

DEMOGRAPHIC DIVIDEND FOR INDIA: ISSUES AND THE WAY FORWARD

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Abstract: *Indian population is undergoing rapid changes in its change in the age structure ,both the birth rates, and the death rates are witnessing downward trends. The number of working population between the ages of (15-64) is increasing. The population which was once considered an obstacle in economic development of the country is now being hailed as opening “window of opportunity”¹. The empirical study has shown that a country’s age composition which is inclined towards youthful population has positive effect on its economic performance. India’s working population in 2017 stood at 66.23% and the projected value by 2035 is 64.50%, this is certainly indicative of an emerging demographic dividend. It is expected that the workforce to rise from 472 million in 2006 to 653 in 2031. Around 300 million people are entering the work force in every 10 years. Although supply of labor is increasing, the demand is stagnant. According to a UN estimate the work force in India will rise to 111 crore by 2020. Every two percent growth in India’s working population should lead to two percent growth on GDP. From 2005-2012 GDP growth in India has been 54% but there was only 3% growth in jobs. If India does not connect GDP growth to job growth the situation of unemployment will worsen in the years to come.*

This paper investigates; whether India is prepared to reap the benefits of economic dividend? Does Indian economy have the capacity to absorb and productively employ the large labour force ? What is the quality of human capital? The paper also suggests measures to overcome this situation.

Objective of the paper:

- a) The paper analyzes the trends of demographic transition in India from 1985 Onward
- b) The paper identifies two issues that will hamper the Indian economy from reaping the demographic dividend:
 - I) Inability of Indian Economy to absorb and productively employ the large work force
 - II) Lack of skills
- c) Recommendations in dealing with the issues

Keywords: Demography dividend, Demographic transition, dependency ratio, OECD, GDP, Life expectancy.

Research Methodology:

The researcher has collected the data through primary methods like interview with academicians, bureaucrats and researchers. Questionnaire with open ended questions based on the research topic was also circulated among the respondents. A sample size of around 2000 persons, who are academicians, students, management professionals, government employees, skill trainers etc and their responses duly analyzed. Secondary data through print resources, the scholarly articles, research papers and article available on

various education sites etc where also referred to for which due acknowledgement has been made under the References column. The analysis of research questions has been qualitative and the primary data has been combined with secondary data to reach the conclusions.

INTRODUCTION:

India is witnessing a great change in the age structure of its population, with the falling birth rates and the falling death rates, the number of working population, considered to be between 15-64 years of age is increasing, the population in the age group of 0-14 & years is decreasing, thus reducing the dependency ration.

This demographic structure is termed as 'Demographic Dividend', because the increasing working population gives boost to economic activity. India's working population in 2017 stood at 66.23% the projected value as per the is 67.50% by 2021, 69.00% by 2031 and 68.80% by 2041 (<http://planningcommission.nic.in>). This is certainly indicative of an emerging demographic dividend. Indian population which was once considered an obstacle and spelt doom for the economic development of the country is now being hailed as opening "window of opportunity" (Pandey, Nidhi, *Demographic Dividend: A Window of Opportunity?* (March 8, 2014). "ACUMEN" National level Conference on Demographic Dividend in DAIMSR, Nagpur, 2014: ISBN-978-93-5142-513-7. Available at SSRN: <https://ssrn.com/abstract=2412663> According to a UN Report India will have the highest working-age population by 2050; almost over a billion people will enter the job market. Is Indian economy prepared to reap the benefit of economic dividend? Does it have the ability to productively absorb the growing workforce? Does the human resource in India have the skills to be absorbed in well paying jobs? These are the issues that the present paper seeks to investigate through the current scenario and the projected trends in employment opportunities and the quality of human resource.

1.1 Changing Demographics in India

India has a vast potential of economic growth resulting from the increase in the percentage of working population consisting of people between the ages of 15- 64 years over the non- working population consisting of age group between 0-14 and 65 and above. The economic productivity gets a boost when there is increasing number of people in workforce and the dependents or unproductive consumers are less in proportion². D.E. Dalton, C.David and J.Sevilla call Demographic Dividend a "Window of opportunity" where the right kind of policies and frameworks can produce a sustained period of economic growth³

"A country with both increasing numbers of young people and declining fertility has the potential to reap a demographic dividend". (UNFPA). Demographic dividend begins to operate in three ways:

1. The falling birth rate reduces the population between 0-14 and low life expectancy among the population of 65 years and above decreases.

2. The young group, above 14 years begins to enter the productive labor force.
3. An increase in the population of working age will push up the supply of labour, force. A common economic assumption is that each percentage point increase in the age group of 15-64 will result into 2-3% growth in GDP. This will depend upon the economy being able to absorb the increasing number of work force.

Indian demography is experiencing a situation when population of a country is changing from high birth rate and high death rate to low birth and low death rate; this is known as 'Demographic Transition', propounded W.S Thomson and F.W Notestien⁴. This transition can be attributed to the shift of Indian economy from agricultural dominated to increasing dependence on tertiary and manufacturing sectors. Many studies conducted on Indian population scenario⁵ substantiate assumption of demographic transition in India,; decreasing death rate and birth rate and better health care.

Demographic Transition theory assumes that a country passes through the following stages:⁶

1. **High stationary growth rate:** This is characterized by high birth and high death rates.
2. **Early expanding::** Characterized by high birth rate and decreasing death rate, leading to rapid increase in population termed as 'population explosion'. In India this stage was experienced between 1970s - 1980s.
3. **Late expanding:** In this phase the birth rate stabilizes and death rate begins to diminish, and population increases at diminishing rate
4. **Low Stationary:** In this stage birth declines considerably so does the death rate. The population growth begins to stabilize. In India the figures of 2011 census report indicates decadal decline in population by about 5%.⁷ Indicating the India has reached the state of Low Stationary.

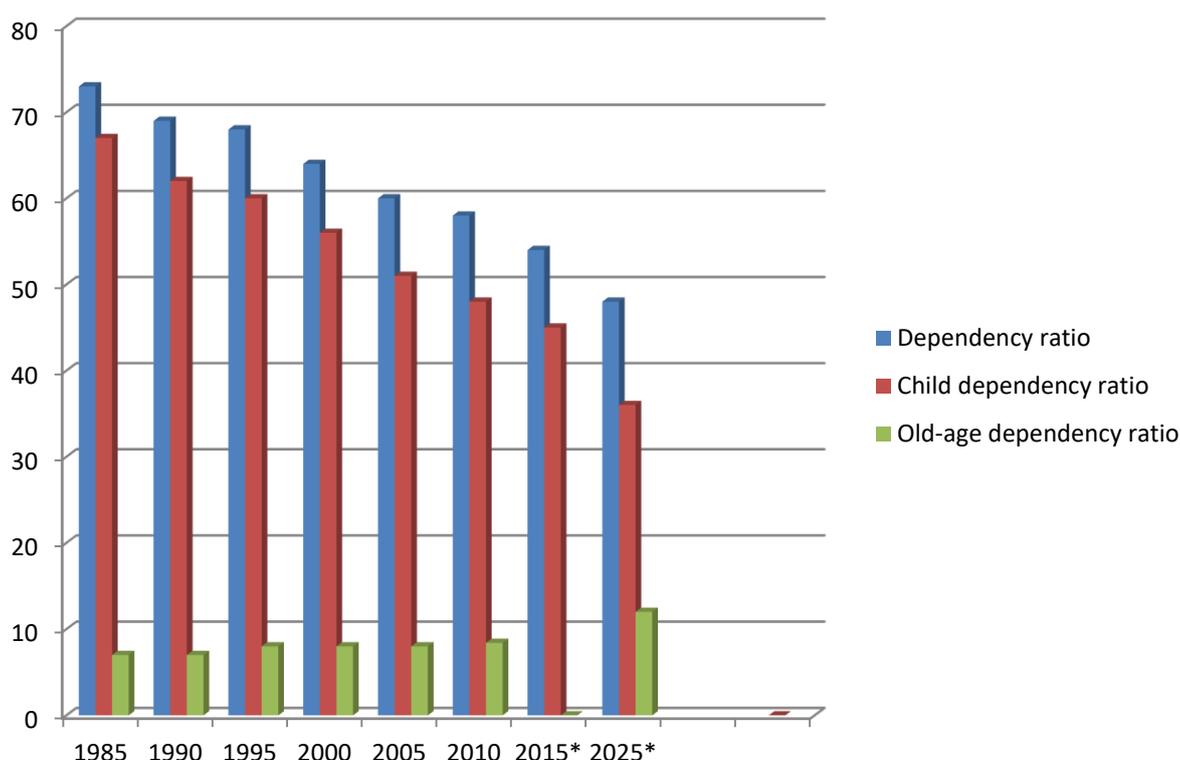
Trends of Population in different age groups in India (1980-2035*)

Year	Child Population (%)	Working Population (%)	Old Population (%)
	(0-14years)	(15-59 years)	(60 and above)
1985	38.67	55.3	6.03
1990	37.78	56.15	6.3
1995	36.65	56.71	6.64
2005	32.98	59.56	7.46
2010	30.72	61.3	7.96
2015	28.67	62.29	9.04
2020*	26.74	63.05	10.21
2025*	24.8	63.71	11.49
2030*	22.87	64.25	12.9
2035*	21.07	64.5	14.44

Table 1 Source: *United Nations Department of Economics and Social Affairs/Population Division World*

Population Prospects: the 2006 Revision, Volume 1 **Note:** 1951-2005 actual values and 2015-2035 (*) projected values.

**Projected*



Trends in Indian population in last thirty years (1985-2015) have been indicating a rising percentage of working population from 55.30% in 1985 to 62.29% in 2015⁸ as against declining trend in population between 0-14 years from 38.67% to 28.67%, between 1985-2015. On the other hand percentage of population in the age group of 65 and above has been steadily rising from 6.03% in 1985 to 9.04% in 2015⁹. The increase in the old population is due to increase in life expectancy rate.¹⁰ Life expectancy in India has been increasing by five years from 62.3 years for males and 63.9 years for females in 2001-2005 to 67.3 years and 69.6 years respectively in 2011-2015. This trend is attributed to rising middle class incomes, immunization programs undertaken by the government, improvement in nutrition, prevention and treatment of fatal diseases and increasing standard of life¹¹.

The demographic trend is indicating rising percentage of productive population. The projected values in coming 20 years (2015-2035), are pointing towards a steeply falling child population from 28.67% in 2015 to 21.07% in 2035. The percentage of population in the age group of 65 and above is witnessing an increase from 9.04% - 14.44% in the same period.

The age dependency ratio i.e. age group of 0- 14 has decreased from 38.67% in 1985 to 28.67% in 2015 and the projection for the term between 2020 – 2035 is 21.07%.

The dependency ratio is of the population:

$$\text{Total Dependency ratio} = \frac{\text{Number of people aged 0-14 years and aged 65 years\& above}}{\text{Number of people aged 15-64 years}} \times 100$$

High dependency ratio indicates high burden on the productive population; in the age group of 15-64 Years to support the unproductive population. This results in direct impact on financial expenditures of the productive population. With the passage of time birth rate stabilizes and death rate begins to fall, the dependency ratio declines considerably leading to the demographic dividend. The changes in age composition from high to low birth rates and declining death rates, leading to increase in working age population, can actually become a boon for the country if there is investment in human capital; aimed at generating skills, good health and availability of job opportunities. Thailand and Brazil are reaping the benefits of their demographic dividend due to improvement in human capital.

Trends in Dependency Ratio in India from 1985-2025* (actual and projected)

Year	Dependency ratio in %	Child dependency ratio in %	Old-age dependency ratio %
1985	73	67	7
1990	69	62	7
1995	68	60	8
2000	64	56	8
2005	60	51	8
2010	58	48	8.4
2015	54	45	9.04
2025*	48	36	12

Table II: Source: *International of Business and Administration Research Review Vol 2 Jan- March 2015.*

*Projected values

Age dependency ratio (% of working-age population) in India is 52.45 (per 100 population 15-64) in 2015 (Source : World Development Indicators (WDI), February 2016) February 2016.

The table shows decreasing trend of the child dependency (1985- 2050) on the other hand there is a marked increase in old age dependency ratio in the same period.

Many economists argue that there is a great potential for economic gains from this phenomenon. In 2011 International Monetary Fund Working Paper observed that the substantial portion of economic growth experienced by India since the 1980s is attributable to the country's age structure and changing demographics.¹² It is estimated the by 2025 India will have large proportion of working age population than China.(US .Census Bureau)¹³ The International Monetary Fund Working Paper presented by Shekhar and Sahay¹⁴ predicts that in the next two decades the continuing shift in Indian's demography in India could add "2% points per annum its per capita GDP growth". As per Population Reference Bureau, India's

population in 2050 is projected to be 1.692 billion people¹⁵. This indicates a high rise in work force. It is expected to rise from 472 million in 2006 to 653 in 2031. Around 300 million people would enter the work force in another 10 years.¹⁶.

2.1. Factors Bringing Demographic Dividend:

- The economy should have the ability to absorb and productively employ the large labour force
- Quality of human capital; Skills, good health and work skills are sine-quo-non of employability of human resource.
- The rate of capital formation that stimulates investment leading to creation of more job opportunities.
- Increasing domestic demand brought about by the increasing GDP per capita and the decreasing dependency ratio.

2.1.1 Issues in Reaping the Demographic Dividend in India

2.1.2. Employment Scenario in India

In India at present labor force, i.e. population ratio in the age group of 15 -59 years is 56%, which in the developing countries is 64%.¹⁷, participation of women in work force is only 29% that is the lowest in the South-East Asia. 49% workers are engaged in agriculture but the sector is only contributing 14% to GDP¹⁸. Service sector generates 27% employment but contributes 58% to GDP. Manufacturing sector employs 13% workers and is contributing only 16% to GDP¹⁹. 92% workers are working in unorganized sector. Out of which 30% are casual workers, working on daily wages. Only 18% have full time, regular jobs and 8% have full time jobs with social security. The Census Report of 2011 gives us the disappointing picture of employment scene in India. Census report indicates that people seeking jobs among literates were 84 million and out of which only 10.98% had jobs. Persons with technical diploma were about 1 million and out of this only 16.90% were employed. Population with graduate and above degrees were 8 million but only 14.43% had jobs. Persons with technical degrees or diplomas equal to post graduate degree were 2 million but only 15.73% were working. Among illiterates 33 million persons were unemployed and only 7.23 % had jobs. Ten million Indians with graduate, post-graduate and technical degrees were looking for work, meaning that 15% of all Indians with the highest levels of education were seeking job.

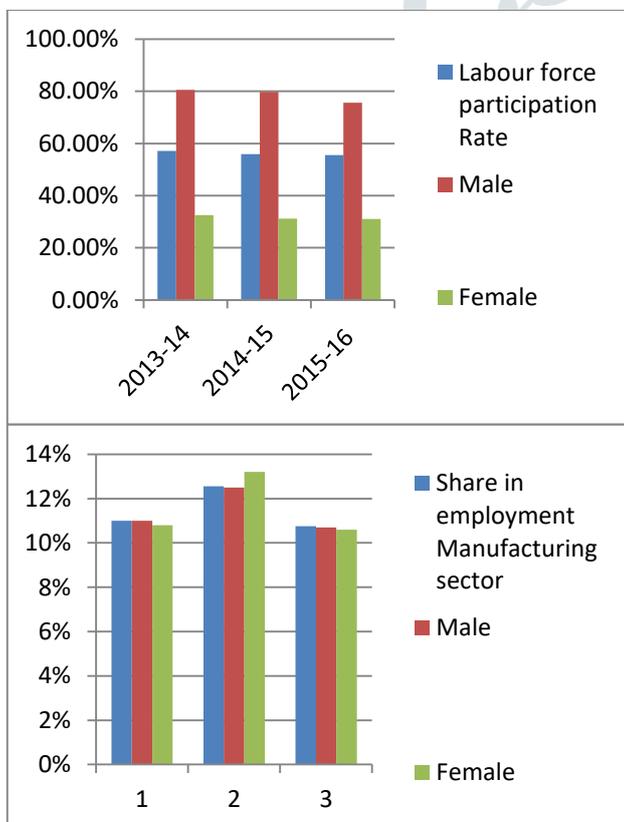
Kerala has India's highest graduate unemployment rate at over 30%. There were 116 million job seekers. The unemployment rate was highest among the persons with technical degrees which were at par with graduate and post graduate degrees. At every level of education, especially at the higher levels, female unemployment exceeded male unemployment²⁰.

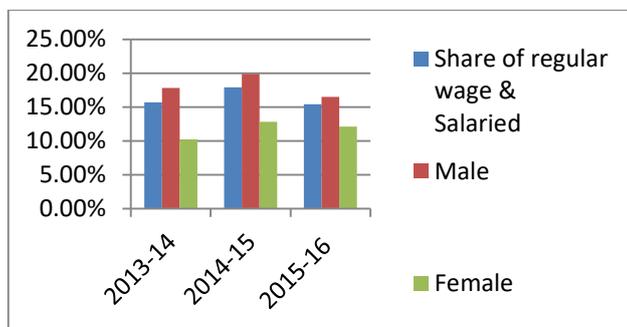
The Labour market indicators present a very bleak picture.

The three years comparative data of labour force participation as per the Ministry of Finance Monthly Economic Report, April 2016 was:

	2013-14	2014-15	2015-16
1.Labour force participation Rate			
	57.1	55.9	55.6%
Male	80.6%	79.8%	75.7%
Female	32.6%	31.2%	31.1%
2.Share in employment	11.0	12.5	10.7
Manufacturing sector			
Male	11.0%	12.5%	10.7%
Female	10.8%	13.2%	10.6%
Share of regular wage & Salaried	15.7	17.9	15.4
Male	17.8%	19.9%	16.5%
Female	10.2%	12.8%	12.1%

Source: Ministry of Finance Monthly Economic Report, April 2016; ii) National Sample Survey, Employment and Unemployment Schedule, 61st, 66th and 68th rounds, and Labour Bureau's 2013-14 annual employment-un employment data; iii) ILO: Key Indicators of the Labour Market, 9th Edition (Geneva, 2015)



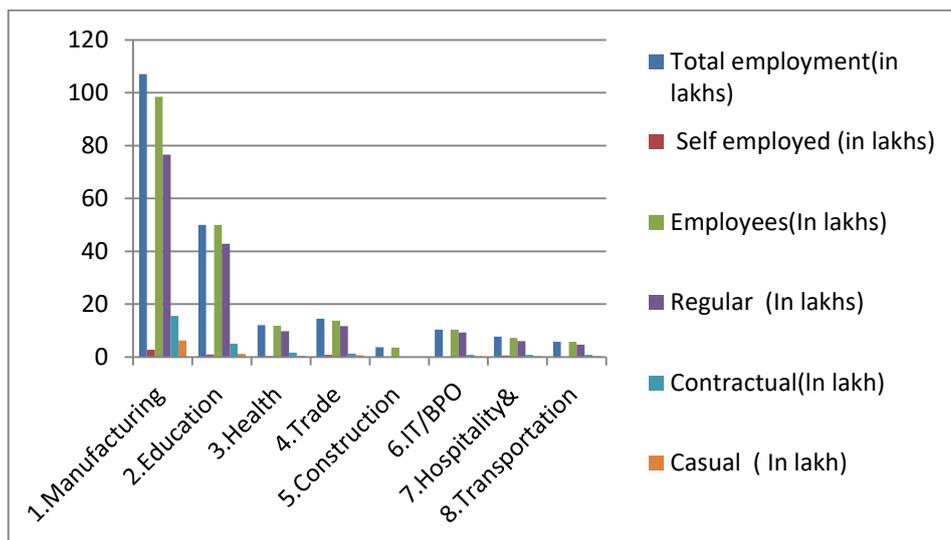


The Labour Bureau²¹ that compiles data for some selected sectors like textiles, leather, metals, automobiles, gems and jewellery, transport, IT/BPO and handloom/power loom, gives a dismal picture of employment generated in seven out of eight sectors in the year 2015. New employment generation had fallen to six years low i.e. 1.35 lakhs, in 2014 it was 4.21 lakh, 4.19 lakhs jobs in 2013. During the September 2015- to December 2015 the employment decreased by 20000 in the eight sectors. The textile sector including apparel sectors registered the growth rate of 37,000 jobs in the same period. The maximum decrease was registered in IT/BPO 14,000.²²

According to the data released by The Employees Provident Fund Organization (EPFO), Employees' State Insurance Corporation (ESIC), Pension Fund Regulatory and Development Authority (PFRDA), 3.53 million new jobs were created between September 2017 and February 2018. The bureau's yearly household estimates showed joblessness at a five-year high of 5 per cent in 2015-16 and the quarterly factory survey reflected job generation at a six-year low in 2015

Sectors	Total employment (in lakhs)	Self employed (in lakhs)	Employees (In lakhs)	Regular (In lakhs)	Contractual (In lakh)	Casual (In lakh)
1.Manufacturing	107	2.73	98.38	76.58	15.57	6.23
2.Education	49.98	0.95	49.98	42.80	5.05	1.18
3.Health	12.05	0.31	11.74	9.73	1.63	0.38
4.Trade	14.45	0.77	13.68	11.64	1.32	0.72
5.Construction	3.67	.10	3.57	--	--	--
6.IT/BPO	10.36	0.05	10.36	9.23	0.83	0.35
7.Hospitality&	7.74	0.50	7.24	6.03	0.86	0.35
8.Transportation	5.80	0.09	5.71	4.65	0.75	0.31
Total Employment	205.22	5.56	199.66	162.96	26.60	10.10

Source: Key Findings Of The Survey Quarterly Report on Employment Scenario (New Series)(As on 1st April, 2016) Government of India Ministry of Labour & Employment Labour Bureau Chandigarh September, 2016 page2-3)



In India supply of labour is increasing but demand is unable to keep up, the chances of reaping the benefits of a large young population seem bleak²³. According to UN projections India will have the largest population by 2022 and will overtake China. The size of India's labour force which was 99 crores in 2010 and is expected to increase to 111 crore by 2020. This certainly is a demographic change but it does not assure demographic dividend. South East Asian countries like Singapore, Malaysia and Thailand registered double digit growth in GDP and in employment due to their focus on skill generation and connecting their poverty eradication programs with job creation.²⁴

'Make in India' Government of India's initiative launched in September 2014 aims at encouraging multinational, as well as domestic, companies to manufacture their products in India. This scheme has specified targets for 25 sectors that include automobiles, auto components, aviation, biotechnology, chemicals, defence manufacturing, electrical machinery, IT, pharmaceuticals, roads and highways, food processing, mining, oil and gas, and thermal power. The objective is to develop India as a manufacturing hub and generate employment. The government hopes to create 100 million jobs by 2022 through Make in India initiative. The fact of the matter is that most of these industries are capital-intensive or they employ largely skilled labour. The success of India's Make-in-India program will depend on the availability of skills. These skills to have economic value, need to be relevant to the requirements of industries. Equally important is upgrading skills. Today, a large section of India's labour force carries out tasks with outdated skills. In India the lack of necessary skills among the youth and high the unemployment is attributed to poor quality of the Indian education system, which is focusing only on theoretical aspect of learning and not on vocational training.

India needs rapid growth in the following sectors if it has to have demographic dividend:

Sectors	Scenario in 2014-15	Must have(by 2035)
Education	7years of school on an average	10 years of schooling
Healthcare for life expectancy	66 Years average	80 years
Manufacturing	12% contribution to GDP	25% contribution to GDP
Financial services (Banking)	Access to 35% population	Access to 90% population
Agriculture	4 tons production per hectare	7.4 tons production per hectare
Power access	Access to 75% population	Access to 100% population
Digital connectivity	Access to 15% population	Access to 50 % population

Table 4: PowerWater Cooper Analysis (“Future of India the winning leap” 2015)

Education requires big push. First the seven years of average stay in school system needs to be increased to ten years in by 2035. Investment in education must go as high as 6% of GDP, improvement in sanitation and toilet availability for girls in schools. Indian education system has benefited the upper class but it hasn't worked for the lower middle class. India has staggering figure of 33% illiteracy, many existing schools have inadequate infrastructure. Given the poor quality of schools, many students drop out of the formal education system early in their lives, and many of those who stay in school emerge with insufficient skills and low learning outcomes to be absorbed in well paying jobs. In 2012-2013, almost 45% of graduates from tertiary education in India earned less than Rs. 75,000 (about US\$1,300) a year²⁵. The shortage of qualified talent remains a top concern for India. The link between poor education and India's low labour-force participation is evident from the employment index. India's rapidly growing working-age population, low participation in labour market can have serious social and economic consequences. India needs to raise workforce participation from 56% to 80% to be at par with China. Education has to be linked with skill development.

The healthcare sector is in deplorable condition quality of healthcare varies throughout the Indian population. An average Indian has poor access to health. Part of the problem is the shortage of medical experts and physical infrastructures needed to provide better healthcare World Health Organization has laid down the doctor –population ratio as 1:1000 where as in India it is 1: 1,700 persons in India. Indian health system is ranked 118 out of 191 WHO member countries.²⁶ While the Union Health Ministry figures claim that there are about 6-6.5 lakh doctors available, India would need about four lakh more doctors by 2020. Poor health keeps many children out of school systems. Empirical studies have highlighted a strong correlation between health and wealth. They have emphasized upon the need of heavy health care investment if India has to reap Demographic dividend²⁷. The South East Asian countries like Thailand, Philippine, Singapore have used the demographic shift to accelerate their economy by implementing policies that create

opportunities for the youth to participate in developmental process. The most important one being female education

The manufacturing industry which has the potential to create large number of low-skilled jobs has been dragging its feet. Indian policy makers have to prioritize the expansion of manufacturing sector which has high productive gains and is labor- intensive. This sector can absorb skilled and unskilled labor force, both South East Asian countries have succeeded in generating high percentage of employment by expanding manufacturing sector. Mark William & Shilan Shah: “Capital Economics” (Indian Economic Focus 27 August 2015) favour large investment in manufacturing sector for generating both employment and income. Their argument is based on the assumption that it is easy to increase the productivity of low-skilled workers by taking them out of agriculture or low-end services and employ them in factories using machines that require only basic training to operate. They also favour Foreign Direct Investment and the dispersion of supply chains that will enable manufacturing sector to adopt more advanced technologies and managerial skills

The real estate, construction and infrastructure which have tremendous job creating ability for skilled and unskilled labour force must be given incentive to expand. The growth of these sectors is demand driven. The demographic trend if not supported by sound government policies for employment generation is likely to cause employment related problems. India hopes to achieve annual 7-8%, GDP growth by 2025. The country will have 80 million job seekers whereas there are new jobs available only for 30 million people; these are mostly low wage jobs. If India does not connect GDP growth to job growth then the situation of unemployment will worsen in the years to come.

2.1.3 Skill Development:

India definitely has the advantage of young workforce but their work skills remain a challenge. Each year nearly 15 million people enter the workforce out of which only 2 million workers possess formal training 55% have education below primary level. 30% are illiterate, 28% have education up to secondary school and 17% population with higher education. The government spending on education is 3.7% of GDP much below the target of 6%. India’s population in the age group of 0-24; is the largest in the world. Only 219 million (37%) are enrolled in schools and 11 million are enrolled in higher education system. 39% of the children who should have been enrolled in schools system are out of its ambit. Only 5% youth in the age group of 19-24 years are enrolled in skill learning system²⁸. India has uphill task of imparting skills to 500 million people to make work ready by 2022. The government has launched the Skill Development Mission in the Twelfth Five Year Plan with an aim to train at least 80 million Indians by 2018. There will be a gap of 420 million people. In next decade 12 million people are expected to join the work force every year²⁹. Whereas the total training capacity India has is 4.3 million. Vocational courses are provided to 5.5 million

per year while in US it is 11.3 million. Thus every year 64% workforce is left out of the skill development segment.³⁰ India will face a serious shortage of skilled workforce, if the sluggish rate of skill generation continues, the automobile, and automotive component manufacturing sector will face a shortage of 35 million trained persons, for construction sector and infrastructure generating sectors the shortage will be 1.4 million skilled workforce and for gems and jewelry sector it will be 4.6 million workers.³¹

The NSDC Report(National Skill Development Council) also indicates serious gaps between skill among engineering graduates and industry requirements, out of 0.4 million engineering graduates only 20% are employable.

The NSDC (National Skill Development Council) Skill Gap Analysis Report state -wise, envisages demand of 347 million skilled and unskilled persons in those sectors which have higher growth potential. IAMR (Institute of Applied Manpower Research), a government think tank, estimates that there will be 1,000 million workforce in India by 2022.

NSDC report projects a challenging picture before the government for reaping the demographic dividend, through skill gap forecasts of workforce (in millions) for few selected states for 2012-2022:

- **Jharkhand:** the incremental demand for skilled workforce would be 0.73%, incremental supply would be 0.55%, a surplus deficit is -0.18%, for semi skilled the incremental demand is 0.95%, incremental supply 0.55% and surplus deficit is -0.40%.
- **Karnataka:** incremental demand for skilled workforce is estimated to be 2.15%, incremental supply is 1.44% showing a surplus deficit of 0.71%, for semi skilled the incremental demand is 3.60%, incremental supply 3.22% and surplus deficit is -0.38%.
- **Maharashtra:** incremental demand for skilled work force is expected to be 5.77%, where as incremental supply is 2.41% showing a surplus deficit of -3.36%, for semi skilled the incremental demand is 5.36%, incremental supply 4.29% and surplus deficit is -1.07%.
- **Tamil Nadu** incremental demand for skilled workforce is estimated to be 4.70%, incremental supply is 2.20%, showing a surplus deficit of -2.49%, for semi skilled the incremental demand is 3.95%, incremental supply 0.54% and surplus deficit is -3.42%.

So far only 12% of more than 5.5 lakhs youth trained by the NSDC been able to get jobs.

Budgetary Provision for Quality improvement in Education and Boosting Employment:

The budgets of two successive years 2015-16 – 2016-17 of the NDA government had not been very encouraging for Indian education system. There was no provision of huge funds for education except announcement to set up 62 more Navodaya Vidyalayalayas and starting digital literacy scheme to cover 60 million households. No mention had been found in either of the two budgets, as to how quality improvement will be made in government owned schools. The 12th Five year plan had given some hopes of improvement in quality standards of school and higher education under two programs; RMSA (Rashtriya

Madhyamik Shiksha Abhiyan) RUSA(Rashitriya Uchchar Shiksha Abhiyan) but the 2016 budget did not mention these two programs or made any fund allocation for them. Though the government allocated Rs 1,700 crores for setting up 1,500 multi skill training institutes where 10 million youth were to be provided skill training under Pradhan Mantri Kaushal Vikas Yojna (PMKVY) during 2016-19,

In the 2018-19 budget government has made certain announcements to boost employment rate. The loan allocation to Self Help Groups of women has been increased by 37%. The fund allocation for National Rural Livelihood Mission is Rs 5750 crore. The budget has allocated Rs 14.34 lakh crores for job and infrastructure creation in rural areas. To offer quality education and develop skills among the tribal children in their own surroundings the government proposes to set up Ekalavya Model Residential School by 2022. A total investment of Rs. 1 lakh crores has been envisaged to boost research and upgrade infrastructure in premier educational institutions, by 2022 under RISE scheme . The ASER survey in 2017 showed that one third of school children in the age group of 11- 18 years had very poor learning outcomes, like inability to read basic text, even in their own mother tongue , solve division and multiplication sums. Among boys 47.1% boys in the 14-18 group could do simple division sums while 39.5%, girls could not do this. The ASER highlights the absence of quality and access at tertiary level of education in India (Annual Status of Education Report 2017. 2018-19 budget has allocated Rs 1 lakh crore toward higher education infrastructure under the RISE scheme

The budget has also provided for Rs. 3794 crores for supporting SMEs, with the view to encourage employment and growth. Mudra Yojna for generating self- employment has received funding amounting to Rs. 4.6 lakh crore. National Health Protection is by far the most ambitious mission of the present government, that hopes to bring 50 crore beneficiaries under its ambit. If this project reaches the implementation stage then the health services will get a major boost. The government, through these measures is hopeful of creating 70 lakh jobs in formal sector. The success of these schemes will be very crucial to reaping the demographic dividend.

3.1. Recommendations to reap demographic dividend

- India can reap the demographic dividend if the production possibility frontiers are expanded and emphasis is laid on skill generation. For skill generation there is urgent need to give the youth access to quality education, make secondary education system job oriented and provide affordable health care services, Indian economy needs to generate 115 million non-farm jobs in next few years to reap the 'demographic dividend'. One of the most important reforms that the government should take is to ensure that education, especially at the secondary level, is more relevant to the requirement of the jobs. This calls for the inclusion of vocational training programs as a part of the school's curriculum,

especially for the rural audience. World Bank data shows that over 30% of population in the age group of 15-29 years between the are neither in education system, training nor in jobs.

- Indian policy makers need to boost the manufacturing sector which has the capacity to generate diverse jobs for both job skilled, semi –skilled and unskilled skilled workforce. We need at least 1000 factories to generate sizable number of jobs and help in the growth of tertiary sector. Progressive government policies should be also be aimed at increasing investment in infrastructure generating sector , making cheap credit available for setting up ‘brick’ ‘click’ and ‘hybrid’ units, reforms in labour laws, create conditions for ease of doing business that would attract FDI and women empowerment.
- The government should create a technology platform that would encourage startup and Short and middle enterprise growth. This would provide the technology and knowledge and enable digital/mobile delivery of interactive curriculum and content to entrepreneurs, innovators; and connect them to mentors, angel investors and other key ecosystem participants. New business ideas, business plans, innovation grants, market data could all be easily accessed and exchanged on this platform; creating data for research and policy analysis.
- Government has to encourage the existing Small & Medium Enterprises (SMEs). SMEs are labour intensive and in period between 2005-12 SMEs created 70% of jobs. In India the service sector has been largely responsible for economic growth, but its share of value added is only 25%, where as the SMEs have created 84%, employment. India needs to develop SMEs by creating a vast, integrated, national ecosystem for entrepreneurship education, mentoring and support. ³²
- India has registered significant improvement in World Bank’s Ease of Doing Business. It has moved up from 170 rank in 2016 to 100 rank in 2017 out of 190 economies of the world. This is very low as compared to Singapore’s 2 rank and South Korea’s 4 rank. India needs to speed up reforms in banking sector , like rationalizing the KYC norms and making credit accessible to small firms . India needs reforms in labour sector , such as making labour laws flexible , improving working conditions, wages and social security measures, quick settlement of industrial disputes will allow firms to adopt labour intensive techniques of production and enjoy the economies of scale. India needs to simplifying its taxation system bring more goods under GST. Reforms in power sector; distribution of electricity should be another priority for India, generating electricity to improve per capita power consumption, deliver good service. Integrate inform sector, create accountability among institutions of economic governance and protect small investors.

Conclusion

There is no denying the fact that India is blessed with a young population ,whereas other developed nations are witnessing a steadily declining in youth population. Take an example of the working population in

china, which is decreasing since 2011 and it is projected that in the next two decades India's working population will increase until it begins to peak in 2030. A demographic window is fast opening for India. To what extent India can utilize this opportunity will largely depend upon the socio- economic and policy environment in the country. To gainfully employ the burgeoning youth population India would require more skilled man power, for this it needs to drastically improve the educational system, create a flexible labour market, more participation of women in workforce, good health services, advanced infrastructure; greater internal labour mobility, urbanization and increase in exports . India needs to expand production possibility frontiers, encourage SMEs, make 'Make in India' a successful endeavour and create job opportunities at faster rate than before, otherwise the favorable demography will become a burden and intensify the poverty in the country.

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