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Issues related to ageing population in India

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Why is in news? How India is becoming a young country but with an ageing workforce

An analysis of India's workforce, sourced from **CMIE's Economic Outlook data**, shows that while **India may be the country with the most youthful population, its workforce is rapidly ageing**.

In other words, the young are increasingly getting driven out of the job market.

About ageing workforce:

An ageing workforce basically means that if one looks at all the employed people in India, **the share of young people is going down while the share of those closer to 60 years of age is going up**.

In CMIE's data, youth is defined as those belonging to ages above 15 years and below 25 years.

The **Employment Rate (ER)** for any population or age group tells us **what proportion of that age group or population is employed**. So, if there are 100 people in the ages 15 to 29 and only 10 are employed then the ER would be 10%.

Three groups of workforce:

Those aged 15 years or more but less than 30 years,

Those aged 30 years or more but less than 45 years, and

Those aged 45 years and older.

Others:

The report shows the share of India's youth has **fallen from 25% in 2016-17 to just 17% at the end of the last financial year** in March.

Even the share of those in the **middle group** has fallen from 38% to 33% over the same period.

The **oldest age category** however has **grown its share from 37% to 49%**.

While the total number of people with jobs has fallen from 41.27 crore to 40.58 crore, the biggest decline has happened in the involvement of India's youth.

In 2016-17, there were 10.34 crore people under the age of 30 years in the workforce. By the end of 2022-23, this number had fallen by over 3 crores to just 7.1 crore.

At the same time, those aged 45 and above grew in numbers even though the overall employment levels fell.

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In other words, just in the past seven years, the workforce has aged so much that the share of people 45 years and older has gone from one-third to almost one-half.

The report clearly shows that even though India has a fast-growing youth population, that by itself does not guarantee more jobs for the youth. In fact, **India's workforce is rapidly ageing**.

That's because the young are failing to make their mark in the job market and it appears they are increasingly getting elbowed out by the not-so-young Indians.

Even if one accounts for the possibility that a lot of young people may be pursuing higher studies, the trend is still stark enough to merit a look by policymakers.

Moreover, even if one moves away from the CMIE database and looks at other so-called official surveys, there is evidence to suggest that **in India's unemployment is highest for the youth**, and often rises with educational attainment.

Unless these trends are reversed, India may continue to experience the rather counterintuitive phenomenon of being a youthful country with an ageing workforce.

Reason for rising aged population in India:

The **increase in Life expectancy** and **decrease in fertility rates** are the main reasons for contributing the ageing population in India.

Impacts of aging population:

As the older population increases, **the working-age population shrinks**, leading to **potential labour shortages** and reduced productivity.

Aging populations require **more healthcare services**, leading to **higher healthcare expenditures**, which can strain public budgets.

Older individuals tend to have more chronic health conditions and require more medical care, leading to **increased demand for healthcare services**.

Long-Term Care Needs: Aging populations **require more long-term care services**, including nursing homes and assisted living facilities.

The burden on family members and informal caregivers can increase, impacting their mental and physical well-being.

Aging populations **necessitate investments in healthcare infrastructure** and geriatric care facilities.

Governments may **need to reform pension and social programs** to ensure their sustainability.

Governments may need to **implement policies to encourage older individuals to stay in the workforce** or facilitate their transition to retirement.

Conclusion:

The first step in moving forward is to reduce the financial burden by eradicating the negative stigma associated with ageing in India.

Education, public awareness campaigns, and creative initiatives like Switzerland's time bank can all help to encourage behavioral change.

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Additionally, strengthening our pension systems through increased financing and coverage is considered essential. The government must set aside a specific budget for the senior population to do this.