

## **Employment Generation in Difficult Times: Reflections on Kerala Budget**

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*Despite high educational attainments, educated unemployment is a worrying feature of Kerala. Some of the suggestions made by the Kerala Finance Minister are discussed below. The note suggests that turning these into reality will be a major challenge faced by the government.*

The Finance Minister, Dr T Thomas Issac, presented Kerala's budget for 2021-22 on 15 January 2021. With the election to the Kerala legislative assembly round the corner, the Finance Minister walks a tight rope, balancing the huge impact of COVID-19 on the state economy and staying focussed on the development themes envisaged by the Nava Kerala Mission of the Left Democratic Front government. Towards creating a new edition to the Kerala development model, as stated in the budget document the Finance Minister aims to transform the state into "into knowledge based society, with strides in modern employment opportunities and industrial growth while consolidating our achievements in the social sector".

### **Perspective**

This short note will reflect on the budget from the perspective of employment generation. The budget claims to create 8 lakh employment opportunities in 2021-22, of which 3 lakh employment will be for the educated and 5 lakh for others. Stress on employment generation comes with the recognition of sustained high unemployment faced by the Kerala economy compared with the national average (10.4 per cent compared with 5.8 per cent noted at the national level for those in the age group of 15 to 59 years). But what makes unemployment in Kerala distinct is the high share of educated unemployment and a low percentage of women in the labour market, despite high educational achievements. Female unemployment is 19.1 per cent in comparison with 5.8 per cent for males. The budget document rightly acknowledges the phenomenon of 'withdrawing from the labour force' when individuals find it difficult to secure a job after repeated attempts; something more predominant for women after marriage and childbearing responsibilities. The budget document states that an estimated 5 lakh women professionals have taken a career break, are staying at home and another 40 lakh educated women are outside the labour force, having stopped job search. In this scenario, it is not surprising to have a low labour force participation rates for women, 28.5 per cent in comparison with 73.5 per cent of males. This budget's approach differs in how it envisages using the rise

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in digital jobs and flexible work locations and attempts to turn something from COVID phase into a boon. Some of the key suggestions in the budget that matters for workers and employment generation is as follows:

### **1. Facilitate work from home and work near home**

The budget document envisages making the best use of the work from home and work near home concepts, which gained popularity during the COVID crisis. If at least 5000 sq. ft. building facility is available at the block or municipal level, a scheme to convert those spaces into workstations is proposed, with Rs. 20 crore earmarked. To promote work from home and work near home concepts, it is planned to make available professionals' details on a digital platform. For the selected candidates, the government will provide over the counter loans, on monthly instalments to purchase laptops. In case of job loss, they need to repay the amount only after securing the next job. Other incentives include work station facility will be provided to them on concessional rent, if necessary and government remitting the employer's contribution to the provident fund. It is envisaged that work from home and work near home could encourage women to join the labour market.

### **2. Develop digital platform**

To strengthen the demand for labour, a digital platform will be developed to enhance regular contacts with a global job providing companies, impart training to job seekers depending on companies' requirements, and maintain a platform for providing their information. Towards the purpose, it is decided to restructure the Kerala Development Innovation Strategy Council (K-DISC), with Rs.200 crore earmarked for the initiative. Jobs will be ensured to at least 2 lakh people in 2021-22 who have taken a break from professional jobs. Twenty Lakh persons will be given employment in five years.

### **3. Strengthen skill training**

A skill mission will be formed under K-DISC to impart training to an estimated 50 lakh educated youth. Under the scheme priority will be given to (a) Malayalis returning to Kerala, following job loss in the backdrop of COVID-19 pandemic; (b) who have taken long break from the profession after working for a short while, which includes a large share of women and (c) other graduates. It is envisaged that seventy five per cent of beneficiaries of this scheme will be young women. Kudumbashree will have responsibility for finding out such women with interest and capability who are either unemployed or homemakers. A special sub-mission will be started in Kudumbashree, and an amount of Rs.5 crore is allocated to Kudumbashree. It is important to state that the budget document acknowledges supporting infrastructure and institutions for skill development, like ensuring the quality of education in schools to universities, internet connectivity, encouraging knowledge-based industries, and promoting start-ups.

### **4. Expand operation of employment guarantee scheme**

The budget plans to increase the reach of the Employment Guarantee Scheme. From the present thirteen to fourteen lakhs people enrolled in the scheme, it is aimed to provide additional

employment to three lakhs people. Further, the number of working days, which is currently 50 to 55 days on average, will be increased to at least an average of 75 days.

Other benefits promised in the budget for the workers under the Mahatma Gandhi National Employment Guarantee Scheme (MGNREGS) include creating a Welfare Fund, pension on completing 60 years of age, in not receiving any other pension and festival allowance who have worked for a minimum of 75 days. The Ayyankali Employment Security Scheme, which is Kerala's urban employment guarantee scheme, in parallel to the MGNREGS in rural areas, will be strengthened, for which Rs. 100 crore is earmarked.

To increase youth employability, private enterprises will be encouraged to engage skilled educated as apprentice or interns will be given employment grantee wages as subsidy. The option for employment as an apprentice or intern will be for a fixed period. There will be a cap on the number of apprentices or interns engaged by an institution. This scheme will also be implemented through Local Self Government Institutions as the Ayyankali Employment Guarantee Scheme. Rs 100 crore is earmarked for Ayyankali Internship Scheme.

### **5. Increasing women's labour force participation**

Apart from the schemes to provide facilities for work from home and work near home or by strengthening skill development, the budget aims to handhold women entry into the labour market in other ways. Focus is also on women entrepreneurship development, with the promise of setting up women facilitation centres within Kerala State Industrial Development Corporation (KSIDC) and Kerala Industrial Infrastructure Development Corporation (KINFRA).

An innovative announcement by the Finance Minister is the announcement of Smart Kitchen scheme, a scheme to finance household equipment that eases women's burden on household work, with the sole aim of facilitating women's entry to the labour market. It is stated that the cost of purchasing household equipment could be paid in instalments and interest will be equally shared between the beneficiary, local government institution and the State Government. The scheme's spirit is in tune with the Chief Minister's request during COVID times that men should also participate in household chores.

Another important point stated in the budget is the role of Kudumbashree in fulfilling its role of poverty eradication through women's empowerment by creating livelihood jobs. While this is an important point, little is spelt out on how this will be achieved.

### **6. Focus on disadvantaged groups**

Of course, the budget does not miss out on disadvantaged segments. For instance, Rs.13 crore is set apart for unorganised labourers' security fund, which includes the special financial assistance of Rs.5 crore for domestic labourers. For the income support scheme of traditional labourers an additional Rs.72 crore is allocated. Welfare programmes for guest workers, a term coined to address migrant workers, is also addressed. To create common housing facilities in

locations with high migrant concentration Rs. 10 crore is allocated. Similarly, Rs.18 crore is earmarked for the self-employment schemes meant for widows, unmarried mothers, and incurable patients' wives. Rs.6 crore is earmarked for the self-employment of the differently abled.

Priorities and interventions to create a new edition of the Kerala development model are promising. The budget perfectly weights the state's present concerns and promises a well laid path to a better tomorrow. But the real challenge lies in translating schemes and programmes announced in the budget into reality.

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