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ANALYSIS

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The job crisis remains the elephant in the room whose presence no one wants to acknowledge, writes P N Vijay

By P N Vijay

The lack of data, concern and debate on what is surely one of the pillars of any economy - jobs, is worrying. It appears to be almost a conspiracy of silence. The government, which inundates us with data on how much coal is moved, how many e-way bills are produced and how much toll is collected on highways, is shockingly quiet when it comes to disseminating data on jobs

As the pandemic subsides and the conversation shifts from lives to livelihoods, we have to squarely face up to the job crisis, which has reached alarming proportions.

According to CMIE data, the unemployment rate was 11.9 per cent in May; urban and rural unemployment rates were 14.73 per cent and 10.63 per cent respectively. Having climbed steeply in April and May, it remained at the same elevated level in the first week of June. Labour participation (which many consider a more holistic measure) has shrunk to below 40 per cent.

Three crore Indians have lost their jobs and according to Pew Research, 7.5 crore Indians slipped back into poverty. A study by CARE Ratings says that corporate India did not add any new jobs in the last five years, though it added significantly to sales and profits. Interestingly, the RBI's latest report on consumer confidence says more than 80 per cent of Indians feel that job opportunities will decline, going forward.

Conspiracy of silence

What surprises me is the lack of data, concern and debate on what is surely one of the pillars of any economy - jobs. It appears to be almost a conspiracy of silence. The government, which inundates us with data on how much coal is moved, how many e-way bills are produced and how much toll is collected on highways, is shockingly quiet when it comes to disseminating data on jobs; this is very different in other open economies, where lot of data is put out and discussed on jobs. And whatever little the government puts out is late, scanty and unreliable. The media, which gets excited over every minor political event, hardly covers the job crisis which has remained the elephant in the room whose presence no one wants to acknowledge.

The importance of jobs in a society is paramount and worth restating. A job is the main source of income in most households and when a job is lost, it affects not only the person who lost the job, but the entire family and has significant social ramifications. This apart, the income coming from jobs becomes consumption in the economy; consumption creates demand. No economy can hope to flourish if it has an unemployment problem.

Urban employment programme

Let us look at some possible approaches to mitigate this crisis. A good short-term strategy would be to start an urban employment programme (UEP), to provide 100 days of employment for every urban citizen from 25 to 50 years of age, including office-goers. The rural jobs programme (MNREGA) has been a success. If we set apart Rs one lakh crore for this, we will be able to cover 200 lakh citizens in a year, assuming a payment of Rs 500 per day. The scheme can rope in NGOs who have wonderful plans but cannot afford the workforce to implement them. Side by side, we need to provide low-cost housing for migrant labour, as China has done so successfully. A large part of the meagre earnings of migrant workers goes towards payment of rent.

The impact of a UEP will be profound. Firstly, it will give a new lease of life to two crore households, which translates into 10 crore citizens. Secondly, most of this entire Rs one lakh crore will go into consumption, giving a huge demand push to the economy. Such a boost to the economy will spur investment and more jobs and more demand, setting in motion a virtuous cycle. Thirdly, it will provide a safety net, preventing large migrations which create major dislocations in the economy.

Reskilling mission

Another strategy is to specifically target those sectors that have a high-employment intensity; these include garment manufacture, house construction, travel and tourism and so on. But that is not adequate. MSMEs should be encouraged to move from a restaurant model, to a delivery model. This will reduce costs and improve their access to markets. MSMEs play a stellar role not only in wealth creation in the economy but also in its dissemination among a large portion of the population.

Last but not the least, we need to have a massive reskilling programme to take advantage of the digitalisation and urbanisation of the economy. Computer training and technical training institutes should spring up in every district. Let us be honest; there are not enough jobs in rural areas and that is why we are seeing this urban influx. Unfortunately, most of these migrants have low skills and end up as construction labour, restaurant waiters and security guards. A good reskilling programme can change the face of India in five years and give a quantum jump to productivity, incomes and standard of living.

Pains of the great depression led to the New Deal, which changed the face of the free world and regulated capitalism for the greater good. A wise leadership can use the present crisis to do the same in India.

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