Rise in MGNREGA Workers - Reversing the Job Trend

What is the issue?

- The Indian economy is in the midst of a severe slowdown and the data suggests that a sharp recovery in the near term is unlikely.
- In this backdrop, the changes in the job scenario call for immediate intervention to utilise the demographic potential.

What is the recent shift in the job scenario?

- There is an increase in the number of young workers waiting for work under the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA).
- The number of workers employed in the 18-30 years age group under this reached 7.07 million in 2018-19 compared to 5.8 million in 2017-18.
- There is clearly a higher enrolment of people in the 18-30 age bracket in the subsistence-level job guarantee programme.

Why is this shift?

- The above indicates a severe lack of employment opportunities.
- The GDP data for the 2019 April-June quarter showed that growth in the construction sector declined to 5.7%.
- Expansion in the manufacturing sector collapsed to 0.6%.
- Subdued activity in these sectors and their inability to absorb labour could have pushed workers to seek employment under the MGNREGA.
- It is also likely that distress in agriculture could have affected the demand for labour in rural areas.
- A 2017 discussion paper by the NITI Aayog showed that about two-thirds of income in rural India is now generated through non-agricultural activities.
- About half the construction and manufacturing sector output comes from rural areas.
- It also contributes significantly to the services sector output.
- The manufacturing units in rural areas are possibly losing out because of size and greater formalisation of the economy after GST implementation.

Why is job creation crucial now?

- At a broader level, the inability of the Indian economy to create enough jobs

can have longer-term consequences.

- India is witnessing a demographic transition with a significant increase in the proportion of the working-age population.
- The working-age population in absolute terms is likely to grow by about 9.7 million per year between 2021 and 2031.
- This growth will slow in the subsequent years.
- Certainly, India cannot afford to lose this opportunity.
- It will not be able to take advantage of a rising workforce without creating enough employment opportunities.
- But, as the evidence suggests, this is not happening at the moment.

What is to be done?

- The situation forcing young workers to enroll for the MGNREGA work needs to be reversed.
- Revering this trend will require more investment, which will help generate jobs.
- In this context, the government has done well to reduce the corporate tax rate.
- Over the last few years, India has moved up significantly in the World Bank's Ease of Doing Business ranking.
- However, India needs to do a lot more, particularly in areas such as land registration and contract enforcement, to attract investment.
- Therefore, the pace of reforms must be accelerated.
- Only higher investment and rapid growth can create sufficient employment opportunities.

Source: Business Standard

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