

Book Review

Azim Premji University, State of Working Indian 2018, Pp.165.
Unpriced

The Azim Premji University (APU) is unique. It is a social enterprise—a not-for-profit, private university with a clear social purpose working towards a just, equitable, humane and sustainable society. And this explains why such a report as above has come out of it as a public good. The report can be freely downloaded from the website of its Centre for Sustainable Employment—cse.azimpremjiuniversity.edu.in/stateof-working-india/

This report has presented a well researched and analytically useful data on India's labour market by bringing together researchers, journalists, civil society activists and policy makers. It has compiled evidence, perhaps for the first time, from many different official surveys as well as field studies to shed light on the quantity of employment and unemployment, the sectors and industries that are creating jobs, the states that are performing better, the quality of jobs, and the effect of ascriptive factors like caste and gender disparities. The report is very useful to undergrad and postgrad econ students to get an aggregative as also disaggregated picture of the Indian labour market. It is also a befitting embarrassment for the ruling political elites who, supported by certain media and academic elites, have in very recent times denied the existence of a serious multifaceted employment problem in India, and thereby exhibited escapism from designing a suitable employment policy.

The truth is that there is increasing unemployment and there is also politics of unemployment based on the structural imbalance between supply and demand forces in the Indian labour market (see Basole and Jayadev, 2019). Take the demand side. The demand for labour has been shrinking since long for two reasons. First, there has been a collapse of public sector employment in terms of good jobs—formal or regular salaried jobs—even as the “intense hunger for government jobs is visible in the vast over-subscription to even the lowest paid forms of public employment, as well as the large protests all over the country over extending the benefits of job reservations to communities such as the Gujjars, Marathas, Kapus, Patels, Jats, and so on, that have been left out of the system till now. The logical, if also somewhat illogical, culmination of this process is the 10% job quota for all households whose income is less than Rs. 8 lakhs per year, covering the vast majority of Indian households.” Secondly, forced by globalization pressures, manufacturing firms have been adopting latest techniques that are capital intensive and labour displacing. On the supply side, excess supply has been building up due to a host of factors. There is the all too familiar youth bulge of Indian population and for most of these youth, traditional occupations as well as petty informal works are less and less acceptable in the milieu of high growth rates since around 2000 and the attendant creation of a culturally ascendant middle class. The youth today are much better educated than their parents, and these educated youth are spread across smaller towns and villages, and no longer concentrated only in the large cities. Most graduates are educated in general streams and are not adequately prepared for work in the modern economy. There is employability crisis in that the quality of educated in both general and professional streams is substandard. Further, lower castes

are moving away from traditional occupations to ensure dignity and respect in society even as the upper castes are shunning any occupations that have a manual component. As such, there is a huge supply of labour to white-collar and desk oriented jobs. On top of this, the number of educated women who are not employed and not seeking employment but would like to work if work is available, is also on the rise.

In light of this, little wonder that, India is witnessing a high rate of overall open unemployment (5% and above) and up to 16% among youth and the higher educated. The increase in unemployment is clearly visible all across India, particularly in the northern states. Growth creates fewer jobs than it used to. GDP growth of 7 to 10% creates less than 1% additional employment. This is what is meant by jobless growth. Jobs that have been rapidly created in the organized manufacturing over the last decade are “garbage jobs”—temp workers of various types are increasingly employed. While employment has grown in IT and modern retail, more than half of it continues to be petty trade, domestic services and other informal employment.

The employment problem in India also manifests as India’s low earnings problem despite reported real wage growth. Nationally 67% of households reported monthly earnings of up to Rs. 10, 000 in 2015. 82% males and 92% female workers earn less than Rs. 10,000 per month in contrast to the Rs. 18,000 per month minimum salary recommended by the 7th Central Pay Commission. Labour productivity and managerial compensation have risen much faster than workers’ wages in organized manufacturing. Wages have not grown in tandem with labour productivity growth in the organized as well as the unorganized sector, quite contrary to the theorization of the neoclassical economics. Consequently, the labour share of income in organized manufacturing is compressed to around 10%.

As regards the ascriptive aspects of the employment problem, we notice that fewer women are in paid employment for every 100 men, and it ranges from the lowest in UP to the highest in north-east. SC/ST groups mostly work in low-paid occupations while upper castes are in well-paid ones.

The above are some of the salient findings that the report highlights. What is the way out of the above mess? Here the economics faculty behind the report has suggested the following solutions that constitute an optimistic view for the perilous economic times that we are going through. We need an employment oriented fiscal policy. We also need a strategic industrial policy as a way out of the current trap of ‘premature deindustrialisation’ due to globalization. We need a firm public commitment to overinvestment in universal basic services in the fields of education, health, transportation and other public services as also hospitality. These areas have significant potential for job creation as well as the capacity to deliver equitable and green growth. This is not all. We very badly need a national urban employment guarantee (analogous to the MGNREGA) whereby a variety of works can be undertaken in the categories of ‘public works’, ‘green jobs’, ‘monitoring and surveys jobs’, ‘administrative assistance’, and ‘care work’, so that jobs can be provided for people with a range of skills and education levels while at the same time addressing a wide variety of urban needs.

If we are carried away by neoliberal politics and economics, and ignore the timely

requirement of public investment and public policy in order to overcome the distressing employment problem in the country, then we will have to blame ourselves for being in denial about the current realities and missing the window of opportunity open to us that this report has highlighted. I salute the entire team of people involved in bringing out this socially useful report. After all, of what use is economics, if it is socially useless? APU, in my opinion, is now the best place to study real world economics in India.

Reference

Basole, Amit and Jayadev, Arjun. 2019. The Employment Question in India: Politics, Economics, and the Way Forward. <https://www.theindiaforum.in>. April 5.

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