



## Urban employment as the focal point



### Context:

- As per the economy and employment's recent data on the contraction of the economy, the shrinking sectors that have been affected the most — construction (–50%), trade, hotels and other services (–47%), manufacturing (–39%), and mining (–23%) — are those that create the maximum new jobs in the economy.
- Given the contraction and lack of demand in the economy, there would be a significant dip in urban employment generation.

### Vulnerable employment in India:

- Vulnerable employment is characterised by **inadequate earnings, low productivity and difficult conditions of work** that undermine the basic rights of workers.
- It is higher in India than that of the world or the South Asia region. According to the International Labour Organization, **75%** of the labour force in India in 2019 will have poor quality jobs.

17.09.2020

Thursday



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- India presents a curious case as capital and labour are moving from low value added activities in a sector to another sector, but not to higher value added activities. This leads to a situation where a large proportion of the jobs being created are of poor quality.

### **Multi pronged strategy to tackle the issue of urban jobs:**

- Given the scale of urbanisation, the focus on urban employment generation programmes should be **in coordination with local governments**. Actors at the local level need to have more resources at their disposal.
- **Employment intensive investment policies** should embrace both private entrepreneurs as well as by the government. Private investments need to be facilitated by conducive contractual relations between labour and capital. Small and micro enterprises need extra support to balance the interests between labour and capital.
- A labour intensive approach to building municipal infrastructure can be a cost effective alternative to capital intensive approach as wage rates are low. Infrastructure investments will generate employment and earnings. Construction of low cost housing, building large scale medical, health and sanitation infrastructure in cities and towns across India can be carried out using labour intensive methods.
- While MGNREGA or its substitutes will not be able to absorb a significant proportion of workers (given millions of workers have returned to their home States due to a loss of livelihoods during the pandemic situation), **MGNREGA needs to be strengthened and their capacity increased**. It can be expanded by both increasing the budgetary allocations and the guaranteed minimum number of days of work.

### **Conclusion:**

- For workers in urban areas more jobs need to be generated and vulnerabilities need to be reduced by providing decent wages and some form of job security.