

# World Bank for removing biz obstacles

## Says need to increase openness in trade to create non-farm jobs

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Even as labour productivity and the working-age population are slowing in the South Asian region, countries in the region, including India, need to remove obstacles to growth for businesses, increase openness to international trade, ease labour market restrictions, build human capital, and strengthen women's rights to create jobs in the non-agricultural sector, according to the latest bi-annual South Asia update released by the World Bank on Tuesday.

The April update notes that labour markets in the region have seen a declining employment ratio between the years 2000 and 2023 and have mainly relied on labour productivity and population growth as engines for output growth until now.

"South Asia's labour markets stand out among emerging markets and developing economies (EMDEs) for having suffered for decades from declining employment ratios and exceptionally low shares of women in employment. While agriculture has shed labour as it has in other EMDEs, non-agriculture has been unusually slow in creating jobs.

This partly stems from challenging institutional and economic environments that have held back firms' growth. As a result, the region has relied on labour productivity and population growth as engines of output growth. However, working-age population growth is



### KEY NOTES

- Labour productivity and the working-age population, the twin engines of growth in the region, are slowing
- Countries in the region need to create jobs in the non-agricultural sector to sustain growth
- Small firm size, low trade-to-GDP ratio, and education need to be looked at holistically
- Large public investment projects and services have absorbed a large part of the workforce in India, but that's not enough to employ India's large pool of unskilled workers

expected to slow and labour productivity growth has already slowed sharply since the Covid-19 pandemic," the update noted.

Speaking at the virtual release of the update, Franziska Ohnsorge, World Bank chief economist for South Asia, said that all countries in the region fall in the lowest quartile of EMDEs in terms of people engaged in the non-farm sector and are the biggest source for migrant labour globally.