

Opinion | Sustainable and just jobs for all

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For many years, I was responsible for a business with manufacturing facilities in India and across the world. In that period the business grew manifold, generating equivalent growth for our suppliers. But the growth in employment was a fraction of the volume growth in the entire supply chain. This was not because there was underutilized capacity; in fact, the growth led to substantial addition of capacity across the supply chain.

It was simply because all our decisions, including product, process and production engineering, were such as to minimize the labour component. This was not driven by any fear of draconian labour laws or shortage of trained labour, but simply because of the quality, productivity and safety of automated systems.

So when the story of “jobless growth” in India became hot news a few years ago, it was not a surprise to me, having very much been a part of it.

About 10 years ago, I moved into education completely. I was quickly disabused of the notion that the problem of employment and livelihood had much to do with education. Even for those students who do well in schools and colleges, it does not matter. The quality and size of the pie of employment opportunities is so small and growing so slowly, if at all, that it is an intense struggle for everyone. Education must be improved for all in this country, but that won’t solve the problems of employment and livelihoods.

Since I was unable to understand by myself, I sought experts to explain what could be done to address this problem. The many honest experts that I came across had fascinating insights. They also said that they didn’t actually know what needed to be done comprehensively, at a level of actionable detail, to generate robust growth in livelihoods. Most of them felt that we have frustratingly limited understanding of this absolutely crucial matter, and that a huge amount of detailed on-the-ground research was required. Fortuitously, in parallel, my colleagues Amit Basole and Arjun Jayadev thought of the annual State of Working India (SWI) report. This could potentially enable many of the terrific people working on this matter to come together, explore details from the past 20-30-odd years and also possibly develop a roadmap for the way forward.

The first Azim Premji University SWI report was released this week. It is the result of the efforts of a large number of people. Let me paraphrase some of the key points of the report from its summary

1. Growth is creating fewer jobs than it used to. In the 1970-80s, when gross domestic product (GDP) growth was 3-4%, employment growth was around 2% per annum. Since the 1990s, GDP growth has accelerated to 7%, but employment growth has slowed to 1% or less.
2. Wages rose at about 3% per annum between 2010 and 2015, but continued to be well below the minimal living wage. About 67% of households reported monthly earnings of up to ₹ 10,000 in 2015, suggesting that a majority of Indians are not earning what may be termed a living wage, in turn explaining in part, the intense hunger for government jobs.
3. There is a slowdown in the replacement of workers by machines. About ₹ 1 crore of fixed capital (in 2015 prices) supported around 90 jobs in the 1980s. This fell to 10 by 2010 and has remained there.
4. Work is becoming more precarious in the organized manufacturing sector, with 30% workers on short-term contracts.
5. Labour productivity in organized manufacturing increased six times over the past three decades, but wages increased only 1.5 times. Labour income's share in organised manufacturing has collapsed to around 10%.
6. The organized manufacturing sector as a whole has failed to increase its employment share substantially. More than 50% of the services sector employment is still made up of petty trade, domestic services and other types of small-scale and informal employment.
7. Gender disparities are still high but are reducing in some cases. Overall, women earn 65% of what men do, though disparities have reduced over time.
8. Women's participation in the paid workforce is low but some states perform much better than others. While only 20 women are in paid employment for every 100 men in Uttar Pradesh, the number is 50 in Tamil Nadu and 70 in northeast India.
9. Scheduled Castes and Scheduled Tribe groups are over-represented in low-paying occupations and severely under-represented in high-paying occupations. The caste earnings (vs upper caste) gap at 55% is larger than the gender earnings gap.
10. Crafts remain big employers and are central to the rural non-farm economy. The sector represents immense cultural value, ecological positives, and millions of jobs. The craft sector can provide the much needed rural employment. But for this to happen, the sector must be treated on a par with other industries and given infrastructural support.

The SWI has more fascinating insights. But it also makes clear that we are nowhere near any kind of a comprehensive solution for the youth's jobs problem. Not much will be achieved by blaming this government or the next one. The issues are deeply structural. It will need 'all hands on deck' if we really want to create jobs that are just and sustainable for all in India.

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