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STATE-OWNED TELECOM MAJOR BSNL'S CASH RESERVES PLUNGE 96% IN 2 YEARS TO ₹1,214 CR

OIL MIN M VEERAPPAN'S EXPERT COMMITTEE

Survey warns against jobless growth

'Country Requires An Agenda To Create Productive Jobs Outside Of Agriculture'

Team TOI

New Delhi: Raising the red flag on a concern that the UPA has preferred to keep quiet about so far, the Economic Survey has warned that by 2020, India could be faced with up to 16.7 million 'missing jobs'.

In other words, with increasing shift away from agriculture and younger people joining the job market, the survey warned that the demographic dividend could turn into a 'demographic curse' with industry and the services sector unable to provide jobs for up to 16.7 million job seekers by 2020. Even under a much more conservative scenario, by the end of the decade, 2.8 million people could be out hunting for non-existent jobs.

Dedicating an entire chapter to the challenge of creating jobs in India, the survey said,

DRAG ON ECONOMIC DEVELOPMENT



► Most of the jobs are informal in nature with workers without social security

► Labour in the formal sector (public and private) with formal jobs is just 4%

► Labour in the formal sector with informal jobs is 3%

► Workers in sectors like shops and small businesses with informal jobs are 8%

"While industry is creating jobs, too many such jobs are low productivity non-contractual jobs in the unorganized sector, offering low incomes, little protection, and no benefits." The survey warned that both industry and services needed to not only add more jobs but be dissuaded from the trend of providing only infor-

mal jobs with zero or little social security for workers.

The survey said that unlike in China, in India, the value added by industry and manufacturing to the economy had not kept pace with the number of people migrating to jobs in the sector. The reason: most of the jobs added in the non-agricultural economy are really

just of lowly-paid construction workers and most others are also of informal nature – without social security and better terms for the labour.

The service sector, on the other hand, the survey said, had added value to the economy but not added jobs in proportion when compared to other Asian economies that are on a similar economic growth trajectory. "In India, too many small firms stay small and unproductive and are not allowed to die gracefully. Too many large profitable firms prefer relying on temporary contract labour and machines than on training workers for longer-term jobs," the survey said.

Keeping agricultural labour out of the picture, 95% of all other jobs are informal in nature. Even in the public sector, a third of all jobs are informal – a situation no other

country in a similar economic situation has seen. The survey said the most often touted culprit – strict labour laws – may not necessarily be entirely to blame for the malaise. Other problems such as lack of resources for micro, small and medium enterprises and lagging infrastructure growth were also at play. It did, however, recommend fast tracking labour reforms.

"India's high rate of informality is a drag on its economic development and a source of considerable inequity," the report said, adding that a strong correlation existed between informality (of jobs) and poverty in India. Warning that future inclusive growth was not 'pre-ordained' for India, the survey said, "Key policy message is that India has to focus on an agenda to create productive jobs outside of agriculture."