



Demographic Dividend and Skill Development

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Abstract:

This paper attempts to explain the urgency required in accelerating the pace of skill development initiatives by the government to capture the demographic dividend and become the skill factory of the world. It is predicted that our population is increasing and India may become the most populated country in the world surpassing china population. With this explosive population, lack of necessary skills exposes India to number of problems like unemployment, increasing poverty, more investment on social security thus increasing public expenditure on transfer payments which are leakage to our national income. Along with this, government need to ensure that special initiatives to develop skills of informal sector are undertaken, this comprises of more that 90 percent employment.

Unless skills of informal sector are upgraded, the social problems will continue to persist and we will always get trapped in the vicious circle.

Keywords: *Demographic bonus, Employability, Global talent index2015, Skill*

1. Introduction

India is one of the youngest nations of the world brimming with confidence and hope. The average age of 125 billion strong Indian population will be 29 years in 2020, even younger than 37 years of china and US. Consequently while the global economies willgoing to witness a shortage of young population of around 56 million by 2020,India will be only country with a youth surplus of 47 million (Report on Education, Skill Development and Labour force (2013-14) Volume III, Labour bureau 2014). Thus the main issue is not to provide employment but increase the employability of the labour in India. Thus any solution to the problem lies in a well-designed education and training regime that sets out to meet these objectives.

2. Demographic Dividend – Meaning and Indian landscape

Demographic dividend refers to the increase in the economic growth due to increase in working population age group (15-59 years). This phenomenon occurs with a falling birth rate and the consequent shift in the age structure of the population towards the adult working ages.

There are 3 phases of the demographic transition process creating 3 unique age structures for any country. In the first phase, with the fertility being very high and mortality declining, there will be large number of people in the young age group particularly below 15 years creating a high dependency ration.In the second phase of transition, the fertility starts declining at a fast pace leading to a reduction in the child population during this period. This period is marked by the considerable reduction in the dependency ratio. The demographic dividend or bonus is a term used to understand the second phase of age structure transition.

According to the Census and Sample Registration Survey, the share of the working age population has increased from 53% in 1960-61 to 63% in 2013, while the share is declining in US, Japan, Europe and

even in China. Such a trend is forcing china to rethink about its one child policy and Japan to ease its immigration norms, which is severely experiencing aging population.

This is a great opportunity for India. More working age population will mean more workers, especially in the productive age group, more income, more savings, more capital per worker and more growth. It is often argued that the contribution of the second stage of the age structure depends on the ability of the countries to take full advantage of this stage in providing gainful employment to the workforce. Here comes where the problem of India lies that is lack of employability of workforce.

3. Employability and Skill System in India

Employability is defined as the development of the skills, abilities and personal attributes that enhance student's capability to secure rewarding and satisfied outcome in their economic, social, and community lives. Businesses around the world are reporting skill shortages epidemic that is hindering the growth prospects of the nation. According to the Global Talent Index 2015, almost 4 in 10 businesses around the world are struggling to recruit the right people, with a lack of technical skills. India is set to play a larger role in the world due to presence of active population. With an expected population of 1.3 billion by 2020, 60% of which would be in working age group as per Boston Consulting Group Report.

According to the India Skills Report 2014, published by Confederation of Indian industries suggest that only 37% of graduates are employable. There seems to be a paradox in the employment scenario in present times. On one hand there is dearth of necessary skills in the job market, on the other hand there is the demographic budge –the millions of Indian youth who will enter the job market.

According to the Ministry of the Human Resource and Development Report, India has 620 universities; it includes some privately managed, women universities, state open universities, universities operating in dual mode which offer open and distance education and 225 are affiliating universities. Between 2007-08 and 2013-14 according to District Information System for Education, total enrolment in primary schools increased from 134 million to 137 million in 2011-2012 and then declined to 132 million in 2013-14 while upper primary enrolment grew from 51 million to about 67 million. India has achieved near universal enrolment and enhanced the hard and soft infrastructure. There is mushrooming of so many universities but still there is dearth of skilled personnel. The overall standards are well below standard: that PISA (Programme for International Students Assessment) 2009+ results ranked Tamil Nadu and Himachal Pradesh 72 and 73 out of 74 participants, higher only than Kyrgyzstan, exposes gaps in our education system.

The rapidly growing economy and the availability of demographic dividend necessitated government of India to put in place the necessary institutional and governance structure both in public and private sector to skill /up skill its labour force to meet the skill demands of growing economy .In 11th plan, a coordinated Action on Skill Development was initiated for the focused attention on skill development aiming at an appropriate policy formulation, synergizing efforts of different ministries/departments in the skill field to achieve efficiency of expenditure and catalyzing private sector participation.

This has been replaced by National Skill Development Agency in June 2013. The National Policy on Skill Development announced in 2009 emphasized on policy coherence, inclusivity employment outcome to achieve the massive ambition of skilling.

4. Skill India Initiative

Recently, our PM unveiled the Skill India logo and launched four landmark initiatives of the Ministry of Skill Development and Entrepreneurship that is National Skill Development Mission, National Policy for Skill Development and Entrepreneur 2015, Pradhan Mantri Kaushal Vikas Yojna Scheme

and Skill Loan. Now its time to wait and watch the outcomes to the initiatives taken and at the same time it's important that government should also focus on the awareness part because many initiatives fail to meet the objectives as schemes doesn't reach to the needy.

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