

Demographic Dividend in India: Emerging Disparities and Its Implications for Growth

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Abstract

One of India's competitive advantages is its demographic dividend. Demographic dividend occurs when the proportion of working people in the total population is high because this indicates that more people have the potential to be productive and contribute to growth of the economy. For the nescient, India is following the demographic transition pattern of all developing countries from initial levels of “high birth rate-high death rate” to the current intermediate transition stage of “high birth rate -low death rate” which leads to high rates of population growth, before graduating to levels of “low birth rate - low death rate”. Declining fertility rates have changed the age structure of India's population, resulting in a “bulge” in the working age-group. The current stage represents a brief window of opportunity for India and is expected to start from 2010 and last until the middle of the present century. While most of the neo-malthusian theories highlight the negative consequences of rapid population growth on all aspects of development, this demographic transition, accompanied by changes in the age structure of the labor force, is expected to deliver great spin-offs for India through a number of routes like lower dependency ratios, higher saving increasing female work-force participation rate etc.

This research paper analyzes the trends and patterns of population growth in India in a bid to highlight the emerging asymmetries in its workforce and employment growth patterns which could derail India from its growth path and from realizing its demographic dividend. The 66th NSSO Report reveals some startling facts regarding India's labor force and female workforce participation and an apparent mismatch between its workforce and employment growth rate. This study assumes added importance as India is likely to be the largest individual contributor to the global demographic transition contributing about a quarter of the projected increase in the global workforce between 2010 and 2040.

Keywords: Demographic dividend, transition, workforce, labour force.