



## 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)**

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