

ILLUSTRATION: AJAY MOHANTY



# It's about jobs

*In the absence of high-quality jobs, we risk a future of social upheaval and frittering away the unique advantage of our young population*

In "A contest of content in this election" (*Business Standard*, March 22, 2019), I argued instead of negatives and hate, we need to hear a strong positive message in the current election campaign. In particular, we need an emphasis on economic issues and rapid economic growth. I greatly appreciate the many kind comments received from various readers — and also the many critical comments. I seem to have equally irritated both strong supporters of the BJP and Congress. This article is written in the same spirit. It is about jobs.

India suffers from terribly poor data on employment. Every major country provides accurate and timely employment statistics. By the 8th of each month, the US provides an accurate estimate of how many jobs were added or lost in the previous month. India's last official employment survey dates back to 2011. The 2018 Economic Survey uses the 2012 data on employment and covers just 12 per cent of our workforce of 500 million. The government's refusal to officially release the widely leaked 2018 NSSO Survey of Employment has attracted interest to the survey and given it a prominence no previous survey has ever received! In the absence of comprehensive and up-to-date data on employment, no one knows how many jobs are being created or destroyed overall. We rely instead on assertions: The government argues, validly, that an economy growing at 6-7 per cent a year must be creating many jobs. The opposition argues, equally validly, that demonetisation massively disrupted the informal labour market, which constitutes 80 per cent of Indian employment. But all agree that we need to create millions of high-quality jobs — those with the potential for growing productivity in the long run. We have long

known how to grow productivity in manufacturing, and we are learning for services. As the 2017 Economic Survey points out, if our entire workforce had the productivity of our factory sector, we would be 15 times wealthier with an average per capita GDP matching that of South Korea (\$30,000). Our economy struggles with just 20 per cent of employment in the formal sector — including larger factories; public services such as government, the armed forces and government schools; and private services such as banks, airlines,

airports, organised retail, and hotels. The bulk (80 per cent) is informal — 50 per cent of the workforce in agriculture, a further 30 per cent in micro enterprises and informal services — including domestic staff, security staff, drivers, delivery agents, and those at smaller restaurants. These jobs suffer from limited capability for productivity growth, thus limiting the worker's own growth prospects.

How do we grow millions of high-quality jobs? We need to address both supply (improving the quality and flow of talent) and demand (ensuring high-quality talent gets absorbed).

India leads the world in the potential flow of quality talent — a young population with a growing proportion in the working-age group constitutes the most spectacular potential demographic dividend in world history. We need to urgently address how effectively we skill our population and improve the quality of school education, and how we can get the bulk of our working-age population to participate in the workforce.

**Skilling:** In 2006, the Confederation of Indian Industry (CII) launched the India@75 initiative. A centrepiece of this initiative was skilling — we targeted skilling 500 million people. In response, the govern-

ment set up the National Skills Development Corporation (NSDC). Our ambition has since diminished. In 2016, the government's primary skill development programme, the Pradhan Mantri Kaushal Vikas Yojana, set a highly scaled-down target of skilling 10 million people by 2020. An RTI in November 2018 provides an update that half-way into the programme, 1.8 million had been trained, and of those 1 million had found jobs. All this leaves India one of the least skilled countries in the world. Under 5 per cent of our workforce is formally skilled, vs 96 per cent in South Korea, 75 per cent in Germany, and 52 per cent in the US. The NSDC has put in place a great foundation — with detailed skill levels covering hundreds of skills in dozens of sectors. We need to see these efforts bear fruit.

**School Education:** The 2018 Annual State of Education Report (ASER) illustrates how poorly we fare in giving our children the basic tools needed to function in a modern economy. Only 44 per cent of children in Standard V can read a Standard II level text. Just 23 per cent of children in Standard V can do division. The spread between states is sobering — in the bottom four states (Jharkhand, Assam, Madhya Pradesh and Uttar Pradesh), only a third of Standard V children can read a Standard II text and under 20 per cent can do division. In the "top-performing" states (Himachal Pradesh, Kerala, Punjab and Maharashtra) around two-thirds of Standard V children can read a Standard II text, and a third to a half can do division. ASER sums up that "we are far from becoming an educated nation".

**Workforce participation:** India has among the lowest female participation rates in the labour force worldwide — in the top 20 world economies, only Saudi Arabia is lower. And this has been getting worse — since 2005, female participation in the labour force has declined from 35 per cent to 27 per cent. Vietnam has over 70 per cent of women participating in the economy. Even Bangladesh has 33 per cent (and rising). The IMF estimates that if female participation in India matches the world average of 50 per cent, we would be 27 per cent richer as a country. If we fully equalise female and male participation (to 80 per cent), we would be 60 per cent richer as a country. Clearly, we have much to do to educate girls better. And we especially need to change the cultural attitudes that keep women away from the workforce — families should encourage women to work and enterprises should actively seek to employ more women.

Addressing these supply issues can fundamentally improve the quality and flow of human capital into our workforce each year. That will create the potential for a massive growth miracle. Fixing the demand for this talent will realise the potential — by growing employment massively in industry, particularly labour-intensive industry, and through mass-employment in formal services. That will be the subject of the second part of this article.

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To be concluded



## INDIA'S WORLD?

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