

India's jobless growth is not a myth

[India's jobless growth is a myth](#), stated R. Gopalan and M.C. Singhi in an opinion piece in *Mint* on 19 December. They used data published by the Labour Bureau from their employment-unemployment surveys between 2009-10 and 2015-16. These were the first and last surveys conducted by the Labour Bureau on the subject. The Labour Bureau's surveys had a higher frequency than those by the National Sample Survey Office (NSSO) and therefore were very useful to understand the changing employment-unemployment scenario in a rapidly changing world. Unfortunately, these surveys have stopped.

Gopalan and Singhi have inferred from the Labour Bureau's data that during 2009-10 to 2015-16, employment grew faster than growth in the relevant population group. Employment grew at 3.2% per annum while the relevant population grew at 2.2% per annum. Using the same data we find that employment grew at 2.5% per annum while population grew at 1.5% per annum during the same period. While the growth rates we obtain from the data are different compared to those by Gopalan and Singhi, the conclusion is the same—that employment did grow faster than population—and therefore the basic claim of the authors that jobless growth is a myth, should hold.

Others have demonstrated that India does suffer from jobless growth. Vinoy Abraham ("Stagnant Employment Growth, Last Three Years May Have Been the Worst", *Economic And Political Weekly*, 23 September) shows that Labour Bureau surveys indicate a loss of 3.74 million jobs between 2013-14 and 2015-16. The loss of jobs go up to 5.3 million if we consider adjustments made by the author for transgenders.

Evidently, selection of years matter in the drawing of inferences.

The Labour Bureau has conducted five surveys during the seven-year period (2009-10 through 2015-16) and so we do not have estimates of employment-unemployment for each year. But, we do have sufficient data points to understand the trend in employment generation in different time-periods of the recent years.

The period 2009-10 through 2015-16 is not uniform in any way. It includes a period of extraordinary stress in 2009-10 because it followed immediately after the November 2008 global financial crisis, the beginning of a slowdown in India from 2011-12 and, a significant change in government in 2014-15. The impact of the first of these, the global financial crisis on employment, was believed to be large enough to spur the Labour Bureau to begin its establishments-based quarterly employment surveys.

What is important is that the growth in employment was not uniform during this period. An analysis based on end-points—2009-10 and 2015-16—as offered by Gopalan and Singhi, is insufficient, and even misleading, to understand employment trends during the period.

According to the Labour Bureau's first and second surveys, employment grew from 381.9 million in 2009-10 to 429.3 million during 2011-12. This implies an impressive growth of 6.1% per annum. During this period, real gross domestic product, or GDP (old base, since the series based on the new base is not available for earlier years) grew at 7.8% per annum. The Labour Bureau's reports also imply that the relevant population (which is, persons of 15 years or more of age) did not grow during this period. Therefore, this period—from 2009-10 to 2011-12, which includes the first two years of United Progressive Alliance (UPA) II—was excellent for growth and employment.

This happy growth-and-employment story stops in 2011-12. Labour Bureau data shows a

substantial deterioration in the rate of job creation after 2011-12. From 2011-12 to 2013-14, real GDP (new series) grew at 5.9% per annum. But employment growth fell sharply to 1.5% per annum during the same period. And, the relevant population group grew at a much higher rate of 4.6% per annum. The happy growth and employment story seen just two years ago suddenly turned sour.

The gross investments ratio fell from 34.3% in 2011-12 to 32.6% in 2013-14. This sharp fall in investments translated into a fall in the rate of jobs creation. Investments continued to remain weak in the coming years and the jobs scene worsened progressively, almost in tandem.

The rate of creation of jobs deteriorated substantially during the period 2013-14 through 2015-16. Jobs grew at a meagre 0.2% per annum during this period although real GDP grew at a faster 7.8% per annum. Therefore, this period—2013-14 through 2015-16—is truly the period of nearly jobless growth. In contrast, 2009-10 through 2011-12 was a period of jobs-enabling growth.

The sharp differences in growth rates in the sub-periods makes any generalization across the seven-year-period meaningless and even misleading. More importantly, it stops us from recognizing a problem that the country faces on jobs. If we do not recognize the problem on hand, we will not have any reason to try and find solutions.

The BSE-CMIE (Centre for Monitoring Indian Economy) effort to measure employment-unemployment using a large household survey in India began in January 2016. The sample size (168,000 households) is larger than that of the NSSO or Labour Bureau and [the methodology is similar](#). These surveys are conducted every four months and so provide a higher frequency-based measure of employment-unemployment. These surveys show that the number of persons employed did rise during the three waves of surveys conducted during 2016—from 400.8 million to 406.5 million. But, it then declined to less than 405 million during 2017. Perhaps better rains during kharif 2016 improved the jobs situation but demonetisation derailed the gains.

Similarly, CMIE's CapEx database shows that the deceleration in investments seen in the Central Statistics Office's estimates till 2016-17 continues into 2017-18. This is likely to have had a debilitating effect on the creation of jobs.

The writing on the data dashboard is thus clear: We need to spur formal-job-creating investments in the organized private sector to exploit the demographic dividend before we are forced to face a demographic disaster.

Mahesh Vyas is managing director and CEO at the Centre for Monitoring Indian Economy.

Comments are welcome at theirview@livemint.com

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