

Tackling the demographic challenge

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In the not too distant past, India's large population was considered to be a huge barrier to prosperity and progress. Those were the days when economists predicted that India was a "population bomb" waiting to explode. In the post-liberalisation era, with China showing the way and proving that a massive population can be harnessed for societal and economic progress, a new mantra is being chanted—demographic dividend. Ever since, India's huge opportunity in terms of demographic dividend is being trumpeted by policy-makers, economists and the media with much gusto. This extreme swing in perspectives, however, masks the real issue. One that The Economist so succinctly brought to the fore in a 2013 article when it wrote: "Many are worried that India is squandering this demographic opportunity ... India has created too few formal jobs in the past decade. India's leaders have long said they are committed to employment but have shown little stomach for the economic upheaval rapid job creation entails."

Before we can convert this opportunity of a large and growing mass of working-age population into a driver of economic growth, we first need to understand the challenges that we face. Consider some figures. There are roughly 480 million people (38%) who belong to the working-age group. Of these, 62% reside in rural India and nearly 73% of them (333 million) are literate. Despite strides made by successive governments in achieving the goal of education for all, India continues to lag behind other developing countries. In 1960, South Korea, Hong Kong and Thailand had literacy rates of nearly 70% in the region, while India lagged behind with 28%. By the 1990s, the East Asian tigers had crossed the 90% literacy mark compared to just 50% in India. In 1990 and 1999, China's literacy rates were higher than India's by 28% and 27%, respectively.

There are several issues peculiar to the education scenario in India. The paucity of good quality schools, proper infrastructure and facilities, and well-trained teachers poses enormous challenges in primary and secondary level education. The huge dropout rate—more than half of India's literate youth drop out of the education system by the age of 15—is a cause for concern. There is also the politically volatile issue of caste-based reservations in higher education which has become a source of continuous strife for the youth across all states in the country. Denying meritorious students the opportunities in higher education that they rightly deserve—due to political reasons—is damaging both for the nation and for the morale of the youth. Recently, the Supreme Court called for an end to the reservation system in all institutions of higher education towards the cause of "national interest". The judges urged government authorities to refrain from relaxing eligibility criteria based on various kinds of reservations, as it would defeat the purpose of imparting the best training to meritorious candidates. Then there is the fractious issue of medium of instruction at schools. The debate over the preference for English—which is the global language of business—versus regional languages continues endlessly.

In the absence of good quality universal education at the primary, secondary and tertiary levels, we will continue to produce poor quality workforce. Currently, a little over 10% (48 million) of literate youth are graduates or have higher degrees. Nearly 53% of the youth have studied up to the higher secondary (12th class) level. The uncomfortable and unavoidable truth of the matter is that the majority of employable youth will continue to hail from urban India in the coming decades. Currently, 60% of graduates, 70% of

post-graduates and 85% profession degree/diploma holders are from urban India. Lack of professional skills is one of the major reasons for the large number of unemployed graduates—three million at last count. And their ranks are growing rapidly every year.

To be able to harness the potential of this large working population, which is growing by leaps and bounds, new job generation is a must. During the economic boom witnessed in the early 2000s, an estimated 60 million jobs were created. However, between 2004-05 and 2009-10, there has been a dramatic slowdown in job creation. Nearly 80% of the workforce is currently being absorbed into low-income, informal sector jobs. The much-vaunted IT and ITeS-enabled sectors account for only a few million jobs. Labour-intensive industries such as textiles have been on the decline during the last ten years. According to rough estimates, the nation needs to create ten million jobs per year to absorb the addition of young people into the workforce. But along with jobs, it is imperative that this new generation of workers is equipped with appropriate skills and knowledge.

An alarming aspect of the current employment situation is that a large proportion of employees are not in a very happy situation. Our analysis reveals that nearly 40% of employed people are not satisfied with their job profiles. The major reasons for dissatisfaction cited are “unsecure” jobs, low salaries, stressful environment, and mismatch between job and qualification. Yet another appalling concern is that a significant proportion of qualified women (for example, having earned PhDs but sitting idle at home—about 30%) drop out of the workforce for reasons ranging from no suitable jobs in the locality—particularly in rural areas—to family responsibilities and marriage. This is not only a huge loss of valuable human resource, but also has a deleterious impact on family incomes. There is a need to look into these qualitative issues of job satisfaction, job profile and skill matching, and the creation of opportunities for entrepreneurship in order to be able to harness the vast potential of human resources.

Increasing globalisation and exposure to international media outlets, and the internet and mobile telephony have added yet another dimension to the issue. As the gap between the haves and have-nots increases, the impact is bound to be felt among the youth of the country. Unemployment, injustice and corruption only add to the feeling of victimhood, destroys the confidence of citizens, and leads to strife and violence at a societal level.

It is imperative that policy-makers deal with the situation on multiple fronts. Universal education, value-added skills accretion and massive growth in employment in the formal sectors should be the key focus areas. Unfulfilled aspirations of the youth can quickly turn to frustration, leading to violent outbursts. There is a need to engage with the youth and create an enabling environment for entrepreneurship. Improved infrastructure, skill development, access to easy finance, reducing barriers to entrepreneurship and forums for mentorship of emerging entrepreneurs in partnership with corporates are some of the measures. The approach has to be two-fold—creating more jobs, and ensuring better quality of jobs with a focus on matching skill-sets and job opportunities. Failure to do so would not just mean a missed opportunity in terms of harnessing the demographic dividend, but the ensuing rise in unemployment and poverty could undermine the advances made on the economic front and foment societal upheaval. Engaging with the youth is the only way forward in order to ensure that they deliver on the promise of the demographic dividend.

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