Demographic Dividend and Development Policies

What is the issue?

- Demographic dividend provided by the increasing share of working age adults is a temporary phase, but is an opportunity.
- However, the variation among states in meeting this phase calls for calculated policies tuned to population scenario.

What is the population statics of India?

- Recently released UN World Population Prospects and forecast indicates that India would overtake China as the most populous country by 2027.
- The UN revises its population projections every two years.
- In 2015, it was predicted that India would overtake China in 2022, but in the 2019 projections it is 2027.
- The UN has revised India's expected population size in 2050 downward from 1,705 million in 2015 projections to 1,639 million in 2019 projections.
- This is due to faster than expected fertility decline, which is good news by all counts.
- In India, there are sharp differences in fertility among different socio-economic groups.
- Total Fertility Rate (TFR) for the poorest women was 3.2 compared to only 1.5 for the richest quintile in 2015-16.
- To get to a TFR of 1.5, a substantial proportion of the population among the top 40% must stop at one child.

What are the challenges in population control measures?

- **Mindset of Indian Society -** In western societies, low fertility is associated with the conflict that working women face between work and child rearing and the individual's desire to enjoy a child-free life.
- But, this is not the case for Indian couples.
- In India, a desire to invest in their children's education and future prospects seems to drive people to stop with one child.
- Richer individuals see greater potential for ensuring admission to good colleges and better jobs for their children, inspiring them to limit their

family size.

- **Population politics -** Population growth in the north and central parts of India is far greater than that in south India.
- India is using the 1971 population to allocate seats for the Lok Sabha and for Centre-State allocation under various Finance Commissions.
- In a departure from this practice, the 15th Finance Commission is expected to use the 2011 Census for making its recommendations.
- This has led to vociferous protests from the southern States, as they feel they are being penalised for their better performance in reducing fertility.
- E.g. between the 1971 and 2011 Censuses, the population of Kerala grew by 56% compared to about 140% growth for Bihar, Uttar Pradesh and Madhya Pradesh
- A move to use the 2011 Census for funds allocation will favour the north-central States compared to Kerala and Tamil Nadu.
- However, continuing to stay with a 1971 Census-based allocation would be a mistake.

What are the population prospects of Indian states?

- Incomes generated by workers in one State may provide the tax revenues that support residents in another State.
- The varying pace of onset and end of demographic transition creates intricate links between workers in Haryana today and retirees in Kerala and between future workers in UP and children in TN.
- Demographic dividend provided by the increasing share of working age adults is a temporary phase during which child dependency ratio is falling and old-age dependency ratio is low.
- But, this opportunity only lasts for 20 to 30 years.
- For States such as Kerala and Tamil Nadu which experienced fertility decline early, this window of opportunity is already past.
- As the UN Population Fund estimates, over the next 20 years, the window of opportunity will be open for moderate achievers such as Karnataka, Haryana and Jammu & Kashmir.
- As the demographic window of opportunity closes for these States, it will open for Uttar Pradesh, Bihar and other States that are the last to enter fertility transition.
- This suggests that workers of Bihar will be supporting the ageing population of Kerala in 20 years.

What lies ahead?

- State allocation of Central resources based on current population rather than 1971 population punishes States with successful population policies is a shortsighted approach.
- This is because the current laggards (states with slow progress) will be the greatest contributors of the future for everyone.
- This is especially in regards with addressing the needs of ageing populations of early achievers.
- So, enhancing the productivity of laggard states will benefit everyone.
- In order to maximise the demographic dividend, India must invest in the education and health of the workforce.
- This should particularly be taken up in States whose demographic window of opportunity is still more than a decade away.
- In all, the country must change the mindset about how population is incorporated in broader development policies.

Source: The Hindu

