

MISSING WORKERS

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

© 2019 The Indian Express Ltd.
All Rights Reserved

India's total workforce — the sum of persons in employment — has fallen from 42 crore to 37.3 crore between 2011-12 and 2017-18, according to an official Periodic Labour Force Survey (PLFS) report cited by this newspaper. There are apparent differences in data collection methodology used in the latest survey vis-à-vis the ones for the earlier years, but the findings raise concern. To start with, this is probably the first time that the total number of employed persons has actually registered a decline. Now, it's plausible that such a decline can happen with rising education levels, which makes people that much more reluctant to take up casual labour work. That would be reflected in lesser numbers joining the workforce. The ones joining may do so only after attaining a certain age — the so-called working age population includes all individuals who are at least 15 years old, which is definitely too young for the job market — and accumulating skills that enable them to command a higher salary or wage rate. If this is, indeed, taking place, it isn't a bad thing.

However, the above optimism is not borne out by other evidence, whether hard survey-based or anecdotal. The Labour Bureau's data on rural wages, for instance, shows the average annual growth during the last four years at just over 4.5 per cent in nominal terms and a mere 0.5 per cent in real terms after netting out inflation. If the supply of workers has fallen, even for good reasons, it should have led to a tightening of the labour market, which clearly isn't the case. Moreover, the private data analytics firm, Centre for Monitoring Indian Economy (CMIE), has systematically been putting out data pointing to both a falling labour participation rate (the proportion of working-age population either employed or actively seeking jobs) and rising unemployment rate (the proportion of labour force that is unemployed) since early 2017. It is for the National Sample Survey Office, which has done the PLFS, to release its report and clarify the methodology employed that might even make comparisons with previous surveys inappropriate. The more the delay, the more likely it is that people — including global investors — are going to read motives. Also, they would increasingly depend on alternative data sources, be it the CMIE or two-wheeler and car sales, cement dispatches, bank credit offtake, unsold real estate inventory and other such numbers having strong correlation with jobs and incomes.

The government, both the current one and the one that will take over in about two months, must acknowledge that the situation on the jobs front is serious. India is now in a position where its rising numbers of young people and declining fertility have the potential to reap a "demographic dividend". The lack of reasonably-paying jobs risks turning that into a spectre.

Download the Indian Express apps for iPhone, iPad or Android

© 2019 The Indian Express Ltd. All Rights Reserved

END

Downloaded from crackIAS.com

© **Zuccess App** by crackIAS.com