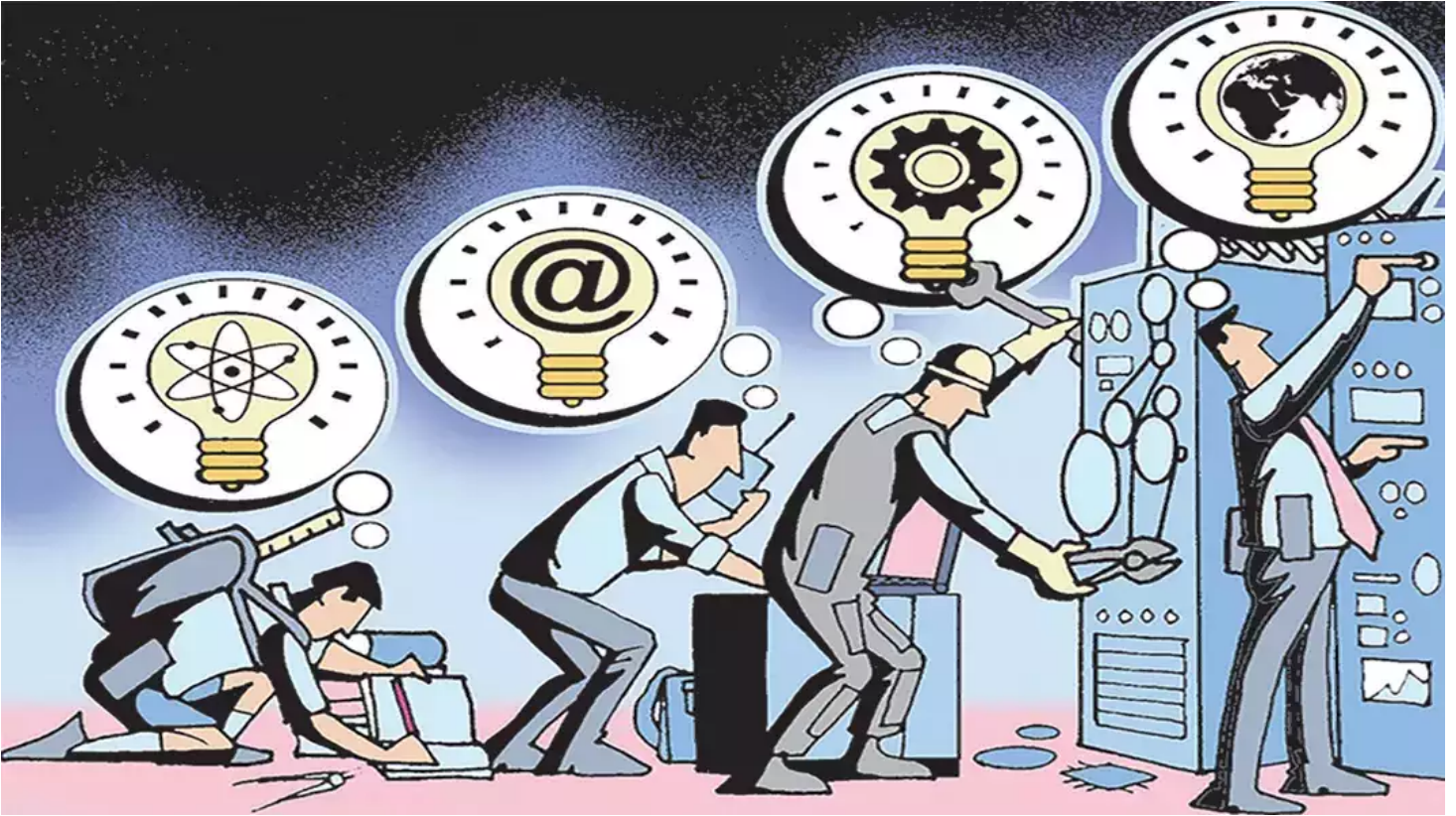


Why India needs better, not just more jobs



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Too few Indians are seeking work and mostly among those working quality of employment isn't great

India needs faster GDP growth, of course. But the quality of economic growth matters as much as its quantity. Specifically, growth must translate into good quality jobs. Unfortunately, on that count, we are not doing well.

Timely, reliable jobs data are important, and we have relatively few such sources in India. The objective of collecting such data is for the government to make more informed policy decisions, not show it in a bad light. At any rate, let's start by triangulating the jobs data we have.

The big picture

The two large-scale datasets – the government’s quarterly urban Periodic Labour Force Survey (PLFS) and Centre for Monitoring the Indian Economy’s Consumer Pyramids Household Survey – peg India’s unemployment rate at 7.2% and 8% as of September and November 2022 respectively. This means, around 3.5-3.9 crore Indians of working age population, who are willing and able to search for jobs, aren’t able to get one.

The unemployment rate only counts those who are unemployed and looking for jobs. If you are unemployed but not looking for jobs – for example, a 24-year-old preparing for exams for public-sector jobs or a 35-year-old who has given up looking – you are not counted.

Large portion of productive female labour doesn't work outside home. Beyond direct loss in productivity, we are losing out on new ideas and valuable changes that diversity would bring

Moreover, this metric is silent on the quality of jobs, and their productivity. For instance, five people manning a small retail store

or tilling a small field, when only two would be sufficient, is disguised unemployment, but it does not show up in these numbers.

Too few look for jobs

Digging deeper, the labour force participation rate in India – the fraction employed or looking for a job – is currently around 46%. So, for every 100 Indians of working age, a staggering 54 are not participating in the labour force.

To put things in a comparative perspective, the labour force participation rate in 2021:

- In Brazil was 58%,
- In Indonesia 68%,
- In all OECD countries 60%.

Missing women

The gender breakup is more worrisome still. At 19%, the female labour force participation rate in India is even lower than Saudi Arabia. Prominent thinker Chandra Bhan Prasad has pointed out that it may be a matter of pride for some with rising incomes that females in the family are not required to undertake unsafe manual jobs.

Yet it is equally an indictment of a system that cannot offer women attractive jobs outside the home that they can get to, and do, safely. According to the ILO, the gender discrepancy is enormous even for the well-educated – in 2019, only 30% of Indian females with tertiary education participated in the labour force as compared to 81% for males.

Whatever the reason, a large portion of productive female labour does not work outside the home. Beyond the direct loss in productivity, we are losing out on the new ideas and valuable changes that more diversity in the workplace would bring.

Youth unemployment has also been increasing steadily – it stood at 22% in 2019 (and was 28% in 2021) as compared to 18% in 2010. Remember, those still studying or taking exams are not included in these numbers. According to CMIE data, we do see a jump in males participating in the labour force after the age of 25. Something – possibly preparation for exams for public sector jobs that only a lucky few will get – is keeping a sizable chunk of youth from joining the labour force even after getting a college degree.

Returning to farms

What about the quality of jobs? The PLFS indicates 46.5% of the labour force works in the agriculture sector today as compared to 42.5% in 2019. This increase is not just a pandemic effect.

Between 2018-19 and 2019-20, agricultural employment increased

by 3.4 crore while industry and services employment only grew by 93 lakh. Regular salaried employees too have dropped from 24% in 2018-19 to 21% in 2020-21.

The most plausible interpretation of these facts is that the quality and number of non-agricultural jobs on offer has regressed. If so, we may be the only developing country that is pushing people back to agriculture, an alarming indictment of our efforts at job creation.

Rajeev Chandrasekhar, minister for IT and skill development, wrote in these pages that 8 lakh jobs will be created over the next five years by the government's flagship Production Linked Incentives scheme. Given that such subsidies are being directed into capital-intensive industries, this is arguably an optimistic number. Furthermore, the estimated cost in government subsidies will be Rs 2 lakh crore, amounting to Rs 25 lakh per job created. By any account, this is an enormous subsidy per job.

Given that 50 million job seekers will come on the labour market over this period, and crores are already looking for jobs, the multiplier effect of each PLI job has to be implausibly large to meet the need. PLI, alone, cannot be the solution.

The spontaneous outburst of our youth in response to the army's Agnipath Scheme reinforces the data suggesting we are failing on job creation. Government, private sector, and civil society must come together to find a sustainable way to create more and better

jobs. India should not be a negative outlier among nations in this matter.

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