

THE ENORMITY OF JOB CHALLENGE THAT INDIA FACES

Relevant for: Indian Economy | Topic: Issues relating to Employment

While there is no clarity on the extent of jobs created in the economy since 2011-12, there is no disagreement that the economy has failed to create enough jobs.

The newly appointed chief statistician of India (CSI), Praveen Srivastava, has now officially clarified that the data based on Employee Provident Fund Organisation (EPFO) membership is, at best, a measure of formalization of the workforce and in no way represents the extent of job creation. While this should bring to a close the debate on the EPFO data as employment data, there is still no sign of the data from the Periodic Labour Force Surveys (PLFS).

But official employment data is not the only metrics for realizing that India is sitting on a job crisis. The unrest among farmers driven by declining incomes is also a manifestation of the problem of employment in a country with almost half of the total workforce working in agriculture. The unrest among some of the agriculturally dominant communities such as Jats, Patels and Marathas, and the demand for reservation in virtually non-existent government jobs, is another manifestation of the crisis.

So what is the magnitude of the jobs challenge? The most conservative estimate is the sum of 10-12 million young entrants to the workforce every year along with 7-8 million workers moving out of agriculture every year. The last robust estimate of the number of workers moving out of agriculture every year is 7 million per year, based on the Employment-Unemployment Surveys (EUS) of the National Sample Survey Office (NSSO) of 2004-05 and 2011-12.

The annual surveys of Labour Bureau after that (4th and 5th round) suggest that these estimates are likely to increase rather than decline. But a more liberal estimate would also include a large majority of workers in agriculture who continue to remain in agriculture, but are forced to seek out jobs in the non-farm sector to supplement incomes.

Several village surveys have now confirmed that the extent of pluriactivity (the phenomenon of households involved in multiple activities) is increasing in rural areas. Almost three-fourths of households would have more than two occupations. Our own estimate based on surveys in Palanpur village in Uttar Pradesh suggests that less than 10% households are engaged in pure cultivation, that is, only cultivation with no other source of income. We have no estimate of these households at the national level, which are partly in non-farm and partly in farm.

But take the case of the recently released results of Agricultural Census (AC 2015-16). Based on AC 2015-16, there are 146 million operational holdings in the country with an average size of 1.08 hectares. About 86% of operational holdings are small and marginal holdings with less than 2 hectares. The average size of these holdings is 0.6 hectares, barely sufficient to provide income throughout the year. Many of these will be forced to seek out employment elsewhere just to survive. So is the case of almost 100 million in the non-farm informal sector juggling with multiple employments to simply survive.

Clearly the enormity of the jobs challenge is so large that all claims of employment generated in the economy appear insignificant. And mind you, those who do not get employment in one year don't cease to exist. They may become invisible for the time being getting employment somewhere, but will continue to remain in the list of unemployed. It is this cumulative failure over

the years which is now reflected in massive protests for reservation, farmers' unrest and the general rise in youth anger spilling over to the streets.

The challenge is not just to provide some employment to this vast army of youth aspiring to be part of the growing economy, but a gainful and secure form of employment. Like the case of farmers' unrest, the response of the government has been either to ignore till it can no longer be ignored, or to provide some form of temporary relief in the form of populist sops such as reservations and doles.

Unfortunately, no government, including this one, is willing to acknowledge that the problem is essentially one of the model of growth that we have followed in the last three decades, which prioritizes profits over wages, non-farm over farm and capitalists over workers. Until then, the employment challenge will only go from bad to worse.

Himanshu is associate professor at Jawaharlal Nehru University and visiting fellow at the Centre de Sciences Humaines, New Delhi.

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