

# “Jobs”



Weekly Learnings 33 / 2024

The country needs to create more jobs. We have 500 million employees today of which about 45 pc are in agriculture and 25 pc in MSMEs. Here are my learnings and I wrote an article for Hindu Business Line this morning

1. Most jobs in agriculture are informal, there is no guarantee of anything. We need to move people away from agriculture jobs, sadly after the pandemic people have gone back home and into Agri jobs.
2. We need to add 100 million jobs asap. It doesn't matter which party is in power at the state or centre. This is a national need.
3. Jobs drive incomes, income drives consumption and savings, private sector invests when there is demand. All this drives GDP. Consumption is at 4 pc today and has to grow as more than 60pc of India's GDP is consumption linked.
4. GST is formalizing the economy, but we are not seeing enough formal jobs, when people work in the informal sector, they tend to borrow money from informal sources to meet their needs. That's a vicious cycle.
5. We need to create low skill + high scale industry jobs like apparel footwear etc.
6. We also have a challenge of placing our graduates, here we have a skill issue. We need to reskill or right skill large population of graduates.
7. We need 100 million jobs. All governments put together employ 14 million people, it is clear the government can enable but not create jobs. There are 40,000 MNC s in India. every MNC is adopting AI and driving productivity. They are in a wait and watch mode, so MNC s will not generate jobs, capability centres will come up, but that job creation is not enough.
8. So, we have to drive MSME jobs and get the private sector to invest in industry creating jobs.

9. The future of every job is digital skills, without this India will not be globally competitive. We have to invest in human capital for a decade - education, digital skills and total health if we want to truly be a great power. Digital tends to create low end jobs, destroy some repetitive middle management jobs and create new value adding jobs.

10 What's the W A Y forward ?? .. Women, Agriculture and Youth focus job plan

Shiv

[www.shivshivakumar.com](http://www.shivshivakumar.com)

29 July 2024

# WAY forward in job creation

Why women, agriculture and youth should be the focus of employment schemes

LONG  
VIEW



SHIV SHIVAKUMAR

A key focus of Union Budget 2024 was employment-linked schemes. Here is my take on the jobs crisis in India and the possible solutions to it.

The data on job holders is all over the place; an estimated 500 million are unemployed in India. We need to create 100 million more jobs quickly. This seems daunting as the unemployment rate is about 9.2 per cent, and 29 per cent of graduates are unemployed.

Let's start by ruling out the constituents who cannot help meet the 100-million jobs target. The government, between the Centre and the states, employs about 14 million people. At best it can add about one million jobs a year. The 40,000 MNCs in India can add 200,000 jobs, mostly through global capability centres (GCC). But MNCs are also downsizing globally on account of AI usage and to step up productivity.

So, where can 100 million new jobs come from?

## FOCUS AREAS

Women, agriculture job shift, and youth — or WAY — should be accorded priority in job generation.

Women are grossly under-represented at 38 per cent of the employed pool. For the WAY segment, we need to create low-skill, high-scale industry jobs like apparel manufacturing. This may seem incongruous in a world driven by high technology, but it's needed. India was big in apparel exports but fell back in recent years. Footwear, light manufacturing, and value-added logistics are the other potential industries, each of which must be supported to become globally relevant.

About 42 per cent of the workforce is in agriculture and the numbers have risen since the pandemic outbreak. The challenges include fragmented and unviable farm holdings, and ballooning farm loans. We need to rethink agri policies if we are to attract private investment. There is no option but to privatise some parts of farm activity and add technology to bring in more efficiency. This may appear unthinkable at first, but so did the now successful projects like Aadhaar ID card, Open Network for Digital Commerce (ONDC), Goods and Services Tax (GST), Unified Payments Interface (UPI), and privatisation of public sector companies. We should also incentivise companies to invest in value-added agriculture, as this will help create more women-oriented jobs.



**RIGHT FIT.** Apparel manufacturing sector employs women in large numbers

## HIRING CHANGES

The youth, who are the future, are looking for steady jobs. A big change we need to make, and quickly too, is prioritising skill-based hiring over degree-based hiring. The government can nudge companies in this direction. This will call for investment in skill building at the educational level. AI will be an enabler and India should use it.

What should we focus on? The World Economic Forum lists complex problem-solving, creativity, and critical thinking as essential skills now. We need to pivot accordingly.

Micro, small and medium enterprises (MSME) account for 25 per cent of jobs and a third of our gross domestic product (GDP). We have 64 million MSMEs employing about 128 million people. We need to simplify rules and provide a safety net for MSMEs; additionally we must push the 'India for India' agenda alongside our focus on exports. MSMEs, with the right incentives, can create 50 million jobs quickly. It's a worthy bet.

## NATURE OF NEW JOBS

We label jobs as blue collar or white collar. With evolving technology we are seeing the emergence of 'grey-collar jobs'. The railway engine driver of old was literally a blue-collar worker, but with technology and digitisation aiding her work, she is now a grey-collar worker. I feel more jobs will go this way. So, how can we identify the blue-collar jobs with potential to transform with technology into higher value-added jobs? Car and two-wheeler mechanics, lab technicians, and nursing are some ready examples of future grey-collar jobs.

GDP growth, which we celebrate, cannot happen without investment in education and skills, including from the private sector. Our education spend is less than 4 per cent of GDP. Until we raise that figure, we may not be able to create jobs. Our demographic dividend cannot last beyond 10 years. We must go in all the WAY.

Shiv Shivakumar was former chairperson, Pepsico India, and former MD, Nokia India