

Creating jobs for young India

If India does not make effective use of the strengths of its youth now, it may never do



JAYAN JOSE THOMAS

Amartya Sen had once quipped that India's unemployment figures were low enough to put many developed countries to shame. Professor Sen was, of course, not commending the country's record in employment creation, but instead, highlighting the difficulties involved in measuring employment and unemployment in a developing country.

Unemployment has been at the centre of public debates in India recently. The government's Periodic Labour Force Survey carried out in 2017-18 revealed that unemployment in the country reached an all-time high rate of 6.1%. What explains this sudden jump in unemployment in India, which had remained at a rather low rate of around 2% for several decades?

Our estimates based on official employment surveys and the Census show that in 2018, there were 471.5 million persons employed and 30.9 million unemployed in India. At the heart of the unemployment problem in India were young, unemployed men aged 15 to 29 years who comprised 21.1 million or 68.3% of all the unemployed in the country. To understand how their numbers rose recently, we need to examine the behaviour of not just labour demand but also labour supply over time.

Rising numbers of job seekers

First, the size of labour supply in India is getting a boost from the rapid expansion of the working-age population in the country – the population of 15-59-year-olds increased at the rate of 14 million a year in the 2000s.

Second, the nature of labour supply is changing too, with increasing enrolment of young adults for education and their rising job aspirations. Of all 15-29-year-old females in India, 31% had been attending schools or colleges in 2018, up from 16.3% in 2005 (although, it needs to be mentioned here that there have been questions on the quality of education received and skills acquired by these



"New employment opportunities in construction created in rural India was 18.9 million between 2005 and 2012, and fell sharply to 1.6 million between 2012 and 2018." Workers at a construction site in Kolkata. •REUTERS

young people).

Third, the size of the workforce engaged in agriculture (and allied activities) has been declining in India: from 258.8 million in 2005 to 197.3 million in 2018 (which still accounted for 41.9% of the total workforce in the country). This decline has been partly due to the 'push' from low-productivity agriculture, which has suffered due to stagnant public investment from the 1990s onwards. The decline has also been driven by the 'pull' of new opportunities that emerge in the towns and cities. A significant number of people who are 'employed' according to official statistics could actually have been in 'disguised unemployment' in agriculture (consider a person who does no job but occasionally assists his family in cultivation). Young persons in rural areas will be increasingly keen to exit disguised unemployment in agriculture.

As a result of the above-referred factors, there has been a significant increase in India in the supply of potential workers for the non-agricultural sectors. These are 15-59-year-olds who are not students nor engaged in agriculture. If provided the relevant skills, they could possibly work in industry, construction and services. Our estimates show that the potential non-agricultural workforce in India grew at the rate of 14.2 million a year between 2005 and 2012, which rose further to 17.5 million a year between 2012 and 2018.

How has the growth of labour demand matched up to the job challenge in India? Between 2005 and 2012, construction had been the major source of employment in India, absorbing men who exited agriculture in rural areas, especially in Uttar Pradesh, Rajasthan, Bihar and Madhya Pradesh. The growth of construction jobs was associated with a revival in agricultural incomes and rural wages during this period.

Labour demand lagging behind

However, the growth of agricultural incomes and the rural economy in India slowed down markedly after 2012. New employment opportunities in construction created in rural India amounted to 18.9 million between 2005 and 2012, which fell sharply to 1.6 million between 2012 and 2018. The size of the manufacturing workforce in India declined by one million between 2012 and 2018, with micro and small firms in the informal sector suffering severe setbacks. At the same time, some segments of the services sector, especially education and professional, business and allied services recorded acceleration in employment growth after 2012. The crisis in the rural economy appears to have been moderated to some extent by an increase in governmental spending in 2016-18.

Even from 2005 to 2012, job creation in industry, construction and services in India (at the rate of 6.3

million a year) was inadequate to absorb the increase in potential job seekers into these sectors (at the rate of 14.2 million a year). Between 2012 and 2018, while the supply of potential workers into the non-agricultural sectors accelerated (to 17.5 million a year), actual labour absorption into these sectors decelerated (to 4.5 million a year). Thus, the mismatch between potential supply of and demand for labour deepened after 2012. While only the women suffered due to the mismatch during 2005-2012, young men were also affected after 2012. In fact, 30-59-year-old men managed to secure 90.4% of all new non-agricultural employment opportunities that emerged in India between 2012 and 2018, leaving too few new jobs for women and younger men.

Faced with the inadequate number of new jobs generated in the economy, women withdrew altogether from the labour market. Of all 15-59-year-old women in India, only 23% were employed in 2018, down from 42.8% in 2005. Correspondingly, there had been a sharp rise in the proportion of women who reported their status as attending to domestic duties in their own households. At the same time, the response of young men to the slow job growth in the economy was to continue in the labour market as job seekers. Among 15-29-year-old men, there was an unprecedented increase in the number of the unemployed, from 6.7 million in 2012 to 21.1 million in 2018. This was indeed the main contributor to the sudden increase in overall unemployment in India.

India faces a tough challenge in creating decent jobs for its growing young population. To tackle this, action will be needed on multiple fronts including investments in human capital, revival of the productive sectors, and programmes to stimulate small entrepreneurship. If the country is unable to make effective use of the strengths of its young women and men now, it can perhaps never do so. Within the next two decades or so, India's population will gradually start getting older, and it will be tragic for millions of poor Indians to grow old before getting even moderately rich.

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Housing crisis, untouched

The draft Model Tenancy Act does little to address current issues in the rental housing market



SWASTIK HARISH & EKLAVYA VASUDEV

After several years in the making, a draft of the Model Tenancy Act, 2019, was released by the Ministry of Housing and Urban Affairs in July. Among other things, the Act aims to promote rental housing and 'balance the interests' of landowners and tenants. It covers residential and non-residential properties, but it is apparent from the framing that it is largely aimed at the urban residential sector.

Limited scope

Finance Minister Nirmala Sitharaman stated in her Budget 2019 speech that the rental laws in India are archaic and do not address "the relationship between the Lessor and the Lessee realistically and fairly". The Model Tenancy Act, however, has a limited understanding of this dynamic as it fails to take into account that a majority of tenancies in India are informal – there is not even a written agreement, let alone a registered one. These agreements are based on trust, word of mouth, and social kinship networks. The model Act could therefore have one of two consequences: either a majority of the rental agreements will continue to be unregistered thus nullifying the legislative intent of the Act, or the Act might formalise existing arrangements and lead to gentrification and, consequently, an increase in rents, which is the opposite of what it sought to achieve.

The Act is laudable insofar as it provides for the constitution of Rent Courts and Tribunals. Thousands of rent cases clog the lower judiciary and the process is lengthy and time-consuming. The Act provides for a time-bound process with dedicated courts for tenants and landlords. But the problem is that the jurisdiction or power of these courts to hear cases is limited to the tenancy agreement submitted to the Rent Authority. On the one hand, this implies that all future tenancies that have been submitted to the Rent Authority shall be eligible to approach these courts. On the other hand, older tenancies and informal tenancies will still not fall under its jurisdiction. Thus, the twin problems of resolving older disputes and informal arrangements will continue.

So, how can the Act be made more effective? Put simply, the Act needs to respond in a realistic manner to actual housing market practices in our cities. First, counter-intuitive as it may sound, the Act needs to focus

on the upper end of the housing market in order to make a difference in the lower end of the market. It is known that vacancy – i.e., housing kept vacant for various reasons – is higher in the upper segments of the housing market. For instance, across urban India, vacancy rates in urban areas is 10.1% while in slums it is 7.3%. We see several empty apartment projects in our cities, but rarely an unoccupied slum or low-income colony. Thus, an effective implementation of the Act in the upper segments of the housing market will allow some of these vacant houses to enter the rental market and serve to relieve the massive amount of pressure and demand on the lower segments.

Second, even in letter the Act needs to differentiate between commercial tenancies that attract a lot more institutional investment and residential tenancies that are largely held between individuals and households. The two markets are very different from each other. Even in development policy, the outcomes required of the two sectors are entirely different – while commercial real estate underpins economic development, residential arrangements in urban areas offer security of tenure and access to livelihoods, health and education. The two cannot be dealt with in a similar manner as it would be under this Act. One cannot piggyback on another judicially.

More investments

A last but critical move will be to increase the supply of formal affordable rental housing – housing that can actually fall under the purview of the model Act. This requires investment on the part of the Central and State governments. Additionally, prior experience has shown that publicly provided rental housing will need structured efforts in management, planning and design in order to achieve its inclusive agenda. Thus there is a case for the Central and State governments to develop schemes for the supply of formal affordable rental housing. As per the experience of various countries, this could be in the form of housing built to rent for migrants, low-wage informal and formal workers, and students; rent-to-own housing for unsteady low-wage households; and even rental housing allowances/vouchers for the most marginalised in the housing market. To address the housing crisis and to ensure secure tenures for low-income households, the Act needs a wider ambit along with renewed efforts and investments.

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Trump is hardly an exception

The efforts of corrupt elite networks all over the world serve to distort democracy

SUDHIR CHELLA RAJAN

U.S. President Donald Trump recently tweeted, "There has been no President in the history of our country who has been treated so badly as I have". While he may be justified in expressing indignation at the media censure he is facing, no president in U.S. history has been embroiled in as many scandals as Mr. Trump.

The call of Democrat and Speaker of the House of Representatives, Nancy Pelosi, to initiate impeachment proceedings against the President may simply be the last straw, but not the crown jewel, of a long list of allegations. Mr. Trump is accused of seeking the support of Ukrainian President Volodymyr Zelensky in smearing the candidature of Mr. Trump's Democratic opponent, former Vice President Joe Biden, as a precondition for providing U.S. military aid to the Ukraine. The charge is that he is betraying both U.S. national security and the trust bestowed upon his office for personal political gain.

A web of connections

Serious as this allegation is, it is hard to deny that for nearly three years the White House and its vast influence were put up for sale to the highest bidder. Indians may well remember the \$38,000-per-plate dinner party in February 2018 thrown to guests interested in doing transnational deals with the Trump Organization. The prospective Trump Towers project in Gurugram netted \$15 million in sales overnight as a result of that party. We do not know what access to other transnational business deals was provided to the buyers of the property. These and other examples represent the workings of a complex and powerful web of connections that Mr. Trump and his family have established, including with big oil and defence, contractors and other conglomerates. They also include groups managed by the Koch brothers, media outlets such as Fox News, foreign business and political elites in China, Mexico and Russia and several hundred shell companies that possibly comprise a more shadowy set of players with murky connections to the underworld, dark money and transnational syndicates. Banks

and other financial entities, the Republican Party machine, lobbyists, donors and associated businesses may be one step removed from Mr. Trump's inner circle, but their interests are also well-supported.

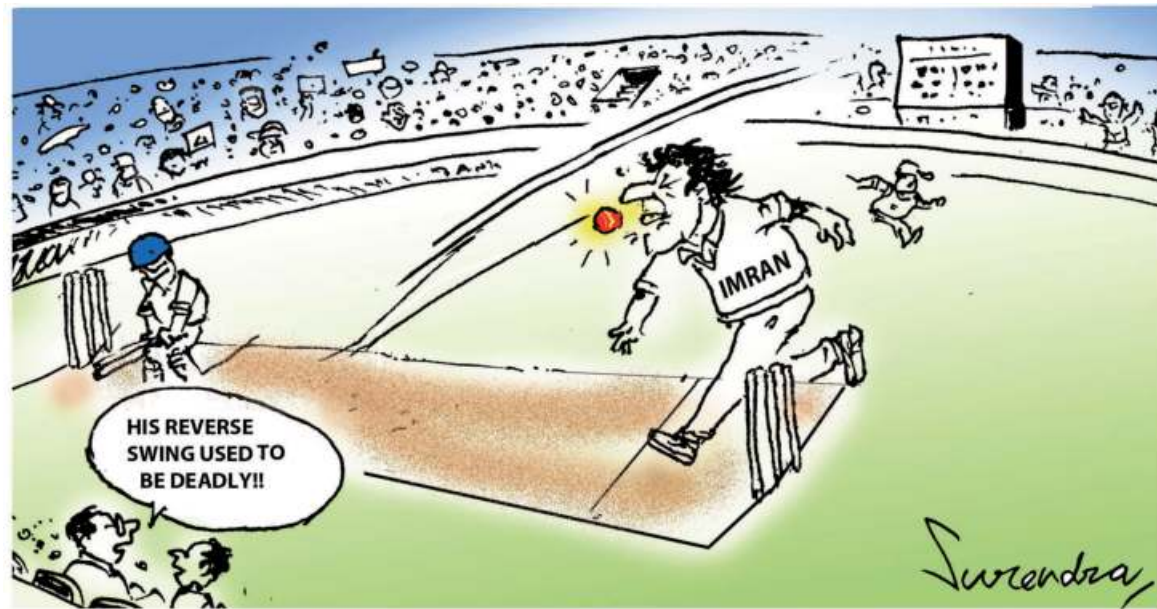
Strengthening demagoguery

But perhaps most important for this elite network to prosper is the sizeable and unwavering public support for Mr. Trump, which is bolstered by the ridicule showered on his personal behaviour by liberal sections of the media. His demagoguery is indeed strengthened by the excessive focus on his image, even while elites in various parts of the globe quietly reap large benefits from their associations with his inner circle.

Mr. Trump's actions may seem to be an especially egregious version of political corruption, which is normally defined as the abuse of public office for private gain. Yet, it is hardly a novel feature of political life. As Michael Johnston writes, political power and wealth are deployed in different settings, which are expressed as various syndromes of corruption in rich and poor countries.

More recently, these syndromes appear to be transnational in scope. During the 2008 financial crisis, the existence of a crooked arrangement of vested interests manipulating markets became widely known. The 2015 Panama Papers pointed to secret connections across banks, politicians, the mafia and arms suppliers. Grand or political corruption is therefore a process of elite power formation, where the super-rich and powerful manage to consolidate even more wealth and prestige. Their internal deals are carried out with the help of both legitimate businesses and crime syndicates. These are potent enough to sustain vast routines of co-dependent enterprises, whose extended network effects form entire cultures. The efforts of corrupt elite networks serve to distort democracy and impoverish economic development. The ensuing conditions of anomie demand that we remain on high alert to their crimes.

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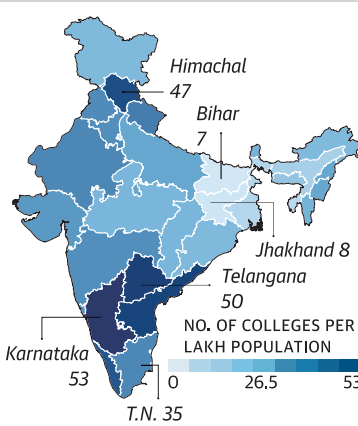
DATA POINT

Progress report

According to AISHE* 2018-19, south India has a higher per capita proportion of colleges compared to the rest of the country. Despite six out of 10 colleges being private institutions, less than half the students study in them. The study also found that among Muslims aged 18-24, representation in higher education is glaringly low compared to their proportion of the population in that age group. By Varun B. Krishnan

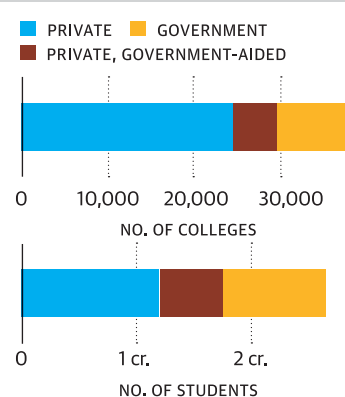
More seats in the south

Southern States have the highest number of colleges per lakh population (in the age group 18-23). In the north, Himachal Pradesh has the highest. Bihar and Jharkhand have the lowest in the country



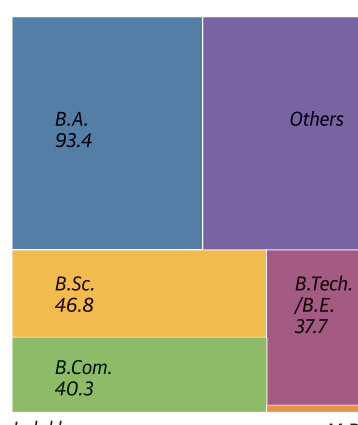
Enrolment pattern

While private unaided colleges account for about 65% of the total number of colleges, they account for less than half the number of students. Govt. colleges (22% of the total) account for 33.6% of students



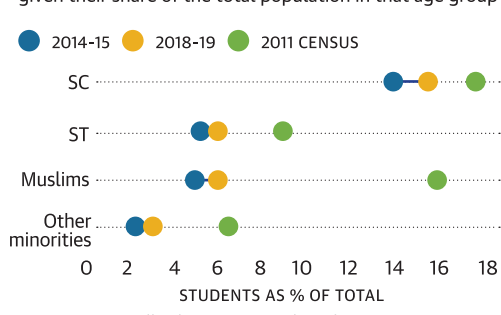
Arts & Science most common

The degrees with the highest number of students (including Masters and Doctorates) are Bachelor of Arts, Bachelor of Science and Bachelor of Commerce. M.B.B.S students account for just 0.74%



Minority report

The share of enrolled minorities aged 18-24 has improved, but these communities continue to be underrepresented given their share of the total population in that age group



The Hindu

FROM THE ARCHIVES

FIFTY YEARS AGO OCTOBER 1, 1969

Win over NZ in tense Test

The tense contest between bat and ball in the first cricket Test match between India and New Zealand, which had in its grip a crowd averaging over 30,000 each day from Thursday last (September 25) at the Brabourne Stadium here [Bombay], ended about an hour after lunch to-day [September 30]. India won the match by 60 runs and with more than two hours to spare. The New Zealand batsmen faced a difficult task, pitted as they were against the two top-class spinners, Prasanna and Bishen Singh Bedi on a pitch ideal for their exploitation. They could gather only 127 runs in the second innings to-day. This figure could have been lower if the home team's catching in the deep had been any-where near the excellent efforts of its close-in fieldsman. Surti, who breathes aggression, standing round the batsman's legs, brought off three catches to send back Murray, Congdon and Hastings the first at forward short-leg off Prasanna, a diving effort, and the other two at gully off the bowling of Bedi. Altogether he held five catches in the match, which did help him to retain his place in the side for the Nagpur Test.

A HUNDRED YEARS AGO OCTOBER 1, 1919.

Epigraphy in South India.

The Progress Report of the Assistant Archaeological Superintendent for Epigraphy, Southern Circle, for 1918-19, reveals expeditious work done in the increased examination of inscriptions, publication etc. Apart from the particulars furnished of the various inscriptions translated and recorded, a side light is cast on social and administrative matters. Among the archaeological finds is that of a very curious mystic charm (yantra) which is an object of worship in the Yan-troddharaka Hanuman temple, close behind the Kodandaramaswami temple. It consists of jumping figures of the monkey god each holding the tail of another arranged around another monkey god seated in the centre of a hexagon. The yantra is supposed to be a rare one of very great sanctity by the Madhva Brahmins and their help is solicited in interpreting it. In this connection we may remark that the hexagon is the double triangle which is also a mystic symbol found in Christian churches. It has been suggested that the double triangle is symbolic of the Yoni connection with Phallic worship which once prevailed in ancient days and of which the lingam is also a survival.