

**E-CONTENT FOR MA. ECONOMICS PROGRAMME
SEM IV COURSE CODE-EC-2(C) MODULE -7
TOPIC:- DEMOGRAPHIC DIVIDEND
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**DEMOGRAPHIC DIVIDEND
INDIA'S STRATEGIC CHALLENGE**

Demographic Dividend is “A boost in economic productivity that occurs when there are growing numbers of people in the work force relative to the number. of dependents’ .:- UNFPA

Demographic dividend refers to the growth in an economy that is the resultant effect of a change in the age structure of a country's population typically brought on by a decline in fertility and mortality rates.

<p align="center">Breaking down Demographic Dividend</p> <ul style="list-style-type: none"> ● Accelerated economic growth ● Increase in productivity ● Number of dependents grow smaller ● More people in labour force ● Economy's resources freed ● Future prospective of populace accelerates ● Transition from rural agrarian to urban Industrial economy 	<p align="center">Mechanisms for Demographic Dividend</p> <ul style="list-style-type: none"> ● Saving → personal saving → stock of capital → investment increases. ● Labour supply → More women in work force. ● Human capital → Family allocates more resources per child on Education & health. ● Domestic Demand → Increased GDP per capita → decreasing dependency ratio
<p align="center">Global overview</p> <p>Japan, Europe, North America → at second dividend stage.</p> <ul style="list-style-type: none"> ● Asia and Latin America have been most beneficiary in last four decades. <p>East Asia → Most compelling evidence, Republic of Korea → per capita GDP growth 2200 percent Thailand → GDP growth 970 percent.</p> <p>East Asian Tigers where able to benefit from knowledge, experience, technology of developed nations.</p> <ul style="list-style-type: none"> ● China → Historically low dependency ration of 38 → extremely beneficial for unprecedented economy growth → One child policy. Sex selecting abortions creating 	<p align="center">First Dividend:-</p> <p>Lasting for five decades → Low fertility rate eventually reduces labour force → improvement in medicine & better health practices leads to ever expanding elderly population sapping additional income → turns First Dividend negative → Demographic tax is created.</p> <p align="center">Second Dividend:-</p> <p>Accumulated assets of older working population invested in domestic and International investment instruments, Second Dividend may be earned indefinitely.</p>

Challenges.

- Bangla Desh:- Contraceptive Prevalence Rate increased by 695 percent.
- Sub Saharan Africa→Stagnant→high fertility

INDIA'S Potential:-

Indian young population more than double USA population and combined population of G-7 nation. Predicted population for 2050 is 1.692 billion people.

Demographic Dividend could add two percentage point per annum to per capita GDP growth.

India could be next Real super power- china² if Demographic Dividend reaped properly.

Present federal government has massive political mandate and unprecedented popular support.

India has a vibrant private sector.

INDIA'S Strategic Urgency:-

Demographic Dividend is neither automatic nor guaranteed, is not imminent and within grasp. Depends upon→ Effective government policy programs.

Substantive investment from both public & private sector.

Millions of our nationals, majority of whom are young, don't have a respective livelihood, are unemployed or under employed in short term contractual work, no guarantee of job, wages not fixed, prone to abuse by short term employers. ↓

Lack of education, skill, and job or a combination of all, are from weak financial background

Shortage of Financial resources for spending on health, quality education and adequate nutrition. Intermediation of saving is not proper. Corruption vitiates implementation of policy programs.

India's record on health parameters is not only way behind china, it does not compare favorably even with Sri Lanka, Nepal and Bangladesh.

Life expectancy at birth in years is 75.3 in china, 74.2 in Sri Lanka, 70.7 in Bangla desh, 68.4 in Nepal, 66.6 in Pakistan and 66.4 in India

FINDINGS & SUGGESTIONS:-

To link twin problems of lack of world class infrastructure→roads, ports with unemployment→ Labour intensive.

MGNREGA be extended countrywide & not only in rural India.

Inviting foreign investment-direct & indirect for example solar energy sector has foreign investment of 100 billion dollars (partly from world bank)

Promoting PPP Model in key sector like infrastructure health care & education vide BOOT and DBFOT.

Collective effort is the need of the hour.