

1. Demographic Transition

A recent report titled “Unravelling India’s Demographic Future: Population Projections for States and Union Territories, 2021–2051” highlights that India is undergoing a structural demographic transition, which has significant implications for governance, economy, and social sectors.

1.Introduction

1. India is undergoing a structural demographic transition characterised by declining fertility, slowing population growth, and gradual ageing.
2. This transition represents both an opportunity in the form of a demographic dividend and a challenge due to emerging ageing pressures and regional disparities.
3. The policy focus must shift from population expansion to enhancing productivity, human capital, and institutional capacity.

2.Key Demographic Trends in India

Declining Fertility and Population Stabilisation

1. India’s total fertility rate has declined to around replacement level, indicating a move towards long-term population stabilisation.
2. This decline is driven by improvements in female education, rising urbanisation, increased access to healthcare, and changing social norms such as delayed marriage.
3. Smaller family sizes are leading to reduced dependency ratios in the short term but may increase old-age dependency in the long run.

Slowing Population Growth Trajectory

1. India’s population is projected to grow from about 1.35 billion in 2021 to nearly 1.59 billion by 2051, reflecting a steady but decelerating growth pattern.
2. Population momentum will continue due to a large young population entering reproductive age groups.
3. Over time, growth will plateau, marking the end of the high-growth demographic phase.

Divergent Regional Demographic Patterns

1. Southern and western states have already achieved below-replacement fertility levels, leading to early onset of ageing and potential labour shortages.
2. Northern and eastern states continue to exhibit relatively higher fertility rates, resulting in a sustained youth bulge and population expansion.
3. These regional differences create imbalances in labour supply, migration flows, and fiscal burdens across states.
4. Such divergence complicates national-level policy design and necessitates region-specific interventions.

3.Consequences of India’s Demographic Shift

Emergence of the Care Economy

1. The decline of joint families and rise of nuclear households have increased the responsibility of elderly care on fewer working individuals.
2. There is a growing need for institutionalised care systems including geriatric healthcare, assisted living facilities, and home-based services.
3. The care economy has the potential to become a significant employment-generating sector if properly developed.

Urbanisation and Changing Infrastructure Needs

1. Rapid urbanisation is increasing demand for housing, transport, sanitation, and employment opportunities.
2. Cities must simultaneously cater to a large young workforce and a gradually increasing elderly population.

3. Urban planning must incorporate inclusivity, accessibility, and sustainability to avoid congestion and inequality.

Transformation in Consumption Patterns

1. Changing age structures will shift consumption demand from predominantly youth-oriented goods to a more diversified structure.
2. There will be increased demand for healthcare services, insurance products, pension schemes, and elderly-friendly goods and services.
3. This transition opens avenues for the development of the silver economy, focusing on the needs of the ageing population.

Labour Market Implications

1. The demographic dividend offers a limited window where the working-age population is relatively large compared to dependents.
2. Without adequate job creation, this advantage may turn into a liability in the form of unemployment and social unrest.
3. Low female labour force participation further constrains the effective utilisation of the available workforce.

4.Key Government Initiatives

Skill Development and Employability Enhancement

1. The Skill India Mission aims to equip youth with industry-relevant skills to improve employability and productivity.
2. The Pradhan Mantri Kaushal Vikas Yojana provides short-term training, certification, and recognition of prior learning to integrate informal workers into the formal economy.
3. These initiatives seek to bridge the gap between education and labour market requirements.

Healthcare and Social Security Expansion

1. Ayushman Bharat provides health insurance coverage to vulnerable populations and strengthens primary healthcare infrastructure through Health and Wellness Centres.
2. The Pradhan Mantri Matru Vandana Yojana supports maternal health and nutrition, indirectly contributing to improved workforce participation of women.
3. These measures aim to enhance human capital and reduce health-related vulnerabilities.

Labour Market Reforms and Formalisation

1. The Labour Codes of 2020 consolidate multiple labour laws into four simplified codes to improve compliance and ease of doing business.
2. They aim to extend social security benefits to informal and gig workers, thereby broadening the safety net.
3. Formalisation of employment is critical for improving productivity and ensuring inclusive growth.

5.Structural Challenges

Mismatch Between Education and Employment

1. The education system continues to prioritise theoretical knowledge over practical skills, leading to employability issues.
2. This results in educated unemployment and underemployment, particularly among youth.

Low Female Labour Force Participation

1. Socio-cultural barriers, safety concerns, and unpaid care responsibilities limit women's participation in the workforce.
2. This reduces the effective size of the labour force and weakens the demographic dividend potential.

Regional Inequality and Migration Stress

1. Uneven demographic and economic development across states leads to large-scale migration from high fertility regions to more developed states.
2. This creates pressure on urban infrastructure and may lead to social and economic tensions.

Inadequate Preparedness for Ageing

1. India lacks a comprehensive pension system and long-term care infrastructure for its ageing population.
2. There is a risk that India may face ageing-related challenges before achieving high-income status.

6.Way Forward

Reforming Education and Skilling Systems

1. India must move towards an outcome-based education system focusing on skills, innovation, and employability.
2. Greater emphasis should be placed on vocational training, digital skills, and continuous learning.

Strengthening Healthcare and Longevity Economy

1. Investment in preventive healthcare, geriatric care, and health technology is essential to maintain a productive workforce.
2. Development of long-term care systems and insurance mechanisms will support an ageing population.

Enhancing Female Workforce Participation

1. Policies must address structural barriers by providing childcare facilities, ensuring workplace safety, and enabling flexible work arrangements.
2. Reducing unpaid care work is essential to integrate more women into the workforce.

Promoting Balanced Regional Development

1. Labour-intensive industries should be promoted in states with high fertility and a young population.
2. Strengthening rural and semi-urban economies can reduce migration pressures and ensure equitable growth.

Transforming Urban Planning

1. Development of smaller cities and towns can reduce pressure on metropolitan areas.
2. Urban infrastructure must be designed to be inclusive, sustainable, and productivity-oriented.

Leveraging the Silver Economy

1. The ageing population should be viewed as an economic opportunity through sectors such as healthcare, tourism, and assistive technologies.
2. Policies should encourage innovation and investment in elderly-centric services.

Conclusion

1. India's demographic transition marks a shift from population-driven growth to productivity-driven development.
2. The demographic dividend is a time-sensitive opportunity that requires immediate policy action to maximise its benefits.
3. With strategic investments in human capital, healthcare, and institutional reforms, India can transform demographic challenges into engines of sustainable and inclusive growth.

Source: <https://www.thehindu.com/opinion/op-ed/indias-future-demographic-challenges/article70759334.ece>