

## **Abstract:**

### **Industrialization and Employment: A Northeast Perspective with Special Reference to Assam**

**Naushad Ali Azad**

From the growth point of view, India's performance during last two decades has been outstanding with the economy growing at an average of 7.5% p.a. The high growth is attributed to economic reforms carried out since 1990s. However, employment growth in the economy has been unimpressive with less than adequate jobs created during the post reform period. It is estimated that the employment elasticity of growth during this period has been around 0.20 suggesting that a 10% increase in GDP resulted in a mere 2% increase in employment. In fact, during the latter half of the first decade (2004-05 to 2009-10), estimate of employment elasticity was as low as 0.01 with GDP growth being over 9% in three of these five years – a situation of 'jobless growth'. Estimates from ILO and the ADB also show that India converted GDP to jobs at only two-thirds the rate of other Asian countries since 2001. From a policy perspective, it is important to understand the reasons of this disconnect between GDP growth and employment creation.

'Structural transformation' of Indian economy and the 'technological changes' embedded in Industry 3.0 are considered important reasons for aggravating the employment challenge. The transformation not only bypassed the phase of 'industrialization', there have been signs of de-industrialization of India's industrial sector. Further, revolutionary changes in ITES (such as robots, 3-D printing, etc.) have made the existing industries more capital and technology intensive. Even the medium and small-scale industries are switching to techniques that are less labor intensive than before. In fact, the world is gradually moving to Industrial Revolution 4.0 where real (production) and virtual (advance ICT, RFID, AI, etc.) spaces are merging based on Cyber Physical Production Systems (CPPS). Large industries, organized in the form of GVCs, are becoming highly capital and technology intensive.

The disconnect between GDP growth and employment and the changing structure of industries has serious policy implications for a country like India whose demographics has the potential of turning the challenge into opportunity. More so for its North-East Region (NER), where manufacturing accounts for just 6.84% of GSDP and industrialization is yet to take off. With the ability of agriculture to absorb additional labor force being exhausted and the emphasis on mechanization of agriculture to improve productivity, expansion of industries in India including NER, has become imperative. The need of the hour is the stupendous task of evolving an appropriate 'industrial policy' suitable for different sectors and regions of the country and nurture them for attaining national and international standards.