

Challenges of Productive Employment Creation in India



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During the last eight months, the world has been confronted with an unprecedented catastrophic health crisis in the form of COVID-19 pandemic. It has irrefutably reminded every society across the world to be more open and kind to each other to collectively overcome the crisis that was erupted out of China. The spillover effects of the pandemic have in turn created heavy losses to the real economy and multifold shocks to the financial sectors of countries around the world. Thus, the livelihoods and employment sector have become the most severely hit and it seems that it would take years to recover.

The fatalities across the world are approaching one million. For the collective mitigation of the COVID-19 pandemic, each nation has to embark on a new path by reposing faith in the Constitutional provisions along with the international agreements of treaties to safeguard the people who are invulnerable conditions and at the same time explore how best they can help other nations. Economies across the world are also finding it extremely hard to manage the scarce resources and the demands of public healthcare systems.

The global supply chain of goods and services has also been impaired greatly by a tiny virus. As the world economy evolves towards rebooting the business cycles amidst the devastation by the COVID-19 pandemic, any barriers intended to impose by any economies would be counterproductive on an enormous scale in medium and long-term perspective. Surely, the road to economic revival would be at best to promote safety measures of people across public spheres so that productive works can be sustained and calibrated steadily without massive outbreaks once again.

While the lubrication to revive the economic activities has to be a systematic unlocking of the lockdown imposed to curb the spread of COVID-19. Reaping the low hanging fruits would be most imperative to have a foothold on the economy to depart from the current jetlags. Infusion of trust among people would be far more reaching among stakeholders for calibrated unlocking.

Among the most essentials, people need to be enabled to find jobs safely and improve their livelihood opportunities. During the last eight months, COVID-19 has led to loss of jobs and income for millions of people across the world. India, being the second most populous country, experienced a bitter moment of loss of jobs by millions, especially the migrants.

The prospects of regaining same employment opportunities for millions of work force in the near future seem to be bleak. However, the human lifecycle has to coexist along with the economic business cycles which as witnessed in the past plays a very dynamic role unless otherwise the public policy frameworks of government measures are designed to perturb the entire process. It would be interesting to note the present status of the Indian economy on systemic thinking.

Undoubtedly, there are structural challenges faced by the Indian economy. While rebooting the economy towards sustained growth and generation of employment opportunities for a vast labour force, the dichotomy of public policy on factors of production also seems to be a static feature for quite a long time. The efficient use of resources such as land, labour, capital and entrepreneurship in a time-bound manner through the use of technology is still at an infancy stage in India.

Since the economic reforms of 1991, the employment in the informal sector has widened compared to the formal sector; outside the agriculture sector, it is the construction sector which alone had created more jobs in the economy and the next four sectors which had created jobs are trade, miscellaneous services, transport and storage, and education. For decades,

employment policies were focused on investment rather than human development to improve their productivity which will enhance investments.

Rigidities of Factors of Production in India

Therefore, during the last three decades, India's factors of production have been more cyclical in nature. We need dynamic public policies of long-term perspective to generate more decent and productive employment opportunities for the growing labour force in India:

- The creation of a **land titling system** with sound principles like private property rights is a systemic issue that was neglected for decades since independence. Though we had private property rights as 6th Fundamental Rights in our Constitution, it was hastily removed by the 44th Amendment without a broader perspective of the future. It will enable more tangible transactions for economic development to create employment opportunities.
- The **human resource development** through education and skill development is now considered as a boon for reaping demographic dividends, but so far the efforts to make people more productive are not at all promising. The recent skill development programmes are best intended but the outcomes are not encouraging trends towards the transformation of human resources. What is missing in the delivery mechanisms are well-grounded decentralised governance systems rooted in institutional apparatus like schools, ITIs, polytechnics, colleges, etc.
- As regards the **capital formation for economic development**, to increase more productive employment opportunities, is faced with multiple policy challenges before the governments for reaping the full potential of demographic dividend. We need to create a strong institutional system with good governance blended with decentralised models at districts, taluks, etc. The present system is stuck with silos and a lack of transparency and accountability of decision making at all levels.
- The promotion of **entrepreneurship** among youth is still at an infancy stage. India has millions of MSMEs without support systems for access to financial assistance, support for technology up-gradation and knowhow of new technologies, services delivery mechanisms, etc. According to Niti Aayog Vice-Chairman, “**there are more than 3.5 crores of micro-entrepreneurs in rural India who have huge potential for contributing to India's growth. They suffer because of constraints like access to infrastructure and credit that hinders their growth.**”

- As the world moves to achieve the peak of the **fourth generation of the industrial revolution, information and communication technologies** play a major role to fundamentally redesign the traditional factors of production and services to organically realign towards increasing productive employment opportunities.

Therefore, a coherent public policy blended with sound principles would inevitably help to nurture efficient use of land, labour, capital, entrepreneurship and technology in a time-bound manner. The structural challenges with the Indian economy and how it deals with these factors of production and services have also to be looked in to. Further, the current status of the labour market information system in India vs the formal employment and informal employment sector is at limbo which needs to be fixed through a series of pragmatic public policies with systemic thinking of factors of production as a means to achieve more productive employment creation.

Moreover, the structural challenges—legislative, policy, administrative and execution of policies—are all at tipping points with silos in operations both in States and ministries/departments of Union government. The institutionalised governance systems like the GST Council need, on priority, to enable the labour markets to function efficiently. The present systems in place are perceptibly weak across the States in India.

Till the nationwide lockdown was imposed by the end of March 2020, most of the policymakers in the country were clueless about the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, The Contract Labour (Regulation & Abolition) Act and Rules, 1970, and The Building and Other Construction Works (RE & CE) Act, 1996. Unfortunately, none of the provisions of these Acts were effectively implemented in the interests of migrant labourers even by relatively developed States in the south and western India.

Moreover, the Inter-State Council has been dysfunctional for a long time. The last meeting was held in 2016. It could have empowered and better coordinated among the States during the mass movement of migrants across the States in India after the nationwide lockdown was stringently imposed. The life and safety of workers were all at peril. It was a huge blow to the system of governance even with reasonable fair leadership at the helm of affairs.

Sound Public Policies for Productive Employment Creation in India

Sound principled public policies are needed in the following areas to make the economy organically produce more gainful, decent and productive employment opportunities for the workforce irrespective of the formal or informal sector:

1. Create unified decentralised institutional governance systems to enable factors of production, especially the empowerment of labour to get decent employment or livelihoods; more flexible yet transparent and accountable frameworks without discriminations among native vs migrant labourers for parity of wages, social security benefits, access to education, and skills development, etc.
2. Labour market distortions are acutely prevalent both on the supply and demand side; employees vs employers grievance redressal systems are non-existence for MSMEs; there were huge exploitations across the formal and informal employment sector with contractual jobs.
3. The debate on the modernisation of 900 plus district employment exchanges across the country is still at peril. Accountability and transparent data on the employment sector need to be put in place along with the labour market information system for comprehensive public policy decision making. We have more robust data on inflation, but not on employment. It is time now to embark on a new era to create more robust data on employment status in the country. Channelising labour forces through a robust labour market information system would pave a new paradigm shift towards more and productive employment generation across the segments of both formal and informal sectors.
4. Labour laws, social security laws and employment policies were implemented in silos both at State and Union government levels. The role of State governments in the execution of policies and programmes has to be reviewed completely to bring out model frameworks of decentralised governance systems for decision making, accountability and transparency to promote employment and livelihood opportunities for all segments of labourers.
5. We need ease of producing more productive employment for youth to realise their aspirations. While rationalising the labour laws, we need a series of fast-tracked administrative reforms in some of the key areas of the employment sector including migrant labourers.

6. There is a huge potential for technology-driven governance; it is the shackles of bureaucracy and politicians who need radical changes in mindset to match with ground realities and move up the ladder.
7. We need to have systemic thinking and informed decision making on the proposed policies like the New Employment Policy which is being worked out by the Union Ministry of Labour and Employment, and New Labour Codes which are to be approved by the Parliament.

Conclusion

The COVID-19 pandemic has paved a holistic structure for the implementation of a set of policies and programmes through the States with the help of technologies for reporting systems for all infected persons, tracking them, etc. At the end of the day, some status reports are put out for the public and it helps everybody from global monitoring agencies to the local public to be informed about the status of diseases spread.

We need a similar or better-improved model through technology-driven governance structure for transparent decision making along with accountability for every other sector, especially the public healthcare system, modernisation of primary health centres, district hospitals, insurance policies of governments, etc.

Similarly, we need to reinvent the entire social sectors such as the education and skill training sector as well as the labour and employment sector with a more robust mechanism to fulfill the aspirations of youth and educated graduates for finding livelihoods and employment opportunities, and to make their dreams come true in a more blended way. Are our top policymakers paying attention to the ground realities and the dismal situation of the employment sector? Only time will!

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