

AGE STRUCTURE TRANSITION AND DEMOGRAPHIC BONUS IN SRI LANKA

Dr. H. R. Anulawathie Menike

Senior Lecturer, Department of Economics, University of Kelaniya, Sri Lanka

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ABSTRACT

Each country would undergo a period comprising of a “window of opportunity” or a “demographic bonus” during the age structure transition. The window of opportunity or demographic bonus would have a positive impact on economic growth. At present, Sri Lanka is enjoying a demographic dividend of a strong and young work force. In the last few decades, Sri Lanka has experienced major demographic changes. From a young age structure, the population is gradually shifting to an older distribution. The transformation in the population age structure can have important impacts on economic growth. This paper makes an attempt to study the age structure transition and demographic bonus in Sri Lanka. The study reveals that Sri Lanka was unable to achieve a significant level of development since it has failed to take the maximum contribution of increased labour force. The dividend will not be long time since the elderly dependency is increasing rapidly. Therefore, this is an opportunity that needs to be used immediately.

Key Words: *Demographic transition, Demographic bonus, Age structure, Labour force, Sri Lanka*

Introduction

Sri Lanka is well advanced in its demographic and epidemiological transition. It was one of the first developing countries to achieve below-replacement level fertility and its population is rapidly aged during the course of this country. Demographic transition in Sri Lanka started quite early in comparison to other low-income countries (Karunaratne, 2000, p.211). Implementation of free health facilities reduced the death rate by one-third in mid 1940s. Furthermore, legalization of family planning programs in the early 1970s led to a significant decline in the birth rate. In addition, expansion of educational facilities and other social development achievements also influenced the rapid demographic transition. During the process of age structural transition, there will be a period of ‘window of opportunity’ during which child dependency ratio declines due to decline in fertility as well as increase in the working age population as children born during the high fertility regime move into working ages. If this