



India's Window of Opportunity

This editorial is based on [How India can leverage its biggest strength](#) which was published in The Indian Express on 06/07/2023. It talks about opportunities and challenges associated with demographic dividend.

For Prelims: [Jan Shikshan Sansthan](#), [Pradhan Mantri Kaushal Vikas Yojana](#), [National Apprenticeship Promotion Scheme](#), [Skill India](#), [Make in India](#), [Start-up India](#), [Ayushman Bharat](#), [Swachh Bharat Mission](#), [Pradhan Mantri Bhartiya Janaushadhi Pariyojana](#), [Samagra Shiksha programme](#), [National Education Policy 2020](#), [unemployment](#), [Fertility Rates](#), [Human Development Index](#)

For Mains: Challenges Associated with India's Demographic Dividend

India is the **youngest among the most populous countries** in the world, with an average age of 29 years. India, with its huge population, is now in a phase in which its **working-age population is rising, and India's old-age dependency ratio** will reach **37 per cent in 2075**. The **world is ageing** with an increase in the aged-population and a drastic reduction in [fertility rates](#). This gives India a **unique opportunity to reap the benefits** of its favourable demographic composition, which can boost its economic growth and social development. However, to achieve this potential, India **needs to address some key challenges** and implement some strategic reforms in various sectors.

What are the Opportunities for India's Demographic Dividend?

- **Higher Economic Growth:**
 - A large and young working-age population can increase the **labour supply, productivity, savings, and investment in the economy**, leading to higher GDP growth and per capita income.
- **Greater Competitiveness:**
 - A skilled workforce can enhance India's competitiveness in the global market, especially in labour-intensive sectors **such as manufacturing, services, and agriculture**.
 - India can also benefit from the rising demand for its exports in the ageing markets of developed countries.
- **Social Development:**
 - It can contribute to social development by **improving health, education, gender equality, and social cohesion**.
 - An empowered population can also participate more actively in democratic processes and civic engagement.
- **Innovation and Entrepreneurship:**
 - A creative population can foster innovation and entrepreneurship in various fields, such as **science, technology, arts, and culture**.
 - An aspirational population can also create new markets and opportunities for economic

diversification.

What are the Key Challenges to Reap Demographic Dividend?

▪ Unemployment and Jobless Growth:

- Without proper policies, the increase in the working-age population may lead to **rising unemployment**, fueling economic and social risks.
- Jobless growth is prominent in India, where the existing working-age population is not even absorbed.
- India's unemployment rate was 7.1 percent in Jan 2023, according to the Centre for Monitoring Indian Economy (CMIE).

▪ Falling Female Labour Force Participation:

- Socio-cultural factors and **rising family incomes have been the main reasons** for the decline in **India's female labour force participation** (FLFP).
- A significant proportion of qualified women drop out of the workforce for reasons ranging from **no suitable jobs in the locality** particularly in rural areas to family responsibilities and marriage.
- India's FLFP rate is lower than the global average.
 - According to CMIE data, as of December 2021, while the male LFPR was 67.4%, the female LFPR was as low as 9.4%.

▪ Lack of Skills and Human Development:

- Skilling and reskilling are vital in current times because of the increasing new fields and opportunities.
- India may not be able to take advantage of the opportunities because of a low **human capital base and less skilled labour force**.
- According to ASSOCHAM, **only 20-30 percent of engineers** find a job suited to their skills. Thus, a low human capital base and **lack of skills is a big challenge**.
- India ranks **132 out of 191** countries in UNDP's **Human Development Index** (HDI) (2021-22), which is shocking.
 - HDI measures the average achievements in three basic dimensions of human development: **a long and healthy life, access to knowledge, and a decent standard of living**.

How can India Improve its Demographic Dividend?

▪ Skilling and Employment Generation:

- India has a **huge labour force of about 500 million people**, which is expected to grow further in the coming years.
- However, most of them are either unskilled or under-skilled, and face low productivity and employability in the changing market scenario.

▪ Improve LFPR:

- India needs to **improve its labour force participation rate** (LFPR), which is currently **around 50 per cent**, by creating more employment opportunities for the youth who enter the job market every year.
- This requires a **shift from the low-productivity agriculture sector to the higher-productivity manufacturing and services sectors**, which can absorb more labour and generate more income.

▪ Improve Skill Development Programmes:

- India also needs to enhance the quality and relevance of its skill development programmes, which aim to train and certify millions of workers in various sectors.
- These programmes **should be aligned with the industry demand, global standards and emerging technologies**, and should provide lifelong learning opportunities for the workers.
- However, these **need to be scaled up and improved** further to reach out to more workers, especially those in the **informal sector**.

▪ Vision 2025:

- The skill mission has the MSDE (**Ministry of Skill Development and Entrepreneurship**) Vision 2025, which is set to improve linkages between **education and skill, catalyse demand for formal skills** and create a high-skilled ecosystem.

▪ **Health and Wellness:**

- India has made significant progress in improving its **health indicators, such as life expectancy, infant mortality rate and maternal mortality ratio**, over the years.
 - However, it still faces many challenges in ensuring health equity and quality for its large and diverse population.
- India has a **huge burden of communicable and non-communicable diseases**, which affect the health and productivity of its workforce.
 - It also faces a shortage of health infrastructure, human resources and financial resources to provide adequate and affordable health services to all.
- **Invest in Public Health System:**
 - India needs to invest more in its public health system, which caters to about 70 per cent of its population. It also **needs to strengthen its primary health care network**, which is the first point of contact for most people.
- **Ensure Affordability of Drugs:**
 - India is also a **pharmaceutical giant with a \$50 billion industry** and is a global leader in vaccines, accounting for about 60 percent of **DPT, BCG and measles vaccines**.
 - However, it needs to ensure that **these drugs and vaccines are accessible and affordable** for all sections of society.

▪ **Education and Innovation:**

- India has a large pool of young and talented people, who can contribute to its economic growth and social development.
 - However, it also has a **high rate of illiteracy, dropout and learning deficit among its children** and youth, which hampers their potential and aspirations.
- **Ensure Universal Access to Education:**
 - India needs to ensure **universal access to quality education at all levels** of school education, from pre-primary to higher secondary.
 - It also needs to improve the learning outcomes of its students by enhancing the **curriculum, pedagogy, assessment and teacher training systems**.
 - It also needs to reduce the disparities in education based on gender, caste, region and socio-economic status.

What are Some of the Key Government Initiatives?

▪ **For Skilling and Entrepreneurship:**

- [Jan Shikshan Sansthan](#),
- [Pradhan Mantri Kaushal Vikas Yojana](#)
- [National Apprenticeship Promotion Scheme](#)
- [Skill India](#),
- [Make in India](#),
- [Start-up India](#)

▪ **For Health and Wellness:**

- [Ayushman Bharat](#)
- [Swachh Bharat Mission](#),
- [Pradhan Mantri Bhartiya Janaushadhi Pariyojana](#)

▪ **For Education and Innovation:**

- [Samagra Shiksha programme](#)
- [National Education Policy 2020](#)

What Should be the Way Forward?

▪ **Pursuing Capability Approach:**

- Recognize the multidimensional nature of human well-being and development and go beyond narrow indicators such as GDP per capita or poverty headcount ratio.
- Identify the gaps and inequalities in the capabilities of different groups and regions in India and address them through targeted interventions and empowerment strategies.

- Enhance the agency and participation of people in shaping their own lives and influencing the decisions that affect them, especially the marginalized and vulnerable sections of society.
- Promote social justice and human rights as the guiding principles for development policies and practices and ensure accountability and transparency in governance.
- Foster a culture of innovation and creativity that can leverage the talents and aspirations of India's young population for social and economic transformation.
- **Accelerate Manufacturing Activity:**
 - The potential of the manufacturing sector **to create millions of jobs and boost exports needs to be tapped.**
 - Manufacturing can provide employment opportunities for the large and young labour force, especially those with low or medium skills.
 - Manufacturing can **also increase India's competitiveness** in the global market, diversify its export basket, and reduce its trade deficit.
 - Manufacturing can also stimulate innovation and technological upgrading in the economy.
- **Enhancing Business Environment:**
 - India needs to **improve its business environment, infrastructure, logistics, and trade facilitation** to attract more domestic and foreign investment in manufacturing.
- **Promote Labour-intensive Sectors:**
 - India also needs to promote labour-intensive sectors, **such as textiles, garments, leather, footwear, toys, and electronics**, which have high employment elasticity and export potential.
 - India also needs to support micro, small, and medium enterprises (MSMEs), which are the backbone of the manufacturing sector, by providing them access to credit, technology, markets, and skills.
- **Leverage Digital Technologies:**
 - Digital technologies can provide **new opportunities for growth, innovation, and inclusion** in various sectors of the economy.
 - Digital technologies can enable **access to information, services, markets, and finance for millions of people**, especially those in remote or underserved areas.
 - Digital technologies can also enhance efficiency, transparency, accountability, and quality in various domains, such as governance, education, health care, agriculture, retail, and e-commerce.

Drishti Mains Question:

Analyse the challenges and solutions for unlocking India's potential through its young population.

UPSC Civil Services Examination Previous Year's Question (PYQs)

Prelims:

Q. India is regarded as a country with "Demographic Dividend". This is due to (2011)

- (a) Its high population in the age group below 15 years
- (b) Its high population in the age group of 15-64 year
- (c) Its high population in the age group above 65 years
- (d) Its high total population

Ans: (b)

Mains:

Q1. Discuss the main objectives of Population Education and point out the measures to achieve them in India in detail. (2021)

Q2. "Empowering women is the key to control the population growth." Discuss. (2019)

PDF Refernece URL: <https://www.drishtias.com/printpdf/india-s-window-of-opportunity>

