

Digital innovation in last mile needed to solve job problem: Chandrasekaran

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DIGITAL INNOVATION IN the last mile is required to solve India's job problem, N Chandrasekaran, chairman, Tata Sons, said on Tuesday addressing a gathering of young entrepreneurs at the ongoing TiEcon conclave in Mumbai.

Highlighting that "jobs and access" are the fundamental challenges facing India, Chandra said that these two challenges are linked. "If you manage to solve the problem of access, you will end up solving the problem of jobs". However, he added that access problem could not be solved without addressing the very nature of jobs. He was referring to access in terms of healthcare, education, financial services, among others.

He added that by building models with digital innovation in the last mile, there could be creation of 30 million jobs on a conservative basis and it can provide access to at least 200 million more people.

Sharing some hard numbers, he said that of the around 950 million Indian population, which is in the working age, almost 85% is in the informal or unorganised jobs while only 15% is part of the formal job structure. In fact, half of this population – nearly 450 million people – is neither employed nor applying for jobs and the reasons for it are unknown, he added.

He further said that while the country already has a large pool of this workforce, it will be adding another 160 million people into this pool in the next 8-10 years. In contrast, during the same period, other large economies of the world – Brazil, United

States, Germany or China – will be adding around 10-20 million people, he said.

In terms of the skills, Chandra said that all the skilled or educated people are in the 15% pool and most people in the 85% pool of informal sectors are less skilled and educated.

"The 85% of the pool of unorganised sector has low wages, with near about 60% of these people has wages less than Rs 10,000 a month. They don't have security of jobs for the entire year, they will be employed for some months of the year in one job and then maybe in some other jobs for the remaining months," he said.

Chandra added that the issue with India is not so much about lack of jobs but about creating formal jobs and migrating people from informal to them. "Getting people jobs with a decent pay and with which they can get decent quality of life – that is the fundamental problem, and that is why it requires a lot more thinking".

He emphasised that as artificial intelligence becomes more powerful with entrepreneurs writing tools and algorithms based on machine learning and automation for different industries, it will help in freeing up critical resources. "The physical capacity that we have today is what we have, and it is not to say to stop building it further because we will never become a 100% digital world. But physical capacities can never catch up because both time is not there and capital will be hard to come by. So, it is about building the digital interface and innovative solutions industry, which will solve this problem," he said.