



## EMPLOYMENT OPPORTUNITIES AND CHALLENGES IN INDIA - GS I AND III MAINS

Q. The India Employment Report 2024 highlights persistent challenges that require concerted policy efforts to achieve inclusive and sustainable growth in the years ahead. Discuss (15 marks, 250 words)

**News:** *Why youth unemployment is India's biggest challenge*

### What's in the news?

- Recently, the India Employment Report 2024, was jointly published by the Institute for Human Development (IHD) and the International Labour Organisation (ILO).

### Key takeaways:

- The report has sparked significant interest, yet certain findings within it have been subject to misunderstanding or misinterpretation.
- It becomes imperative to examine the key insights presented in the report, examining both positive developments and emerging challenges in India's labour market over the past two decades, including the impacts of the COVID-19 pandemic.

### Positive Developments in India's Labour Market:

#### 1. Improvement in Employment Quality:

- One of the significant findings of the report is the improvement in the quality of employment across various states, as evidenced by the robust Employment Condition Index.
- This index captures various dimensions of job quality, including wages, benefits, job security, and working conditions.
- The observed improvement suggests that a greater proportion of the workforce is gaining access to better-paying and more secure employment opportunities, contributing to overall economic well-being and social stability.

#### 2. Transition from Agriculture to Non-Farm Employment:

- Another positive trend highlighted in the report is the transition of workers from agriculture to non-farm sectors.
- This shift signifies a structural transformation of the economy, mirroring the experience of many developing countries as they progress towards industrialisation and services-led growth.
- As agricultural employment declines and non-farm sectors expand, it reflects increased productivity and diversification within the economy, offering opportunities for upward mobility and skill development for workers.

#### 3. Rise in Regular Employment and Decline in Unorganised Sector Employment:

- The report also points to a steady increase in regular employment, accompanied by a decline in unorganised sector employment, except for disruptions caused by the COVID-19 pandemic.
- Regular employment typically offers greater job security, social protections, and opportunities for career advancement compared to informal or precarious work arrangements.



- The shift towards regular employment indicates progress in formalising the labour market and extending social security coverage to more workers, contributing to overall welfare improvements.

#### 4. Resilience Amidst COVID-19 Pandemic:

- Despite the challenges posed by the global economic slowdown triggered by the COVID-19 pandemic, India's labour market exhibited resilience.
- Wages for casual workers, particularly those in the lower-income brackets, continued to increase during the pandemic years.
- This resilience suggests effective policy responses, such as social safety nets and stimulus measures, aimed at mitigating the adverse impacts of the crisis on vulnerable segments of the workforce.
- It also underscores the adaptability of the labour market to external shocks, reflecting its underlying strength and flexibility.

#### 5. Increase in Female Workforce Participation:

- A noteworthy development highlighted in the report is the significant increase in the female workforce participation rate, particularly in the agricultural sector.
- While the predominance of women in agriculture may reflect persistent gender inequalities in access to education and employment opportunities, the rising participation rates indicate progress towards gender parity in labour force participation.
- Efforts to promote women's empowerment and economic inclusion through targeted interventions, such as skill-building programs and access to credit and markets, may have contributed to this positive trend.

### Persistent Challenges and Emerging Trends:

#### 1. Dominance of Agriculture in Employment:

- Despite progress in diversifying the economy, agriculture continues to dominate employment in India, employing nearly half of the workforce.
- This overreliance on agriculture underscores the need for structural reforms and investments to facilitate the transition of workers to non-farm sectors.

#### 2. Skills Mismatches and Education Disparities:

- The increasing capital and skill-intensity of production processes have led to mismatches between the skills possessed by the workforce and those demanded by employers.
- This gap, particularly prevalent among educated youth, exacerbates unemployment and underemployment rates, despite rising educational attainment levels.

#### 3. Gender Disparities in Workforce Participation:

- Women's participation in the workforce remains low, with many engaged in low-paying and informal roles in agriculture, unpaid family work, and own-account enterprises.



- This gender disparity reflects entrenched social norms, limited access to education and skills training, and inadequate support for women's economic empowerment.

#### 4. Youth Unemployment and NEET Population:

- Youth unemployment emerges as a pressing challenge, with educated youth constituting a significant proportion of the unemployed population.
- Despite educational attainment, many young people struggle to secure meaningful employment opportunities, leading to disillusionment and social unrest.
- The proportion of youth not in employment, education, and training (NEET) is quite high at around 28 per cent in 2022, with the share of females being around five times more than males.

#### 5. Informality and Low Productivity in Employment:

- A significant portion of employment in India remains informal, characterised by low wages, lack of social protections, and limited access to formal employment benefits.
- Informal workers, including those in the gig economy, face precarious working conditions and are often excluded from labour regulations and social safety nets.
- Over 90 per cent employment is informal, and 83 per cent are in the informal sector — it was close to 90 per cent in 2000.

#### Recommendations by the India Employment Report 2024 to Address Emerging Challenges:

- India is likely to have a demographic advantage for at least another decade.
- With robust economic growth likely to be witnessed in the coming years, the country can reap this advantage.
- The India Employment Report 2024 offers a set of recommendations and policy implications to address emerging challenges and capitalise on opportunities for inclusive and sustainable growth.

Some of the key recommendations are:

- **Making production and growth more employment-intensive** with emphasis on labour-based manufacturing and appropriate focus on employment-generating services and agriculture.
- Enhancing the **quality of employment** is essential for ensuring decent work and promoting social inclusion.
- Overcoming **labour market inequalities**, particularly by boosting women's employment and effective policies to tackle NEET.
- Making systems for **skills training and active labour market policies** more effective, particularly by bridging the supply-demand gap in jobs and active involvement of the private sector.
- **Generating reliable statistics** so as to better capture the complexities of the changing pattern of the labour market due to rapid technological change.



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- Implementing these recommendations effectively requires a **coordinated and multisectoral approach** involving government, employers, civil society, and other stakeholders.

The India Employment Report 2024 provides valuable insights into the evolving landscape of India's labour market. While acknowledging positive developments, it also highlights persistent challenges that require concerted policy efforts. By implementing the recommended measures, India can harness its demographic dividend and achieve inclusive and sustainable growth in the years ahead.

