

Is the Indian Job Market Puzzled due to Lack of Reliable Data?



(Source - <https://www.economicmodelling.co.uk/2013/06/12/the-myth-of-real-time-labour-market-data/>)

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Lead Essay

Is the Indian Job Market Puzzled due to Lack of Reliable Data?

In a country of 1.2 billion people where roughly 90 percent are a part of the informal economy, the accuracy of economic indicators has long been questioned in India. However, this paucity of reliable official data on Indian economic indicators reaches its height with the current debate of jobless growth in Indian economy. The narrative on India's job market has been confusing to say the least as official data has been showing jobless growth but a group of economists as well as Government officials have been contending that this does not represent the reality. This confusion has pushed the Government to initiate a task force headed by NITI Aayog vice-chairman Arvind Panagariya to evolve a methodology to generate timely and reliable employment dataⁱ. According to some news media, Prime Minister Narendra Modi has personally initiated the project and directed the task force to submit its recommendation at the earliest. But the biggest question that has brought up by the current situation is that, if Government itself is accepting the fact that India has no reliable job data and the little data that available is outdated, then on what basis has the Government been designing its jobs creation policies which has been at the heart of the National Democratic Alliance (NDA) Governments policy focus from the first day of its current tenure?

If we were to look at just the Union Budget 2017-18, the revised estimate of outlay for 2016-17 on Jobs and Skill Development was Rs.2450 crore against the budget estimate of outlay for 2017-18 is Rs.4089 croreⁱⁱ. Apart from this Government also estimated that it would spend Rs. 520 crore on Stand-Up India programmes for the years 2017-18. That's a total of Rs. 4609 crore of scarce money spent on job creation initiatives without any reliable data on the size of the problem and therefore no way of knowing if this money has been spent effectively or not. Against this backdrop it becomes extremely important to look for the answers to the question on data on labour market in India as it directly impacts the long term policy decisions taken for one of the world's fastest growing economy.

Available Labour Market data

At the outset it is important to highlight the available data on employment and unemployment in India. The three most important data sources available for labour indicators are the data provided by the National Sample Survey Organization (NSSO), the Labour Bureau's annual employment survey and quarterly enterprise-based survey and the annual data from Annual Survey of Industries (ASI). But the most reliable data source in a country like India is NSSO as it provides data on both organised and unorganised sectors on the basis of extensively formulated survey questionnaire by using household surveys in both rural and urban areas. But the major problem with NSSO is that it gives data once in five years. According to Pronab Sen, erstwhile principal advisor at the Planning Commission and former chief statistician, employment data being available only once in five years is the weakest part of the Indian statistical system as for appropriate policy making employment information should be available annually, preferably, for much of the employment picture gets missed over five years. Sen also mentions that the household-based information of the quarterly NSSO survey will better capture informal sector data than enterprise-based quarterly data of the Labour Bureau.ⁱⁱⁱ Another source of employment data is the ASI, which provides data annually but covers only the organised manufacturing sector. Now, the Government has announced that the employment data collection in India will revamped by scrapping NSSO and replacing it with more robust household and enterprise survey data.

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Policy Reforms in Labour Market

Higher rates of economic growth will not serve any real purpose if the labour force of the country is not provided meaningful and productive employment opportunities. It is in this context that we should view the proposed Labour market reforms as they attempt changing the institutions and production relations in labour market has and have both a direct and indirect impact on the labour demand, labour supply, wages etc. In recent time, reforms in Indian labour market have taken a central place in policy debate. However, without any reliable data on job that Government itself is accepting, how has it been introducing all these changes in the labour policy is an important policy requirement to solve the growing problem of unemployment in India.

Starting with introducing policies like Make in India, Skill India, Start up India and also the amendments made in various Acts, have tried to address the aspirations of our young people but then they also bring a level of uncertainty with them. The fact remains that despite strong focus from the current government and labour policy reforms – which was projected as the panacea for unleashing animal spirits, and therefore job creation- the problem has still not been addressed effectively.

Clearly, India's ability to generate jobs will determine whether the demographic dividend will translate into economic gains or become a drag on the economy. Moreover, in India the problem of the job market is not just the number of jobs created but also the generation of quality jobs for qualified people. According to an article published in The Quint on September, 2016, nearly half a million people including post-graduates, applied for 1778 jobs as sweepers in the city of Kanpur in August last year; in Uttar Pradesh also 2.3 million people sought 368 low-level government jobs which required a primary education and ability to ride a bicycle^{iv}., According to the labour ministry's 27th Quarterly Employment Survey of eight employment intensive industries –textile, leather, metals, automobile, gems, Transport, IT and handloom & power loom, there are 43000 job losses in the first quarter of Financial Year 2015-16. The second quarter was somewhat better, with 134,000 new jobs^v.

Therefore, the labour reforms and policies for job creation as well as the present unemployment situation in India need the answers to the question of Government's seriousness on the part of taking decisions regarding such a grave issue which affects the entire economy structurally and cyclically. On 15th August, 2015, Prime Minister Narendra Modi introduced the Stand-Up India campaign which aimed at promoting bank financing for start-up ventures to boost entrepreneurship and encourage start ups with jobs creation. Skill India is another such campaign to promote skill for the youth of the country. But before introducing these campaigns has the Government mapped the skill requirement in the economy of the country? Because the skilled people will also not be able to get job if there is no demand for such skill in job market. Secondly, the proposed amendments to the Payment of Wages Act, Factories Act and also the Minimum Wage Act must be based on prior data to map the probable impact of the changes on the Labour market. Has the Government considered the effects of the amendments in the Factories Act on health and social security of the Workers? Although from the welfare point of view Minimum Wage is an important and commendable initiative by the Government, but amendment to this Act should also be backed by reliable and extensive analysis of employment data.

Economic Growth and Demonetization

The discrepancy between the rising economic growth and employment situation is termed as jobless growth. But to claim the fact that we are going through a jobless growth, we do not have data on employment-unemployment status. Even the GDP growth of 7.1 percent figure does not take into account any direct impact on the unorganised sector. According to economist Arun Kumar, the methodology employed for GDP calculation although workable during normal times is absolutely not valid for unusual situations

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for the reason that it does not have data on the informal sector that has borne the brunt of demonetisation^{vi}. There is no other way except using NSSO data to analyse the impact on unorganised sector. But it comes once in five years and due to technical limitations it is not possible to include demonetisation in NSSO survey data. Due to lack of data, even the last Union Budget 2017-18 was not able to include the impact of demonetization on the economy. The structural shock due to demonetization will be history by the time the relevant data will be made available. But the questions that still remain unanswered - why has the Government not undertake any survey on the unorganised sector which has impacted most by the overnight currency demonetisation?

The recent news that EPFO's amnesty program has led to the addition of 10.13 million new subscribers in the first six months of this year further indicates that the employment data that is being used does not represent the real state of the job creation etc^{vii}. If anything this may require us to revisit the data for the past eight years where we often heard about jobless growth. The data now indicates that we may have underestimated the number of jobs in the formal sector by a substantial number.

The Way Forward

Unlike other countries such as United States, where employment data comes out every month, India has very few sources to ascertain the employment scenario. The current situation of job crisis and also the contradiction on the part of the policy debate has clearly established the fact that India does not have any reliable employment data. In last three years tenure of NDA Government, lots of policies and reforms have been introduced without being backed by any reliable data. The structural shock like demonetisation, which adversely impacted the unorganized economy of the country, was also initiated without having any prior analysis of data. Even six months after demonetization, the Indian economy has no reliable data to estimate the loss caused to the unorganised economy due to demonetization. The problem is more serious if all the reforms and policy changes in the labour laws have been introduced without any extensive analysis of reliable employment data. However, it is only when the question of jobless growth occurs and just to ascertain the fact that the data establishing the jobless growth is not reliable; Government becomes serious about completing its annual employment survey. If the reliable employment data is published within stipulated time period then it will not only solve the policy puzzle on job creation but will also shape the re-election bid of 2019 for Prime Minister Narendra Modi.

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- ^{iv} <https://www.thequint.com/india/2016/09/02/india-clasps-fastest-growing-economy-tag-but-where-are-the-jobs-unemployment-competition-youth-modi-startups>
- ^v <http://www.abplive.in/uncategorized/is-india-going-through-an-era-of-jobless-growth-548542>
- ^{vi} <https://www.thequint.com/india/2017/03/02/gdp-minus-note-ban-impact-on-informal-sector-lacks-credibility-demonetisation>
- ^{vii} <http://www.livemint.com/opinion>

Headlines

India's Employment Data Problem

(Live mint, July 11, 2017)

Airy narratives about jobless growth dominates the policy discussion in India by avoiding the rather obvious question about why wage rates have gone up over the past decade if indeed no new jobs have been created. Much of the blame rests with a problematic 2009 survey by the National Sample Survey Office.

Read More: <http://www.livemint.com/Opinion/hAcdYUHfJrjL70iXUkixmN/Indias-employment-data-problem.html>

Date Accessed: 11.07.2017

Economy

Falling renewable power tariffs could worsen bad loan problems for banks

(R. Sree Ram, *Live Mint*, July 11, 2017)

Morgan Stanley Research has downgraded the Indian utilities industry, citing the threat from renewable power. This is with regard to 'solar power becoming cheaper from of new electricity generation'.

It has been reported that, as demand remains subdued and renewable power achieves grid parity or becomes the cheapest source of new electricity; thermal power units will be unable to compete, making them redundant. Though, it will not face an abrupt end, but the plants that are under construction and yet to be commissioned stare at an uncertain future.

Read More: <http://www.livemint.com/Money/zXRm9kjKySbFBBZFoJhu1L/Falling-renewable-power-tariffs-could-worsen-bad-loan-proble.html>

Date Accessed: 11.07.2017

Governance & Development

POLITICS AND GOVERNANCE

Cabinet to take up bill replacing Medical Council of India

(Sushmi Dey, *The Times of India*, July 11, 2017)

The Union Health Ministry is ready to take to the Union cabinet the new bill seeking to replace the apex medical education regulator, Medical Council of India (MCI), with a new body, National Medical Commission (NMC). The new bill also proposes an exit exam which all MBBS graduates will have to clear to get practising licence. The exit exam will also serve as National Eligibility cum Entrance Test (NEET) for post-graduate medical admissions.

Read More: <http://timesofindia.indiatimes.com/india/cabinet-to-take-up-bill-replacing-medical-council-of-india/articleshow/59536611.cms>

Date Accessed: 11.07.2017

HEALTH

Eliminating dengue by infecting mosquitoes with naturally occurring bacteria

(Dinesh C Sharma, *Down to Earth*, July 11, 2017)

It has been reported that several research groups around the world are engaged in developing new vaccines, drugs and are even breeding genetically modified (GM) mosquitoes to combat dengue, but with little success. The approach developed by scientists at Monash University in Melbourne is radically different. It involves using naturally occurring bacteria called *Wolbachia*, which, when present in *Aedes aegypti* mosquito, reduces its ability to transmit dengue.

Read More: <http://www.downtoearth.org.in/news/eliminating-dengue-by-infecting-mosquitoes-with-dengue-killing-bacteria-58259>

Date Accessed: 11.07.2017

ENVIRONMENT

NGT imposes complete ban on nylon and synthetic manja

(PTI, *Indian Express*, July 11, 2017)

The National Green Tribunal has imposed a complete ban on 'manja', the string used to fly kites, made of nylon or any synthetic material which is non-biodegradable, saying it posed a threat to the lives of birds, animals and humans. The green panel clarified that the ban order would apply on nylon, Chinese and cotton manja coated with glass. The judgement came on the plea filed by animal rights body People for Ethical Treatment of Animals (PETA), Khalid Ashraf and others which had contended that 'manja' posed a grave threat to humans and animals as every year a number of deaths are caused by it.

Read More: <http://indianexpress.com/article/india/ngt-imposes-complete-ban-on-nylon-and-synthetic-manja-4745617/>

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LAW AND JUSTICE

Justice Karnan Case Calls for Review of Selection Process

(*The BloombergQuint*, July 7, 2017)

The contempt proceedings against Justice CS Karnan of Calcutta High Court were the first of such proceedings against a serving judge. As a response to this episode the senior Supreme Court judges also a part of the Collegium have stated that there is an 'unquestionable need' to review the judicial appointment process.

Read more: <https://www.bloombergquint.com/law-and-policy/2017/07/06/justice-karnan-case-calls-for-review-of-selection-process-say-senior-judges-of-collegium>

Date Accessed: 11.07.2017

Governance & Development

SC Stays Rules Banning Sale of Cattle for Slaughter

(The Tribune, July 11, 2017)

The Madras High Court order putting on hold the Centre's notification with regard to banning the sale and purchase of cattle for slaughter from the cattle market was extended by the apex court to the entire country. In response to this extension of the Madras High Court order the Centre would be renotifying the Rules after taking into account objections by stakeholders.

Read more: <http://www.tribuneindia.com/news/nation/in-iraq-vk-singh-on-rescue-mission/434865.html>

Date Accessed: 11.07.2017

India and World

INTERNATIONAL AFFAIRS

In Iraq, VK Singh on Rescue Mission

(The Tribune, July 11, 2017)

Efforts to seek the release of 39 Indians who have been in IS captivity in Mosul since 2014 are being undertaken. Most of the captives are from Punjab. Union Minister of External Affairs Ms Sushma Swaraj assured the Chief Minister of Punjab that efforts to seek their release are on.

Read more: <http://www.tribuneindia.com/news/nation/in-iraq-vk-singh-on-rescue-mission/434865.html>

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