



EMPLOYMENT IN INDIA - GS III MAINS

Q. India has experienced a remarkable surge in employment amidst the rising concerns in its quality. Elucidate (15 marks, 250 words)

News: *Why is India seeing a surge in employment? The answer is not simple*

What's in the news?

- In recent years, India has experienced a remarkable surge in employment, witnessing the creation of over 80 million additional jobs from 2017-18 to 2022-23.

Key Trends in Employment Growth:

Analysis of NSSO data from 1983 to 2023 indicates consistent growth in principal employment throughout various sub-periods.

1. Consistent Growth:

- Principal employment, indicating those engaged in the main job for the majority of the year, has consistently increased since 1983, with no instances of jobless growth observed.

2. Significant Increase (2017-2023):

- The period from 2017-18 to 2022-23 witnessed the fastest increase in employment, with approximately 80 million additional jobs created, equating to an annual growth rate of 3.3%.

3. Labour Market Indicators:

- Recent years have seen improvements in key labour market indicators such as labour force participation rate, workforce participation rate, and unemployment rate, despite long-term deterioration since 2000.

4. Broad-Based Growth:

- Employment growth has been distributed across rural and urban sectors, as well as various industries like manufacturing, agriculture, construction, and services.

5. Women and Older People:

- The highest employment growth rates have been recorded among women, surpassing 8% annually, while employment among individuals aged 60 and above has grown at approximately 4.5% annually.

6. Employment Condition Index:

- The "employment condition index" has shown improvement between 2004-05 and 2021-22, although some states consistently lag behind while others excel in employment conditions.

Evolution of Employment Quality:



1. Rise in Informal Employment:

- Approximately 50% of jobs in the formal sector are informal, with around 82% of the workforce engaged in the informal sector and nearly 90% informally employed.

2. Dominance of Self-Employment:

- A significant portion of employment growth is in the form of own-account workers and unpaid family workers, possibly influenced by government schemes like Pradhan Mantri MUDRA Yojana (PMMY).

3. Trends in Wages and Salaries:

- Aggregate wages and salaries have experienced relative stagnation in recent years, with nominal growth higher than real growth after accounting for inflation.

4. Trends in Youth Employment:

- Youth employment and underemployment increased between 2000 and 2019 but declined during the pandemic years, with a notable rise in unemployment among educated youths.

Concerns Regarding Employment in India:

1. Growth of Informal Sector:

- While the economy grows, many new jobs are informal, lacking security, benefits, or minimum wage standards.

2. Quality of Jobs for Youth:

- Youth employment often lacks quality, with individuals over-educated for available jobs or stuck in precarious situations like the gig economy.

3. Gender Gap:

- Women's participation in the workforce hasn't grown as anticipated, with many engaged in unpaid family work or low-paying self-employment instead of formal employment.

4. Skill Mismatch:

- The education system may not align with current job market needs, leading to a skill mismatch.

5. Formalisation Challenges:

- A significant portion of the workforce remains in the informal sector, posing challenges for tax revenue and social security benefits.

6. Job Automation:

- Automation poses a threat to certain sectors, potentially leading to job displacement.

7. Vulnerability to Economic Shocks:



- Many workers in informal or casual employment are highly vulnerable to economic downturns or external shocks.

8. High Demand for Government Jobs:

- There is significant demand for government jobs due to limited job creation in the private sector.

Way Forward:

1. Promote Formalisation:

- Implement strategies to incentivise informal workers to transition to the formal sector, streamlining registration processes for small businesses.

2. Targeted Programs for Marginalised Groups:

- Implement targeted skill development programs for individuals from marginalised communities.

3. AI and Automation Reskilling:

- Prepare the workforce for automation by providing training programs in emerging technologies.

4. Social Security Portability:

- Design a portable social security system for gig workers and those transitioning between formal and informal sectors.

5. Entrepreneurship and Innovation:

- Establish industry-specific startup incubators and encourage angel investor networks.

6. Remote Work Opportunities:

- Encourage companies to offer remote work arrangements to expand job opportunities and promote work-life balance.