1. Population Management Policy - Economy

The Government of Andhra Pradesh has introduced a Draft Population Management Policy to address the declining fertility rate and prepare for future demographic challenges
Declining fertility rates in several Indian states, particularly in the southern region, have triggered concerns about long-term demographic sustainability and economic productivity.

In response, a draft population policy proposes incentivising families to have a third child in order to raise the Total Fertility Rate (TFR) from 1.5 to the replacement level of 2.1 and prevent the adverse consequences of rapid population ageing.

1. Understanding Total Fertility Rate (TFR)

1. **Definition -** Total Fertility Rate (TFR) refers to the average number of children a woman is expected to have during her reproductive lifetime (typically ages 15–49), assuming current age-specific fertility rates remain constant.
2. **Replacement Level Fertility -** A TFR of 2.1 is generally considered the replacement level required to maintain a stable population size in the absence of migration.
3. **Below Replacement Fertility -** When TFR falls below 2.1 for a prolonged period, population ageing accelerates and the working-age population gradually declines.
4. **India's Context -** While India's national TFR has declined to around 2.0, several states such as Tamil **Nadu, Kerala, and Karnataka have much** lower fertility levels, raising concerns about demographic imbalance in the long run.

2. Key Features of the Draft Population Policy

Financial Incentives

1. **Direct Cash Support -** Families will receive ₹25,000 at the time of the third child's birth, intended to reduce the immediate financial burden of childbirth.
2. **Monthly Support Scheme -** A ₹1,000 monthly allowance for five years will be provided to support child nutrition, health care, and early childhood development.
3. **Objective -** The incentive structure attempts to offset the rising cost of child-rearing that often discourages larger families in urbanising societies.
4. **Education Support**
5. **Free Education up to 18 Years -** The third child will receive state-supported education until the age of 18, covering school-level expenses.
6. **Human Capital Focus -** This measure ensures that population growth does not compromise human capital development.

3. Integrated Welfare Framework - "Poshana – Shiksha – Suraksha"

1. Poshana (Nutrition) - Focus on maternal and child nutrition to ensure healthy childhood development.
2. Shiksha (Education) - Long-term investment in schooling and skill development.
3. Suraksha (Security) - Social protection mechanisms to support families and reduce financial insecurity.

Implementation Timeline

• The policy is proposed to be implemented from April 1, 2026, following a phase of public consultation and stakeholder feedback.

4. Economic Implications of an Ageing Population

Rising Pension and Social Security Burden

1. As life expectancy increases and fertility declines, the proportion of elderly people grows.
2. Governments face higher fiscal pressure due to pension payments, social assistance schemes, and old-age welfare programs.

Declining Consumer Demand

1. Younger populations typically spend more on housing, education, consumer goods, and services.
2. Older populations tend to spend less, which can slow economic demand and reduce domestic market dynamism.

Increased Healthcare Demand

1. Ageing populations experience higher rates of chronic diseases such as cardiovascular conditions, diabetes, and dementia.
2. Data shows that southern states accounted for nearly 32% of India's out-of-pocket spending on cardiovascular diseases, despite representing only about one-fifth of the national population.

Pressure on Growth Models

1. India's growth has been partly supported by a demographic dividend—a large working-age population relative to dependents.
2. A shrinking workforce could reduce productivity, tax revenues, and long-term economic growth potential.

5. Global Experiences of Population Ageing

Japan

1. Japan's median age exceeds 48 years, making it one of the world's oldest societies.
2. The country faces labour shortages, slow economic growth, and increasing public spending on pensions and healthcare.

China

1. China's one-child policy (1979–2015) drastically reduced fertility rates.
2. Despite relaxing the policy to allow two and later three children, fertility rates remain low due to urbanisation, rising living costs, and changing social preferences.

South Korea

1. South Korea recorded a fertility rate of 0.78 in 2022, among the lowest globally.
2. The country faces potential population decline, workforce shortages, and long-term economic slowdown.

6. Challenges Associated with the Policy

Impact on Women's Labour Force Participation

1. Encouraging larger families may unintentionally lead to career interruptions for women, especially in societies where childcare responsibilities fall disproportionately on mothers.
2. This could reduce female labour force participation, which is already relatively low in India.

Fiscal Sustainability

1. Cash transfers, educational subsidies, and long-term welfare commitments can place significant pressure on state finances.
2. If fertility increases substantially, the cumulative cost of incentives could grow considerably.

Environmental Concerns

1. Population growth may increase demand for water, food, land, and energy resources.
2. In ecologically fragile regions, this may exacerbate environmental stress and urban infrastructure pressures.

Limited Effectiveness of Incentives

1. Evidence from several countries shows that financial incentives alone rarely produce sustained increases in fertility.
2. Fertility decisions are influenced by housing costs, work-life balance, childcare availability, and cultural factors.

Broader Demographic Policy Considerations

1. **Childcare Infrastructure -** Expanding affordable childcare services can help parents balance work and family responsibilities.

2. **Gender Equality Policies -** Promoting shared parental responsibilities and workplace flexibility can support both fertility and women's employment.
3. **Migration Policies -** Managed migration may help address labour shortages in ageing societies.
4. **Human Capital Development -** Investing in education, health, and productivity can offset the effects of a smaller workforce.

Conclusion

The proposed policy reflects a significant shift in India's demographic thinking—from earlier population control measures to strategies aimed at population stabilisation. As fertility rates decline in many states, proactive policies are necessary to balance demographic sustainability, economic growth, and social welfare. However, long-term success will depend not only on financial incentives but also on broader reforms that support families, promote gender equality, and strengthen human capital development.

Source - https -//www.thehindu.com/news/national/andhra-pradesh/draft-population-management-policy-to-incentivise-parents-having-third-child/article70707327.ece# -~ -tex