



The Issue of Jobless Growth and India's Story

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ABSTRACT

The issue of jobless growth is a pre-existing phenomenon, and this research is to find out that what are the prospects of jobless growth in respect to India, what can be possible steps that India should take, how long India has faced/facing this issue, what are the future prospects of the same. The main aim of this research is to highlight the employment scenario with the main theme of jobless growth which can be a potential bottle necks in India's growth story and thus shall be looked upon.

Keywords: Employment elasticity, GDP [gross domestic product] growth, unemployment rate, jobless growth.

Introduction

Jobless growth refers to a situation whereby the number of jobs created with the growth in GDP [gross domestic product] numbers is not proportional. This indicates that there is increase in countries national income, but the employment rate in the country is not optimum that is the increase in GDP of a country is relatively on a higher pace than the employment created. It can also be illustrated that the employment opportunity were in a declining trend.

The issue of jobless growth brings up various multi face challenges for a country and if they remain unsold, it can have spill over effect over the society and this can be controlled through various measures such as improving infrastructure, focusing on labour intensive jobs, lifting people out of poverty and effective distribution of wealth.

Jobless Growth and India

The phenomena of jobless growth in India started due to various factors such as

After independence (1947) economy of India was in doldrums as it witnessed stagnation in all the three sectors that is agriculture, industry and services. Therefore, a priority was set up to see which sector is needed to be developed.

With poverty, low literacy level, malnutrition and low rate of growth of GDP, India focused on development of agriculture as reflected in first five-year plan. With the colonial setback, India followed strictly protectionism policies and with this Welfare state was established, whereby concentration of resources was in hands of State and private was discouraged in such a manner that the nascent small industries could not develop and only public sector enterprises were encouraged, even in banking sector. The initial cash reserve ratio (CRR) was 20% and statutory liquidity ratio (SLR) was also above 30%, thereby a quantum of big industries was set up in India, but very basic industries were neglected, the government of hour followed strict regulation, licensing Raj was introduced and private investment had to face various compliance. This led to crowding out of private industries and this only public sector undertakings were left, which only produced on mass scale, very few items, thereby leaving the potential of industrial sector untapped

Meanwhile, the employment in agriculture also saw a down trend because the green revolution was in place which led to mechanization of agriculture which implies that machines started to replace Labour and thus the requirement of labour in fields, so down trend, combining with the lack of employment opportunities in other sectors, disguised unemployment was witnessed also for various commodities we were dependent on imports also with negligible exports, thus, it made India face current account deficit and inflation

With above developments, government aimed to provide basic necessities such as electricity, water healthcare, sanitation, etc.

But this could not be sustained for too long thereby around 1980s, provided jobs at low skill level, classic policies, such as national Rural employment Programme (NREP), integrated rural development Programme (IRDP) were launched by which India had generated employment. India also set up administrative reform commission under LK JHA which also helped in recovery and growth of economy and also India witnessed liberalization from 1980s

for the first time Which can be reflected in employment growth, rate of. 2.4 percent between the years 1972-1983 ,2.7% between 1983-1994.

This could not be maintained for a longer duration due to

Balance of payment (Bop) crisis 1990s: India faced the situation of current account deficit, and there was no foreign direct investment (FDI), foreign institutional investment (FII), further more, the loans given could not be sustained for a longer duration with twin deficit i.e fiscal+ current account deficit.

- Rigorously depleting forex reserves
- Neglecting women participation
- Asian financial crisis.
- Fall of USSR.
- Gulf War.
- Double Digit inflation.
- Political instability.
- The failing public sector Enterprises (PSE) and growing revenue expenditures with no stance of innovation
- Devaluation of rupee(thrice.)

Furthermore, the growth path also observed an accommodative stance, thereby the government tried to bring the economy back to its trajectory nearby, various infrastructure projects were launched such as golden quadrilateral, the policy of protectionism was reviewed and the market was opened and investment was encouraged. Also to cater the employability, the MGNREGA act 2006 was passed, which focused on both rural, poor and non-poor, and it was a Master scheme for employability, but it did not stand according to expectations due to various factors like the target audience was not addressed, leakages, et cetera, This phenomena continued around 2005, but the aftershocks of the crisis, Made inflation to rise, and the problem also was witnessed during implementation of infrastructure projects, such as land acquisition became a challenge, also environmental clearance was also there which made these projects costly and it led to deferment in repayment of outstanding loans, whereby the problem associated with non-performing assets and of loans started, so private sector development faced hurdles.

Adding to the situation, global financial crisis between 2007-08 also had a significant impact, nevertheless, the service sector of India witnessed price between the year 2000-07, which termed as IT boom, which reflected in rate of growth of GDP, but the catch here is service sector does not accommodate adequate job opportunities and the *GDP growth rate* of India during 2000-2011 around 7.5% and *the employment growth rate* was just 0.40% In other words with 1% of change in GDP, the percentage change in employment was nearly 0.04%(employment elasticity). The above phase is referred as *jobless growth*.

Jobless Growth 2.0?

Jobless growth 2.0 is not a recognized phenomenon, but India might had faced it.

With the 11th five-year Plan (FYP) (2007-2012) the main focus was faster and more inclusive growth. The target growth rate was 9% and actually was 8%, which seems to be quite remarkable, the 12th five year plan (2012-2017) here. Also, the focus was on faster, sustainable and more inclusive growth where in the target growth rate was 8% and actual growth rate was 6.5%, which is also good.

After 12th five year plan, the function of planning, which was erstwhile initiated by planning commission, was it replaced by Niti Aayog, which became a policy think tank and advisory body, the issue pertaining to the previous decade, such as rising non-performing assets (NPAs,) depleting forex reserves, falling banking system, and corruption, which lead to inflation, focus.

Over 43% of total non-performing assets till March 2019, that is ₹4,00,00,00,00,000 was accounted for just hundred companies, and 30 of these borrowers accounted for over 30% of gross NPA, the number of defaulters that are big industrialist or more, and the recovery burden was faced by small and other loan seekers, this is one of the reasons why first generation entrepreneurs could not fulfil their dreams and also prospects of healthy employment seems to be unfulfilled and therefore Insolvency and bankruptcy code 2016(IBC 2016)was launched to keep a check on rising NPAs and restructure of loan was possible

Meanwhile, the era between the global financial crisis and 2014 was of scams such as Satyam scam, coal block scam, KG basin scam, telecom spectrum Scam, etc. also had negative implications which further depleted credibility and while from the year 2011, the repo rate to curb inflation was hiked around 13 times by the reserve Bank of India(RBI) but the catch here is the inflation witnessed was due to supply side constraints, and their lagged coordination between Centre and RBI, which also made things costlier, implying, lower demand, implying low production, thereby increasing the price of commodities, increase in wages, but decrease in employment.

The neglected sectors such as industries, be it large scale industries or medium small in micro enterprises (MSME) were a focus whereby a plethora of schemes, such as NICDP(2011, 2016), make in India, PLI, amendment of MSME act was launched, the culture of start-ups was promoted, the FDI route was made more liberal, but the outcome was not satisfactory, the contribution of manufacturing sector is stagnant that is around 17% and Indian economy still depends upon service sector, which as discussed earlier is not sufficient for job accommodation and also still, there is stagnancy in agriculture sector, moreover, the beneficiaries of green revolution states have lost their edge as the much-needed agricultural, land reforms are not implemented in letter and spirit as stated by a report wherein states like Andhra Pradesh, Arunachal Pradesh has been witnessing rising incomes and states such as Punjab have a down trend in agricultural income, but the income accounts more to non-agricultural prime activities, such as animal husbandry, horticulture, etcetera, Thus implying stagnancy where in the wage employment shows the data of 57% accommodation (Which means the labour engaged in part-time and full-time

activities) which indicates the risk of seasonal unemployment, disguised unemployment, the self-employment that is people engaged in their own farm and non-farm activities accounts for around 22% of employment, which further means the dependence is more on their own resources and it also accounts for discussed unemployment.

The growth rate of India had a hit due to demonetization, thereby the liquidity of economy soaked and another major reform of GST was initiated simultaneously in the following year and when normalcy was to be cherished, the world witnessed Covid crisis in the year 2019, whereby the world was in lockdown phase, the workers working as wage earners, casual labourers had to migrate back to their hometown, there was slowdown all around the world, which also had negative implications.

In backdrop of abovementioned events, the GDP growth rate of India between 2011 till 2021 was around 5.3% on average and employment growth rate in these years was mainly 0.39% per annum that is 0.039 employment elasticity which is similar to previous decade that is 2000–2011, which means India might have suffered from jobless growth for nearly 2 decades.

Current Scenario

With the advancement of Covid pandemic worldwide, there was a shift in policy framework, trade war and further accelerated to currency war, was evident between China and US, and there was a push for China plus one policy, Also, there was tensions booming between Ukraine and Russia and further in Middle East, which created supply chain constraints, making exports costly, fuel costly and a conservative outlook seen which lead to pessimism in consumer worldwide.

However, in India, the scenario was controlled in a very subtle way. The government followed various countercyclical policies which helped India to have a tremendous growth rate in the financial year 2021 was 9.69%, 2022– 6.99%, 2023– 7.58% which shows a healthy economy. As per the periodic labour force survey (PLFS) report. The unemployment rate in the year 2020–2021 is 4.2% for the working age population 2021–2022 it is 4.1%, in the year 20 22–23. It is 3.2% and on July 20 23– June 2024. It is again 3.2%, which shows a down trend in unemployment rate, whereas if we talk about youth unemployment rate (15–29 years) the data is a concerning sign by the year 2020–21. It is 12.9%, 2021–2022. It is 12.4% and in the year 20 22–23, it is estimated around 10%. in 2023–24, it is 10. 2% this shows, though there is a marginal decline in youth unemployment but the numbers compared to the working age population are quite high, implying. The young population of India is comparatively jobless. More, the recent analysis from the quarter between December 2023, till September 2024 shows that the GDP growth rate is declining progressively such that the GDP growth rate in December 2023 was 8.6% and in September 2024, it is, around 5.4%, which demarcates a sharp decline as per Ministry of statistics and programme implementation (MOSPI), nevertheless, the growth rate is predicted to grow above 6% until FY 26 as in recent times CRR was reduced to 4%.

The government of India has launched various schemes to provide employment opportunities, providing skills, such as Prime Minister employment generation Programme, skill India mission, a recent portal, connecting companies with youth to provide internship opportunities where in also a facility to enhance skill level is also in place, in budget, 2024 government announced three employment generation schemes, to underpin the need for employment opportunities, a culture of start-ups and entrepreneurship is now booming in India (Department for promotion of industries and internal trade[DPIIT], has recognized 1,17,254 start-ups as on December 31, 2023 – providing 12.42,00,00 direct jobs) with more focus on creating more MSME, which are labour intensive in nature and a shift from capital intensive is also in plans.

A report by FICCI and QESS Corp Ltd suggested that in private sector ranging from manufacturing to services, there has been stagnancy in salaries, though the profit of private sector, is at 15 year high, this shows that they will be less demand, implying less production, low GDP, low employment thus destroying the private sector itself as there will be less demand for their own products, which is highlighted in the economic growth rate for the quarter July – September 2024= 5.4%. this became an impediment to service sector.

However, the capital expenditure

(Capex)of GOI is projected at 11.11 trillion rupees for 2024–25 which is around 7% y-o-y growth leading to more inclusiveness and a job creation scenario can be seen which can overall keep the demand in check therefore the GDP would see corrections, but the behaviour of private sector will also impact employment prospect. However, 45% of population of total employed is in agriculture sector with good monsoon, CPI headline will see corrections and will show a healthy economy.

In the aftermath of Israel– Palestine war, the Palestinians is Israel have lost their jobs, so a Government to Government initiative was launched Around 15,000 workers are to be recruited and the Specialize in this agreement is that the workers selected will get enhanced skill set as per skill needs for three years which implies that it will enhance the skill level and employment opportunity in future course. For this, the government through NSQF, can provide short term skill training, and also special training under PM Kaushal Vikas Yojana.

In the year 2023–24,30 skill India International centres were open to make India global skill hub and also PM Vishwakarma in the year 2023 was launched so that the traditional artisans can get skilled training through common skill centre. therefore, the agenda of government is to train people in unskilled jobs. So that more labour intensive workforce can be created.

There were labour reforms initiated since 2019, where in workers are entitled to a fair minimum wage, thereby they exit security social security to Organized and Unorganized sector, floor wage has been introduced, social security code is in place which secures right of workers like insurance, pension, gratuity, maternity benefit, Eshram portal has been in place for migrant workers, occupational safety, health, and working condition. Code is also drafted by safety and security of worker is to be given which provides women empowerment also industrial relation code, whereby if a worker in case loses a job get financial aid or unemployment allowance. These are done for

welfare of labours, but the provisions are quite stringent and this had a negative implication which was the new employment generated is now contractual in nature, also unified pension scheme, which is due for discussion and deliberation will put extra burden on employer and also may lead to more casual workforce, which is not good for economy as there is no security of tenure. And also same can be a contributing factor above in FICCI report about private enterprises therefore the current scenario is highly dynamic which provides us mixed signals and there are possible bottlenecks that are needed to be pointed upon.

The Prospects of Survey, Future Outlay

The survey was being conducted on personal behalf with a sample of around 50 persons aged between 15 to 59 years of age, they were college students, graduates, working professionals, the aim of this survey was to learn about the basic trends of employment, type of employment, gender parity in employment, role of education in employment, role of technology in employment and availability of employment and how to stick to basic trends to achieve employability.

1. Gender wise data

52% of the people which took survey are females and 48% are males as depicted in fig1.

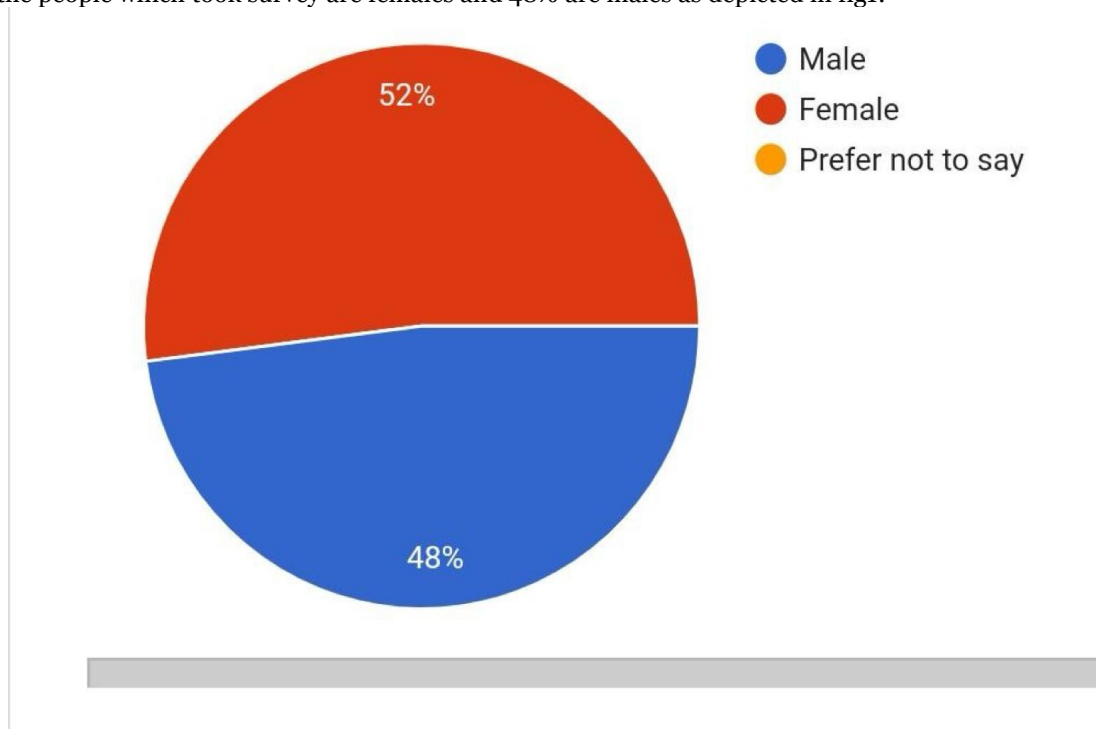


Figure 1

2. Age group

From the survey population, 90% belong to youth working age population, 10% belong to age group of 29–59 years in the working age population as in fig 2.

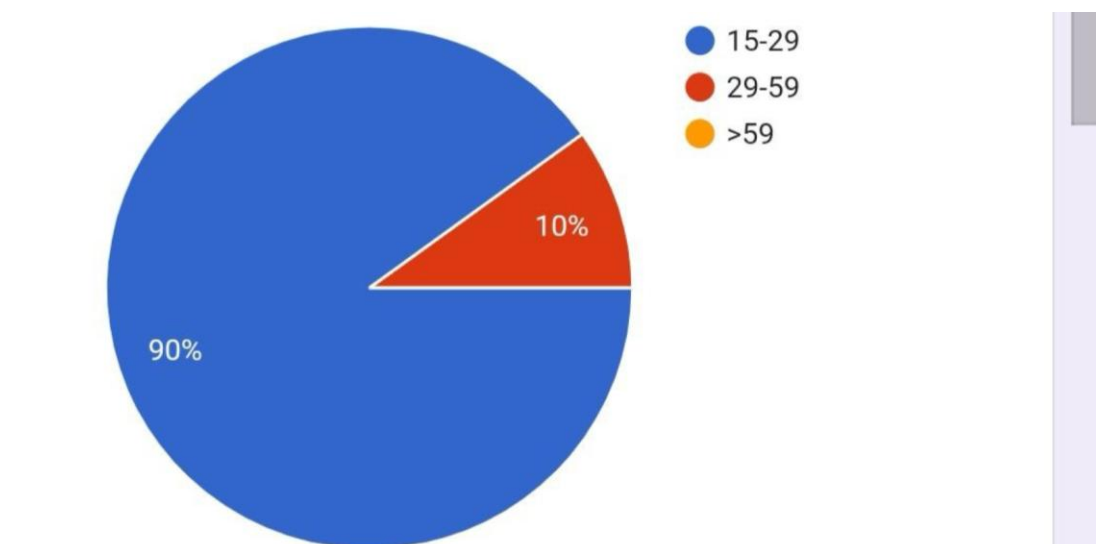


Figure 2

3. Employability, is the person employed or unemployed on permanent basis?

The answers of respondents reflects that, 30% of them are employed on permanent basis, when further asked, merely 6% said to be employed on contractual basis, the total employment in percentage terms comes out to be merely 36% of the respondents. In other words, 64% of respondents were unemployed as in fig 3.

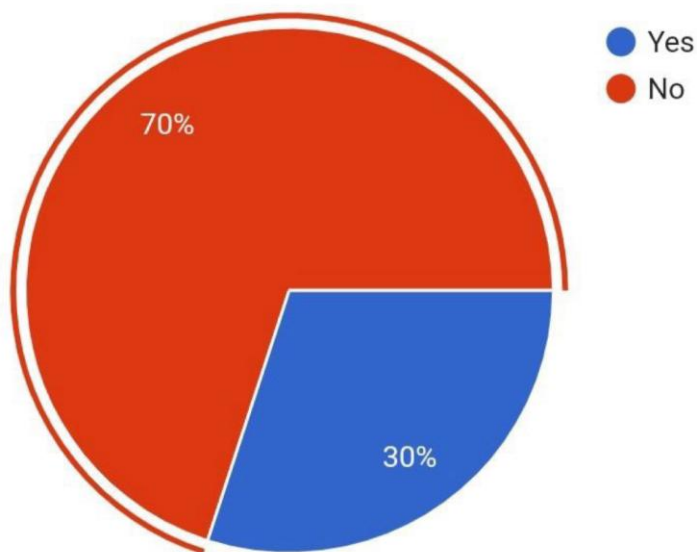


Figure 3

4. Age wise distribution of labour force, either employed or unemployed. (note the persons which are on contractual basis are considered to be employed and they are considered to be in the age group of 15–59.)

The data reflected that out of the Total respondent, 36% are employed, and 64% are unemployed, further 61.2% of unemployed belongs to youth category and nearly 4% aged above 29 years.

5. The survey was curated to check that the audience is looking for employment opportunity. And do they have an offer related to employment?

The response was such that 28% of the respondents were already employed, 20% were not looking for employment opportunity, and 52% were searching for employment. Furthermore, merely 8% had an employment offer, 62% did not had any employment opportunity. As in fig 4.

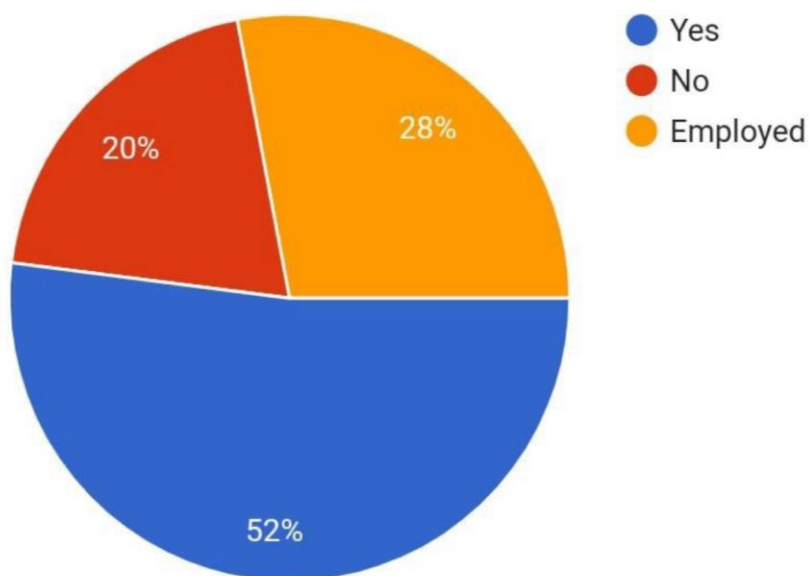


Figure 4

6. To check the reasons for unemployment, the survey aimed to check facts about education attainment, i.e was it enough to secure a job, did they had to invest in training and is present skill set useful in organization, does technology play a role in employment and while executing a job is a used.

The data from the survey suggested that more than 65% of the population attained education that is primary, secondary or high-level education from government institute. Where in highest studies accounted for 52% enrolment in government institutes, merely 2% had schooling in government institutes and 12% was had education entirely in governmental institutions. the data further suggested that 86% attained education by the private

institutes in which 52% had schooling from private, and 34% had entire Education attainment through private institutions.

Of the total respondents, 36% believed the Education attained was not enough to secure a job and 54% believe that the current skill set of an individual is not useful for hiring purposes. More than 50% believe that technology play any vital role while hiring, AI, which is the most current development in field of technology is being used by 44% while executing their jobs.

7. A question was asked regarding the number of women aged in working as population in the family of respondents and their employment status.

The response was such that around 68% of women in the family were unemployed, 4.8% of the women did not want to pursue for a job that is they were voluntary employed.

Analysis of survey, suggestions, government steps

1. The survey highlighted that people are looking for a job but are not able to get the job.
2. Major chunk believe that the present level of education is not viable, for getting a job.
3. Majority of respondents answered that they had to invest in training for employment purposes.
4. A good number of respondents believe that technology play an important role while seeking employment.
5. There was a mixed response regarding the current level of skills vis-vis employment.
6. Major concern highlighted that majority of women in the family were unemployed.
7. There is a perceptible use of artificial intelligence while executing the job.
8. The main highlight of the survey was the major respondents who were unemployed were stationed in category of youth unemployment.

As per annual status of Education report (ASER),2023

1. About a quarter of youth survey had difficulty in reading a great two level text and more than half had problem in arithmetic skills, which should be equivalent to a student of grade 5.
2. There is a gender gap in digital literacy (As per MOSPI report over 95% of households have mobile phones but only 9.9% possessed a computer desktop which implies less accommodation of cutting edge technology,)

Steps taken by government

The 2015 report on national policy on skill development and entrepreneurship highlighted that 4.7% of total workforce in India has witnessed formal skill training, and the survey also highlighted that people had to invest in training for job, therefore the government has initiated various Programmes for skill development.

A. National career project 2015, under which the government connects the job seeker with the employer on the portal, where in Digi Saksham program is implemented by if the person who is an unorganized worker can enhance his skills according to need of employer.

B. Esharm Portal : In this portal, the government registers workers and further more. This is also connected with other ministries and NCS portal, which is a pioneer project for skill development.

C. Deen Dayal Antyodhya Yojana; this scheme is implemented in both rural and urban areas, under which training is provided through city livelihood centres for enhancement of skills of women and youth.

D. In the year 2024 budget, government announced to upgrade ITI for providing vocational training to workers.

E. The new education policy 2020, there is a focus on providing training to teachers, teaching them new pedagogy, with changed curriculum so that the learning experience would be holistic and more beneficial.

F. Government had also launched skill India mission in 2015 which aims to provide market relevant skill, training, which though could not fulfil the goal, but was right step towards skilled development.

With new goals in budget, 2024, the government envisaged skill India mission 2024, which had falling components.

- PM internship scheme.
- Skill India digital platform.
- Model skill loan scheme.
- Skill development Centre.
- Skill India Centre.

Suggestion

As the survey highlighted that people answered in such a fashion where in the attainment of education was not enough to secure a job and they had to invest in skills for employment opportunity, therefore, the above schemes can be clubbed with structural reforms. There in the technology shall be available to everyone either in private or public institute. So that population can adjust with the changing environment.

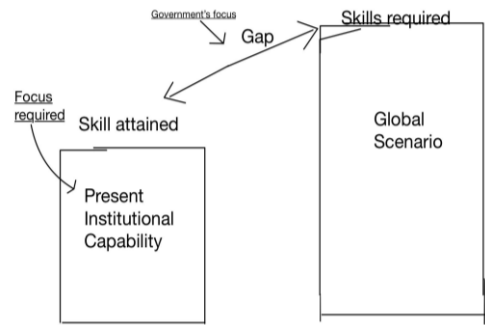


Figure 5

As per survey, there is a decent number of women which are unemployed and looking for employment opportunities. As per IIM Ahmedabad, women in working age group spends 7.2 hours of unpaid domestic work compared to 2.8 hours spent by men it is estimated that domestic work or unpaid work, 15 to 17% of India's GDP is lost in it. So to encourage more participation, government has launched following programs.

A. For women, entrepreneurs, procurement by government through GEM portal minimum 3% is reserved for women. Led MSME.

B. Women entrepreneurship platform by Niti Aayog provides ecosystem support to women, led start-ups, arranging from skilling to establish market linkages.

C Under the credit link subsidy scheme, the government provides some amount of subsidy and loans at low interest rate to MSME where in a provision which benefits women is also there.

D With new Labour codes 2020 government insured safety and healthy working conditions for women. Also, the maternity benefit act was amended in 2017. Further more women have been given right to work in all types of establishment and also to work at night with consent, and for that adequate safety is to be provided for women at night.

Suggestion

The need of the hour is the women shall be empowered in such a manner that they can be flag bearers of entrepreneurs and opportunities can be put in such a manner that women have incentive to grab it. For instance, the successful women in any play of life can be inducted as ambassadors for promoting women development. For example, the likes of Phogat Sisters, Smriti Mandana can be made the face of India for sports, likes of Sudha Murthy for encouraging new entrepreneurs, et cetera. This would enhance the awareness among masses and their growth story can be a beautiful example.

Conclusion

The present scenario may depict the fall in overall unemployment rate, but the youth unemployment is alarming and India's growing population is in youth category, therefore the need for hour is to cater India's aspirational needs, in the digital global scenario, India should adopt holistic approach with new focus on cutting technology for higher employment, the need to develop an ecosystem, whereby women should also have a major stake such that they are also employed, Care sector can be a potential in same, India did not follow Lewis model and so the focus is on developing a manufacturing base in India, but the desired results are still not attained so the bottlenecks with the present data shall be analyzed, the educational structure needs a relook as present level of skills and skill attainment set up is not sufficient for global needs.

Declaration

I hereby submit that the research entitled "the jobless growth and the India's story "submitted by me for educational purpose under the guidance of Miss Chandna and professor Anju Bala.

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