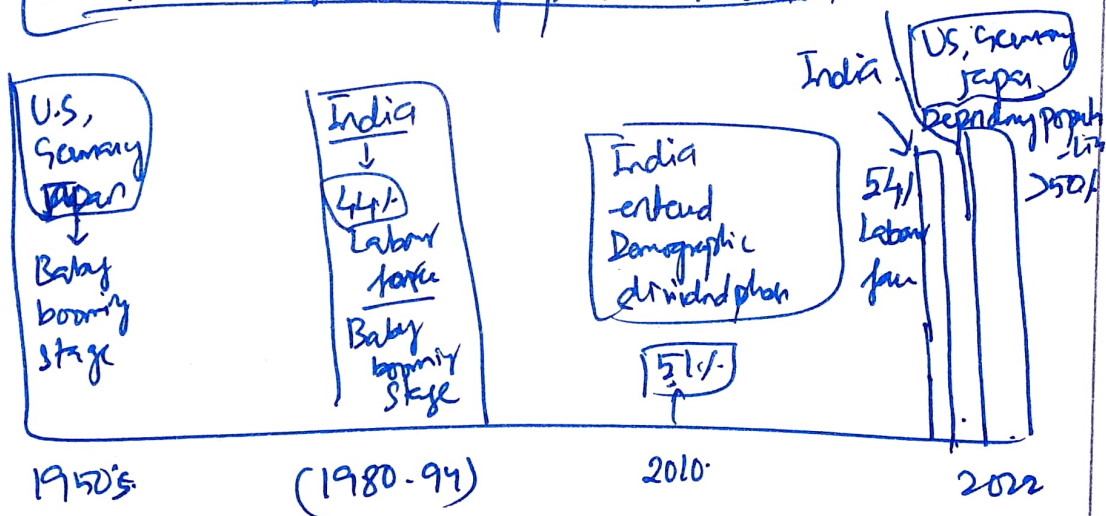


95-3] Economy.

4. with right policy in focus, the country can reap rich demographic dividend. Examine.

World population has reached 8 billion according to UN population fund report. It has increased quantitatively, but its effect \rightarrow whether demographic transition will benefit economy positively/negatively must be determined qualitatively. that is Young population

Overview of Demographic transition



Beyond \rightarrow India will peak at 56% in 2032 & 59% in 2056 when the demographic dividend phase ends. other side, the dependent population is about to increase from 19% to 35% (2056).

Right policies in place to reap Demographic dividend

1. High amount of Labour force - will enhance economical output & lead to healthy growth. For this excess labour

force must be absorbed into productive workforce.

2. Inflation - with rising workforce, the production consumption, but dependent population can only consume.

Hence in next 25 years production must be > consumption

More production will bring down inflation and also leads to decline in wage thus reducing cost push inflation

3. Savings - Savings at working age will enable consumption after retirement stage

4. Rising working force also increases the tax base & revenue to government thus freeing government from ^{budget} increasing dependent population? Support their work

Hence right policies - Macro economic policies, encouraging savings & skilling programmes must be in place. At the Existing Scheme - PM Kausal Vikas

Yojna - leveraged to at skill excess labours & absorb them into domestic manufacturing sector.

Investment in Education & R&D will enhance support to skilling. Thus in next 25 years India must gain full benefits of demographic dividend. This lies in right & targeted policies.