



RESEARCH ARTICLE

INDIAN DEMOGRAPHIC DIVIDEND, PROSPECTS & CHALLENGES IN THE CHANGING GLOBAL ECONOMIC SCENARIO

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Abstract

Recently we felt Sub-prime led financial crises 2007-10 followed by Euro zone meltdown in which the countries like Greece, Italy, Spain, Ireland etc still groping in dark to overcome the debt crises with falling GDP rates & rising rates unemployment even to the alarming rates of 27% of the labour force .These crises are having the global impact & pose a serious challenge for the third world countries like India. With the growing population &, increasing labour force the job market becomes a challenge. The world population has gone to 711crore by 2013 in which the share of China is 136cr.(19%) & that of India is 125cr(17%).The labour force in these countries is 79cr.(58%) & 49.84 cr(40%) respectively. Both India & China are considered giant drivers of the growth in the world economy because of large market size. Both need to learn the lessons from the global financial & Euro crises especially India. Over the years GDP growth has been jobless & this trend needs to be reversed. At present India has demographic dividend i.e. more young population up to 64% of the total population of 125cr.The biggest question before us is can we turn the demographic dividend into the fruits given the high poverty level of 37% & 6% organized & 94% unorganized sector for employment option. The employment issue is the burning issue in the present era of globalization which touches the hearts & minds of all the youngsters we do produce from the colleges & Universities. The issue generates interest not only among the student –teacher community but also among the parents & society & other stake holders. The objectives of the present study are :-to analyze the job market of India with respect to rest of the world, finding the strategies & options to absorb the youth, focusing on the roadmaps to meet the global challenges. The present study is divided into four sections. The 1st section is introductory part,2nd is on demographic & employment trends,3rd deals with prospects & challenges for employment, the 4th & final section is the conclusive part with suggestion. The methodology used is time series analysis based on the secondary data. The time period chosen for the study is pre-1990s decade & post-1990s up to 2013.

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Introduction:-

India is the world's 10th largest economy with 1.8tn\$ GDP & 3rd largest in terms of purchasing power parity (PPP) after the USA & CHINA. She is the 2nd most populous country of the world after China in the world. The country supports the 17% of the world population. The labour force constitutes 40% of the population & annually we add 1million additional labour force to the existing stock. Structurally, the agriculture sector contributes 16% to the GDP, industrial sector contributes 26% & the service sector has 58% contribution in 2012-13.In context of

employment, the agriculture sector engages 50% of the labour force, industrial sector engages 20% & the service sector contributes to 30% employment. The country experienced fluctuating GDP growth rates as just 3% per annum up to 1980, 5 to 6% per annum during 1980s & 1990s & 7-8% during 2000s at average. During 2012-13 the growth Rate fell to 5.5%. This growth has been jobless. Still today 85bn people in India are living their lives at less than 2\$ per capita per day according to the World Bank data. The population grew at 2% per annum during 1950s-1980s, 1.9% during 1990s & fell to 1.4% during 2000s. Presently India is young with 64% people in the age group of 15-64 years & rural India is more young with 51.73% under 24 yrs. of age as compared to urban India with 45.9% under 24 yrs. This implies more working population & less burdensome population for the country. This demographic dividend can be utilized for the economic development & prosperity of the country. Due to demographic dividend China has moved from the poor country to the world's 2nd largest economy. The issue before India is can she reap the benefits from this asset of human resources? Do we have job opportunities in the job market? Can we maintain the equilibrium between the supply & demand for jobs? As the seekers of the jobs are increasing day by day but where the demand is the jobseekers. So where to find the answer & how to resolve these questions is the biggest question itself. Regarding the job market in India, 6% organized sector jobs but the unorganized sector creating low quality jobs is very large & the size is 94%.

Data & Analysis on Employment growth rates in India:-

Table1: Labour Force & Employment Growth Rate (Millions & Percentage) on CDS:

year	LABOUR FORCE				EMPLOYMENT(WORK FORCE)			
	RURAL	URBAN	TOTAL	% AGE G.R/a	RURAL	URBAN	TOTAL	% AGE G.R/a
1972-73	183.72	39.63	223.35	-	168.65	36.10	204.75	-
1977-78	185.28	47.87	233.15	0.91	171.04	42.85	213.88	0.92
1983-84	206.15	57.67	263.82	2.27	187.90	51.59	239.49	2.08
1993-94	252.96	81.24	334.20	2.28	238.75	75.18	313.93	2.61
1999-2000	270.61	94.27	364.88	1.47	251.22	86.97	338.19	1.25
2004-05	302.5	114.7	417.2	2.84	277.6	105.2	382.8	2.62
2009-10	306.3	122.6	428.9	0.55	285.4	115.4	400.8	0.92

Source: Planning Commission of India

Table2: Employment Elasticity

S.NO.	Period	Employment Elasticity
1	1980s	0.68
2	2000s	0.01

Source: Planning Commission of India

Table3: Employment in Public & Organized Private sector (in millions)

year	Public sector	Private sector	No. of persons on live register
1980-81	15.48	7.40	17.84
1990-91	19.06	7.68	36.30
2000-01	19.14	8.65	42.00
2004-05	18.01	8.77	39.35
2009-10	17.86	10.85	38.83
2010-11	17.55	11.45	40.17

Source: RBI Statistical Handbook 2013

The table1. On the basis of Current Daily Status shows total 428.9mn labour force, of which 400.8 are employed, thus 6.6% i.e.28mn labour force unemployment in India in 2009-10 which was 8.2% in 2004-05 as per the Economic survey 2012-13.

Table 2. reflects that pre-1990s was better than post 1990s period in jobs creation as employment elasticity was higher in pre-reform period which is 0.68 for 1% of GDP but it fell to 0.01 for 1% OF GDP in 2000s.

The table 3. Shows 28mn persons employed in the organized sector in 2009-10 & rest 372mn labour is engaged in the unorganized/informal sector. This reflects the relationship between the informal employment & high poverty rate which is 29.8% during 2009-10. This is because informal jobs are low quality jobs & don't give right to exit poverty.

Prospects for job market:-The prospects for the jobs include:-

1. Education industry:-Education sector is the very basis of the economy. This sector contributes to the talent, skills & innovations. Unfortunately in India it is not happening. We do produce millions of graduates every year but 97% are unfit for the jobs.
2. Agriculture Industry:-This sector is the shaper of the economy & source of livelihood for the 50% of the Indian labour force. India is the largest producer of milk, cashew nuts, tea, ginger, turmeric & black pepper & second largest in wheat, rice, sugar, groundnut, 3rd in tobacco in the world. It accounts for 10% of the fruit production in the world with number one in banana & sapota. Without sustaining this sector the economy cannot move ahead. This sector needs dynamism, diversification, education, awareness & training for the farmers with investment in marketing, storage & cold storage infrastructure.
3. Large scale industry:-In labour surplus countries the large scale capital intensive industries are labour saving but for mass & rapid production such industries are indispensable.
4. Small scale industry:-The small & medium scale industries with less capital intensity are good employment providers to the labor force, the young budding managers, entrepreneurs, innovators & other stake holders.
5. Infrastructure industry:-This industry needs the best engineers, builders, architects, teachers, miners, scientists, geologists, pilots, sailors, software experts, hardware experts
6. Tourism industry:-This industry needs transporters, hoteliers, managers, guides, gardeners, security guards, medical specialists for medical tourism, adventurists as mountaineers, trekkers, rafters, zip-liners, disaster managers etc.
7. Financial Markets:-This sector needs bankers, insurers, fund managers, brokers, stockers, venture capitalists, mutual fund dealers, debt managers
8. Export industry:-This sector needs export house managers, traders, forex dealers.
9. Defense industry:-This sector needs youth for army, airforce, and navy.
10. Legal sector:-Here we need legal eagles with sharp legal quick fixes to ensure the speedy delivery of the justice.
11. Business Process Outsourcing & Knowledge Process Outsourcing:-Now there is global hunt for the talent & the limit is beyond the sky, The MNCs are outsourcing the business processes & the knowledge processes.
12. Political & administrative sector: The political intervention will always be needed in the economy through fiscal & budgetary policy, hence we need efficient decision makers & thus the youth needs to focus on IAS, IPS, IFS, IES, IRS, IES, IRS & other state exams for different administrative departments including education, health, sanitation etc.
13. Other sectors:-
advertising, biotechnology, cement, confectionery, food, cottage, dairy, electronics, electricals, fashion, film, furniture, gems & jewellery, leather, mining, oil, paint, stationery & printing, steel, sugar, tea, toy, weaving, silk, horticulture, bee-culture, etc.

Challenges:-There are many challenges which needs to be tackled for the prosperity & better future of the country. These challenges are as under:-

1. Corruption: In 2012, India ranks 94th most corrupt in 176 countries as per Transparency International. The major sources of corruption are Mahatma Gandhi National Rural Employment Guarantee Act & National Rural Health Mission, Trucking industry pays 4.5bn\$ & stashing money abroad 1.4tn\$, tendering & contracts, income tax collusions, real estate & delivery services, black money, from crimes, drugs, trade, terrorism & undisclosed income sources, judiciary, army. we hear scandals as fodder scam, 2G scam, 2010 common wealth games scam, coal mining scam etc. We have RTI Act, 2005, Indian Penal Code, 1860, Prevention of corruption act, 1988, prevention of money laundering act, 2002, Lokpal bill 2011, the Whistle blowers protection bill 2011, companies bill 2012 replacing act 1956 are in line. The organizations dealing with corruption are Central Vigilance Organization, Director General of Income Tax Investigation, Central Bureau Investigation, Lokayukta & civil organizations include Ramdev's Bharat Swabhiman Trust, Zero Rupee Note for corrupt babus, India Against Corruption founded by, Anna Hazare, Jago Re

one billion votes by Tata tea and janaagrah. The amount leaking in corruption can bring millions out of the poverty line in India.

2. Infrastructure:-Both economic & social infrastructure facilities are important but education & its diversification is the key to all. It is the education that has to provide the multiple skills, trainings, talents & innovative capacities. Thus all over the country we need not simple degree colleges but IITS, IIMs, other medical & engineering colleges. The courses need to be diversified to cater advertising, biotechnology, cement, confectionery, food, cottage, dairy, electronics, fashion, film, furniture, Gems & jewellery, leather, mining, oil, paint, stationery & printing, steel, sugar, tea, toy, weaving, silk, horticulture, bee-culture, electronics, electrical etc.

3. Poverty:-According to the World Bank, 85 crore people in India are living at less than 2\$. Not only this the majority of the work force is in the informal & unorganized sector which is at mere subsistence without giving the right to exit the poverty what the various human development reports (HDRs) call for. HDR 2013 calls for better representation of the South i.e. developing world in the global governance systems & points to new sources of financing within the South for essential public goods. India is among medium Human Development Index (HDI) countries with 136th rank & HDI value 0.575.

4. Inequities:-Not only economic, but the society suffers from political, social, cultural & religious inequities. The barriers to equality can only be overcome once economic, political, social & religious rights are given to the citizens.

5. Sleeping Society:-We are creating & sustaining sleeping society by giving the sweet poison to the young generations in the form of dead education system as a legacy of Wood's dispatch of 1864 to create Indian clerks with direct push up to the standard 9th without failing any learner than resorting to mass copying at 10th & 12th levels of learning. Then pass outs of 12th standard enter the degree colleges for general or professional degrees. Because of weak base, poor rural backgrounds & much urban detraction some drop out, others stagnate but many others come out of colleges & Universities with degrees & diplomas but they find it difficult to get jobs for wants of requisite skills & training. So there is no or little co-ordination between the education system & the job markets. As the system is based on the rote learning & cramming to get through the examination. There is need for complete overhauling with focus on basic skills, problem solving & projects as targets not the Percentages & grades. Rather at College level the grading should be based on what activity actually done by applying the theoretical knowledge obtained online or offline, inside the institutions or outside the institutions of learning.

6. Smart Business Strategies with diversifications:-Our youngsters need to be smart & diversified as Tata, Birla, Reliance, Microsoft, McDonald, PepsiCo, Hindustan lever who do not only smart work through worldwide networks but also deal in diversified products & services of global quality. Smart investors deal not in single brands but multibrands & make worldwide presence. Again here the pointer goes to the quality of education system we do have.

7. Peace & Security:-Investment & economic development has much to do with the social, political factors & historical accidents according to Prof. Ragner Nurksey. Thus peace & security are important to create the favorable investment climate in the country. This encourages not only domestic private but also foreign investment.

8. Gender participation:-In India as per census 2011, 48% of the population are female i.e. 58 crore & in the labour force their share is 27%. Thus they can equally contribute to the GDP of the country, if they are given opportunities & rights to participate in the political & economic decision making i.e. GEM (Gender Empowerment Measure) used by the UNDP since 1995.

9. Inflation:-It is bad for the economy because it hardens the interest rates & borrowing costs, there loosens the sheen for investment, hence darkens employment prospects. So it needs to be moderated to keep the growth process on without hurting the consumption process.

10. Globalization:-The globalization since 1990s has been the challenge for the third world economies, which works on the basis of competitive markets & forces of supply & demand. Here Darwin's theory of Struggle for existence & survival of the fittest fits well. India is no exception to it. The society has to become knowledgeable, innovative, optimistic & competitive.

11. Mixing Ethics dominated by Spirituality:-Humanity needs to come out of the religious barriers & extract spirituality from the religious texts, as spirituality unites the humanity but religions do the opposite. So young generation should be trained & encouraged as spiritual beings not religious beings. Here comes the role of the religious heads, the parents, the society & all other stakeholders.

12. Research & Development:-The part of the budget should go for the research & to develop new & appropriate technologies fit to the local conditions. Mahatma Gandhi is treated as the father of the appropriate technology & Prof Schumpeter expanded the concept in title, 'Small is Beautiful'. The examples are bicycles, use of public transport, pot-in-pot refrigerators, high rocket stoves, water filters, fruit pluckers, pole climbers, hand driven water pumps, solar panels etc.

13. International presence. From 1000 A.D to 1600 A.D Indian economy was the largest economy of the world, after the British rule it became the poorest economy. The British wounds have not healed even after 70 years because then foreigners were looting us, now we are looting ourselves. To become the super power we have to improve the work culture & work ethics, work day & night for the prosperity of the country where ever we are under what condition we are, we have to do or die, perform or perish.

14. Job market imperfections:- Job market imperfections can be removed by using the ICT, especially social network sites as the Face book even, so the youth is aware of the availability of jobs, conditions ,required skills not only at local levels but also abroad.

Conclusion & Suggestions:- Even though the world is aging but the India is having edge at least for the 2 or 3 decades as the IMF notes "India's demographic transition is presently well underway, and the age structure of the population there is likely to evolve favorably over the next two or three decades". But still then the biggest challenge is the job creation for want of skills .So if we have to become the hub of human resources for the world then we need to invest in skills & training of the labour force, otherwise the demographic dividend will prove wastage & liability as the Economist writes," the boom of 1990s & 2000s has diverted toward funk & the political class promising much committed to employment has shown little stomach for the economic upheaval rapid job creation entails. India's borrowing has soared to uneasy level & social spending is being squeezed thus causing further joblessness & resulting in unrest among youth as reflected youth support to the hunger striker & anti-corruption crusader ,Anna Hazare. China created 135mn. Jobs between 2002-12 in industry& services but India failed to create net new jobs between 2004-05 to 2009-10." Thus India has failed to create the manufacturing sector which can absorb the bulging labour force. So India needs to rethink & develop strategy not only as developing India into services but also Industrial hub. To do so we need to diversify & overhaul the education system from the exam & rote learning based to the skill, training & industrial knowledge based .There is need for industrial links & collaborations in the present dead education system to create the knowledgeable society, otherwise the demographic dividend we talk of & claim, hope will become liability for the Indian economy & will go waste. State wise & District wise we need to develop the institutes of learning which cater not only cater service sector but also the industrial & manufacturing sector i.e. the institutions which create multiskills to meet the demands of the different sectors of the economy. The outcome of the institution of high learning should be measured in terms of the employability. Thus to become the pool of human resources for the domestic & international economy we need to invest in multiskills development & training to develop knowledgeable, talented & innovative minds & thus to realize the real fruits of the demographic dividend for the economy.

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