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**DAILY EDITORIAL
ANALYSIS**

TOPIC

**Jobless Growth: Key
Concerns**

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JOBLESS GROWTH: KEY CONCERNS

Context

- According to a study by the Indian Institute of Management (IIM), Lucknow there is a surge in output growth and employment from 1987–88 to 2004–05, followed by **'jobless growth'** from 2004–05 to 2018–19.
 - ♦ Even the premier institutions are struggling to place students in the Campus Placements.

Key Findings

- The study highlights the **growing level of unemployment for the highly educated youth** than the less educated.
 - ♦ The unemployment for the illiterate and less educated class (below primary) was 0.57% and 1.13% respectively while, for the highly educated class (graduates and above), it was 14.73% in 2020–21 for the age group '15–29 years'.
- **Gender disparity** in the labour market : There is a persistence of gender-based disparity in the Labour Force Participation Rate (LFPR) in rural and urban areas and the decline of LFPR is higher for females as compared to males from 1983 to 2020–21.
 - ♦ The overall female Work Force Participation Rate (WFPR) for those aged 15–59 in 2020–21 stood at 32.46%, a full 44.55 percentage points below that of men.

What Is Jobless Growth?

- The concept of jobless growth refers to a situation where economic growth does not lead to job creation.
 - ♦ This phenomenon can occur when a country emerges from a recession, and despite an expanding economy, unemployment remains the same or worsens.

Factors

- **Global economic slowdown:** It is likely to force more workers to accept lower quality, poorly paid jobs which lack job security and social protection.
- **Focus on Limited Sectors :** In India, jobless growth has become a significant problem because much of the country's economic growth is driven by finance, real estate, and IT sectors, which are not major job creators.
- **Lack of skills :** Additionally, **India's education and training system** has been criticized for not equipping graduates with the skills employers require.
- **Under utilisation of resources :** The industrial sector does not work to its maximum capacity due to lack of adequate machinery and supply of raw materials due to which they are unable to hire maximum workers in factories.
 - ♦ The stagnant rate of growth and high rates of unemployment occurs as a result of a shortage in capital equipment.
- **Informal sectors:** As India is a developing country with a majority of population living in the rural areas, people are more dependent on informal jobs that are irregular in nature with several health hazards
 - ♦ The **agricultural sector**, though employing the most youth, contributed low value-added to the overall economy, resulting in significant employment challenges.

Impacts

- Jobless growth leads to underutilization of labour and human capital resulting in lower productivity in the economy.
- This will further aggravate poverty, malnutrition and lower per capita income of the population.
- Falling employment and earnings undermine India's chances to fuel the economic growth needed to create jobs for its young and growing population.

Indian initiatives to improve employability

- **National Skill Development Corporation (NSDC):** Launched in 2015, as a public-private partnership that finances and oversees various skill development programs across India.
- **Pradhan Mantri Kaushal Vikas Yojana (PMKVY):** A flagship scheme offering short-term, industry-relevant skill training programs to youth.
- **Digital skilling programs:** Equipping individuals with the necessary skills to thrive in the digital economy.
- **Apprenticeship programs:** Encouraging industry participation in providing on-the-job training to fresh graduates.

Suggestions and Way Ahead

- India's economic growth is promising, but job creation and education quality remain significant challenges.
 - ♦ Therefore addressing these issues requires a focus on mass education, quality teachers, and conditions for labour-intensive manufacturing, along with creating a safer environment for women in the workforce.
- There is also a need for increased investment from the government and diversification in the agricultural sector will not only increase productivity but also help to reduce unemployment.
- On-the Job training and employment subsidies can be provided to the existing employees to improve their current skills and to increase job satisfaction and reduce shifts from one job to another.

Mains Practice Question

[Q] Why does jobless growth happen? Discuss India's recent economic performance and its impact on job creation.

