

LIGHT SPOTS IN THE DARK

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

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Employment has been the subject of much argument over the past few years and it appears that it will continue to be so. We conducted a simple exercise: To understand how employment patterns are changing over time, we used the comparable PLFS and NSSO data of surveys conducted in 2004-5, 2011-12 and 2017-18. And within that, we analysed the employment reported as per usual primary status.

But first, the methodology. Within the ambit of the NSS surveys, there are two methods of calculating employment and unemployment. The usual primary method and the usual primary subsidiary method. We use the former, some others use the latter. There is nothing extraordinary about what we do and what others do, except that our aggregate results differ. Note that only the aggregate results differ, the patterns don't, because we primarily look at the underlying patterns that make up the whole, while others concentrate on the aggregate figures — be they related to employment or the other side of the coin, unemployment.

So, what is the difference? To put it simply, the NSS and, later, the PLFS questionnaire ask each person whether they were employed and what was their primary and subsidiary work. Those who report their usual primary status to be homemakers, students, retired or unable to work tend to be classified as out of the labour force. Now the interesting thing is that some people who classify their primary activity to be not in the labour force may also take up some employment for a limited amount of time (less than six months). This is subsidiary employment that is for only a minor part of the preceding year.

The question, then, is, should it be included in the total employment figures? What are the pros and cons for inclusion or exclusion of subsidiary employment? We argue here that it is time policy focused only on primary employment and discard the Planning Commission method of adding subsidiary work to total employment figures.

Note, in the table, while usual principal status figures show a rise of about 45 million (row one) that of subsidiary status shows a fall of about 94 million (row two). Of this 94 million, about 65 million (row four) already have a principal status, so it's not that they are out of a job. That mostly leaves those not in the labour force with a subsidiary status denoting work, their numbers have fallen by about 27.7 million (row six) and were about 12.8 million in 2017-18 — falling steadily throughout the period.

Moreover, adding subsidiary status jobs with principal status jobs will necessarily yield wrong insights into how employment is changing in an economy marked by rapid technology changes. That primary employment is rising gives us much hope to build upon. Analysing its patterns, as mentioned, will provide insights into how to accelerate those changes that are creating greater opportunities. The fall in subsidiary employment has a different colour, it needs to be addressed separately.

Finally, what work is done under subsidiary status? The bulk of the work is for household enterprises and most of that is unpaid. And if that is falling, why is it of policy interest? There is a

very large literature in the country on disguised unemployment and unproductive and extremely small household enterprises. Employment marked by subsidiary status largely reflects that element. We, instead, focus on the larger problem of primary employment. We find many such dark spots — less educated, self-employed, the agri-cropping sector, many manufacturing segments, less-educated women, and rural areas. But we also find many bright spots — middle school educated, graduates, many personal services, livestock sector, and agriculture services. There is a deep structural shift occurring in the Indian economy and a fascinating and rich picture is emerging as more data is accessible.

We would be more keen on a wider discussion on these patterns because that will better help devise economic policies that can impact employment more. Whoever estimates the numbers, it is time we moved away from the larger sob-stories of falling/stagnating employment towards where the light and dark spots are and what they reveal about a rapidly changing economic structure.

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