

The Young are a Burden

India's much-celebrated "demographic dividend" is a lie. SAMRAT CHAKRABARTI tells you why



Dividend myth Who is investing in this child?
PHOTO: SHAIENDRA PANDEY

WILLIAM WORDSWORTH would have loved to be in Tahrir square. As Egyptian students in the first world hastily packed their bags to be part of history back home, Wordsworth's comment on the French Revolution found a modern echo — Bliss was it that dawn to be alive/ But to be young was very heaven. A 30-year-old dictatorship has been brought to an end. It took eighteen days but, above all, it took the young. In all the analysis of how and why Egypt has turned, what

stands out is the median age of the country. The energy for social and political change came from the denied ambitions of its young — this is Egypt's demographic dividend.

You've heard this term before. You've heard it insistently and you've heard it in connection with India. What is a demographic dividend? To state it simply, a bulge in the population of a country in the economically productive age group of 15 to 64. People outside this age group — children and senior citizens — consume more economically than they produce and are hence the dependent population. The breadwinners (15-64) support the dependents (the children and the old) and when there is an increase in the breadwinners, there is an increase in the economic productivity of a nation. There is more disposable income creating demand for goods and more savings that drives investment. This then is the economic dividend that is got from a transition in age groups.

In all the reasons proffered for India's just-around-the-corner economic superstardom, this demographic dividend is cited as a huge economic opportunity. Dilip Chenoy, CEO-MD, National Skill Development Corporation (NSDC), says, "We will see a rise in the working age population at the same time as we see a decline in the same of the west, in particular Europe. Even an ageing China is going to find it difficult to support its large manufacturing base and then you may see a shift in manufacturing bases to other countries that have labour." Labour bottlenecks elsewhere can give rise to opportunities in India.

According to the population research centre of the Institute of Economic Growth, our population is estimated to grow by 400 million between 2000 and 2025; 86 percent of which will be in the age group 15 to 64. A declining fertility rate means lesser babies are born and the population moves on in age into the productive segment. The average age of an Indian in 2020 is likely to be 29 years.

But the issue is not as straightforward. Ashish Bose, India's legendary demographer who coined the term BIMARU (Bihar, Madhya Pradesh, Rajasthan, Uttar Pradesh), once described the woeful economic state of India's problem states, has lost none of his verve at 80. He asks, "What demographic dividend? A dividend is what you get on investment. Where has been our investment? Rural development has been ignored by successive governments. It's a myth that is being peddled by the west. In the 1950s, they were telling us about our population catastrophe and they were wrong. Now they are flattering us with this demographic dividend because of the size of our market. It's an opportunity. But as long as there are BIMARUs, demographic dividend will be a mirage."

Sixty-three percent of India's population growth till 2025 will be in the northern states of Uttar Pradesh, Bihar, Madhya Pradesh, Rajasthan, Odisha, Jharkhand, Chhattisgarh and Uttaranchal, all with very poor socio-economic indicators. Economist Jayati Ghosh adds, "Demographic dividends are neither sufficient nor necessary for economic growth. You need enabling conditions. Half the babies in India are born weighing less than normal, condemning generations to reduced mental capacity. A frustrated youth has consequences. We are seeing it: whether it's the provincial politics of Maharashtra or the Telangana movement."

In the same week as the Egypt protests, news came of the rioting in Bareilly. The Indo-Tibetan Border Police force was hiring. There were 400 jobs and 1.5 lakh youth turned up. The crowds started rioting in frustration when their application forms were rejected. The jobs were not that of soldiers. They were recruiting barbers, water carriers and sanitation workers.

While the government has been apathetic, industry has long woken up to the peculiar situation of a labour shortage existing in parallel with large unemployment. “We will need close to 500 million workers by 2022. The existing education system has a capacity of delivering about 4.3 million workers annually. What we need is 40 million. It’s a huge entrepreneurial opportunity,” says Chenoy. Since its inception in February 2009, NSDC has funded and supported 22 large scale skill development projects, which in 10 years, says Chenoy, is going to supply a labour force of over 7.7 million annually in different levels of skill hierarchies.

Industry, keen not to have its growth hampered by a labour bottleneck, is going ahead and taking the initiative to develop a workforce for itself. But the profit motive, as the microfinance debacle has reminded us, will only go as far as its bottomline logic, which seldom reaches as far as the marginalised. Human resource development, sooner or later, returns to old issues of delivering public healthcare, primary education and developing the rural heart of India. The private sector can augment the efforts, but the essentials of life, of public good, of turning the BIMARUs around is the duty of elected representatives of the people. “The MGNREGA, the RTE Act adequately resourced, a proper food security law and systematic investment in public healthcare so that 85 percent of the total health spend is not from private households, these are where the solutions finally lie. And its doable. 1.5 percent of the GDP is what it will take for universal education. About 3.5 percent of GDP for healthcare. We spent 3 to 5 percent of GDP instead on tax concessions to business. We have the money. We need the will.”