

## How to avert a demographic disaster

### What is the issue?

By dramatically expanding basic public services, the government can create the jobs that India's youth desperately need

### What is the state of unemployment in India?

- **Unemployment rate** has risen from about 15.66% in 2016-17 to 28.26% in 2020-21
- India's joblessness rate hit a four-month high of 7.9% in December 2021,
- Urban unemployment rose to 9.3%
- Getting a degree is no guarantee for a job — 9/55 million degree holders were unemployed in 2019.
- **Demand for informal jobs** - India's poor have reacted as they always did by continuing to till the field and working as labour at construction sites.
- The demand for jobs under the National Employment Guarantee Scheme has gone up.
- The same person (educated to an MBA or PhD) would be applying for the role of a peon, while preparing for a judge's exam.
- **Labour force participation rate** - Many have simply stopped searching for jobs. Labour force participation rate has dropped to 40-42 per cent from 47.26 per cent in August 2016
- **The case with Uttar Pradesh** - The labour force has risen from 149.5 million to 170.7 million in the past 5 years
- The percentage of those employed (as a share of the working-age population) has actually fallen, from 38.5% to 32.8%.

### Where are the short comings?

- Our policymakers have failed on job creation
- India needs to create 90 million non-farm jobs between 2023 and 2030, to ensure our demographic surplus is absorbed.
- We try with short-term fixes, hoping the newest trends will solve this problem.
- India muddles with the hope that manufacturing jobs will shift from China.

### Can start ups solve the issue?

- Only a decade ago, policymakers expected India to be the world's back office, with our people being gainfully employed.
- Now, we hope that the new-age start-ups, can achieve this.
- As of July 2021, there were more than 53,000 recognised start-ups in India, which had created about 5.7 lakh jobs
- Meanwhile, the old tap of public sector jobs has gone dry — there were 11.3 lakh employees in Central Public Sector Enterprises as of March 2017. By 2019, this had dipped down to 10.3 lakh.

## What needs to be done?

- Foster on the creation of public assets and invest in human capital.
- **Expanding public services** - The initial step would be to dramatically expanding basic public services.
- Before the pandemic there were over 2.5 million vacancies for health worker, teachers and anganwadi worker .
- Now there is a clear need to expand capacity in healthcare by 2,90,000-4,20,000 health workers.
- We need to regularise contractual and seasonal workers in these sectors. Doing this would create over 5.2 million jobs.
- **Creating public assets & Skill Enhancement** - We need to skill up the existing labour force, particularly in urban India.
- A national urban employment guarantee scheme, with a focus on creating public assets, would help improve skill sets, provide certification and give income support.
- Such a scheme could cover 20 million urban casual workers for 100 days, at a wage rate of Rs 300 per day, with an overall cost of Rs 1 lakh crore annually.
- The state of Indian cities continues to be poor. Significant expansion of public works scheme could help.
- **Foster Green Jobs** - Foster jobs traditionally under the remit of public services (water conservation, waste management).
- Jobs could be generated in the renewables sector, waste management and urban farming.
- **National conversation on urban unemployment** - We need roundtable meetings for government officials, MPs and MLAs to hear the needs of youth.

### Reference

1. <https://indianexpress.com/article/opinion/columns/how-to-avert-a-demographic-disaster-7732452/>