

THE RISING INSECURITY

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

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There are several pointers to the jobs crisis in India: One, the number of workers in the age-group of 18-30 employed under the MGNREGA rose to 7.07 million in 2018-19, up from 5.8 million in 2017-18 — signaling the lack of employment opportunities. Two, a study commissioned by the Economic Advisory Council to the Prime Minister says that even in the organised sector in India there was a preference in favour of “non-contractual” jobs between 2011-12 and 2017-18. Thus, not only are enough employment opportunities not being created for the millions entering the labour market and for those shifting out of agriculture, but even the jobs that are being added are of the “non-contractual” kind, calling into question the quality of jobs created.

Much of the labour force shifting out of agriculture between 2004-05 and 2011-12 found its way into the construction sector. But with the sector in the midst of a multi-year slowdown, employment opportunities are likely to have severely diminished. It is thus possible that the slowdown in economic activity, especially in the non-farm labour intensive sectors in both rural and urban areas, coupled with the terms of trade shifting against agriculture, would have pushed workers to seek employment under the employment guarantee scheme. The NSSO PLFS report also shows that youth unemployment (age group of 15 to 29) surged from 6.1 per cent in 2011-12 to 17.8 per cent in 2017-18, indicating that not enough employment opportunities exist. This slack in the labour market also reflects in the subdued wage growth. On the other hand, the jobs report indicates a shift towards informalisation of work relations even in the organised sector during this period. And as these “non-contractual” jobs are unlikely to provide any form of social security benefits, it raises questions over the quality of these jobs.

The Mudra programme was meant to help tackle the jobs crisis in India. As reported in this paper, Rs 5.71 lakh crore was sanctioned during the first three years of this programme through 12.27 crore loan accounts. Yet, only 1.12 crore additional jobs were created during this period, implying that every new loan did not create an additional employment opportunity. This inability to create enough quality jobs will have long-term repercussions for the Indian economy. India is in the midst of a demographic transition, but the data so far suggests that it has not been able to take advantage of it.

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