



## CONTRADICTION IN INDIAN ECONOMY: JOBLESS ECONOMY GROWTH

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### ABSTRACT :

*Growth is not a single aim of any economy, but it is drafted to eliminate poverty, encourage employment and promote development. Reducing poverty, creating new job and increase income is compelling for development. Job creation through economy growth enhances opportunities for employment which in turn increase income of low living standard person. Thus both are depended each other to promote. It is considered that there is a positive correlation between employment and economic growth. But available statically information of Indian economy shows that Indian average growth rate is approximately 7% during last decade. With high growth rate performance, however it is failed to generate employment. Data indicate a slow down job creation. This paper focuses on main reason behind it and suggests how policy maker can encourage job creation and achieve sustainable inclusive growth of the economy.*



**KEYWORDS :** India, Jobless Growth, GDP, Employment and Unemployment.

### INTRODUCTION

There are many serious economic issues which are challenged for Indian economy in recent time to grow. One of them is jobless growth, when comes to the research in economics field it has been main focusing issue to the economists. Many economists have investigated the relationship between GDP and employment. Arthur Okun was the first economist who started studying in the 1960s on this issue, and his result about the relationship between Economic Growth and unemployment (opposite employment) which shows negative relationship since become known as Okun's law. That means there are positive relationship between output and employment level. Both are important in itself place because both affect each other similar. It is considered that Job creation through economy growth enhances opportunities for employment which in turn increase income of low living standard person. It express as Employment Promote → More production → More Labour Demand → Rise GDP

But it is tradition condition that explain increase GDP could be grow employment but today seems that according to statistical information GDP is becoming grow more and employment increasing very slow or remain approximately constant. It is called Paradox of Economy: Jobless Growth.

Capital Intensive Technique → More Production → More GDP.

Unemployment is not a temporary phenomenon in the sense that it will pass off its own after spent some time. But it is a chronic problem which requires immediately permanent solution for long

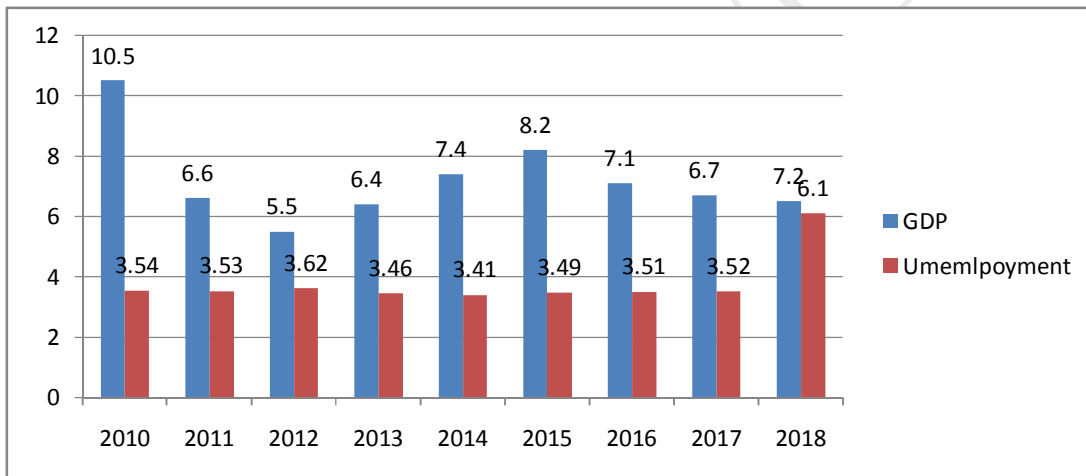
term sustainable development. This paper analyses the problem of jobless growth in India, discusses main reason behind it and certain possible suggestions to solve it.

**PRESENT SCENARIO OF INDIAN ECONOMY**

First of all we try to estimate the present situation of Indian economy about its GDP and employment level. For this purpose we can use some statistically information from various publication. As shows in chart, Higher growth rate of GDP not having translated into more employment. The study asserts that this divergence between GDP and employment has increased over time from last decade.

If you look at the 2010 when GDP growth was around 10.5 percent and unemployment growth rate was around about 3.54. The same situation continue noted that coming years. In 2018 economy growth rate is noted 7.2 percent where unemployment rate increased at highest level during 45 years (decreases employment rate) at 6.1 percent. Accordance Okun’s law every 1% increase in unemployment result decreases GDP roughly an addition 2% lower than its potential. But it situation shows opposite result it express paradox in economy growth.

**Unemployment growth rate compare to Gdp growth rate**

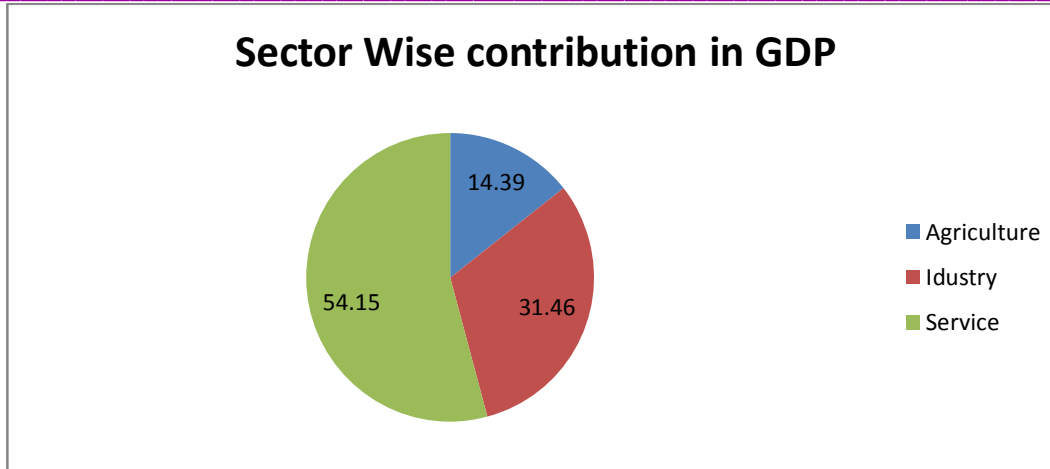


Source: em- Tradingeconomics. Com. ILO, GDP-www.ceicData.com.World Bank

According the report of trading economics member of International Labour Organization, India population is 1284.60 million in which labor participant force are 52.50% . The employed person are only 29579 thousand and number of unemployed person are 44.85 million in which youth unemployment rate 12.9% in 2018. It shows the poor condition of employment at present time with high growth rate.

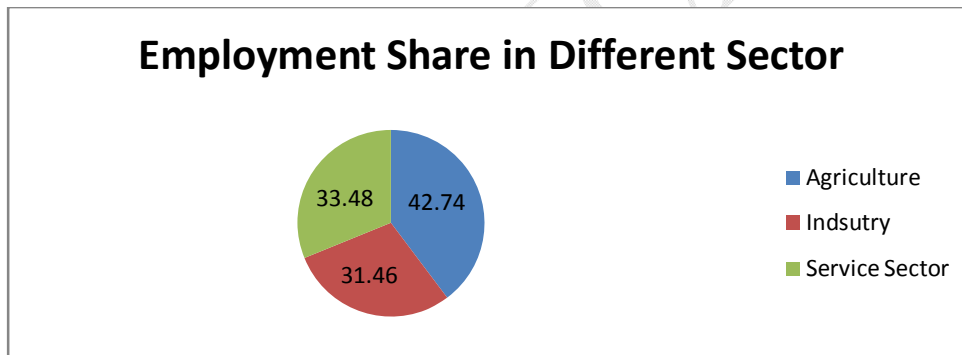
**SECTOR WISE PERFORMANCE OF ECONOMY**

An analysis of sector wise performance shows that services sector is the highest contributed sector in GDP and second industry contributes while agriculture sector shares lowest than other. Thus, the composition of agriculture ,Industry and Service sector are 14.39% , 31.46% and 54.15% respectively (as shown below chart). Number of population 42.74 are engaged in the agriculture sector contributing very low only 14% of GDP. The share of agriculture in GDP has to decline over time but it absorbs large number of population in working.



Source: MOSPI (at constant price 2011-12)  
 Note: Sector Wise share in GDP in 2018-19

On the other hand that of service sector has to increase its share in GDP but absorbs less work force of population. Thus the composition of employment shares in different sector agriculture, industry and service sector as 42.74%, 23.7% and 33.48% respectively. As shown in chart



Source: International Statistics and Market Data (2018-19).

### CAUSES OF JOBLESS GROWTH

From the above discussion, it is clear that jobless growth phenomenon in the country is gloomy indeed. The major reason which has been responsible for it can be explain in this way.

- In agriculture sector, employed persons are sharing to production less than their capability. They may be deemed as working but their marginal productivity where zero is. If some of them are out of work, there is no effect on production.
- With GST coming, its direct effect can measure on small and medium entrepreneur's business which is a major absorber of uneducated and low skill workers all through the years.
- Present education system focuses on the theoretical aspect of teaching and learning which do not match with present requirement of market demand as every job has its own need.
- Developing country focuses that how does purchase new technology from abroad rather than innovates itself.
- Mostly industry focuses on capital intensive technique which is one reason of decreases labour demand in market.
- The new policy like make in India, SEZ ease of doing business startup and investment agro business etc has need some time to perform better as they are long term project which give return in back.

- Employment doesn't mean government job only, it also a reason for unemployment because some educated person doesn't want to work any private sector they are remaining in wait of government job.
- Rapidly increases population.

### SUGGESTION TO SOLVE THE JOB LESS ECONOMY GROWTH

In the light of the above mentioned the availability of work is much less than required. A large number of people lack of work opportunities work on temporary and contract basis at low wage rate. They remain out of work for long period so face unsecure employment situation. So, the need of hours is there are taken effective steps to remove this problem by government. We can discuss some remedial suggestions.

- The foremost solution for this problem lies in enlarging the opportunities of work on both side of wage-employment and self-employment. At present time most of people is self employment, government should be provided more facility to promote them.
- Capital Formation- Increasing capital formation helps to employment expand in two way. First it becomes possible maintain current economy activities and secondly, it directly generate employment in capital good sector.
- Flexibility in labour market should be reviewed, because it will diminishes worker's incentive. After apply it, mostly experienced and trained workforce had become unemployed.
- Non- agriculture industry should be developed so as to absorb surplus labour from agriculture.
- It is necessary to choose such a technique which absorbs more labour.
- Should be given priority to create innovation itself rather than import.
- The present need to be changed the education system to generate the desired skill human resources.
- Improve tax administrative system.
- Given more support through labour intensive industry.

### CONCLUSION

To persist for sustainable development, the effective steps are necessary to remove this job disaster and to transform our country as immersing real developed economy in future.

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