A 'Jobful' Economy

2019-22 saw India's fastest ever phase of employment growth, with women being the main beneficiaries

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This is the first of three articles on the labour market in the Indian economy over the last three years. The analysis is prompted by the release of data by the National Sample Survey Office (NSSO) on March 6, pertaining to the Periodic Labour Force Survey (PLFS) conducted during the agricultural year 2021-22 (July-June) and calendar years 2021 and 2022.

Three key facts on employment change:

- A 58 million increase in jobs between calendar year 2019 and calendar year 2022. The two years are chosen to conform to a pure pre-Covid and a pure post-Covid estimate.
- Jobs for women increased by 28 million or by 25% over the 2019 level; jobs for men increased by 30 million, or at only one-third the pace of female jobs, 8.4%.
- This pace of job creation is the highest in Indian history over a minimum three years.

Faster release of data

The PLFS surveys are conducted on a July-June basis. The last such survey was completed in June 2022, more than eight months before its release on March 6, 2023. There is really no excuse for a country which has been a pioneer in the gathering, and analysis of survey data, to release data on such a delayed basis.

However, March 6 2023 will be remembered as the day the Indian statistical system began to get its mojo back. Quietly, NSSO released the PLFS unit-level data for three years – 2021-22 and calendar years 2021 and 2022. Publication of calendar year data for 2022 means that data has been released into the public domain barely two months after completion of the data collection in December.

DECODING THE JOB MARKET

This is unprecedented for NSSO, and matches the speed of private survey estimates and international surveys. This action needs to be applauded. And it is hoped that NSSO will also release the results of the Consumer Expenditure Survey for 2022-23 currently underway by the end of August 2023 – and just in time for the G20 meeting on September 9, 2023.

The employment data (current weekly status) suggests that there is an emerging structural change in employment in India, and one which has not yet been recognised, or appreciated. Around the world, and in India, all data for 2020 and 2021 are an inaccurate reflection of the underlying economic reality. Hence, our efforts to construct an estimate for calendar year 2019 to prepare estimates uncluttered by Covid (based on a combination of 2018-19 and 2019-20 data). This method is similar to what the NSSO used to construct and release for calendar year 2022.

INDIA'S JOBS BOOM SINCE 2018

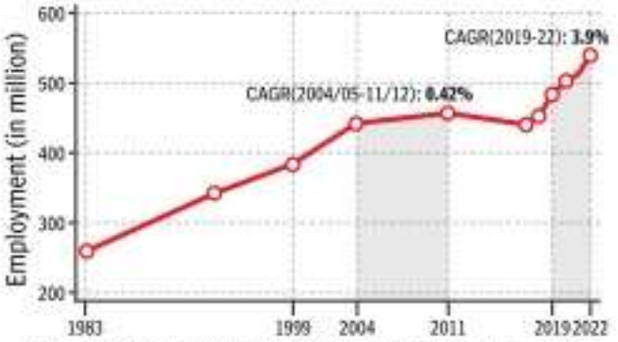
'Employment trend in India 1983-2022'

Agricultural year	Census adjusted employment	Change in Employment	CAGR employment growth
	In Millions		%
1983*	259.1		
1993	344.1	85.0	2.7
1999	384	39.9	1.8
2004	443.7	59.7	2.9
2011	457	13.3	0.42
2017	441.3	-15.7	-0.58
2018	450.7	9.4	2.1
2019	483.0	32.3	6.9
2020	503	20.0	4.1
2021	513.3	10.3	2.0
2022	542.9	29.6	5.6

*1983 is calendar year
UN population data used to adjust survey-based employment to Census-based estimates

Employment in India 1983-2022

Age: 15 and over (as per current weekly status)



Source: NSSO Employment and Unemployment Surveys; post 2011 PLFS

One final point. The NSSO does not report estimates of levels of employment, since levels require a census-based estimate of the working age population. Survey population estimates are far from accurate and often 10 to 20% lower than those reported by the UN (based on census and fertility rates). While there are various private sources reporting total population, we rely on the gold standard – UN population levels, and forecasts when census data are not available.

Jobs surge during Covid phase

The NSSO data show that the employment growth from 2004-05 to 2011-12 (the high GDP growth period under the UPA regime) was particularly weak – total increase of just 13.3 million or a compound annual growth rate (CAGR) of only 0.4%.

However, the 2004-11 change is an underestimate of a correct like-with-like comparison because the definition of employment became more "restrictive" in 2011-12. Analysis is underway to adjust data for this definitional change in unpaid employment for 2004-05. These adjustments are unlikely to yield an additional gain of more than 10-15 million – which will increase the growth in jobs during UPA to 0.9% per annum.

The addition of 58 million jobs in three years, 2019-22, is a big increase and the pace is likely to be among the world's best. It's considerably higher than the employment recovery in the US

The chart documents the employment growth between 1983 and 2022. Note that there is no dip in the Covid years 2021 and 2022. This is because the data are on an agricultural year basis, July-June. Quarterly PLFS data shows a 5 percentage point decline (about 10 million jobs) in each of the Covid quarters Q2 2020 and Q2 2021.

The addition of 58 million jobs in three years, 2019-22, is a big increase and the pace is likely to be among the world's best. It's considerably higher than the employment recovery in the US for the 2019-22 period – just 1.1% or 0.7%. The previous highest CAGR was 2.9% experienced during the NDA government from 1999-2000 to 2004-05.

Our 40-year analysis between 1983 and 2022 reveals good news, a story of structural change in India.

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