

## Emerging Trends in Employment Generation in India: Opportunities & Challenges

Prerna Sharma<sup>a\*</sup>, Neeraj Kumar<sup>b</sup>

<sup>a</sup>Dept. of Commerce & Business Administration, J. V. Jain College, Saharanpur (U.P.) India  
Email Id: prerna240990@gmail.com

<sup>b</sup>Dept. of Commerce & Business Administration, J.V. Jain College, Saharanpur (U.P.) India  
Email Id: neeraj.kumar.jvjain@gmail.com

### Abstract

Employment generation has its special significance for economic growth in each country. Continued rapid growth in the labor force of developing countries indicates that job creation policy has high rank in policy formulation. All nations' government will have to understand that any evolutionary saga is not complete until the benefit of its growth does not reach to the poorest of the poor.

UN Human Development Report, 2017 shows that despite the medium human development ranking of India in HDI (131 out of 188 countries), India's Human Development Index growth rate has performed well compared to other countries. India's HDI has increased approximately 46% over the last 25 years with the average growth of 1.52. Still one person out of the three is living at a lower level of human development. And in the changing environment of globalization and privatization, we need to make the radical changes in our system. In our country the revolutionary changes in education policies, employment policies and economic policy should be made to add the intensive relationship with other countries in the world scenario and by overall development of the country the international challenges could be faced strongly.

This paper indicates that the role of government is the important key in expanding the employment opportunities by which creating the production framework, technical changes are brought according to the huge investment, allocation of resources and enhanced labor activities.

**Keywords:** Employment Generation, Human Development Index (HDI), Developing Economy.

### PAPER/ARTICLE INFO

RECEIVED ON: 01/03/2019

ACCEPTED ON: 23/04/2019

Reference to this paper  
should be made as follows:

Prerna Sharma, Neeraj  
Kumar (2019), "Emerging  
Trends in Employment  
Generation in India:  
Opportunities &  
Challenges", *Int. J. of Trade  
and Commerce-IJTC*, Vol. 8,  
No. 1, pp. 65-74

## **1. INTRODUCTION**

Employment generation is the key stone for economic growth of the country. In a fast growing economy, employment growth with productivity is the most important factor through which any nation's sustainable development goals can be achieved easily. That's why Employment generation has emerged as a crucial component in the development agenda of every governments and international organizations as well. Underdeveloped countries which have been plagued by state of poverty and social stability from centuries, want to get rid of poverty and ignorance by breaking the chains of colonialism. And the nations which were developed and civilized are engaged in development program to raise their living standards and to maintain its prominence and those nations are not bound by the limitations of the ambitions of the country or the world rather they have crossed the boundaries worldwide. In past few years, Globalization changed the trends of labor markets in both, the developed and developing countries, which have increased the interest in the implications on employment of international trade and investment flows. Developed countries are worried from relocation of jobs due to outsourcing and shifts of capital to developing countries. On the other hand, developing countries are disappointed form the displacement of their workers in the better substitute as a result of international competition. In the developed countries, persistently high and increasing unemployment rates have given rise to renewed concern for job creation, while in many developing countries productive employment is seen as a means for poverty elimination. The problem has, thus, assumed global dimensions and tackling it would require international action. At the same time, global developments will produce their impacts on the employment situation within the national economies. It must also be recognized that since the nature of the problem is substantially different in the developed and developing countries and has specific dimensions as well, a large part of the effort will have to be made at the national level.

## **2. REVIEW OF LITERATURE**

**Papola, TS. (2015)** stated that in recent years, the processes of globalisation have also resulted in certain trends in labour markets in both the developed and developing countries which have heightened the interest in the implications on employment of international trade and investment flows.

**Venkatanarayana, M. (2011)** According to the literacy status of the youth labour force, the distinction in terms of unemployment rate between literates and illiterates was significant where the unemployment rate was higher among the literates than that of the illiterates. This pattern is observed across three alternative concepts of unemployment rate and all the three points of time during the last two decades period.

**Co., Mckinesy (2017)** NASSCOM expects its reskilling initiatives to translate into 1.5 million to two million people working on next-generation technologies in India within four to five years. To expand gainful employment in the face of rising automation implies that not just IT but every sector, including manufacturing, trade, health care, and financial services, will likewise need to prepare for massive retraining and skill building.

**Labour Market Trends in Our Country:** The Indian labor market can be classified into three sectors:

- 60% of the workforce are Rural workers



- 8% of the workforce is in Organized of the formal sector, and
- Urban unorganized or informal structure represents 32% of the workforce.

Two-third of India's workforce is employed in agriculture and rural industries. One-third of rural households are agricultural labor households, subsisting on wage employment. Only about 8 percent of the total workforce is in the organized sector; the remaining 92 percent are in the unorganized sector, self-employed or employed as casual worker.

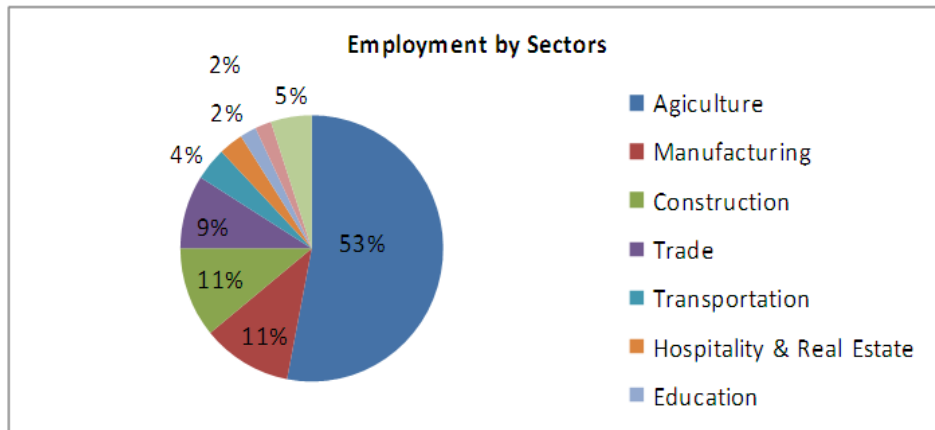


Fig. 1

Sources: Ministry of labor and Employment, Government of India.

India's population is growing at a rate of 17.7 per cent per decade and India is among the youth countries of the world and its young population (15-59 years) is increasing steadily. According to the ministry of labor and employment of India, the labor force of India has reached to 520.4 million in 2017 and India's total labor force participation rate reported by World Bank in December 2017, decreased to 53.8% comparatively 53.9% in the previous year.

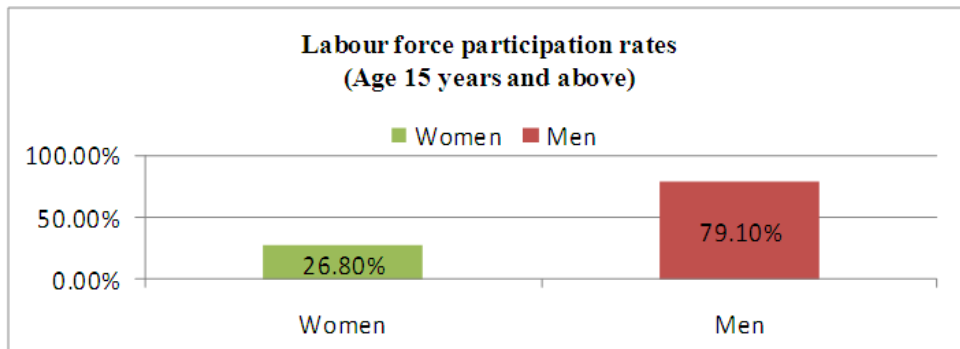


Fig. 2

Sources: The World Bank report December, 2017

According to the annual report by labor bureau, Female labor force participation rate in India is 26.80% while male labor force participation rate is recorded 79.10% in 2016-17. Unemployment Rate in India decreased to 3.46 percent in 2016 from 3.49 percent in 2015.

As it is very well-known that lot of people who are reported as 'employed' or 'workers' in official publications do not get work on regular basis in the Labor Force. And even those who get some work or the other for the entire duration may be getting work for only a small fraction of the time they are available for work. This apart, some may be working on jobs which do not allow them to fully utilize their abilities or from which they earn very low incomes. All this constitutes under employment which remains a worrying aspect of the employment-unemployment scenario in the country. On the employment front, the challenge continues to ensure that economic growth translates into better labor market conditions.

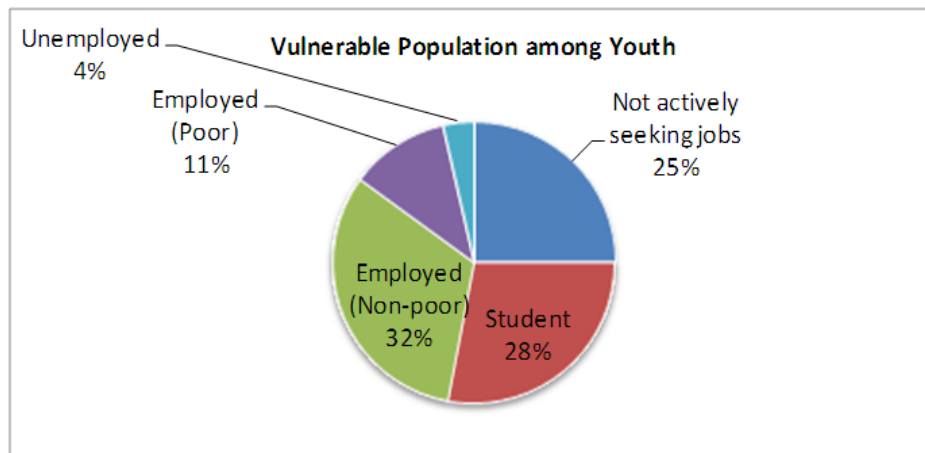


Fig. 3

Unemployment Rate in India averaged 4.08 percent from 1983 until 2016, reaching an all time high of 8.30 percent in 1983 and a record low of 3.46 percent in 2016. The number of unemployed people in India is expected to rise by 2 lakh in 2018, according to the International Labor Organization. The ILO predicted that the number of jobless people will be 18 million by 2018 even though the country's unemployment rate is expected to go down from 3.5 per cent to 3.4 per cent in 2018.

The vast majority of workers in India are in informal jobs. Although there has been a shifting of workers from agriculture, construction sector has absorbed more workers than other sectors in recent years. A majority of workers are self-employed. The largest proportion of the self-employed are engaged in agriculture, but a sizeable number also run small and tiny enterprises in different non-farm activities in rural areas or in the urban informal sector. As mentioned earlier, about one-fourth of the self-employed are poor in officially defined terms. These self-employed people need, in the first instance, an improvement in the quality of their employment in terms of increase in incomes from their enterprises. Various initiatives of the government have also provided a fillip to the labor standards in India. The government has started a number of employment programs to help the unemployed people in the country. Stress is also being given to improve the quality of labor in the government and the public sector units. The Minimum Wages scheme has also been very successful in the rural areas. Some of the Employment Generation Programs implemented by the Indian government to provide jobs and poverty reduction are-

- Integrated Rural Development Programme
- Jawahar Gram Samridhi Yojana
- Food For Work Programme
- Sampooran Gramin Rozgaar Yojana
- Mahatma Gandhi National Rural Employment Guarantee Act
- Prime Minister Skill Development Programme.

According to the ministry of labor and employment of India near about 24 percent households benefitted from employment generating schemes like MGNREGA, PMEGP, SGSY and SJSRY. A number of employment opportunities have been initiated to improve the employment situation in the rural areas. In order to improve the quality of the workforce, effort is also being given to impact education to various sectors of the rural areas. Under these schemes, new training centers are being opened up and attention is also being given to skill and welfare of the students. Programs and policies have been formulated to promote and assist the self-employed, particularly in the provision of small-scale credit, but there has not been enough focus on assisting them to graduate to entrepreneurship. A well-focused policy as well as programs for the development of micro-enterprises ensuring access to inputs, credit, technology, business services and markets alone will lead to making employment of the self-employed adequately productive and to enable them to come out from the lack of employment generation opportunities.

### **3. RESEARCH METHODOLOGY**

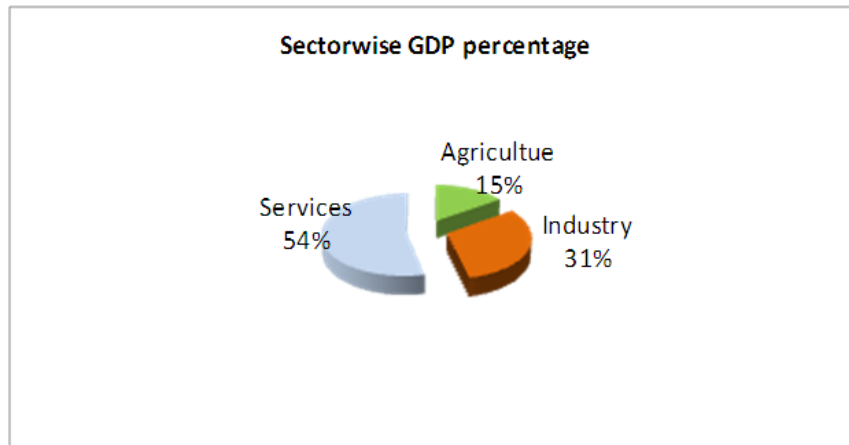
This study is totally based on secondary data and Secondary data has been collected from various journals, books, reports, news papers etc.

### **4. GLOBALISATION: AFFECTING THE LABOUR MARKET DYNAMICS IN INDIA**

Globalization is playing an important role in generating employment in our country caps. Since the economic liberalization policies in the 1990s, the employment scenario in the country has significantly improved. An analysis of the impact of globalization on employment in India will bring out a number of factors in this regard. As India has delivered strong economic growth relative to many other countries in the past few years, but there are concerns about whether the growth has been inclusive or whether the country is heading for jobless growth. According to India's Labor Bureau report on employment generation, less than two million jobs are being created annually, a seemingly dire situation in a country where the working age population grows by some 16 million every year.

Globalization and labor standards were also favorably affected by the entry of new segments in the market. Due to high demand and the consumer market, more and more sectors have entered into the market of the country. Some of the well known sectors that have been successfully operating their businesses are Information Technology, agro products, health care, beauty and personal care and so on. All these sectors have led to high demand which has improved the overall labor standard of the country. Labor standards have also increased in the unorganized sector as well. Recent surveys have shown that there has been an improvement in the standard of living of the people who are working in the unorganized sector. The pay package and the labor benefits in the unorganized sector have also improved to a great extent. Indian economy is mainly divided into three sectors which are agricultural sector, industrial sector and service sector.

Agriculture sector includes crops, horticulture, milk and animal husbandry, aquaculture, fishing, sericulture, aviculture, forestry and related activities. Industry includes various manufacturing sub-sectors. India's definition of services sector includes its construction, retail, software, IT, communications, hospitality, infrastructure operations, education, health care, banking and insurance, and many other economic activities. The share of the service sector is around 54% of the annual Gross Domestic Product (GDP). The agriculture sector and the industry sector also contribute around 15% and 31% to the annual GDP. Over the years, these sectors are expected to increase more and add to the revenue of the country.



**Fig. 4**

Sources: *International Labor Organization Annual Report July, 2017.*

The Indian economy is dominated by the services sector, which accounted for 53.7 per cent of GDP in 2016-17. In terms of employment, the share of the services sector in urban areas was 58.7 per cent (2011-12), compared to just 16.1 per cent in rural regions. The share of industry (which consists of both manufacturing and construction) stood at 31.2 per cent of GDP in 2016-17, as compared to 31.5 per cent in the previous year. Changes in employment patterns are associated with the process of structural transformation, as resources (capital and workers) are moved from low to high-productivity sectors. In India, a large proportion of the workforce is still dependent on the agricultural sector. The agricultural sector still accounts for 62.7 per cent of India's rural employment. At the same time, agricultural share in gross value added has fallen rapidly, from 18.5 per cent in 2011-12 to 15.2 per cent in 2016-17.

Globalization has also led to the growth of the standard of living in the country. This has put a favorable impact on the overall labor standards in the country. With the rise in the civic amenities and the improvement in the health care sector, the standard of living has also improved. Improvement in education has also given rise to skilled workforces who are very much suited to the changing trends and needs of the market. According to recent surveys, the standard of labor in both the organized as well as the unorganized sector has improved to a great extent. According to the UN Human Development Report 2016 (Published in March 2017), India ranks 131 of 188 when it comes to the Human Development Index (HDI). This puts it in the 'medium' HDI category.

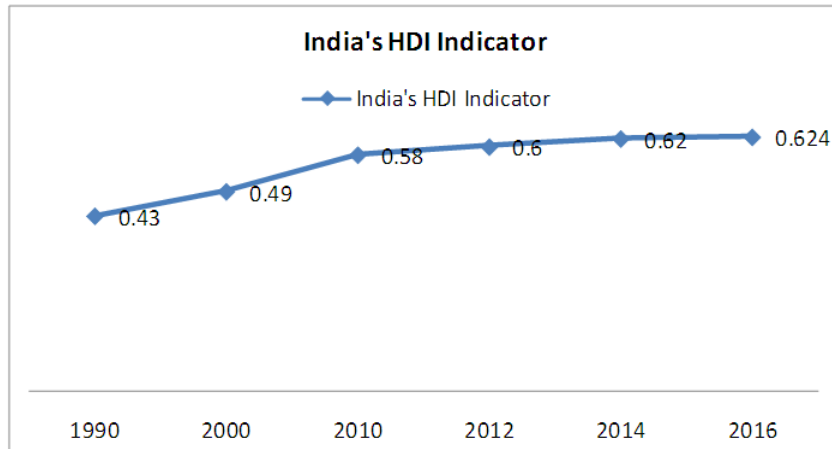


Fig. 5

Sources: UNDP Report 2016, Published on 2017, March.

India's HDI, at 0.624, makes it as the third SAARC country on the list, behind Sri Lanka and Maldives (both of which fall in the 'high' HDI category). As we can see from the above figure which shows India's HDI over the last 25 years reached from "low HDI category" (0.43) to "Medium HDI category" (0.624) but in comparison to previous year no changes in HDI recorded as it was also 0.624 in 2015. Still India's human development index growth rate has performed well compared to other countries. India's HDI has increased approximately 46% over the last 25 years with the average growth of 1.52. Still one person out of the three is living at a lower level of human development. The main reason behind is that India is placed in the bottom of five categories of countries when it comes to gender parity, and is classified as having "low equality in HDI achievements between men and women". The low female labor force participation rate compared to men is also an obstacle in achieving the "High HDI category". Employment generation through public works program targeted at poorest in the poor people can reduce poverty through job creation. The National Rural Employment Guarantee Programme in India and the Rural Employment Opportunities for Public Assets Programme in Bangladesh are its main examples.

##### 5. CREATING OPPORTUNITIES FOR "GAINFUL EMPLOYMENT": THE SUSTAINABLE GROWTH APPROACH

By 2020, India would be the country with a surplus of 47 million youth. This is huge opportunity and a challenge as well for India. India will account for a substantial share to the global labor supply over the coming years. India's workforce of youth could produce more output, consume more goods and will bring India get through to the position of an economic powerhouse. India's policymakers will find it tough to create jobs for those who enter the labor market.

India has a great opportunity to meet the future skilled manpower demands of the World, India can become the worldwide sourcing hub for skilled workforce. Gainful employment is about quality, not just quantity. It implies not only the creation of jobs, but the creation of more fulfilling and better-paying jobs that are more productive and that mean an enhancement in work

“quality” (a term we use to describe other aspects of work desired by the labor force, such as safety, cleanliness, flexibility, income security, skills, and intellectual stimulation). These aspects of work are important objectives for an economy that seeks to deliver inclusive growth and meet the aspirations and expectations of its workforce of 520.4 million.

**Unemployed persons having graduate/post graduate level qualification (Aged 15 years & above) by reasons of unemployment (in %)**

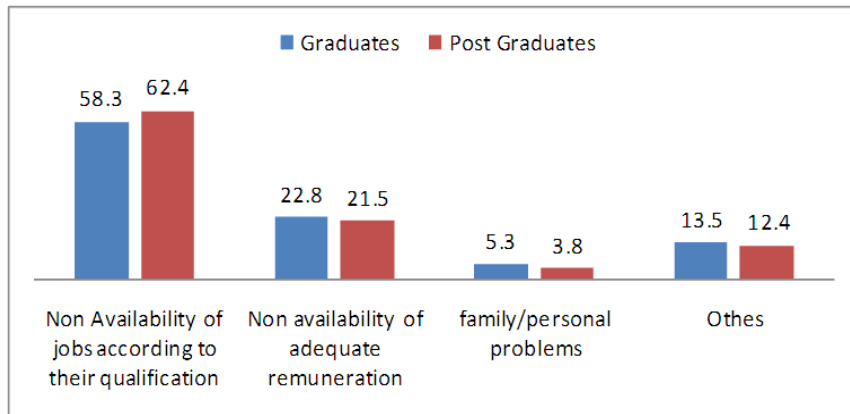


Fig. 6

Sources: Ministry of labor and employment, Government of India.

At the All India level, 58.3 percent of unemployed graduates and 62.4 percent of unemployed post graduates cited non availability of jobs matching with education/skill and experience as the main reason for unemployment followed by non availability of adequate remuneration cited by 22.8 per cent of graduates and 21.5 per cent of post graduate. While 5.3 percent of unemployed graduates and 3.8 percent of post graduates are not working due to their family/personal problems, on the other hand 13.5 percent of the unemployed graduates and 12.4 percent of the unemployed post graduates are unemployed because of other reasons. India's employability crisis is all the more serious because the majority of Indian population is young. Increasing number of jobless youths is a big challenge and pace of job creation in the country is very slow in comparison to the continuously increasing population.

The prime agenda for the developing countries is how to create millions of jobs for unemployed persons every year with limited purchasing power and limited capital for investment. India's population is increasing rapidly in comparison to job creation per year. The idea that most of these jobs could be created in the corporate sector or by government-sponsored activities has been put to rest. Currently, there are nearly one billion self-employed and unpaid family workers in the world, most of them self-employed farmers in developing countries. It must be given much importance to self-employment and entrepreneurship for making any strategy to be successful, with emphasis on agriculture, agro-industry and small firms in the informal sector. In the recent scenario of globalization, labor market trends for developing countries and developed countries has their own level of issues with them so a single approach could not be applicable to all countries and regions of the world in different stages of development, a number of common



principles and strategies should widely applicable for more opportunities of employment generation.

## 6. CONCLUSION

Employment generation policies should be at the top priority of central and State governments. Our national government should enhance the growth of stronger clusters and networks of small enterprises because India has large numbers of small and micro enterprises. Small and micro enterprises are desirable because they generate more jobs per unit of capital, they enable citizens to create jobs for themselves and earn livelihoods with less state expenditure, and their growth can be widespread in all regions and in many sectors thereby making growth more inclusive.

Small and micro enterprises can overcome limitations in accessing markets and obtaining resources as well. And by developing their capabilities into effective clusters and technology enabled platforms, job opportunities will be maximize for the citizens.

The quality of clusters and cooperative associations of enterprises in India is much lower than in other countries where small enterprises have provided the backbone of their faster industrial growth. Digital technology platforms and communication networks are becoming further accelerators for the empowerment of small and micro enterprises. The Government of India's 'Make in India Campaign' aimed at making India a manufacturing hub, is a significant step towards achieving employment intensive growth as it seeks "to create 100 million additional jobs by the year 2022 in the manufacturing sector".

Focusing on agriculture and service sectors will provide the bulk of job opportunities for sustainable growth. The labor force typically lacks of skilled workers with advanced knowledge of techniques, training or marketable skills due to this construction and service sector will be enormous draws for the labor market, as they do not require highly specialized skills and demand for these industries will likely be high. Focusing on these sectors for employment generation can maximize the opportunities of jobs for the population.

## REFERENCES

- [1]. **Mckinesy Co, 2017 June.** Discussion paper on India's labor market, a new emphasis on gainful employment, Sub-regional Office for South Asia, Delhi
- [2]. **Papola, TS. (2015).** Asia-pacific working paper series, Employment challenges and strategies in India. New Delhi.
- [3]. **Venkatanarayana, M. (2011 April).** Youth Employment and Unemployment in India. IGNOU Mumbai.
- [4]. **Mathew, ET. (2015).** Employment and Unemployment in India. Sage publication, New Delhi.

## JOURNALS

- [1]. **Bhattacharjee, A. (2006).** "Labor market regulation and industrial performance in India: A critical review of the empirical evidence". Indian Journal of Labor Economics. Delhi.

## E-PAPER

- [2]. **Roche, Elizabeth. (22 March 2017),** India ranks 131 on Human Development Index, Norway No.1. Mint, live. New Delhi.

### **Reports**

- [1]. **UNDP (March 2017)**, Human Development Index report. New York, US.
- [2]. **Ministry of Rural Development (2017)**, Sustainable rural development: A three years' journey, New Delhi.
- [3]. **NASSCOM (May 2017)**, Jobs and Skills: The imperative to reinvent and disrupt. Noida.
- [4]. **India, IMA (2017)**, The Indian employment report, New Delhi.
- [5]. **South Asia Economic Focus, (Spring 2017)**, Globalization backlash, World Bank, 2017.
- [6]. **Ministry of labor and employment (January (2017))**, Quarterly reports on employment scenario. Government of India, Labor bureau Chandigarh.
- [7]. **Ministry of labor and employment (April 2017)**, Quarterly reports on employment scenario. Government of India, Labor bureau Chandigarh.
- [8]. **Ministry of labor and Employment (2015-16)**, Report on education, skill development and labor force, volume III. Government of India, Labor bureau Chandigarh.
- [9]. **Ministry of labor and employment (2015-16)**, Report on employment-unemployment survey, volume I. Government of India, Chandigarh.
- [10]. **Government of India (2012)**, 12th Plan document, Chapter 22 on Employment and Skill Development. New Delhi.

### **WEBSITES**

- [1]. <http://www.mnrega.nic.in/netnrega/home.aspx>
- [2]. [www.labourbureau.gov.in/](http://www.labourbureau.gov.in/)
- [3]. <https://www.ima-india.com/>
- [4]. [www.in.undp.org](http://www.in.undp.org)
- [5]. <http://www.nasscom.in>
- [6]. <https://rural.nic.in/>