

JOBLESS GROWTH BECOMES MORE SYSTEMIC

Relevant for: Indian Economy | Topic: Issues Related to Poverty, Inclusion, Employment & Sustainable Development

Concept of business movement, Arrows

The findings of the latest employment survey, called the Periodic Labour Force Survey (2017-18), are a cause for concern as the scenario is still far from anything that would denote decent employment. The two biggest issues here are: the shrinking share of the labour force; and the rising unemployment.

The labour force participation rate (% of people working or seeking work in the above-15 years age category) in the earlier survey of 2012 was 55.5%. This has shrunk to 49.7% in 2018. There is an absolute decline in the number of workers from 467.7 million in 2012 to 461.5 million in 2018.

Recent attempts by some to create an impression that self-employment has not been captured by the National Sample Survey is absolutely false since the definition of 'employment' includes in itself 'self-' as well as 'wage employment'. Within the category of 'self-employed', the survey also counts those engaged in 'unpaid family labour'.

Can the government help create jobs?

The figure for the overall unemployment rate at 6.1% is 2.77 times the same figure for 2012. A few experts have raised doubts about comparability of estimates between the two periods though we feel that they are not substantial issues that prevent anyone from a judicious comparison.

The rise in overall unemployment has both locational and gender dimensions. The highest unemployment rate of a severe nature was among the urban women at 10.8%; followed by urban men at 7.1%; rural men at 5.8%; and rural women at 3.8%.

When we ignore the location of residence, we find that severe unemployment among men at 6.2% was higher than among women at 5.7%. However, given the sharp decline in women's labour force participation rate, they have been losing out heavily due to the double whammy of exclusion from the labour force and an inability to access employment when included in the labour force. The decline in women's labour force participation from 31% to 24% means that India is among the countries with the lowest participation of women in the labour force.

The issue of educated unemployment, given its link with not just growth but also with transformative development, has never been as acute as at present. Defined as unemployment among those with at least a secondary school certificate, it is at 11.4% compared to the previous survey's figure of 4.9%.

The sum and substance of the jobs data

But what is significant is that the unemployment rates go up as levels of education go up. Among those with secondary school education, it is 5.7% but jumps to 10.3% when those with higher secondary-level education are considered.

The highest rate is among the diploma and certificate holders (19.8%); followed by graduates

(17.2); and postgraduates (14.6%).

Of course, educated persons are likely to have aspirations for specific jobs and hence likely to go through a longer waiting period than their less-educated counterparts. They are also likely to be less economically deprived. But the country's inability to absorb the educated into gainful employment is indeed an economic loss and a demoralising experience both for the unemployed and those enthusiastically enrolling themselves for higher education.

Here again, the burden is the highest among urban women (19.8%) followed by rural women (17.3%), rural men (10.5%) and urban men (9.2%). Among the educated, women face a more unfavourable situation than men despite a low labour force participation rate. Compared to the earlier 2012 survey, unemployment of educated men has more than doubled in both rural and urban areas and in the case of women, the rate has nearly doubled. However, it is important to remember is that the rate was higher for educated women, when compared to educated men, in both the periods.

It is almost scandalous that youth unemployment rate (unemployment among those in the 15-29 years age category) has reached a high 17.8%. Even here, the women stand more disadvantaged than the men, especially urban women, whose unemployment rate of 27.2% is more than double the 2012 figure of 13.1%. The rate for urban men, at 18.7%, is particularly high as well.

The overall conclusion here is that the trend of 'jobless growth' that was till recently confined largely, if not only, to the organised sector has now spread to other sectors of the economy, making it more generalised. This calls for a thorough re-examination of the missing linkages between growth and employment.

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