

India jobs dearth mars Modi's third term

Shortage of formal positions is coinciding with a lack of suitable candidates to fill them

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Ajesh Kumar, a college graduate in a village in Haryana, a rural state bordering Delhi, recently applied to work as a cleaner. But there were more than 400,000 jobseekers for an estimated 5,000 positions, making the 30-year-old's chances about one in 80.

He said: "There's just no hope, no chance" of getting one of the government posts, which are prized because of the guaranteed hours, wages and benefits, however low, of public sector work.

Kumar is one face of India's most intractable public policy issue: a chronic shortage of formal jobs in the world's most populous country and, according to companies, a corresponding shortage of suitable candidates to fill them.

The economic record of Prime Minister Narendra Modi, now in his third term, will again be on the agenda in Haryana on Saturday in one of a string of regional polls in which the opposition will seek to build momentum against his Bharatiya Janata party.

The opposition managed to push the BJP into a parliamentary minority for the first time since 2014 in nationwide elections this year, in part by highlighting persistently high joblessness.

India's economy is failing to create enough jobs for its young and growing population and train the skilled workers needed to harness that demographic dividend. This mismatch is feeding widespread grievances and represents one of the biggest challenges for Modi as he enters his second decade in power.

"Every month about a million formal jobseekers are being added to the workforce," said Rituparna Chakraborty, co-founder of Teamlease, which claims to be India's biggest staffing group. "Nine out of 10 of them go into the informal sector — jobs where there is no employment contract, no social security benefits, no protection and no wage guarantees."

"The poorest Indians tend to take on daily wage jobs in things like construc-



Seeking work: a state-level jobs fair in Bangalore, Karnataka, offers walk-in interviews

Idrees Mohammed/AFP/Getty

tion because there aren't too many alternatives," said Shruti Rajagopalan, senior research fellow at the Mercatus Center at George Mason University in Virginia. "The people in the middle are still waiting and would rather hold out for a government job, or work on the family farm because at least it provides them food security."

Modi's government has taken steps to tackle joblessness. In the first post-election budget, it announced an apprenticeship scheme with places for 10mn young people over five years. There will also be training subsidies for companies, stipends for apprenticeships and help for vocational schools to amend courses to align with the job market.

Companies, however, lament a shortage of qualified candidates. Larsen & Toubro has said it faces a shortage of 45,000 skilled personnel across its businesses, which range from construction to information technology.

Mohandas Pai, chair of private equity group Aarin Capital and former chief

financial officer at IT group Infosys, said most industries were struggling to find skilled workers as India's economy expands at an annual rate of about 7 per cent. He said: "Many industries are not willing to spend money to hire them, skill them and train them."

On the supply side, economists say cumbersome regulation is holding back job creation. Many laws kick in for companies employing only 10 people or more, said Rajagopalan, prompting people not to hire "the 10th worker, or they hire the worker informally."

Modi's government in 2020 approved an overhaul of labour laws, which regulate everything from shift hours to the number of clocks per factory floor. But the reforms have yet to take effect.

There is even disagreement over how to measure unemployment. The Centre for Monitoring Indian Economy, a think-tank, publishes the most widely cited indicator. In August it showed a jobless rate at 8.51 per cent and rising. "This is a pretty high unemployment

rate in a country growing at 7 to 8 per cent per annum," said Mahesh Vyas, CMIE's managing director.

Modi's circle favours the Periodic Labour Force Survey, which reports quarterly, and shows the jobless rate at below 5 per cent and falling.

Analysts said the discrepancy was because of what counted as work, including part-time agricultural roles.

Kumar, in Haryana, for example, may or may not qualify as unemployed depending on who is counting. He is earning some money on commission for a company that sells cattle feed and is considering setting up a dairy business with his brother.

Like many young Indians, he also aspired to an army post, completing a correspondence degree in political science and passing the written test three times. But he was rejected in the interview. "You need sources and contacts when you reach that level," Kumar said. "I did not have them. I have given up looking for jobs."