

## **Boosting employment creation in Kerala**

A V Jose

The Honorary Fellow, GIFT

Thank you, Dr Harilal, the chairperson of this session. It is a privilege being here in the company of very erudite scholars, who can speak authoritatively on the budget and its implications on the economy of Kerala. Since I belong to the crowd of usual suspects of the Gulati Institute always called in, I took the liberty of asking the Dr KJ Joseph, the Director on the topic I should discuss. He suggested that I can go into the employment dimensions. In Alice in Wonderland, there is a character, who advises Alice to dream of at least five impossible things every day before breakfast. I am afraid, employment belongs to that category of impossible things one should dream about. The Union budget and the Economic Survey preceding it do not leave much room for being optimistic on the employment front. Tall claims are always made on the number of jobs that will be created, but then the experience in terms of the employment elasticity of growth so far is very dismal. But in this profession, we are all doomed to dream some "impossible dreams" like they sing in that beautiful musical movie, Don Quixote de la Mancha. I think it is still worth dreaming of impossible things. I am here to tell you about three impossible dreams.

First, on the question of creating more opportunities for formal employment. We have something like less than ten percent of the total labor force of India, categorized as the formally employed. They have secure jobs with assured wages, conditions of employment and social security benefits. In all there are less than 40 million workers out of total labour force of 450 million in India. One can imagine the magnitude of the task that awaits us if we were to bring in formal employment relations for the rest of the labor force in the informal sector comprising of those with regular jobs, but without any access to higher wages or social security benefits, the self-employed, casual workers, and the unpaid workers.

One can at least dream about minimizing the insecurity of their lives by making it possible for them to access better terms and conditions of work, and this is something public policy can work for. The institutional safeguards created by the state can cater to those with the most insecure jobs of the gig economy, now increasing in numbers. They can be brought under the ambit of secure incomes with assured benefits. That is eminently possible, provided we create the right institutional safeguards. Without going into the details of those institutionalized safeguards, let me bring to your attention and assert that it is very much in the realm of possibility for the state to embark on making life less miserable for those with insecure jobs.

A second impossible dream is about women's employment. In this country we are stuck at the level of talking only about low labor force participation rates, low worker population ratios and imprecise unemployment rates. And these ratios have some definition problems too. When we take the aggregate ratios, we notice that there are very low labor force participation rates in the range of 40 to 45 percent of the population, which are way below what you observe in other countries. But then, if we disaggregate the figures and deconstruct them into men's and women's participation rates the picture gets clearer. On the front of male workers, if you consider those belonging to the age group 15 years plus, our participation rates are on par with the rest of the world. The rates plunge only when we take up the work participation of women; they are got exceedingly low, and historically so when compared to the rest of the world (SPB 2022). It is worth looking into the reasons why it is so even in a state like Kerala with better access to education, and a higher level of social spending per capita (Isaac 2022). In principle these factors should have made employment accessible to all workers. Since the worker population ratios among women remain low in Kerala, a point to ponder over is whether paid work as such still remains unattractive to women.

My submission is that what needs to be done is to make work more attractive to a large body of women workers by raising the offer price, that is minimum wages, and by improving their social security benefits. It is plausible that many women will come out of the precincts of the household in search of paid work, if only we make a bold move to raise wages that can match their opportunity costs. Public policy interventions of the state can be geared to such an objective. Support of the banking institutions too can also be geared to that goal. Establishments which hire women by offering social security contributions can receive preferential treatment for financial support. These pro-active measures should find a place in

public policy all over India, since there is an enormous scope for improving the work participation of women in paid employment.

Third, a massive urban employment creation. Dr. Ravi Raman has drawn attention to the Ayyankali scheme for urban employment in Kerala. The entire country is going to be urbanized quite fast in the coming years. There is enormous scope for generating employment with secure incomes and assured benefits for all those people coming to the urban areas in search of income-earning opportunities. This is not just about the knowledge economy related jobs that give importance in the plan documents. There is a case for taking care of the large numbers of people who belong to the lower end of the skill spectrum and end up taking all the insecure jobs of manufacturing and service industries. This requires careful planning and coordination towards raising and utilizing the required resources. Take for instance the Life Mission housing scheme of Kerala, which envisages paying 4 lakh rupees each to nearly five lakh households. If we examine the quantitative dimensions of such a massive support scheme, it is equivalent to 20,000 crore or 200 billion rupees. I have no doubt that the state can eventually mobilize resources of such magnitude. When such a huge quantum of the resources is involved, we might as well turn it into a substantive investment programme geared to employment creation within the state. We should aim to manufacture modular structures of different components for houses that can be used for the entire housing program in urban and rural areas of the state. There is scope for extending the investment programme to the whole country. We should aim to involve the cooperatives of skilled and semi-skilled persons, in particular women, who can be entrusted with the job of building houses. Through similar investment ventures, we can reach out to all workers in the informal sector and provide them with secure income and vastly improved conditions of employment.

Let me conclude saying that the dreams mentioned in this intervention can be fulfilled if the entire polity is willing to look forward and accept the need for more practical approaches to employment creation and a coordinated use of resources in the state. Thank you.

## **Reference**

Isaac T.M. Thomas (2022) *Kerala: Another Possible World*, LeftWord Books, New Delhi.

SPB (2022) *Kerala Economic Review 2021*, Volume 2, Table 7.1.1 State Planning Board, Thiruvananthapuram, Kerala, India