Imperatives for Job Creation in India

What is the issue?

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Job creation should be the top priority of central and State governments. They should be judged principally on this parameter

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What to Do?

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- **Promote the growth of stronger clusters and networks of small enterprises -** Small and micro enterprises are desirable because they create more employment per unit of capital, they enable citizens to create jobs for themselves and earn incomes with less state expenditure, and their growth can be widespread in all regions and in many sectors thereby making growth more inclusive.
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- Small and micro enterprises can overcome limitations in accessing markets, in obtaining resources, and in developing their capabilities by organising into effective clusters i.e both geographic and virtual, and also by connecting on technology enabled platforms.
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- The quality of clusters and cooperative associations of enterprises in India is much weaker than in other countries where small enterprises have provided the backbone of their faster industrial growth.
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- In addition to ‘easing conditions for doing business’, government policies must promote the formation of strong clusters and networks.
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- **Promote the growth of a ‘life-long learning’ system -** The content of work is changing dynamically in many industries. Even mass skilling systems to produce large numbers of skilled persons risk turning out skilled yet unemployed people.
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- Government assistance should be directed towards enterprises that prove

their capabilities to dynamically offer learning and skills that result in sustained employment, rather than payments for numbers of ‘skilled’ persons produced who may not be employed.
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- **Develop better social security systems -** Enterprises need flexibility to adjust their workforce to remain competitive in a dynamic environment. On the other hand, the government has the responsibility to ensure the social and economic welfare of citizens, and insufficiency of stable jobs is already creating social problems.
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- The two requirements - flexibility for enterprises and an adequate safety net for citizens - can be met with better social security systems. The design of the systems should also facilitate citizens to learn new skills so that they remain employable when jobs change.
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- **Promote the rapid use of technology -** They can enable the formation of platforms of enterprises including large ones; they can facilitate the development and delivery of ‘just-in-time, needs aligned’ learning modules; they can enable micro enterprises to access the formal financial system; and they can also enable delivery of better social security services.
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- **A ‘whole of government’ approach is necessary to create jobs -** Jobs will emerge from interactions of many drivers in the economy - the growth of enterprises, life-long learning systems and social security, as well as the quality of physical infrastructure and the ease of doing business.
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- Therefore job creation policies must be coordinated at the top of the system, at the level of the PMO at the centre and chief ministers in the States.
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- Systematic methods must be applied by governments at all levels for consultative policy formulation and implementation. Systematic methods for multi-stakeholder policy formation, such as ‘regulatory impact analysis’ and the German ‘capacity works’, will speed up the production of outcomes. They will be the turbo-chargers for India’s jobs growth engines.
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