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## SHIFTS IN THE AGE STRUCTURE OF POPULATION IN INDIA – A DIVIDEND OR A DISASTER

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### Abstract

India, the second largest populous country of the world, at present is called young India. It has entered the period of window of demographic opportunity with changes in the age composition of population. The shift in the population age structure in favor of working age population historically proved speedy economic growth in advanced countries. This additional rise in the economic growth rate is called demographic dividend. India has an advantage of enjoying the demographic dividend for a long period of time. It is due to the differences in socio-economic conditions of different states resulted in different fertility rates and ultimately to different population age structures. This gives an opportunity to enjoy the demographic bonus for a long period of time. However, the ability to get the advantages of working age population depends on the strategy towards utilizing the workforce potential in a positive manner.

**Keywords:** Age Structure, Demographic Dividend, Workforce Potential, Window of Opportunity.

### Introduction

There is a cause-and-effect relation between population growth and economic growth. It was first explained by Prof. T.R. Malthus in his population theory. He stated that population grows in geometric progression and food supply grows in arithmetic progression which ultimately results in food shortage. The Optimum theory of population states that the size of population is said to be ideal or optimum which yields the highest per capita income depending upon the availability of resources. All the theories show that there is relation between size of population and rate of economic growth.

The demographic transition theory explains that how the process of economic growth shows its impact on birth rates and death rates and thereby on population growth rate. These shifts in birth and death rates from high level to low level depends on several factors. The socio-economic factors of the country influence the total fertility rates which determine the age composition of population. The two demographic variables age and sex are very important in explaining the workforce of the country. It is the working age population of a country has its impact on the growth of the economy. Historically it is proved in almost all advanced countries that the shift in the population age structure in favor of working age population is responsible for an additional growth of nearly 15 % in their GDPs. This additional growth potential creates a window of demographic opportunity.

The age distribution of population is very important in explaining the workforce of a nation. The age distribution of population by three broad age groups viz., below 14 years, 15 years to 59 years and above 60 years determines the dependent population and work force potential of a country. Dependent population comprises of children below 14 years and senior citizens of the age above 60 years. The working age population is in the age group of 15 to 59 determines the actual work force potential of a country. If this is more in a country it brings an additional advantage to the normal growth rate of the economy. The additional growth rate to normal rate of growth is called demographic dividend or demographic bonus. This type of window of demographic opportunity is available only for a certain period of time depending upon the shift in the age structure. It is estimated that India can reap the benefits of young working age population over a period of 50 years that is from 2005 to 2055. In this connection, this paper makes an attempt to examine the benefits and challenges of demographic dividend in India.

### Objectives

1. To study the concept of demographic dividend,
2. To examine the reasons for the demographic dividend,
3. To observe broadly the age composition of different states
4. To analyse the benefits of young working population
5. To find out the challenges in receiving the window of demographic opportunity
6. Policy implications and suggestions

The paper is completely based on the secondary data published by the Census of India and Population projections as well as the data from internet sources.

United Nations Population Fund defined demographic dividend as "the economic growth potential that can result from shifts in a population age structure, mainly when the share of the working age population is larger than the non-working age share of



population". It is also called demographic bonus or demographic window. It is estimated that 15% of the overall growth in advanced countries was due to demographic dividend.

To understand the concept, it is better to observe the population pyramid of India. It shows age - wise and sex – wise population of a particular period of time. The pyramid gives a clear picture of different age group population by sex. It helps to calculate mean age of country at a particular point of time. At present the average age of an Indian is 29 years which means that 50% of the population is below 29 years and remaining population is above this age. When it is compared to the average age of China (37), US (37), Japan (48), India is said to be Young India.

The age distribution of population by three broad age groups helps to know the shift in the dependent population. The following table shows all India population projections to calculate trends in working population.

Table 1: Population Projections

Year	2001	2006	2011	2016	2021	2026
<b>Total</b>	<b>102.9</b>	<b>112.2</b>	<b>119.3</b>	<b>126.9</b>	<b>134.0</b>	<b>140.0</b>
<b>Below 15 years</b>	36.5	35.7	34.7	34.0	33.7	32.7
<b>15 to 65 years</b>	61.9	69.9	78.0	85.1	90.8	95.7
<b>Above 65 years</b>	4.5	5.6	6.6	7.8	9.5	11.6

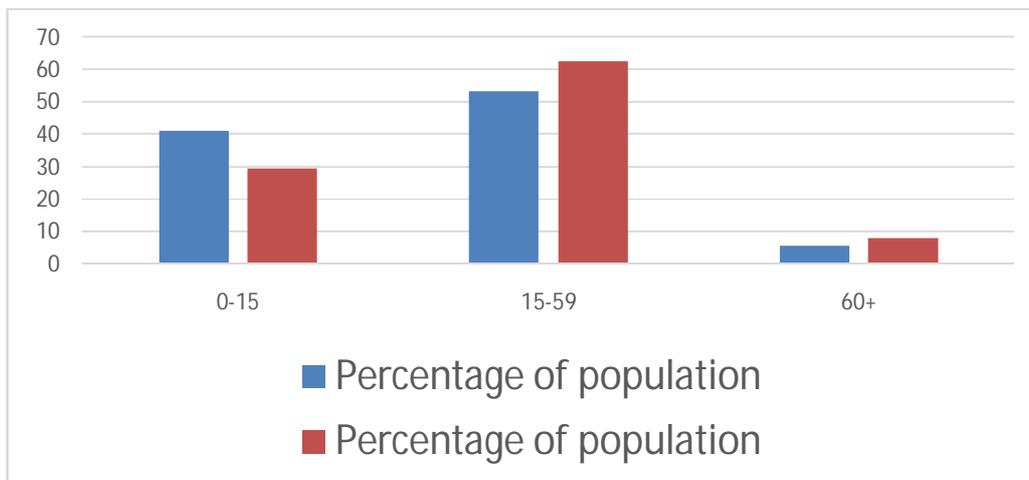
Source: Report by the Technical Group on Population projections constituted by the National commission on Population,2006

The age distribution of population by three broad age groups helps to know the shift in the dependent population from 1961 to 2011. The following table shows the percentage of population by three broad age groups.

Table: 2Percentage of population by broad age groups

Age group In Years	Percentage of population	
	1961	2011
<b>0-15</b>	41.0	29.5
<b>15-59</b>	53.3	62.5
<b>60+</b>	5.6	8.0

The above table shows the shift in the age structure of population over a period of 50 years. It indicates the decline of the dependent population consisting of children and senior citizens.



The main reason for decrease in child population may be attributed to fall in total fertility rates (TFR) over along period of time in the process of demographic transition. As these rates are different in different states with socio economic progress levels the



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working population is different in different states. Hence window of opportunity is available to them in different periods. The southern, western states and west Bengal have achieved a relatively low dependency ratio because of their early fertility transition. But in Northern states, the change in age structure would take place only after a few more years, may be a decade a later. The following broad division show the stage of opportunity

**I set of states:** Southern states, Gujarat, Delhi and West Bengal can get the demographic bonus for another 5 more years.

**II set of States:** Karnataka, Odisha, Maharashtra, Assam, Haryana, Jammu and Kashmir will enjoy the bonus for next 10 to 15 years.

**III set of states:** Chhattisgarh, Jharkhand, Madhya Pradesh, Bihar Rajasthan and Uttar Pradesh still have high fertility rates. Here the window of demographic opportunity is yet to open. These states will get the benefit till 2050.

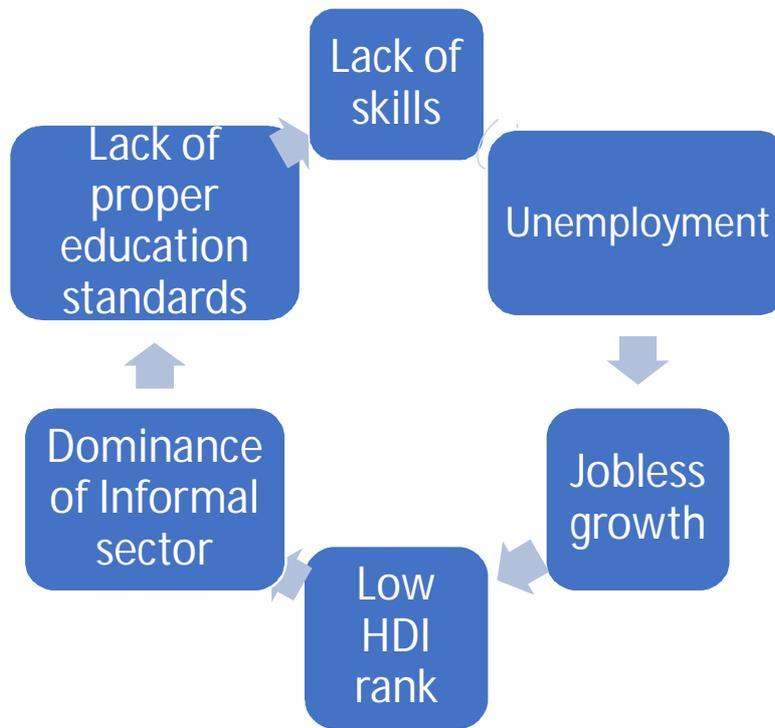
## II. Benefits of large working age population

Age structure has a significant effect on the economic performance of the Asian countries. Worldwide studies reveal that demographic transition accounts for sizeable portion of the economic growth experienced by East Asian economies during 1965 to 1995. The socio - economic benefits generated through the large size of young population may be studied as follows.

1. Increase in labour supply due to more working age population in the country. The growth of work force allows India to supply more workers to the global potential work force.
2. Participation of women workers in productive activities increase with the decline in fertility rates. The women enter the labour market and prove their capabilities in nation building activities.
3. Small family size, more earnings by both parents help to provide nutritious food as well as better education to the children. The improved family health helps the productive capacity of workforce.
4. More savings in the economy as this is actual saving age group in the country. Children and senior citizens are the unearned dependent group in the country. The working age group only can earn as well as save. Hence the saving capacity of the economy also will increase.
5. Migration and Urbanization takes place with growing young population. The job seekers move from rural areas to urban areas in search of a job which ultimately helps in speedy industrialization as well as urbanization.
6. A massive shift towards a middle-class society in urban areas leads to the rise in the aspirational class. The urbanization changes the mindset of the people. This transformation leads to the scientific thinking and rational behaviour of the people in the country.
7. Surplus capital resources available with the government due to less expenditure on dependents. The expenditure made by the government for the children for free primary education, Mid-day meal programme, ICDS will be less with decreasing fertility rates. The surplus resources left with the state may be diverted to physical as well as Human capital
8. High Productivity due to youngsters as they are brave, innovative and enthusiastic. The productive capacity of the young workers increases with the human resource development.
9. Last but not least, the economic development of the nation takes place in a speedy manner.

## III. Challenges in the demographic dividend in India

**The Window of opportunity has started in 2005 and** will last till 2055. According to Economic Survey,2018-19, India's demographic dividend will peak around 2041, when the share of working-age i.e., 20-59 years, population is expected to hit 59%. However, the current slowdown of the economy since 2018 which is aggravated with covid pandemic makes the demographic bonus an elusive. Lack of clear policy towards growing youth accompanied by growing rates of unemployment puts a question that India gets demographic bonus or disaster with working young population. The following are some of the challenges associated with the availability of the benefits of demographic dividend.



- Lack of employment opportunities to absorb young worker is an obstacle in harnessing their capabilities. The Centre for Monitoring Indian Economy revealed that unemployment is at its highest rate in India during the financial year 2020-21. Even before the covid -19 Pandemic hit, unemployment levels in India had hit a 45- year high. As per NSSO Survey, during 2017-18, only half of the people in the working age were actually working which implies that remaining half of the working age population left jobless.
- In the era of technological advancement, most of the jobs will be highly skilled jobs. But in India, skill shortage is found with the gap between the demand for capabilities and lack of such skilled manpower. The Increasing automation, robotics, induction of Artificial Intelligence and new generation technologies create less scope for employment opportunities. With the failure of Human resource Development Planning, our educational institutes are supplying mere degree holders without relevant skills.
- India, with 130<sup>th</sup> rank in Human Development Report lagging behind in education and health. It is evident from the Pratham survey that only half of h children in the 5<sup>th</sup> standard could read a text from the 2<sup>nd</sup> standard. The latest India’s Environment report revealed that the pandemic worsened the situation further. Absence of mid -day meal showed impact on health. Moreover, difficulties in accessing the online education affected the education.
- Indian economy is a dual economy where organized and unorganized sectors go hand in hand. Here the informal sector is dominated in every walk of life. There is full exploitation of labour, improper implementation laws and existence of black money etc. have been found. They act as obstacles in proper utilization of resources.
- It is observed that from the beginning of the planning era, our economic growth is jobless growth. After liberalization, growth rate has increased but not the employment rate. The paradoxical nature of our development strategies proved that India, alabour abundant country is not giving any incentives to labour intensive industries. On the other hand, capital intensive techniques are cheaper even though capital is scarce in India. The development strategies of China, USA, Japan could utilize their young work force in a proper manner which helped them to become advanced countries. That is why, the Eleventh Five Year Plan said that the criticality of skill development strategy decides whether we get demographic dividend or demographic nightmare.

The repercussions of second wave of the Covid-19 pandemic have worsened the situation and there is Malthusian demographic pessimism found everywhere.



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#### IV. Policy Implications and suggestions

1. In the field of Health, effective implementation of ICDS, promotion of food and nutritional security, efficient functioning of NRHM, productive initiatives like Ayushman Bharat definitely helps in building Human capital.
2. Implementation New Education Policy, Establishment of National Skill Development Corporation as well as Higher Education Finance Agency, academic- industry collaboration might be proved as the right steps in promoting the skill among the young work force.
3. Improved rank in the ease of doing business index, schemes like start up India and Standup India, make in India initiatives along with providing support to labour intensive industries will help in employment generation.

India's current pandemic situation is posing serious problems in harnessing the potential of youth bulge. However, decreasing fertility rates increasing aged population in most of the advanced nations will definitely make them to depend on our young population in coming future. In this situation, it is very important to study the approaches and demographic strategies of advanced countries which could utilise their demographic shift for their nation's development. However, proper policy support and necessary reforms in the existing laws as per our domestic complexities is highly needed at this hour. If developmental policies are framed accordingly, then India will definitely enjoy the golden opportunity of demographic shift.

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