

## **“Age Structure Changes and Demographic Dividends in Sri Lanka”, Fifteenth Annual Sessions of the Population Association of Sri Lanka, 4th September 2013, Colombo**

Professor Lakshman Dissanayake

Publication year: 2013

### **Abstract:**

This paper attempts to establish the timing of the first demographic dividend by analyzing both age structure changes with the accepted demographic methodology. The demographic dividend which is a transitional time interval when the proportion of the population under 15 years falls below 30 per cent and the proportion of persons 65 years and older is below 15 per cent, usually it is said to accrue when per capita income rises on account of higher growth in the labour force compared to the growth in the population. In the absence of a census in 1991, one could reasonably determine that demographic dividend commenced in Sri Lanka in 1992 as percentage of the children less than 15 years of age began to decline below 30 percent from 1992. The first demographic dividend characteristically lasts for decades, but it is inherently transitory in nature. When population ageing begins to dominate demographic trends, the share of the population in the working ages will decline. At this moment, the first dividend will turn negative as population growth surpasses growth in the labour force. Ultimately, the share of the population in the working ages may be no greater than before the dividend period began. According to the trends in the age structure, Sri Lanka is currently experiencing the first demographic dividend with a large working age population which could raise total GDP, if productively employed. De Silva (2012) has indicated that the demographic dividend will last only until 2017 but the present analysis shows that it will continue till 2037. Although the percentages of children less than 15 years of age and elderly population aged 60+ years of age, respectively equilibrate in 2025, a noticeable decline of the percentage of working age population is only discernible from 2037 while percentage of children population tends to stabilize around 15 percent only after 2037. Furthermore, a clear decline of population could be seen only from 2037 while a more noticeable decrease in working age population is visible only after 2037. All these evidence confirm that the duration of the first demographic dividend is 45 years from 1992 to 2037. This suggests that Sri Lanka is still left with 24 years more which is a considerable time period, if the country desires to benefit from this historically produced demographic bonus. The benefits of the demographic dividend which are available only for about another two and half decades not automatic, but policy dependent and hence the window of opportunity to reap the benefits of a low dependency burden needs to be made use of productively.