middle stage of demographic transition indicating a relatively larger share of working-age persons in total population and hence a low dependency ratio.

The idea lies in using the working-age population optimally for enhanced production along with calling for physical investment in productive capacities and increasing employment to the fullest.

Critical ingredient comprises the child, teenage, and youth population who, for contributing toward the increased production, would be entering the workforce in the near future.

Questions are often asked about the employability of the youth due to their inadequate education, training, and skills or sometimes even due to their ill health. Therefore health, education, skill, and general productivity of the youth are pre-requisites for countries to reap their demographic dividend.

DEMOGRAPHIC DIVIDEND AND COUNTRY READINESS

Against the above backdrop, it would be imperative to examine India's position, who will add about $1/4^{th}$ of the global youth population in the next 2–3 decades. A process that started in the late 1970s is likely to last another 20–30 years from now. The UN forecast has focused attention on the country's amazing demographic perspective and the bearing this could have on its economic development. However, the UN has also focused attention on the numerous daunting challenges; the nation will have to overcome, including the creation of infrastructure and urbanization models required for such a large increase in the population.

As per the study done by Mc kinsey, India's information technology industry employs only around 3 million people constituting just 0.4% of the workforce – with the vast majority of Indians doing low productivity jobs in areas such as transportation or construction. Development of a labor-intensive manufacturing sector is vital for the country to take advantage of its rapidly growing population.

India, even today is struggling to provide health care, water, electricity, and shelter to its masses. Moreover, there are huge urbanization challenges. Indian cities have grown tremendously over the past two decades – both in population and geographic size – leading not only to housing shortages but also contributing to traffic congestion, air pollution, rising greenhouse gas emissions, and poor public health. In fact, a study published in February 2015 by economists at A Tale of Three Islands[6] reveals that India's high air pollution, ranked by the World Health Organization as among the worst in the world, is having an adverse impact on lifespan.y

In spite of numerous challenges, it is a matter of the fact that the working-age ratio in the country in 2040 is set to go up from about 64% currently to 69%, adding over 300 million working-age adults. This could make India the largest single contributor to the incremental global workforce in the next 2–3 decades.

Furthermore, being a vast country with diverse social groups, there may be a disparity in the readiness of youth to reap this dividend. When the physical capital would expand and engage persons with adequate human capital, regions where youth lack proper education, vocational training, or marketable skill will be left behind. While this will create a drag on the macroeconomic performance and lower the demographic dividend in general, a further crucial outcome would be increasing disparities among social groups.

REQUISITES REQUIRED TO REAP DEMOGRAPHIC DIVIDEND

As per the study done by Williamson on Inequality and Demographic Events[7], various steps are required to facilitate countries in leveraging their demographic dividend which includes the following objectives.

- Ensuring that infants receive good medical care.
- Protecting women reproductive health and enhancing their health knowledge, since they play a key role in the health of their families.
- Emphasizing the health of children and teenagers, to improve educational performance.
- Focusing, especially on low-income populations, with strong public sector programs.
- Reducing unwanted pregnancies since it benefits maternal health and family welfare and hastens the changes in age structure.
- Improving the human resource capabilities and creating jobs to absorb large numbers of teenagers coming into the workforce.
- Promote savings to generate productive capital.

As per Macroeconomics and Health: Investing in Health for Economic Development (2001) by Jeffrey Sachs[8], India's demographic dividend can be accomplished only if our human resources are nurtured well; Investment in health is increased so as to bring huge returns in terms of economic gain. Later this evidence is supported by

Ranjit Goswami[9] who wrote about India's population in 2050.

However, if the youth are not productive enough and are not absorbed meaningfully into the workforce, this would be counter-productive and demographic dividend will become a demographic nightmare. The frustration of unemployed youth can be well gauzed from the recent *Arab Spring/ISIS* movement that lack of jobs can be the greatest source of social unrest. Institute of Criminology at Cambridge University, which has been studying the subject for nearly 50 years, established long ago that young people are more likely to commit a crime when they are out of work. Hence, to understand Indiaout of work. Henceitute of, we must look at the issue of education, skill formation and employment among youth in India as a demographic dividend will critically depend on the productivity of the youth and their enhanced contribution to the GDP which, in turn, would depend on:

- Education/skill formation/productive employment among youth, and
- Compatibility between the skill set supplied and demanded in the labor market.

EDUCATION/TRAINING AMONG YOUTH AND EMPLOYMENT STATUS

The formal educational standard of the Indian youth is not noteworthy as evident from the "World Population Data Sheet[10]:"

- More than 17% are illiterate and about 40% have a secondary or higher secondary level of education while <8% have a graduate degree.
- Vocational and technical education is lacking among the youth with about only 2.5% have any technical training.
- There are a clear location and gender bias also with rural youth and young woman lagging far behind their urban/male counterparts in education and training.
- Out of the total 275 million youth population in India, 102 million youth are active in the labor market.
- More than 7 million, or close to 7% of these youth, are unemployed. Among those who are employed, <20% have regular salaried jobs while close to half are self-employed. More than 1/4th are engaged as casual laborers with no certainty about job availability or earnings from 1 day to the next.

It, thus, emerges that remunerative employment among youth is not remarkable with very few engaged in regular productive jobs thereby raising questions regarding the contribution of youth to the GDP and their productivity.

THE SKILL QUESTION

Skill Set of Youth Workers

More than a 1/2 of the wage workers and close to ¾th of the self-employed youth are unskilled - with no vocational training and with <10 years of education, comprising >1/5th of all workers.

Skill Availability and Skill Demand Mismatch

Against the backdrop of significant low skill of the workers who are employed, it is astonishing to find that unemployment is highest among engineering/technology graduates and those with undergraduate diplomas in medicine.

A study by Bloom, *et al.*, 2003,[11] indicate that >80% of Corporate entities report vacancies at managerial level in the preceding year of which close to 50% are difficult to fill because of skill-shortages due to lack of job-specific skill, basic abilities and unsuitable personal traits to occupy managerial positions. Shockingly most of the applicants had a postgraduate degree/diploma in business administration or business management.

This indicates that there is a serious mismatch between the skills possessed by Indian youth and the skills demanded by the employers in the labor market. While there is a serious oversupply of unskilled workers and low skilled workers, there is an acute shortage of skilled workforce with most of our trained/educated youth being employable rather than unemployed calling for an immediate re-look at our training/education system for adjusting them to match the skilled demand of current times.

CONCLUSION

There is undoubted an immense demographic dividend potential that India may reap in the next decades by utilizing its growing youth population productively. However, the current education/skill pattern and health profile of the growing population besides the emerging economic structure are not compatible and it is feared that there will be >10% surplus of unskilled/semi-skilled workers besides an acute similar shortage of skilled workers who lack formal training and the level of skill now being demanded in the labor market. In the globalized scenario, employers are edgy about maintaining competitiveness and the productivity of their workers. Hence, simply qualifications are not considered adequate for an appropriate job. Onee of skilled workers who lack formal training and the level of ski sustainability to the production process besides revenue of the organizations. Unless this mismatch is corrected on a war footing and demographic dividend is

combined with good policies and skills impart programs, India would end up with a vast build of unemployed and unemployable youth and face a demographic disaster rather than a demographic dividend.

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How to cite this article: Painoli S. Demographic Profile of India – Opportunity or Threat (Qualitative Systemic Review Literature). Int J Sci Stud 2019;7(1):209-212.

Source of Support: Nil, **Conflict of Interest:** None declared.