



The State of Employment in India: A Political Narrative

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There is now a greater understanding of the negative effects of inequality and the nature of economic growth that leads to it. Recent research conducted across the world shows that persistent high inequality diminishes long-term economic growth. One way this happens is that inequality reduces the opportunities for education for the poor, which in turn keeps the quality and quantum of human capital suppressed and also curbs technical specialization. Inequality could also impact a poorer individual's health negatively and diminish productivity and, subsequently, economic growth. The greater focus on inequality, thus, is clear from the shift in the policy discourse to 'inclusive growth'.

The study of inequality is all the more important in a situation of 'jobless growth' in the economy, where even the jobs that are generated are largely in the unorganized sector or informal jobs in the organized sector. The phenomenon is particularly vexing since it paints a misleading picture of economic growth while simultaneously limiting the opportunity for upward socio-economic mobility for large swathes of the population. India is a poor country and one without a safety net. Its millions of citizens have no other alternative than to find work. This is perhaps why India's unemployment figures remain comparatively lower.

The Boom and Bust of Aspirational India

However, for a majority of Indians, the challenge is no longer one of subsistence but one of aspirations. The Annual Report 2017-18 of the Ministry of Labour and Employment, Government of India says, 'Work is part of everyone's daily life and is crucial to one's dignity, well-being and development as a human being'. Clearly dignity through jobs or decent jobs is underlined in government dispensation, yet the reality is far from it—when the engineer lines up for a job as a sweeper. Aspirational India is in search of not just jobs but decent jobs commensurate with their educational qualifications but finding decent jobs is becoming increasingly illusive. Finding a job and finding a job that satisfies your dignity and fulfils your expectations are different things; yet India fails in both. According to the Economic Survey of India 2017, 'India creates too few jobs to meet the aspirations of its growing workforce, leaving many underemployed, poorly paid and outside the labour force'.

While Indians are finding jobs, they are probably stuck in bad jobs with low remuneration, or in jobs for which they are not adequately skilled or contrarily overqualified. In the northern state of Uttar Pradesh (UP) in 2018, 93,000 candidates including 3,700 PhDs, 50,000 graduates and 28,000 postgraduates applied for 62 posts of peons or messengers in the UP Police. This post required a

minimum eligibility criteria of 5th standard pass (*Economic Times* 2018). The industry calls this underemployment (Das 2019).

The lack of decent jobs and increasing wage disparity are key markers of inequality in the job market in India. The commentary below will further elaborate on these aspects.

Tall Promises, Meagre Increments

In its election manifesto in 2014, the Bharatiya Janata Party committed to an ambitious target of creation of an additional 10 million jobs every year. In fact, it was what attracted many a young first time voter—perhaps also a first time job seeker, to Prime Minister Narendra Modi because he projected the aspirations of a rising India. Five years down the line and in time for the next general elections, that story seems to be unravelling for the government. According to the World Bank, India needs to create 8 million jobs a year to maintain the same level of employment rate (*Ibid.*). Between 2004-05 and 2011-12, India generated 7.5 million jobs each year in non-agricultural sector. Between 2011-12 and 2015-16, the government managed to create only 2.2 million jobs per year (Mehrotra 2019).

Inequality in jobs thus arises from a mismatch between demand and supply in India. Former Board Member of IT major Infosys, Mohandas Pai refers to the 25 million babies born every year in the past 20 years. ‘Of the 25 million, one million don’t reach the age of 21 and mostly die before the age of five. Out of the 24 million, 30 percent may go into agriculture or drop out. I’m assuming 17 million want jobs. Of these, 10 million are not getting decent jobs or earning decent wages. The last 10 years, this amounts to 100 million people. So you have 100 million people in the age group of 21 to 35 all over India with no good jobs’ (Pai quoted in Das 2019).

Unemployment on the Rise

According to the latest unpublished data (and the government is yet to officially accept this data) on employment from the Labour Bureau, unemployment rose to a four decade high of 6.1 percent in 2017-18.¹ Furthermore, it stands at a four year high since the government’s demonetization drive in 2016 (Jha 2019a). According to independent think tank, Centre for Monitoring of Indian Economy (CMIE) the unemployment rate as of February 2017 climbed to 7.2 percent (Kumar 2019). According to Mahesh Vyas (2018a), Director and CEO, CMIE, labour participation fell sharply in the aftermath of demonetization from 47 percent in the pre-demonetization period to 42.5 percent by August 2018. This meant that about 4 percent of working age population actually moved out of the labour force after demonetization. A bulk of this labour force that moved out were women. Falling female labour force participation in the country is a matter of grave concern which we will return to later.

There simply aren’t enough jobs. So while a section of working age population is willing to work, the lack of decent jobs is leading to rising unemployment. Experts say that women dropping out of the workforce on the one hand, and a rising joblessness trend on the other points to a lack of decent and productive jobs for them (Jha 2019a).

¹ The government’s NSSO definition of employment is comparatively more expansive than CMIE definition. The NSSO calculates employment as anyone employed at any time in the past 12 months. By this definition, typical unemployment rates remain low. Contrarily, the CMIE defines employment as a person who is employed on the day the survey was conducted. Unemployment rates are therefore much higher by this definition. Even by such an expansive definition employment by the NSSO, unemployment rates have risen to alarming levels.

Mehrotra (2019) argues that at India's current stage of development, the economy should be generating more non-agricultural than agricultural jobs which would be good for agriculture, the economy and the workers. This is because productivity in the farm sector has decreased, yet because of a lack of adequate numbers and quality of non-farm jobs, a lot of rural youth are staying back crowding into the agriculture sector leading to farm distress. He estimates that between 2004-05 and 2011-12, 51.2 million non-agricultural jobs were created or 7.3 million per annum. In contrast, post-2012, only 1.2 million non-agricultural jobs were created per annum or 4.8 million in total until 2015-16 and an additional 3.5 million are likely to be created till 2017-18. What is even more worrying is that a whopping 10.6 million jobs were wiped out from the manufacturing sector between 2011-12 and 2015-16. Declining manufacturing jobs is indicative of stalled transformation of the Indian economy says Mehrotra (Ibid).

Poor Quality of Jobs for the Workers

In the post-liberalization period, a bulk of the jobs created have been in the services sector. But this has not been enough. Rising automation in the manufacturing and services sector means that many jobs are lost. At Jindal Steel & Power Limited, a million tonne steel plant requires a billion dollars of investment and only employs 5000 workers. Five years ago, the same plant would have employed 9000 workers. Automation and multi-skilling reduces the need for human resources (Das 2019).

The economy is grappling with the twin issues of inadequate job creation and low quality jobs for those that exist, raising levels of working poverty that is, people who are working but whose income falls below the poverty line. According to the ILO's *World Employment Social Outlook—Trends* (2018) report, while there has been a strong job creation in some Information, Communication and Technology (ICT)-intensive services, notably in India, a significant portion of the jobs created in the services sector over the past couple of decades have been in traditional low value-added services, where informality and vulnerable forms of employment are often dominant.

The high incidence of informality continues to undermine the prospect of further reducing working poverty, job security and wage inequality especially in South and South East Asia. In countries such as India, Bangladesh, Cambodia and Nepal, informality affects almost 90 percent of workers. Such a high incidence of informality is only partially driven by the high shares of employment in agriculture—a sector where traditionally, informality is typically higher than in the rest of the economy. It goes beyond the agricultural sector and in countries such as India and others, informality is all pervasive in non-agricultural sectors such as construction, wholesale and retail trade; and accommodation and food service industries. The ILO attributes this partly to labour market rigidities which is preventing organised manufacturing sector from creating permanent jobs. It is also partly because of the nature of the services sector, which by definition, hires workers on a contractual basis.

Further, ILO states that the rapid growth in ICT services in recent years in India has not generated adequate employment opportunities for a large majority of the population (Ray 2015). Traditionally, labour intensive sectors have been textiles, leather and Micro, Small and Medium Enterprises (MSMEs) in the country. However, successive governments have ignored these sectors, which is why employment generation has not attained the desired levels. Cut-throat competition from neighbouring countries (our productivity levels don't match up with Bangladesh, Vietnam and others), unfavourable currency movements, temporary impact of duty drawback rates, are some of the reasons for this neglect. More immediate reasons include demonetization and GST implementation which have negatively affected the sectors that harbour a large share of unorganized firms (Jethmalani 2018). In India, the share of informal employment has risen within

almost all manufacturing industries—the sector which traditionally had the largest formal sector jobs, partly as a result of labour market rigidities, preventing modern manufacturing from creating employment opportunities (Moreno-Monroy, Pieters and Erumban 2012).

Job Creation not Job Security

This is not a one-off case but a systematic policy shift by the current government. In the 2018 Budget, Finance Minister, Arun Jaitley announced that the government is rolling out fixed-term contractual jobs across all industry segments. This was ostensibly done to facilitate faster job creation, but in turn it signalled a shift in government policy from job security to job creation thereby deprioritizing the issue of quality of jobs. Job quality is determined by tenure of the job—the guarantee that unless affected by unforeseen and unexpected circumstances, workers will not be fired easily, by the power of collective bargaining and by social security benefits such as pensions, gratuity, insurance, etc. Fixed term contractual jobs are short lived. Companies are finding ways around this policy to deny social security benefits and even job security. The government's proposed Draft Labour Code on Industrial Relations seeks to curtail the power of Trade Unions substantively. Workers can be hired and fired at the discretion of their employers.

Consequently, questions of sustainable jobs and inclusive labour market strategy remained unanswered. In fact, what we witnessed since this government came to power is increasing inequality in the labour market (Nanda 2018). Data from the last two quinquennial employment surveys of the National Sample Survey Organization (NSSO) show that between 2004-05 and 2011-12, the net annual addition of regular jobs was roughly 2.5 million. Between 2011-12 and 2016, the net annual addition to regular jobs slowed down to roughly 1.5 million. Further, the share of regular workers with some form of social security such as provident funds or pension or gratuity or healthcare/health insurance or maternity benefits seemed to have declined steadily over the past decade. Nearly half of all regular workers had access to some form of social security in 2004-05. That proportion fell to 45 percent in 2011-12 and declined further to 38 percent in 2016 (Rathore and Bhattacharya 2018). The numbers are indicative of the government's policy stance.

Numbers Say It All

No more than a third of India's workers have a written contract according to NSSO's 2014 report. Even the elite among blue-collar workers—the 28 percent with a job in the organized manufacturing sector—an increasing number of them are in jobs with little security. Between 2000 and 2013, the share of contract labourer in organized manufacturing almost doubled according to the data from the Annual Survey of Industries. Elsewhere, we have mentioned how contract workers earn less than a third of what a person with a permanent job does. This creates inequality in income and quality of work. Increasingly, even in government services, doctors, nurses and teachers find themselves serving contractual terms.

According to the 5th Annual Employment-Unemployment Survey 2015-16 of the Labour Ministry, 77 percent of Indian households did not have a person with a regular wage.

High Growth but no Jobs

What makes India stand out on issues of labour and employment is that despite India witnessing prolonged periods of high economic growth, this growth has not been translating into increase in jobs. The Azim Premji University's *State of Working India* (henceforth the SWI 2018) report calculates that for a 10 percent increase in GDP, the corresponding increase in employment was less than 1 percent. Further, the report finds that the rate of unemployment among youth and educated has reached 16 percent. According to the government's unpublished Periodic Labour Force Survey

(PLFS), joblessness rate among the youth was at a significantly higher level compared to the previous years and much higher compared to the overall population. Rate of joblessness among rural youth (15-29 years) jumped to 17.4 percent in 2017-18 compared to 5 percent in 2011-12 (Jha 2019b). This is yet again a case of lack of decent jobs and decent wages. When there are fewer jobs and more people, salaries are the biggest casualties. Thus, the educated youth are not finding jobs commensurate with their skill set and as a result, stop looking out for a job altogether. .

Persistence of Labour Market Segmentation

The SWI 2018 finds that while wages have grown steadily in all sectors, caste and gender inequalities remain high. Labour productivity has grown several times faster than wages. As a result, employers have benefitted far more from growth than workers. According to the *Global Wage Report (2018)* while globally the rate of growth in wages in 2017 fell to its lowest, workers in India had the highest real wage growth (wage adjusted for inflation) in South Asia at 5.5 percent between 2008 and 2017. It also has the dubious distinction of having the highest gender wage gap of 34.5 percent among 73 countries. While real wages have grown steadily, monthly income remains low with 82 percent male and 92 percent females earning less than INR 10,000 a month. According to the fifth annual Employment-Unemployment Survey, 22 percent of households had monthly earnings that didn't exceed INR 5000. Assuming a family is of four, this income falls far short of meeting a household's basic needs for survival let alone address their aspirational needs.

Wage inequality undermines overall income inequality. In India, besides labour productivity issues which is driving a deep wedge between managerial wages and worker wages, several other factors determine wage inequality such as regionality, gender pay gaps, wage differentials between contractual and regular employees, wage differentials across sectors such as formal/informal, agricultural/non-agricultural, and of course social background that is caste and religion. A large majority of workers in the Indian labour market still have low wages and lack job security and social protection (ILO 2012).

The SWI 2018 finds that women are 16 percent of all service sectors but account for 60 percent of domestic workers. Similarly Scheduled Castes (SCs) are 18.5 percent of all workers but account for 46 percent of all leather workers working under appalling conditions risking their lives and their jobs.

Questioning India's Developmental Model

Can this declining quality of jobs be attributed to a particular government? Have successive governments across the political spectrum neglected issues of working poverty, wage inequality, job insecurity and rising unemployment? Or is there a larger issue at hand that needs further probing to understand the structural factors behind the decline in jobs and quality of jobs in the country?

We feel that the current developmental models have created this state of joblessness in the country. Promotion of mega projects which are capital intensive at the expense of MSMEs which have traditionally been natural absorbers of labour has been a *force majeure* behind this state of joblessness. A case in point is Gujarat which saw migrant push back by local Gujaratis in 2018. The faultlines in the Vibrant Gujarat model are behind such seething tensions (Laliwala and Jaffrelot 2018).

It is a typical case of high growth but low job creation which is symptomatic of the job story in India. While investments worth INR 20 lakh crore were signed, less than 10 percent of these were actually invested. Not only have actual investments diminished, but they have not created many jobs. According to the Socio-Economic Review of 2017-18 by Gujarat government, between January 1983 and 31 July 2017, investments worth INR 2.75 lakh crore have resulted in only 1 lakh jobs through

6251 projects. The Gujarat model is generating more jobless growth because of the promotion of capital intensive projects as opposed to labour intensive projects. This coupled with crony capitalism at the expense of traditional entrepreneurial ethos has led to a volatile situation (Hensman 2014).

According to NSSO's 73rd Round (2015-16), MSMEs in Gujarat employed more than 6 million people. MSMEs, especially micro units have been negatively affected by demonetization and the banking crisis resulting from the decline of cooperative banks as well as the rise of Non-Performing Assets (NPAs).

At the same time, the growth rate of the industry has made Gujarat one of the most attractive states for migrants from Uttar Pradesh, Odisha, Madhya Pradesh and Bihar. According to the Economic Survey 2016-17, net migration among 20-29 year age group to Gujarat stood at 3.5 lakh, making the state one of the highest receivers of migrants among Indian states. Migrants were prepared to work at lower wages and for longer work hours thus feeding into the deprivation felt by native Gujaratis about joblessness (Laliwala and Jaffrelot 2018).

Rising Unemployment and the Disillusioned Youth

So we come back to the question of youth and unemployment in this country. Millennials, understandably, are a disillusioned lot when it comes to job prospects as reflected in several youth surveys conducted in recent years. According to a 2016 survey by Centre for Study of Developing Societies and Konrad Adenauer Stiftung with 6100 young respondents, 18 percent of respondents were concerned about job creation and unemployment, 12 percent said they were concerned about economic inequality, and 9 percent said corruption caused them to be concerned about the state of affairs in the country (Beniwal and Pradhan 2018).

Another survey, the YouGov-Mint Millennial Survey of 2018 conducted among 4675 respondents shows that the younger generation is more pessimistic about the job market. Seventy-two percent of Gen Z (18-21 years), 65.35 percent of Younger Millennials (22-28 years), 52.4 percent of Older Millennials (29-37 years), and 59.74 percent of Gen X (38-53 years) think it is difficult to find a job nowadays. Working young millennials of 22 to 28 years with at least a diploma college degree and those who are high school pass mostly earn less than INR 30,000 a month in urban centres. The same survey shows that their expectation is for a salary of INR 30,000 per month (Kwatra 2018). There is clearly therefore a divide between aspirations of young Indians and the opportunity for a decent, satisfying job available in this country.

What is worrying is the growing number of educated youths (15-29 years) who are 'Not in Employment, Education and Training (NEET)'. This number which was 70 million in 2004-05, increased by 2 million per annum during 2004-05 and 2011-12 but was growing at the rate of about 5 million per annum between 2011-12 and 2015-16. If the latter trend continues, Mehrotra (2019) estimates that there will be 115.6 million educated youth out of the labour force in 2017-18. The NEET and unemployed youths together constitute the potential labour force. Unless the government makes a major policy shift to increase the number of decent jobs, the demographic dividend of the country will be poised to switch to a demographic disaster.

The Crisis in Education

At the heart of the problem is the failure of the Indian state to deliver quality education to its citizens. India's expenditure on education is the lowest among BRICS countries. The result is poor school quality and poor learning outcomes.

While the government has taken steps to expand vocational education at the secondary level under its new flagship Samagra Shiksha Abhiyan (that provides exposure to vocational skills at Upper

Primary levels, integrating vocational education in the curriculum), international experience suggests that employers are looking for individuals who have the ability to communicate, solve problems and work in a team, not necessary students trained in a narrow vocational skill. With the Right to Free and Compulsory Education (RTE) Act in place, it is essential to ensure that children are in schools and in regular education until the 8th standard. There is now talk of extending the RTE till 10th standard as that is a basic requirement for entering many employment sectors, the defence services being one. It is, therefore, important to strengthen the public general education system in India first before imparting vocational training. Research likewise suggests that premature streaming into vocational versus academic streams risks creating lifelong inequalities.

However, skilling is a critical component in solving the jobs conundrum. India has a culture of knowledge but not of skilling. Traditional labour intensive sectors are not creating enough jobs because they are not performing at par with other competing countries. Whereas in Sri Lanka a worker in a textile factory stitches 75 clothes in an hour and in Bangladesh a worker stitches 70 clothes in an hour, the same worker in India stitches only 40 to 45 garments in an hour. Thus, our productivity is low and we are losing out to neighbouring countries such as Bangladesh, Sri Lanka and Vietnam. This difference in productivity, Das (2019) argues is one of skilling. A large majority of workers in the country are self-taught, rather than undergoing formal training in skills development. We therefore need to invest in appropriate skilling to improve productivity which in turn will improve growth and therefore employ more workers.

Education Not Reaping Job Benefits

India has the youngest population in the world with a median age of 24 years. By 2020, India's average age will be 29, whereas China's would be 37 and Japan's 48 (Das 2019). At present, India has the largest young population in the world, with over 65 percent of the population in the working age of 15-59 years. The share is expected to rise till 2035-40 giving India the longest window of opportunity compared to any other country to exploit its demographic dividend (Kapoor 2019).

The FICCI-NASSCOM *Future of Jobs in India* report (2017) states that globalization and India's demography with a high proportion of youth, will shape what happens to the jobs landscape in the country. A demographic 'window of opportunity' is when the growth in the working-age population is greater than the growth in the total population. This leads to the generation of more incomes, more savings, more capital per worker, and more growth leading to what is known as the 'demographic dividend' (Kapoor 2019). However, it also constitutes a risk when most young people are poorly educated and lack the prospects to get jobs commensurate with their aspirations. The unpublished (and unaccepted by the government) data from the PLFS 2017-18 shows that unemployment rate among the youth (15-29 years) is alarming: 17.4 percent and 13.6 percent for rural males and females respectively and 18.7 percent and 27.2 percent for urban males and females respectively (Ibid). These figures would, however, need to be taken with caution since most are employed in the informal sector and the actual figures are likely to be higher. More than 30 percent of Indians aged 15-29 years are neither in employment nor education and training (OECD Economic Survey: India 2017). This is the result of absence of decent jobs, the poor quality of education provided and the absence of incentives or opportunities to return to education.

Based on estimates from the Annual Survey of the Labour Bureau, Mehrotra (2019) states that there has been a sharp rise in unemployment rates (UR) in the country. UR rose from 0.6 percent in 2011-12 to 2.4 percent in 2016 for those with middle education, 1.3 percent to 3.2 percent for class 10 pass, 2 percent to 4.4 percent for class 12 pass, 4.1 to 8.4 percent for graduates and 5.3 percent to 8.5 percent for post-graduates. For those in technical education, UR rose for graduates from 6.9

percent to 11 percent, post-graduates from 5.7 percent to 7 percent and for vocationally trained from 4.9 percent to 7.9 percent. Thus the more educated you are the more likely you will be unemployed. In 2016, 12.98 lakh unemployed youth were registered in employment exchanges across Madhya Pradesh. One of the reasons is that the educated are not willing to join low-grade informal jobs, but at the same time sufficient regular salaried jobs are not available for them either (Bairagya 2018). This in turn, has been responsible for a number of high profile scams (such as Vyapam).²

The quality of jobs is also a function of educational choices students are offered. Thus, there is an inherent gender bias in the choice of subjects between boys and girls. Girls are channelled into humanities and arts subjects and demonstrate lower probability of enrolling in science subjects. According to UNESCO (2017), only 30 percent of all girl students in India selected Science, Technology, Engineering and Mathematics (STEM) related fields in higher education. This rules them out from higher paying STEM jobs. Similarly, access to instruction in English. According to Azam et al. (2010), being fluent in English (compared to not speaking any) increases hourly wages of men by 34 percent, which is as much as the return from having completed secondary school and half as much as the return from having completed a Bachelor's degree.

Not Just Jobs but Decent Jobs

Overall, the generation of non-agricultural jobs in the Indian economy has fallen behind the growth in 'potential' non-agricultural workers. For people in rural areas, construction has virtually been the only source of non-agricultural employment since mid-2000s. Between 2004-05 and 2011-12, while India's total population aged 15-59 years increased by 113 million, the population of students among them increased by 41.5 million—that is 37 percent of the incremental population (Thomas 2014). Thousands of youth in rural areas left agriculture to join educational institutions. The proportion of students to the incremental population was considerably higher at 45 percent in rural India. The growth in the population of students who are 15 years and above reduces labour supply for the present but raises the number of educated persons who would be demanding high quality jobs in the future.

In the coming years, with the rise in educational levels, the rural youth and potential workers will demand better quality jobs—not only outside agriculture but outside construction sector as well.

The Other India

Social media and the television are full of grand stories of aspiration in the Indian society. We hog on stories of Ambanis and filmstars, their over-the-top lives, of plenty, of riches and conspicuous consumption. Perfect families in perfect homes, reality shows that make millionaires out of nobodies, inspirational stories of sons and daughters of auto-rickshaw drivers and daily wage workers making into the Indian Administrative Services or becoming successful bankers and what have you. There appears to be plenty of ways to reach for the stars and lift oneself up from daily struggle and drudgery of an ordinary citizen's life. The message is clear: study well, work hard and you will be rewarded for your perseverance (Halarnkar 2018).

² The Vyapam scam was an entrance examination, admission and recruitment scam that was unearthed in Madhya Pradesh in 2013. It involved scamsters including politicians, senior and junior officials and businessmen systematically employing imposters to write papers, manipulate exam hall seating arrangements and supply forged answer sheets by bribing officials.

But the reality is far from it. Crony capitalism is on the rise. Rent-thick³ billionaires (those whose income generation require natural resources or depend on the state for licences) accounted for 43 percent of all billionaires in India and accounted for 60 percent of total billionaire wealth (Oxfam 2018). Thus one's economic status, social capital and connections with the powers that be, dictates one's destiny, living conditions and posit stark contrasts which are difficult to reconcile.

Much of that aspirational message is lost in the process of substandard education, with only a tiny elite gaining the education that translates into professional and economic success. For instance, the National Achievement Survey of 1.54 million children in Class 10 in 44,514 schools nationwide found that students from state education boards—the ones who form the vast bulk of schools and come from poorer families—do considerably worse than those of independent national boards that cater to the richer, better schools. Even within the public education system, there are glaring inequalities in educational investment. Government sponsored Kendriya Vidyalayas (KV) spend INR 27,000 per student whereas non KV government schools spend a mere INR 3000 per student. No wonder that learning levels as the Annual Survey of Education Reports (ASER) show are falling in both private and public schools (Halarnkar 2018). The government's appalling investment in education is creating an unskilled, ill-trained, ill-equipped generation of youth who do not have the necessary skills to rise above their current situations.

The Missing Women

While the labour force participation rate for men rose from 75.5 percent in 2015-16 to 76.8 percent in 2016-17, the same for women declined to 26.9 percent in 2016-17 from 27.4 percent in 2015-16 (Jha 2019a). This means that while more men are part of the workforce, women are leaving it for reasons ranging from lack of decent jobs, to pursuance of higher education to negative social norms that prevent women from stepping out of their homes to seek employment. The argument that more and more women are in education therefore out of the labour force does not hold out the entire truth since unemployment rate among the educated youth also went up in 2017-18 compared to 2004-05.

Women Suffer Quietly

NITI Aayog's 2017-20 agenda says that women tend to be paid less, work in less productive jobs and are over represented in unpaid care work and engaging in vulnerable forms of employment. This is a reflection of their subordinate position in the household. These are precisely the objective reasons why the labour market devalues women as well—they are less experienced, semi to illiterate, and often unskilled labour. They, therefore, act as a reserve labour force and the primary targets to withdraw from the labour force in situations of extreme distress such as demonetization or relative economic stability of households.

Vyas (2018b) analyses why women left the labour force in the aftermath of the demonetization drive. He says, the first of all, women find it a lot more difficult than men to find jobs under normal circumstances. Male labour participation rate is much higher than women's participation rate at an equilibrium state of the economy. In spite of low labour participation rate, women face higher unemployment rate, meaning that even the few women who attempt to get a job find it much more difficult to obtain one compared to men. This is because of a societal bias against hiring women compared to men.

³ Rent-thick sectors include real estate, infrastructure, construction, mining, telecom, cement and media. Telecom is included among the rent-thick sectors as the allocation of spectrum is a natural resource licensed by the government.

When demonetization happened, women moved out of the labour force to make way for men to get the few jobs that were available. Households took the rational decision to move men who are also more experienced into the labour markets rather than women, particularly young women, to compete in the difficult labour markets of post-demonetization period. Women, therefore, act as the alternative/reserve labour force who occupy the low-paying, low-skilled labour force when the economy and the labour market are operating at a steady equilibrium. Any change to this equilibrium sees women dropping out.

Post-demonetization, there was a drop in households that had two or more persons employed. Between January to October 2016—the pre-demonetization period households where two or more persons were employed was 34.8 percent. This dropped to 31.8 percent post-demonetization. Inevitably, women are the first casualties when a household loses an earning member (Ibid).

Women Busy in Status Generation not of Themselves but of the Family

Women drop out of the labour force at the other end of the spectrum when households achieve a certain degree of economic stability. This is the finding from World Bank's 2017 report, *Reassessing Patterns of Female Labor Force Participation in India*. It analysed government data from 2004-05 to 2011-12 and found that as many as 19.6 million women—equivalent to the population of Romania—dropped out of the workforce during this period, of which rural women accounted for 53 percent (Saha 2017).

Only about 27 percent Indian women are in the labour force—it is lowest among BRICS countries and among G20 countries, India fares better than only Saudi Arabia (Pande et al. 2016).

The labour force does not include women who do unpaid care work. If it did, it would have been much higher, higher than men. Ghosh (2016) proposes an expansive definition of work which includes women's unpaid care work and she finds that many more women work than men and the work participation rate for all women in India has been consistently higher than men. In 2011-12, across both rural and urban areas, the total female work participation rate was as high as 86.2 percent as compared to 79.8 percent for men (Ibid).

The World Bank (2017) study found that the decision to join the labour force is primarily influenced by economic stability at home rather than social norms, educational attainment and age. In other words, the poorer you are, the more likely it is that women will seek out work, other restrictions notwithstanding. The study assesses the proportion of self-employed, regular wage earners and casual labour in a given household's working age population.

The study found that in rural and urban areas, while the proportion of regular wage-earners in households increased between 2004-05 and 2011-12, proportion of self-employed persons and casual labour decreased, indicating rising income stability in the family. The proportion of regular wage earners in urban areas was 20 percentage points more than rural areas which explain its low female labour force participation.

So what do women do when they leave the labour force? They engage in 'Status Production' (Ibid). Status production refers to work that maintains and enhances the family's social standing. They do not necessarily enhance a woman's status within the household. Thus, typically status production involves upkeep of suitable work clothes, provision of food at the workplace, entertainment of colleagues and feeding hired hands and co-workers within the family.

An Instrumental Value of Education

Increasingly, however, parents see value in educating their daughters. We take the case of Sindhu, a domestic worker in Delhi and a migrant from West Bengal. She has left behind in her home village an ailing husband and two young girls. She lives in a tiny, cramped room in a shanty, sharing the room with two other women. She works 12 hour shift in one household and then a couple of more part time jobs to earn some extra income. She says, 'I am really keen to educate my daughter—she is very bright and goes to a private school...I have come to this city for her. I want to make a better life for her—and also my old age (*The Wire* 2018).

However, secondary and higher secondary education does not automatically lead to women participating in labour market in India. The lowest incidence of female labour force participation rate is among those who had attained secondary and post-secondary education, followed by those with levels of education below secondary level in both rural and urban areas. This fits in with our earlier commentary about high rates of unemployment among the educated youth. Female labour force participation rates are highest among illiterates and college graduates in both rural and urban areas. These two groups also saw the largest drop in labour force participation rates between 2004-05 and 2011-12. Further, contrary to common beliefs, higher literacy does not lead to increased decision making power for the women in the household (Garg 2017).

In reality, education is not translating into jobs both for men and women (Majumdar 2019). This perhaps tipped the scales against the incumbent Vasundhara Raje's BJP government in the last assembly elections in Rajasthan. Raje was accosted by a woman in Barmer district where she went to campaign, who asked her a simple question: 'Why should we vote for you when educated children are sitting at home with nothing to do?' (quoted by Vashishtha 2018).

Desai (2019) says that education of girls is not valued in the marriage market as much as her caste, the family's economic status and horoscope. Further, higher educated girls are opting out of employment because there are no jobs commensurate with their skills set (Majumdar 2019). Yet, there is an instrumental value to education that parents relate to—higher educated girls will have better opportunity for undertaking decent jobs as teachers, nurses, doctors, government employees, etc. The fear is that this will someday boomerang when poor parents stop sending their children, especially girl children to schools once again. And just like that women will slip back into the same rut that they are trying to escape now—low to no levels of education, low levels of skills, no decision-making power and occupying the lowest rungs of society and economy—the most marginalized in society.

How do we get out of here?

It is evident therefore that there is a looming crisis in jobs in India. This crisis will have spill over effects on the peace and stability of the polity, the society and the economy if not addressed systematically, comprehensively and in a timely manner. Not only are there not enough jobs for the millions of youth joining the labour force every year, the remuneration and quality of those jobs is substandard. One's gender, caste and religion intersect with poor availability of jobs to leave historically marginalized sections of society from accessing the few jobs that are available. This disillusiones the youth and they stop looking for jobs. This is the reason why, despite the government's rather expansive definition of being employed, unemployment rates are at alarming levels currently and only going to increase further. With our current development model, we have successfully created a burgeoning elite of dollar billionaires whose combined wealth (top 1 percent of the population) increased by 39 percent whereas wealth of the bottom 50 percent increased by a

dismal 3 percent in 2017-18.⁴ There is a growing but negligible middle income group of about 78 million (*The Economist* 2018).⁵ Thus, vast swathes of the population have high aspirations to move up but not the means to extricate themselves from their current situation of low salaries and near subsistence existence—living one job loss away from slipping back into the poverty trap.

The government must, therefore:

- Shift its development focus onto labour intensive sectors to create more jobs.
- Growth in jobs must also be inclusive and new jobs need to be decent with job security and better conditions of work including social security benefits and the power to organize. This increases overall productivity and in turn gives higher yields to investments.
- Substantially higher investments in health and education will improve productivity. These two are also the sectors which could be potentially large employment generating sectors in the future.
- The government must also focus on better skilling opportunities so as to raise India as an equal competitor to its neighbours.
- The government must curb corruption and regulate other drivers of inequality and joblessness such as crony capitalism. It must focus on progressive taxation and reduce a race to the bottom on corporate tax exemption. The additional revenue generated from these measures can be invested in social protection and essential services such as health and education.

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⁴ Estimated from the data available in the Global Wealth Report 2018, Credit Suisse, available on <https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/global-wealth-report-2018-us-and-china-in-the-lead-201810.html>. Accessed on 1 March 2019.

⁵ Estimates of the burgeoning middle class in India swing wildly. The estimates provided by *The Economist* in its January 2018 special issue is based on a definition applied by the autonomous think tank in Delhi, National Council of Applied Economic Research (NCAER) who have used the cut off INR 2,50,000 annual income or about USD 10 a day at market rates. Countering this narrative, Government of India's NITI Aayog's CEO, Amitabh Kant and others have come up with an estimate of 158 million in the middle-middle and upper-middle class income category in India (Kant et al. 2018).

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