

## General Studies – 3; Topic: Employment

### Vagaries of the job market

#### 1) State of different sectors

- **E-Commerce / Start-ups**
  - a) Ecommerce is maturing as an industry with a better understanding of utilisation of costs and resources.
  - b) More and more retailers are getting on to ecommerce platforms which will boost need for manpower and skills at the digital end
- **Manufacturing**
  - a) Growth, and subsequently hiring, will be slow as manufacturing and auto companies are taking a cautious approach post demonetisation
  - b) Skill development of the enormous talent pool will act as one of the critical levers of growth
- **IT / ITeS**
  - a) The focus on automation and upskilling may result in the loss of jobs largely related to testing.
- **Pharma**
  - a) By 2020, India could be among the top three pharmaceutical markets by incremental growth and the sixth largest globally in absolute size.
  - b) The government's push to improve affordable healthcare, establish new institutes and medical education will play a pivotal role in the growth of this industry.
- **Telecom**
  - a) India will be the fourth-largest Smartphone market by 2020.
  - b) Digital India initiatives are expected to give a fillip to telecom jobs
  - c) 5G technology in India is likely to open up new opportunities.
- **Infrastructure**
  - a) The infrastructure sector has also deeply felt the adverse impacts of demonetisation, as capital expenditures and cash flows have been affected.
  - b) Need to skill the unskilled labourers in this sector, as otherwise automation is likely to eat away at a major chunk of their jobs.
  - c) Initiatives like Skill India and greater involvement from companies in skilling their workforce will improve the job outlook.

#### 2) Nature of the problem

- There is a mismatch between the number of people who annually reach working age and the availability of jobs
- International Labour Organisation's latest forecast that a few more millions are set to join the pool of the jobless during this year and the next
- With global GDP registering a six-year low in 2016, expectations of generation of new jobs were always going to be low.
- Rapid advances in digital technologies and automation are displacing people from work in all sectors of the economy
- Studies in the US and Australia estimate that by 2035, 35% of all work in their economies will be automated.
- Lack of requisite skill also contributes to the cause.
- Large scale migration due to vagaries of weather and conflict at some places which further aggravate the problem of unemployment

- Migration of Syrian refugee to Europe, Rohingya Muslims from Myanmar to neighbouring countries like India and Bangladesh.
- Protectionist policies being resorted by nation to boost employment in domestic job market
- Low wages and lack of social security benefits to the contract labourers

### 3) self-employed categories

- They account for 42 per cent of the total working population.
- Lack of access to social protection schemes unlike their counterparts in the wage-earning and salaried classes.
- South Asia has been the most affected by such volatile conditions.
- This leads to slowdown in reducing the incidence of working poverty.

### 4) Challenges

- The challenge for policymakers worldwide is to ensure that incomes do not fall below the levels of basic subsistence as the world marches towards the poverty reduction targets under the 2030 SDGs.
- India's challenge of providing remunerative employment is also more complex because of its large informal sector
- Today's inequalities in education will become tomorrow's inequalities in the distribution of wealth
- High-skilled R&D and innovation professionals would still be a challenge for the Indian market.

### 5) Solution

- Focus upon Incentivising the local businesses like handloom and craft work as India did with schemes like USTAAD
- Labour intensive sectors must be promoted. Government should invest in infrastructure projects under Make in India which creates more jobs
- Foster the entrepreneurship spirit among youth so as to generate more jobs.
- MSME sector employees one third of labour force and contribute 35% to GDP hence this sector must be focused to create more jobs.
- Skill development to make this working age population employable.
- Effective coordination between academia and industry to provide vocational education.
- Boosting Tourism industry and making agriculture a profitable venture can provide cushion in this scenario.
- UNDP says countries such as India could focus on specific industries, particularly in manufacturing, to create jobs
- Universal registration of workers and effective implementation of existing labour laws
- Hence all global institution like World Bank, IMF, and AIIB must work with all nations to sideline the vagaries of job market.