Advantages of India's Youth Bulge

Why in news?

As global economic growth goes down well below 2% in 2023, India's economic growth is expected to remain at 5%.

Why is India being viewed as a bright spot in this global downturn?

- **Global downturn** - A combination of transitory shocks and secular forces has created a highly uncertain future, with the potential for a medium-term global stagnation.
- Global population is getting older rapidly across the group of countries that make up more than 75% of global GDP.
- **India as a bright spot** - India's high growth is a reflection of its structural strengths and growth drivers.
- India is a success story on the export of services and services tend to shrink less compared to manufacturing during global economic downturns.
- Global exports of digitally delivered services have more than tripled during the last two decades and India stands out as a winner.

What is the status of India's youth bulge?

- India's demographic profile is well positioned to withstand adverse macroeconomic shocks.
- India's growth will continue to benefit from demographic dividend and youth bulge.
- There is space to borrow from residents and build public private partnerships to finance additional spending on infrastructure.
- India's domestic savings are rising.

What are the advantages of India's youth bulge?

- **Wage-price spiral** - Since the labour force is expanding, young population will avoid the risks of wage-price spiralling upwards.
- **Women workforce** - The rise in women's workforce activity naturally accompanies a decline in fertility.
- **Savings** - Working ages happen to be the prime years for savings, which is key to capital accumulation, creation of infrastructure and technological innovation.
- **Retirement** - It boosts the savings that occurs as the incentive to save for longer periods of retirement.
- **Emergence of middle class** - Surveys show a massive shift towards a middle-class society which
    - Is a source of entrepreneurship

- Is a major contributor to savings and human capital
- Strengthen the links with education.
- Relates to consumption

Quick facts

Demographic dividend - Demographic dividend refers to the growth in an economy that is the result of a change in the age structure of a country's population.

Wage-price spiral - The wage-price spiral is an economic term that describes the phenomenon of price increases as a result of higher wages.

References

1. The Hindu Businessline | Young India is bucking the global downturn
2. Investopedia | Demographic Dividend

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