

Job Creation in India – The Greatest Challenge

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Abstract: *Job creation means the process by which the number of jobs in an economy increases. Job creation often refers to government policies intended to reduce unemployment. The youth of the nation are the trustees of prosperity. Youth force is dynamic in nature as most skills and orientations are acquired in this age. Youth is a huge reservoir of energy which needs to be tapped and harnessed intelligently for the development of society. Youth is the most valuable segment of population. Human resource potential of individual not only gain maximum but also reaches its peak during this period. Youth in reality represent the present of a country. Young ones when nourished properly can grow like a huge redwood but if not controlled or neglected can erupt like volcano. This paper highlights that job creation in India is decreasing & 12 million people join India's workforce every year. Around 30 million students are pursuing higher education in India at any given point in time. With the rising population, the number of job seekers is set to increase further. The paper also focuses on the youth aged 15-29 are neither in employment nor in education & training. It is crucial for the country to scale up the potential of its people entering the workforce by enhancing education and employability. The huge unemployment among youth due to lack of skills and poverty is a long term challenge for India.*

Keywords: Job creation, emeritus, demographic disaster, NEET, frittering

1. Introduction

The recent growth of economy has been described as Jobless growth. India has the largest population of youth in the world giving the country a significant edge in terms of cost competitiveness and low labour costs. As of the beginning of 2017 according to demographic estimates India had 64.9% of working population but the job creation in India is not rising. Creating new jobs is a crucial task and plays an important role in the economy. Jobs are important to the economy for a number of reasons. One of the most important reasons is that jobs are by far the primary source of income for Indian households. Most of us think of unemployment as a bad thing for exactly this reason; jobless people earn no wages and, as a result, suffer from a whole host of associated problems. But another very important reason that jobs are important is that jobless people who want to work are a valuable resource that goes unused. Jobs are not only a driver of economic growth—they are also the vehicle through which economic growth is broadly shared to raise living standards worldwide. Creating jobs—and making sure they are the right jobs—will be how we lift millions of people out of poverty and into the middle class, how we empower billions of women and young people, and how we develop a strong, secure, and robust 21st century global economy. Joblessness makes all of us poorer. Youth is also the spring of Life. It is the age of discovery and dreams. India has one of the largest youth populations in the world today. The whole world is eyeing India as a source of skilled low cost technical manpower. Indian youth has the capacity to become a forceful political power if it works in close unity with the working class. They have the potential to make India a developed nation. Indian youth has the power to make our country from developing nation to a developed nation. The United Nations International Labor Organization (ILO) released its 2017 World Employment and Social Outlook report, which finds economic growth trends lagging behind employment needs and predicts both rising unemployment and worsening social inequality throughout 2017. Job creation in industry and services is important for overall prosperity of the nation. India has emerged as the fastest growing major economy in the

world as per the Central Statistics Organization (CSO) and International Monetary Fund (IMF). In the past several years the growth of the Indian economy is mainly jobless i.e. not much new jobs are being created. India is the second most populated country in the world with nearly a fifth of the world's population according to Economic Survey 2016. India is showing stable economic growth but that is not reflecting on employment generation due to number of challenges. The Indian economy should urgently seek ways to generate decent jobs in large numbers. A failure to do so would result in frittering away the energies of the country's young population. Moreover, poverty, limited access to skill based education, work experience are some of the major factors that lead to unemployment and underemployment. India's economy needs to create enough "good jobs"- jobs that are safe and pay well, and encourage firms and workers to improve skills and productivity," Tata Group's chairman emeritus Ratan Tata said India's demographic pattern not only presents strong workforce but an intellectual cadre of people who can prove themselves and stand up to foreign competition. India has a distinct comparative factor advantage as a vast reservoir of skilled manpower. The demographic differentials reveal that over the next 20-30 years, India has distinct advantages in a population profile concentrated in the younger age group, where many new opportunities can be fully optimized. An increase in the number of young people globally seems to be one of the sources of future economic growth in India. However, the proportion of Indian youth in the labour force has been declining. We need a holistic action plan that covers every base — one that includes a skilling and re-skilling programme to increase employability and productivity, incentives for smaller enterprises that absorb a greater number of workers, and the embedding of job generation in the massive infrastructure upgrade that India requires. Jobs must be the pivot for social and economic policy.

2. Scope of the Study

The youth population in any country is dynamic and important for its long run development. The latent power and demographic shift of the Indian youth population can

improve our economy. A man in the span of his youth can thus make a lasting contribution to the cause of understanding the inner and outer nature, invention, courage, creative art and architecture and bring to bear his energy on the toughest issues of life, and find keys to their solution. The development of nations is fully dependent on the abilities of youth. The power of youth must be positively utilized in all areas like education, trade, business, etc. and integrated with moral value education to spread peace and welfare throughout the world.

3. Objectives of the Study

The main objective of the study is to find out jobs created in India in eight major labour intensive sectors — textiles including apparels, leather, metals, automobiles, gems and jewellery, transport, IT/BPO and handloom/power loom. Another objective of the study is to compare Indian youth & other youth in the age group of 15-29years. The purpose of the study is to rightly use youth’s energy for the development of the nation.

4. Research Methodology

Data Collection

The secondary data has been used for research purpose. The data has been taken from various books, newspapers, journals and from different websites.

Limitations of the Study

The study is limited to eight major labour intensive sectors — textiles including apparels, leather, metals, automobiles, gems and jewellery, transport, IT/BPO and handloom/power loom. This research paper is based on only secondary data.

Analysis & Interpretation of Data

The Labour Bureau, which compiles data every quarter on eight selected sectors — textiles including apparels, leather, metals, automobiles, gems and jewellery, transport, IT/BPO and handloom/power loom. According to data available with the Labour Bureau, a unit of the Government of India, only 2.31 lakh new jobs were created in 2016 across eight major labour intensive sectors that include textiles, gems and jewelry, IT/ BPO and automobiles among others. Total job creation in these sectors in the year 2015 was 1.35 lakh, lowest among all, 2014 stood at 4.93 lakh, 4.19 lakh in 2013, 3.22 lakh in 2012, 9.3 lakh in 2011. It stood at 8.65 lakh in 2010. In 2009, 12.56 lakh new jobs were created in these eight labour intensive sectors. India’s rate of employment has declined and job creation has not kept up with the growing working-age population.

Table showing jobs created in India in labor intensive sectors

Year	Jobs created in India in labor intensive sectors (in lakhs)
2009	12.56
2010	8.65
2011	9.30
2012	3.22
2013	4.19
2014	4.93
2015	1.35
2016	2.31

Figure 1: Source - Labour bureau of India (Year2016)

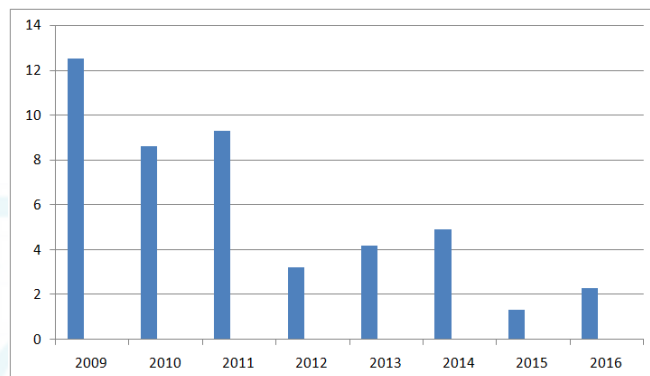


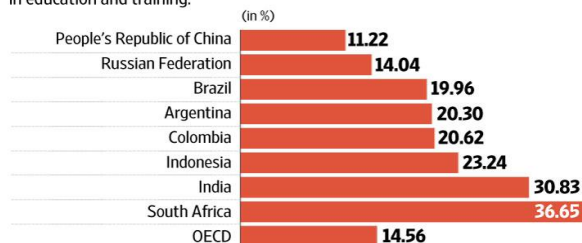
Figure 2: Graph showing jobs created in India in labor intensive sectors

It is clear from the study that job creation in India (Labor intensive sectors) has declined over the years except there is slight increase in 2016. It should also be noted that India had performed slightly well in terms of job creation in 2016. No other country has the same combination of size, talents, strengths and challenges. Creating the necessary skills pipeline won’t be easy—but with the right partners and the right tools; India can chart a unique path to prosperity.

The Indian economy should urgently seek ways to generate decent jobs in large numbers. A failure to do so would result in frittering away the energies of the country’s young population.

Where are the jobs?

More than 30% of Indians aged 15-29 years are neither in employment nor in education and training.



Percentage of youth aged 15-29 who are neither employed nor in education and training, 2015 or the latest year available. Source: OECD Economic Survey: India 2017

NEET is a relatively new concept. NEET stands for not in employment, education or training. It is evident that over 30% of youth aged 15-29 in India are not in employment, education or training (NEETs). This is more than double the OECD average and almost three times that of China. India’s economy may be growing more than twice as fast as the rest of the world but the story on the jobs creation

front is just the opposite. India's economy will grow at 7% in the current fiscal year, according to the Organization of Economic Cooperation and Development (OECD). But India's rate of employment has declined and job creation has not kept up with the growing working-age population. It lags most other countries in creating quality jobs. According to the OECD, youth inactivity presents the share of young people (age 15-29) not in employment, education or training (NEET) as a percentage of the total number of young people in the corresponding age group. "NEETs include all youth left outside paid employment and formal education and training systems. They are NEET because there are not enough quality jobs being created in the system and because they have little incentives or face too high constraints to be in the education and training systems," said Isabelle Joumard, senior economist and head of the India desk, OECD. The combination of work and study can provide students the opportunity to try different jobs before fully entering the world of work. Employment can help students to gain financial independence from their parents, develop a sense of responsibility, enhance self accomplishment and social integration, and develop knowledge and skills that will help them find work after their studies.

5. Findings

It is found that it is becoming increasingly difficult to predict the nature of jobs that will be required in the future. The job creation in India in labor intensive sector is declining & more than 30% Indians aged 15-29 years are neither in employment, nor in education & training. Young people who are neither in employment nor in education or training are at risk of becoming socially excluded – individuals with income below the poverty-line and lacking the skills to improve their economic situation.

6. Conclusion

India has to ensure that there are enough jobs to accommodate its growing working age population. The demographic dividend is not a dividend if people aren't educated and trained, and if there aren't enough jobs for them," It is becoming increasingly difficult to predict the nature of jobs that will be required in the future and the role of manufacturing in job creation.

History tells us that while the industrial revolution and technological advancements in the past abolished certain types of jobs

The industries will only be able to list its current requirements and might not be able to predict what the future holds.

There should be vocational training in schools to prepare youth for further training thereafter in specialized programmes. Thus, a long process, stretching over several years, is laid out to prepare people for jobs they will be expected to do in the future. The problem is that those jobs may not be available then in the shapes and numbers estimated. Therefore, there will be more frustrated youths who have invested years of their lives to be trained for jobs they cannot find.

The focus of the government needs to shift to spending on enhancing the quality of education and vocational training. All these measures together could possibly improve India's track record on job creation.

The combination of work and study can provide students the opportunity to try different jobs before fully entering the world of work. Employment can help students to gain financial independence from their parents, develop a sense of responsibility, enhance self accomplishment and social integration, and develop knowledge and skills that will help them find work after their studies. There is the need to create increasing opportunities for them to develop their capacities and capabilities, thus making them economically productive and socially useful.

"Nation's 'demographic dividend' will only be a boon if there are enough jobs". This paper concludes that along with skill development programme there is a need to focus on basic education. But India's long-standing neglect of quality education at the primary level greatly limits the access to basic education, the essential foundation for skill development. In the absence of reforms in primary and basic education, India's awesome backlog of unemployment will continue to grow. The challenge today is not only to create enough jobs but also the quality of jobs that pay enough to end poverty.

Apart from financial impact, unemployment has many social impacts like theft, violence, drug taking, crime, suicide, health as well as it leads to psychological issues. The poverty is directly linked with unemployment as well as inequality. Long term unemployment can actually ruin the family and the society.

7. Suggestions & Recommendations

1) The focus of the government needs to shift to **spending on enhancing the quality of education and vocational training**. All these measures together could possibly improve India's track record on job creation.

2) **The combination of work and study** can provide students the opportunity to try different jobs before fully entering the world of work. Employment can help students to gain financial independence from their parents, develop a sense of responsibility, enhance self accomplishment and social integration, and develop knowledge and skills that will help them find work after their studies.

3) We must address the **mismatch between the skills students acquire and the needs of employers**. This will go a long way toward helping reduce long-term youth unemployment. Policies should ensure that the education systems prepare young people for the skill demands of employers through outreach programs, training, apprenticeships, and access to job-search assistance measures.

4) **More businesses should recognize the opportunity** and need, to invest in young people so that they can help in developing the qualities necessary for education and future employment.

5) When it comes to **NGOs should engage collectively in policy advocacy** on youth unemployment. They should also partner with companies to develop skills and training programs to tackle youth unemployment.

6) Youth should **stop blaming others** for lack of opportunities. Youth should rely on their own entrepreneurship skills and create opportunities for themselves.

7) Youth unemployment causes **negative economic effects**, and provokes also psychological distress, such as feelings of loneliness, powerlessness, restlessness, anxiety and depression

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