How to avert a demographic disaster

What is the issue?

By dramatically expanding basic public services, the government can create the jobs that India's youth desperately need

What is the state of unemployment in India?

- **Unemployment rate** has risen from about 15.66% in 2016-17 to 28.26% in 2020-21
- India's joblessness rate hit a four-month high of 7.9% in December 2021,
- Urban unemployment rised to 9.3%
- Getting a degree is no guarantee for a job — 9/55 million degree holders were unemployed in 2019.
- **Demand for informal jobs -** India's poor have reacted as they always did by continuing to till the field and working as labour at construction sites.
- The demand for jobs under the National Employment Guarantee Scheme has gone up.
- The same person (educated to an MBA or PhD) would be applying for the role of a peon, while preparing for a judge's exam.
- **Labour force participation rate -** Many have simply stopped searching for jobs. Labour force participation rate has dropped to 40-42 per cent from 47.26 per cent in August 2016
- **The case with Uttar Pradesh** - The labour force has risen from 149.5 million to 170.7 million in the past 5 years
- The percentage of those employed (as a share of the working-age population) has actually fallen, from 38.5% to 32.8%.

Where are the short comings?

- Our policymakers have failed on job creation
- India needs to create 90 million non-farm jobs between 2023 and 2030, to ensure our demographic surplus is absorbed.
- We try with short-term fixes, hoping the newest trends will solve this problem.
- India muddles with the hope that manufacturing jobs will shift from China.

Can start ups solve the issue?

- Only a decade ago, policymakers expected India to be the world's back office, with our people being gainfully employed.
- Now, we hope that the new-age start-ups, can achieve this.
- As of July 2021, there were more than 53,000 recognised start-ups in India, which had created about 5.7 lakh jobs
- Meanwhile, the old tap of public sector jobs has gone dry — there were 11.3 lakh employees in Central Public Sector Enterprises as of March 2017. By 2019, this had dipped down to 10.3 lakh.

What needs to be done?

- Foster on the creation of public assets and invest in human capital.
- **Expanding public services -** The initial step would be to dramatically expanding basic public services.
- Before the pandemic there were over 2.5 million vacancies for health worker, teachers and anganwadi worker .
- Now there is a clear need to expand capacity in healthcare by 2,90,000-4,20,000 health workers.
- We need to regularise contractual and seasonal workers in these sectors. Doing this would create over 5.2 million jobs.
- **Creating public assets & Skill Enhancement -** We need to skill up the existing labour force, particularly in urban India.
- A national urban employment guarantee scheme, with a focus on creating public assets, would help improve skill sets, provide certification and give income support.
- Such a scheme could cover 20 million urban casual workers for 100 days, at a wage rate of Rs 300 per day, with an overall cost of Rs 1 lakh crore annually.
- The state of Indian cities continues to be poor. Significant expansion of public works scheme could help.
- **Foster Green Jobs -** Foster jobs traditionally under the remit of public services (water conservation, waste management).
- Jobs could be generated in the renewables sector, waste management and urban farming.
- **National conversation on urban unemployment -** We need roundtable meetings for government officials, MPs and MLAs to hear the needs of youth.

Reference

1. https://indianexpress.com/article/opinion/columns/how-to-avert-a-demographic-disaster-7732452/

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