

How To Make India A Human Capital Powerhouse

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It has been estimated by the UNFPA that India has just surpassed China to become the most populous country in the world. The growing population of young people in our country is a juggernaut of possibilities which must be tapped into by both the public and the private sectors. By 2030, over 1 billion Indians will be within the working age group of 15-64. This will position India as a powerhouse of human capital and the largest producer of human resources in the world. This presents us with an unprecedented opportunity to leverage our phenomenal demographic dividend.

Indian youth are the torchbearers of cutting edge innovation in business and technology. With over 100 unicorns and more than 80,000 startups the burgeoning entrepreneurship ecosystem in the country is a robust testament to this fact. Indian startups are innovating in core sectors such as healthcare, education, agriculture and financial services. India also has the largest pool of STEM graduates and at 47%, is the global leader in STEM women graduates. India's demographic dividend is poised to contribute substantially to the national GDP and bolster our competitive advantage over other nations, especially in the manufacturing and services sector. This youth bulge, if correctly nurtured, will yield critical thinkers, change makers and leaders who will drive India's growth story in the next few decades.

It is imperative now more than ever to invest in the overall well-being of this young population through a convergent approach across sectors like health, nutrition, education, skill development and financial inclusion. With 26 percent of the population in the age group of 10-24, the welfare of adolescents and young adults across urban and rural India must be a key priority for all development programs. Investment in primary healthcare through schemes like PMJAY, the world's largest health insurance program and innovations like an integrated digital health infrastructure are strengthening the health dividend across the nation. The National Nutrition Mission and Poshan Abhiyan are ensuring women and young children have adequate access to nutritious meals and supplements. The National Education Policy 2020 and digital interventions like SWAYAM and DIKSHA are strengthening foundational literacy and numeracy for millions of students across India.

With improved outcomes in health, nutrition and education the Indian youth will be better prepared to enter the workforce and contribute to the economy. At this juncture, investment in skill development will play a pivotal role to truly unleash the potential of our demographic dividend. To leap from 'Skill India' to a 'Skilled India', the participation of the private sector is instrumental. It is without doubt that the private sector is best positioned to impart quality training and create new centres of excellence for the youth, while having the financial capacity to expand skilling to rural populations. A private sector led skilling ecosystem will also ensure that skill development is demand driven and being carried out with a focused objective to address the needs of the market. This in turn will be a stepping stone for the youth to tap into productive employment and decent work opportunities. Entrepreneurship is also an important pillar of job creation and as a result wealth creation.

With more skilled youth joining the ambit of the formal workforce, the consumption patterns will witness an upward trajectory, providing a fresh boost to the Indian economy. This increase in purchasing power will be fortified by India's exemplary financial inclusion and digital payments ecosystem. The stellar success of PMJDY accounts, Ru-Pay cards and the UPI platform has already pulled millions into the formal economy. There is now rising global interest and demand for India's indigenously produced low-cost and high-impact digital public goods.

To fully reap benefits of the demographic dividend, we must also acknowledge that women are the most significant stakeholders in this endeavor. Prime Minister Narendra Modi has called for **prioritizing women-led development** in the G20 agenda. On the socio-economic front, much progress has been made.

- In the coming years, with the increase in India's employable population, labour force participation rates in India are set to improve.
- The number of women who have a bank account they operate themselves has increased significantly from 53% in 2015-16 to 79% in 2019-21.
- There has been a significant decline in MMR, IMR and U5MR.
- There is greater awareness around women's sexual health – including hygienic menstrual products and contraceptives.

Greater access to education, healthcare and specifically family planning services have led to delaying the age at marriage and a decline in fertility in the country. India has now achieved a Total Fertility Rate of 2.0, below the replacement level of 2.1 This indicates that population explosion is a thing of the past and now what remains is how we make the most of the current composition of our populace. Also, in order to build successful youth led communities, greater emphasis must be laid on climate action and sustainability as environmental changes are increasingly impacting social and economic dynamics across the world. Timely investment in the acceleration of SDGs will result in a resilient future which will maximize the returns from our demographic dividend. There is also a keen sense of awareness that our rich demographic advantage is not just a national asset, but also a collective responsibility towards the world and we must work to rise to this occasion.

For India, the tag of the 'most populous nation in the world' is complemented by its position as the world's largest democracy and fifth largest economy. India is gathering steady momentum towards its goal of becoming a global manufacturing hub and can also potentially become the startup capital of the world with one of the largest digital user bases, an enabling policy environment and access to large pools of capital. Aligned with the priorities of India's G20 Presidency, the nation must utilise its young population which has a low dependency ratio to achieve sustained and resilient growth and become the nerve centre for exporting skilled manpower to the world.

The author is G20 Sherpa, India. Views expressed are personal.