

## Stop this jobs charade: on India's unemployment problem

In January this year, the Prime Minister made this statement: “7 million new jobs created in 2017”. The statement draws on false conclusions of a study by two economists.

Here is another: “10-12 million young people join the workforce every year and 7 million new and formal jobs were created in 2017,” said the Minister of State of Civil Aviation, in April. The Minister not only parrots the Prime Minister but also expounds how 10 to 12 million youth enter the labour market every year looking for a job and that the government has created 7 million new formal jobs for them — implying that almost everyone who is looking for a job found one, formal and informal jobs combined.

And another: “6.22 million new jobs created in 2017-18,” said the Vice Chair of NITI Aayog, in April. He goes a step above by giving us a seemingly precise estimate of 6.22 million new jobs being created by the government and resorts to Greek mythology (Cassandra) to berate those who claim that a lack of jobs is a big issue in the nation.

One more statement: “15 million new jobs created in 2017,” said a member of the Prime Minister's Economic Advisory Council, in April.

A misleading story of job creation

The icing and cherry on the “jobs cake” is then placed by a member of this Council who claims that even the Prime Minister was wrong and that India did not create just seven million but 15 million new jobs.

And finally we have this: “Only 7.5 million enter the labour market every year looking for a job,” said the former Vice Chair of NITI Aayog, in May.

The former vice chair, contradicting the junior Civil Aviation Minister, also plunged right into the debate by claiming that even though there are 15 million Indian youth of working age every year, only half of them even want a job.

So, according to the former NITI Aayog Vice Chair, 7.5 million Indians are looking for a job. According to the member of the Prime Minister's Economic Advisory Council, the government has created 15 million new jobs. And according to the current NITI Aayog Vice Chair, precisely 6.22 million jobs have been created.

Hence, summarising all these pundits, every Indian who was looking for a job was besieged with multiple job offers. Perhaps the only thing the government needs to do now is to set up youth counselling centres across the country to help India's youth decide which of their many job offers they should choose, and match their career aspirations.

This comical sequence sums up the sordid saga of India's jobs problem and the laughable response it has evoked thus far by the Narendra Modi government. Every single ‘Mood of the Nation’ survey (such as Lokniti CSDS, India Today, Centre for Monitoring Indian Economy) shows that unemployment and jobs for youth are the biggest concerns of Indians. Yet, the Prime Minister and his team are squabbling over whether every Indian who is looking for a job got one formal job offer or two.

The debate over jobs has now descended to the point of embarrassment for the nation. This is not how a proud democracy of 1.2 billion people and an estimated \$2.5 trillion economy should debate

serious policy issues and challenges confronting the nation.

## Data sources

The fountainhead of all these questionable claims over the number of jobs created in the economy is the Employees' Provident Fund Organisation (EPFO) data and other datasets, released recently to the public, and earlier, to two select individuals. Ironically, NITI Aayog's own report in 2017, of the employment taskforce, says: "Additions to EPFO dataset need not represent new jobs. It can only be used to measure the extent of formalisation in the workforce. But even this requires adopting a new definition of formal workers." Put simply, the government's own NITI Aayog taskforce discourages making inane and meaningless claims about new jobs being created, using the EPFO and other such administrative datasets.

One single data point from the government's 2018 Economic Survey is proof of how grave India's jobs problem is. The survey observed that 90% of all employees in the formal sector earn less than 15,000 a month. That is, most of those who are privileged to have a formal job in the country (including experienced seniors) earn less than 15,000 a month. One can then impute that new formal sector jobs for first-timers will pay perhaps half — 7,500 a month. To put this in context, if a person in India can find no job whatsoever and is forced to enrol himself in the Mahatma Gandhi National Rural Employment Guarantee Act programme, he is guaranteed to earn at least 6,000 a month, which is the equivalent of India's unemployment insurance. If, as our pundits claim, India's economy is spewing jobs all over and there is so much demand for youth in formal sector jobs, surely it should reflect in higher salaries than just 7,500 a month?

## Serious topic

It is time to stop this charade of India being one of the largest job creators in the world (which it will be as in the data of government spokespersons) and get real. India has a big jobs problem, which is evident through various surveys. That is the uncomfortable truth. Let us not couch it in some poetry of jobs versus wages, formal versus informal jobs, on-hand salary versus paper salary, and so on.

The issue of jobs is a global issue that is confronting all major economies today, including the developed ones. We are yet to bear the true impact of automation and other technological disruptions on job creation. It is not about the National Democratic Alliance versus the United Progressive Alliance. It is not about the left wing versus the right wing. As a nation, we have to deal with this very serious issue in a mature manner. Let us begin by accepting a few truths, however harsh they may be. Let us then debate and discuss ideas to find solutions, as a true democracy should and would.

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