

Employment in a Service Oriented India

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Through this article, it has been my endeavor to present a holistic approach to the concept of employment, in India, particularly in the service sector. It is a well established fact that employment is extremely important and necessary for every country, both developing as well as developed.

Every country wants its people to achieve gainful employment. This gainful employment leads to income generation and production of goods and services which further helps in boosting the GDP level and growth rate of the economy.

On the other hand (at the microeconomic level) individuals want jobs which suit their skills and fulfill their expectations. It is extremely important that a worker's skills match with his/her job's attributes and requirements.

Most of the countries address the problem of employment, however the real problem lies, in achieving gainful employment.

For example: a 12th pass student can easily start earning by being employed as a woodcutter, gardener or a cleaner. However in these jobs, neither his knowledge nor his skills is being fully utilized. Thus he is not gainfully employed.

Seeking gainful employment is like marrying your skills to the job's requirements and attributes.

Gainful employment is employment that is suited to ability and potentiality of the one employed. Example: working at McDonalds is considered to be employment where as working at a sales job with a high commission is considered to be gainful employment. One of the main challenges that India faces is to make its people **employable rather than just eligible for acquiring a job.**

Let us look at this issue, solely from the Indian perspective; ever since her birth in 1947, as an independent state, India has undergone various crests and troughs at the employment front. India has always been an agrarian economy, with majority of its people dependent on the primary sector comprising of agriculture, forestry, fishing, poultry, mining, etc. However, with time several changes have taken place in structure of employment.

One of the major changes took place in 1991 after the introduction of the NEW ECONOMIC POLICY (NEP). The NEP comprising of liberalization, privatization and globalization popularly known as the LPG, led to a major shift of the workforce from the agricultural to the manufacturing and the service sector. The NEP had a revolutionary

impact on the structure of employment. It was the beginning of a new era which exists, till date.

India has more often been regarded as an agrarian economy, however by late eighties and early Nineties, the service sector has also been a major driving force in India's economic development.

The increase in the service sector, in terms of, share of employment and contribution to GDP can be explained by the increase in demand of service goods. This increase in demand has a direct relation with the growth of the Indian economy. It is believed that, services, in a developing country like India, have a potential demand. There is more scope of increase in demand of the service goods i.e. if my income increases I may not increase my consumption of rice but I may increase my consumption of health, insurance and banking facilities. I may not start wearing more clothes but I may increase my visits to a doctor for regular health check-up or I may even increase my consumption of entertainment services. An increase in the tertiary sector, services like health, education, communication indicate a better quality of life and a higher standard of living.

Thus as our economy is growing, several economists suggest that our thrust should be on the tertiary sector. However then, the evergreen debate of equity versus efficiency comes into the picture, which remains unresolved.

In spite of the various arguments put forward in favour of equitable development of all sectors, one cannot deny the dependence of the manufacturing and the agriculture sector on the service sector. The service sector plays an instrumental role in enhancing the productivity of these other two sectors. For example: a growing agriculture sector would require better irrigation facilities, high yielding variety of seeds, better quality of manure, fertilizers, better storage facilities, advanced farming tools, transportation services, micro-credit financing programmes etc. Similarly an expanding manufacturing sector requires more sophisticated machinery, transportation services, banking facilities etc. The service sector has a crucial role to play in a country like India which is still on the path of development.

The dominant role of services is clearly evident in India, but because of the large productivity differential across the sectors, it also had the largest reallocation gains (ie.. transition from agriculture to service sector)

Another peculiar feature of the service sector is that it demands 'reasonable' level of education and skill from its workers (however the term reasonable is subjective and depends on the type of service the worker is providing). The service sector has the most productive set of labour

,however this productivity is not solely because of the labour, it is also because of the nature of the job and the value of the good being produced. **'A worker's value is**

measured by the market value of the good produced by him.'

In such a service sector centric employment scenario, skill development is extremely crucial to convert qualified people to employable workers. India is on the path of attaining the status of a knowledge economy. In the global knowledge economy of the twenty –first century, India's developmental policy challenges will require it to use knowledge more effectively to raise the productivity of agriculture, industry, and services and reduce poverty. Although knowledge has always been at the core of every country's developmental process, increased speed in creation and dissemination of knowledge is making it even more important in development strategy.

Four pillars of the knowledge economy:

- An economic and institutional regime that provides incentives for the efficient creation, dissemination and use of existing knowledge.
- An educated and skilled population that can create and use knowledge
- An efficient innovation system of firms, research centers, universities, consultants, and other organizations
- Dynamic information infrastructure that can facilitate the effective communication, dissemination, and processing of information.

However in my opinion, **education** is the most important and the most crucial of all the four pillars.

- It is essential to create “knowledge workers” and “knowledge technologists” who are flexible, analytical and can be the driving force for innovation and growth.
- However, education is most time consuming to change because there is very limited potential for “leapfrogging” educational levels.
- Education is a key component for developing other pillars like IT and Research and Development.

Thus, there is a dire need to focus on skill development, development of a full-fledged knowledge economy in this era of service centric employment and thus a service centric economic development.

The service sector has shown tremendous potential ever since its birth in nineties, and that is the reason for our increased dependence on this sector, however it is essential to realize its potential to the greatest extent effectively. Some **recommendations** in this direction are:

- Better quality of education for all and more importantly focus on transition to work roles. Our weakest link, is skill development and youth

employment. Thus we need to increase investments in these sectors.

- Formal mechanisms must be developed that provide opportunities to acquire skills for which there is an established demand.
- Promote self-employment and entrepreneurship through livelihood schemes
- Concerted efforts to improve youth employment.

Keeping these factors in mind, India will indeed be able to drive uphill on the growth trajectory, with the help of its economy's accelerator i.e. the service sector.