

Chapter-32 LABOUR & EMPLOYMENT

Employment Trends In India

32.1 Post independence, the issue of employment has had different resonance during different Plan periods. In the initial years of development planning, unemployment was not expected to emerge as a major problem. It was assumed that reasonable growth rate and labour intensive sectors would prevent any increase in unemployment and this expectation continued from one Five Year Plan to another during the 1950's and 1960's. However, the economy grew at a slower pace (around 3.5 as against the planned rate of 5 per cent per annum) and the labour force grew more rapidly than the increase in employment, doubling the unemployment figures during 1956-1972, from around 5 to 10 million and increasing the unemployment rate from 2.6 to 3.8 per cent (Papola, 1992).

32.2 The above figures were however estimates in absence of any comprehensive survey or records. The availability of detailed information vis a vis the earlier estimates, from 1972-73 (NSSO Quinquennial Surveys) changed the official approach to employment in mid 1970's. It was increasingly realised that economic growth alone could not be relied upon to tackle the issue of unemployment any more. Therefore, a number of employment generation & and poverty alleviation programs were started since fifth five year plan (1974-79). Summary of unemployment rates over NSS rounds is given below:

Unemployment rates (per 1000 persons in labour force)

round (year)	all-India							
	unemployment rate							
	male				female			
	usual status (ps)	usual status (adj.)	CWS	CDS	usual status (ps)	usual status (adj.)	CWS	CDS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
rural								
68 th (2011-12)	21	17	33	55	29	17	35	62
66 th (2009-10)	19	16	32	64	24	16	37	80
61 st (2004-05)	21	16	38	80	31	18	42	87
55 th (1999-00)	21	17	39	72	15	10	37	70
50 th (1993-94)	20	14	31	56	13	9	29	56
43 rd (1987-88)	28	18	42	46	35	24	44	67
38 th (1983)	21	14	37	75	14	7	43	90
32 nd (1977-78)	22	13	36	71	55	20	41	92
27 th (1972-73)	-	12	30	68	-	5	55	112
urban								
68 th (2011-12)	32	30	38	49	66	52	67	80
66 th (2009-10)	30	28	36	51	70	57	72	91
61 (2004-05)	44	38	52	75	91	69	90	116
55 (1999-00)	48	45	56	73	71	57	73	94
50 (1993-94)	54	41	52	67	83	61	79	104
43 (1987-88)	61	52	66	88	85	62	92	120
38 (1983)	59	51	67	92	69	49	75	110
32 (1977-78)	65	54	71	94	178	124	109	145
27 (1972-73)	-	48	60	80	-	60	92	137

32.3 While employment growth has been lower in 2009-10 and 2011-12, unemployment rate in India continued to hover around 2 per cent under usual status (ps+ss) and fell under CDS. Although the unemployment rate may be lower than what is prevailing now in developed economies, the number of unemployed is significant in absolute terms. During 2004-05, the number of unemployed people was 11.3 million, which declined to 9.8 million in 2009-10 but again increased to 10.8 million in 2011-12 under usual status (ps+ss). However, based on the CDS the number of unemployed persondays declined from 34.3 million in 2004-05 to 28.0 million in 2009-10 and further to 24.7 million in 2011-12. Thus there is steep reduction in unemployment rate under CDS from 8.2 percent in 2004-05 to 5.6 per cent in 2011-12 .Overall, unemployment rates were lower in 2009-10 under each approach vis-a-vis 2004-05 and during 2011-12 compared to 2009-10, as per UPS(adj) approach, it remained invariant for rural males (2 per cent), rural females (2 per cent) and urban males (3 per cent) but decreased by 1 percentage point for urban females (from 6 per cent in 2009-10 to 5 per cent in 2011-12).The fall in unemployment despite marginal growth in employment in 2009-10 (1.1 million jobs created PS+SS, 2004-05 to 2009-10) and 2011-12 (13.9 million jobs created PS+SS, 2009-10 to 2011-12) , compared to 2004-05 (59.9 million jobs created PS+SS, 1999-2000 to 2004-05) could also be on account of the demographic dividend, as an increasing proportion of the young population opts for education rather than participating in the labour market. This is reflected in the rise in growth in enrolment of students in higher education from 4.9 million in 1990-91 to 28.5 million in 2011-12. Similarly gross enrolment ratio (GER) in Classes I-VIII has also risen from 81.0 in 1999-2000 to 103.9 in 2010-11. In the earlier period (2009-10 compared to 2004-05) unemployment in absolute terms came down by 6.3 million as expansion in labour force was only 11.7 million vis a vis about 18 million increase in work opportunities under the current daily status (CDS) between 2004-5 and 2009-10, as per NSSO quinquennial survey. (The Eleventh Five Year Plan (2007-12) had aimed at generation of 58 million work opportunities). Compared to 2004-05, even in 2011-12 unemployment had declined. During 2011-12, as in 2009-10, urban unemployment was higher under both the UPSS and CWS but rural unemployment was higher under the CDS approach. This possibly indicates higher intermittent or seasonal unemployment in rural than urban areas, something that employment generation schemes like the MGNREGA need to pay attention to.

32.4 As per NSS results, unemployment rate as per weekly status (CWS) is uniformly higher than that as per Usual Status (adj). This occurs because some persons usually employed might not have worked throughout the year due to seasonality of work or otherwise. This is termed as visible **underemployment**. The NSS measures the visible underemployment by cross classifying persons by different statuses. For eg. Underemployment rate among the usually employed may be defined as the proportion of usually employed who were found not employed during the week preceding the date of the survey. During 2011-12, it was about 3 per cent for rural males, 1 per cent for urban males, 17 per cent for rural females and 6 per cent for urban females at the all-India level. Thus, the problem of underemployment was more severe among usually employed females than among usually employed males, and more in rural than in urban areas. Between 2009-10 and 2011-12, the underemployment rate had been stable for

rural males, urban males and urban females but it increased by 2 percentage points for rural females. Between 1999-2000 and 2011-12, the underemployment rate for males decreased by 1 percentage point in both rural and urban areas and it decreased by 4 percentage points for females in urban areas. For rural females, the underemployment rate was about 17 per cent during 1999-2000, 2004-2005 and 2011-12 while it was about 15 per cent for 2009-10. Prevalence of underemployment in rural areas is also indicated by the high difference between the rates (eg WPR , UR etc) according to CWS and CDS in the rural areas, particularly among female workers. This indicates prevalence of *underemployment* in rural areas, particularly among female workers who had some employment in a week.

32.5 The phenomenon of comparatively higher economic growth rate during last decade has not translated into similar reduction in unemployment rate. High population growth rate, in fact, has reduced **worker population ratio** in Urban areas and amongst females in rural areas whereas it remains same in case of rural males in 2009-10 as compared to 2004-05. The trend continued in 2011-12 in rural areas with 1 % drop in case of WPR of rural females and no change in case of WPR of rural males. However, in Urban areas there was about 1 % increase in case of WPR of females whereas that of Urban males remained at similar level as in 2009-10. During 2011-12, the WPR according to *usual status (ps+ss)* was 39 per cent at the all-India level. WPR in rural areas was about 40 per cent and that in urban areas was about 36 per cent. In both rural and urban areas, WPR for females were considerably lower than the WPR for males.

32.6 As per UNESCAP database, world unemployment rate(as per cent of labour force) has been hovering around 6 per cent since 1991 while in case of ESCAP region it has been around 4-5 per cent, with India & China both having unemployment rates around 2-4 per cent in the duration.

32.7 Comparison among major states reveals that despite substantial improvement since 2004-05, urban employment rate in Bihar, Assam ,Kerala & West Bengal continues to be much higher than all India average while Odisha and Punjab have improved their situation vis a vis the national average. Assam, Bihar, Kerala & West Bengal led even in the case of rural unemployment rate where Haryana, Odisha and Tamil Nadu also had higher unemployment rates compared to national average. The rural unemployment rate of 3 in 2011-12 in Gujarat was much below the all India average of 17. In the case of urban unemployment also Gujarat had the lowest rate. While Kerala's unemployment rate (both regions) has fallen in 2011-12, it is still the highest. This could be due to unemployment of educated particularly women.

Socio-economic Indicators /Items		Andhra Pradesh	Assam	Bihar	Gujarat	Haryana	Himachal Pradesh			
Unemployment rates (per 1000) under usual status (adjusted)##										
Rural persons 2011-12 (2004-05)			12 (7)	45 (26)	32 (15)	3 (5)	24 (22)			10 (18)
Urban persons 2011-12 (2004-05)			43 (36)	56 (72)	56 (64)	8 (24)	42 (40)			40 (38)
Karna-taka	Kerala	Madhya Pradesh	Mahara-shtra	Odisha	Punjab	Rajas-than	Tamil Nadu	Uttar Pradesh	West Bengal	All India
9 (7)	68 (107)	4 (5)	7 (10)	22 (50)	19 (38)	7 (7)	20 (12)	9 (6)	27 (25)	17 (17)
29 (28)	61 (156)	26 (28)	23 (36)	35 (134)	28 (50)	31 (29)	27 (35)	41 (33)	48 (62)	34 (45)

Unemployment Rate in Social Groups : (Usual Status PS+SS), NSS : 2011-12	
32.8 As per survey conducted by NSS, at the all India level, labour force participation was the highest amongst the STs (45.9%), followed by the SCs (40.4 %), OBCs (38.9 %) and it was lowest for others category (37.8 %).	In rural areas, unemployment rate for males was 2 % for SC, 1.7 % for OBC, 1.8 % for others and 1.3 % among ST. Among females in rural areas, unemployment rate was 2.4 % among others category, 1.7 % among OBC, 1.4 % among SC and 1.1 % among ST.
	In urban areas, unemployment rate among males was the highest for ST and others category (nearly 3.4 % each), 3.2 % among SC and 2.5 % among OBC category. Among females in urban areas, unemployment rate was the highest among others category (6.3 %) , it was 4.8 % among ST, 4.7 % among OBC and 4.5 % among SC.

*The concept of employment /unemployment is applicable only on people within **labour force** i.e. person who are either working, seeking work or available for the same . Persons who, owing to lack of work, had not worked but either sought work or were available for work comprise the **unemployed** category. Employment & unemployment indicators are measured in three different approaches, viz **usual status (US)** with a reference period of one year , **current weekly status (CWS)** with one week reference period and **current daily status (CDS)** based on the daily activity pursued during each day of the reference week. Usually unemployed excluding the subsidiary status workers is referred to as **Usual status (adjusted)**.*

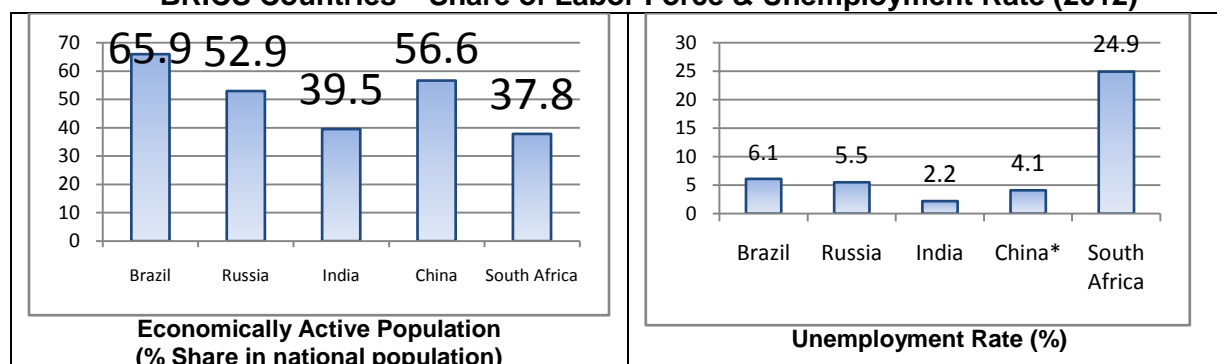
32.9 Labour force participation rates (LFPR) under all three approaches had declined in 2009-10 compared to 2004-5 However, the decline in female LFPRs was larger under each measure in comparison with male LFPRs which either declined marginally (UPSS), remained constant (CWS), or increased marginally (CDS). As per NSS results, Labor Force Participation Rates (LFPR) declined further from 42.85 per cent in 2004-05 to 39.5 in 2011-12(UPSS).However, segment wise analysis reveals that between NSS 66th round (2009-10) and 68th round (2011-12), LFPR in *usual status (ps+ss)* for rural males and urban males remained at the same level, decreased by 1 percentage point for rural females and increased by about 1 percentage point for urban females. During 2011-12, about 55 per cent of the rural males, 25 per cent of the rural females, 56 per cent of the urban males and 16 per cent of the urban females were in the labour force in *usual status (ps+ss)*. Compared to the rates in 1993-94, the LFPRs in *usual status (ps+ss)* in 2011-12 has declined for all age groups of rural females, for all age groups other than 25-29 years for urban females, for all age groups other than 30-34 years and 45-49 years for rural males and for the age groups other than 30-59 years for urban males. During this period of 18 years, decline in LFPR for males is substantial for the age groups 10-14 years, 15-19 years, 20-24 years and 60 years or more. For rural females of the age group 10-54 years, decline in LFPR between 1993-94 and 2011-12 varied from 10 per cent to 21 per cent and for urban females of the age groups 10-24 years and 30 years or more, it varied from 2 per cent to 7 per cent.

Age specific labour force participation rates according to usual status (ps+ss)

age group (years)	all-India									
	male					female				
	1993	1999	2004	2009	2011	1993	1999	2004	2009	2011
	1994	2000	2005	2010	2012	1994	2000	2005	2010	2012
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
	rural									
5-9	11	7	3	4	0	14	7	3	4	1
10-14	139	93	70	46	29	142	96	75	36	30
15-19	598	532	529	390	333	371	314	331	195	164
20-24	902	889	891	813	788	470	425	435	314	297
25-29	980	975	982	975	963	528	498	530	404	369
30-34	988	987	988	990	990	587	557	593	434	431
35-39	992	986	991	992	991	610	579	642	497	481
40-44	989	984	985	994	988	607	586	627	498	482
45-49	984	980	982	984	988	594	566	616	492	484
50-54	970	953	963	967	966	543	515	562	485	444
55-59	941	930	931	934	935	468	450	509	411	394
60 & above	699	640	645	647	649	241	218	254	226	213
all (0 & above)	561	540	555	556	553	331	302	333	265	253
	urban									
5-9	4	3	3	1	1	4	2	3	1	1
10-14	71	52	53	30	35	47	37	35	12	9
15-19	404	366	381	263	256	142	121	144	85	89
20-24	772	755	769	682	664	230	191	250	197	197
25-29	958	951	957	947	951	248	214	261	222	253
30-34	983	980	987	985	989	283	245	308	239	259
35-39	990	986	984	991	990	304	289	340	278	284
40-44	984	980	983	987	988	320	285	317	256	276
45-49	976	974	976	979	979	317	269	269	231	245
50-54	945	939	939	948	946	287	264	259	228	219
55-59	856	811	832	855	869	225	208	218	191	177
60 & above	443	402	366	342	365	114	94	100	70	78
all (0 & above)	542	542	570	559	563	164	147	178	146	155

32.10 Lower unemployment rate in India compared to other BRICS Countries may be on the account of relatively smaller share of labor force supply. However, lower LFPR indicates higher dependency ratio.

BRICS Countries – Share of Labor Force & Unemployment Rate (2012)



*Unemployment rates in urban areas

Structure of Employment :

32.11 An aspect of employment trends and structure that is of interest in a developmental context is the distribution of workers by employment category in terms of self-employed, regular wage and salaried workers and casual wage earners. Till 2004-05 India witnessed predominance of self-employment and increase in the share of the casual category of workers (except for Urban females). The latter was generally referred to as increasing '**casualisation**' of workforce. NSS results reveal that the trend of

increasing casualisation continued from 2004-05 to 2009-10 across all the sections (Urban/Rural & sex wise).However the trend seems to have arrested during 2009-10 to 2011-12 as the share of casual labour declined significantly in all categories (urban/rural & male/female) whereas that of regular wages/salaried employees increased significantly. Share of self employed in the composition also increased though at a slower pace.

Per 1000 distribution of usually employed by category of employment during 1983 to 2009-10 - All India

NSS round (survey period)	category of employment						all-India
	usual status (ps)			usual status (ps+ss)			
	self- employed	regular wage/ salaried employees	casual labour	self- employed	regular wage/ salaried employees	casual labour	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
rural males							
68 th (2011-12)	541	102	357	545	100	355	
66 th (2009-10)	530	87	383	535	85	380	
61 st (2004-05)	576	91	333	581	90	329	
55 th (1999-00)	544	90	366	550	88	362	
50 th (1993-94)	567	87	346	577	85	338	
43 rd (1987-88)	575	104	321	586	100	314	
38 th (1983)	595	106	299	605	103	292	
rural females							
68 th (2011-12)	535	76	389	593	56	351	
66 th (2009-10)	503	55	442	557	44	399	
61 st (2004-05)	564	48	389	637	37	326	
55 th (1999-00)	500	39	461	573	31	396	
50 th (1993-94)	513	34	453	586	27	387	
43 rd (1987-88)	549	49	402	608	37	355	
38 th (1983)	541	37	422	619	28	353	
urban males							
68 th (2011-12)	416	436	149	417	434	149	
66 th (2009-10)	409	420	171	411	419	170	
61 st (2004-05)	446	408	146	448	406	146	
55 th (1999-00)	412	419	169	415	417	168	
50 th (1993-94)	411	427	162	417	420	163	
43 rd (1987-88)	410	444	146	417	437	146	
38 th (1983)	402	445	153	409	437	154	
urban females							
68 th (2011-12)	368	487	146	428	428	143	
66 th (2009-10)	354	444	202	411	393	196	
61 st (2004-05)	404	422	174	477	356	167	
55 th (1999-00)	384	385	231	453	333	214	
50 th (1993-94)	372	355	273	458	284	258	
43 rd (1987-88)	393	342	265	471	275	254	
38 th (1983)	373	318	309	458	258	284	

32.12 Till 2009-10, a shift was seen from self-employed to casual workers category in rural areas and urban males. In rural areas, most of the shift was from agriculture to non-agricultural activities, such as construction, trade and services. To some extent, it was distress-driven, the small and marginal landholders and the landless not finding gainful work in agriculture and taking up whatever work they find in the non-agricultural activities, irrespective of earnings from them. But there is evidence to suggest that many were opting for non-farm work due to more regular employment and better earnings. This was possible partly on account of various state sponsored employment programmes, and partly because of an increase in the demand for labour in expanding

construction, trade and service activities in rural areas. In other words, 'casualisation' of the nature observed did not necessarily imply a deterioration in the quality of employment. A small part of the real casualisation, however, that has taken place due to displacement of regular workers from large enterprise in the urban areas, no doubt, indicates such a deterioration. Most of the regular salaried/ wage job openings have been in Urban areas where the proportion of regular wage /salaried employees is considerably higher. But even in case of male workers in urban areas, the share of casual employment increased during 2004-05 to 2009-10.

32.13 About 84 per cent of workers are in the 'unorganised' or 'informal' sector and more than 90 per cent in informal employment (taking formal and informal sectors together). As per NSS reports on Informal Sector and Conditions of Employment in India, 2011-12 ,about 97 per cent of the self-employed, 78 per cent of the casual labourers and 42 per cent of the regular wage/salaried employees in the rural areas were employed in the informal sector whereas about 98 per cent of the self-employed, 81 per cent of the casual labourers and 40 per cent of the regular wage/salaried employees in the urban areas were employed in the informal sector. Among workers in [ag]riculture sector [e]xcluding [g]rowing of [c]rops, plant propagation, combined production of crops and animals without a specialized production of crops or animals (AGEGC) and non-agriculture sectors, about 72 per cent were employed in the informal sector - the proportion was about 75 per cent in rural areas and about 69 per cent in urban areas.

32.14 Preponderance of the workforce in the informal sector with symptoms of informality such as deprived job- security, tenurial security, guard against arbitrary dismissal, safety in work-profile, social security benefits etc calls for putting adequate safety measures for workers in place but according to some the rigidity of many of these regulations are to be blamed for poor organised employment in the first place. The 68th Round of NSS Surveys (2011-12) reveals that among *informal sector* workers, about 75 per cent in rural areas and 70 per cent in urban areas were engaged in *smaller enterprises*. Average daily earnings of a regular wage/salaried employee in the *informal sector* was about Rs. 189 for rural males, Rs. 121 for rural females, Rs. 258 for urban males and Rs. 194 for urban females. About 79 per cent of the employees in the AGEGC and non-agriculture sectors had no written job contract about 42 per cent of the employees in the AGEGC and non-agriculture sectors were temporary employees - the proportion was 60 per cent for casual labourers and 28 per cent for regular wage/salaried employees .About 72 per cent of the employees in the AGEGC and non-agriculture sectors were not eligible for any social security benefit - the proportion was 93 per cent for casual labourers and 56 per cent for regular wage/salaried employees.

Conceptual Framework: Informal Employment

Production units by type	Jobs by status in employment								
	Own-account workers		Employers		Contributing family workers	Employees		Members of producers' cooperatives	
	Infomal	Fomal	Infomal	Fomal		Infomal	Fomal	Infomal	Fomal
Formal sector enterprises					1	2			
Informal sector enterprises ^(a)	3		4		5	6		8	
Households ^(b)	9					10			

(a) As defined by the Fifteenth International Conference of Labour Statisticians (excluding households employing paid domestic workers).

(b) Households producing goods exclusively for their own final use and households employing paid domestic workers.

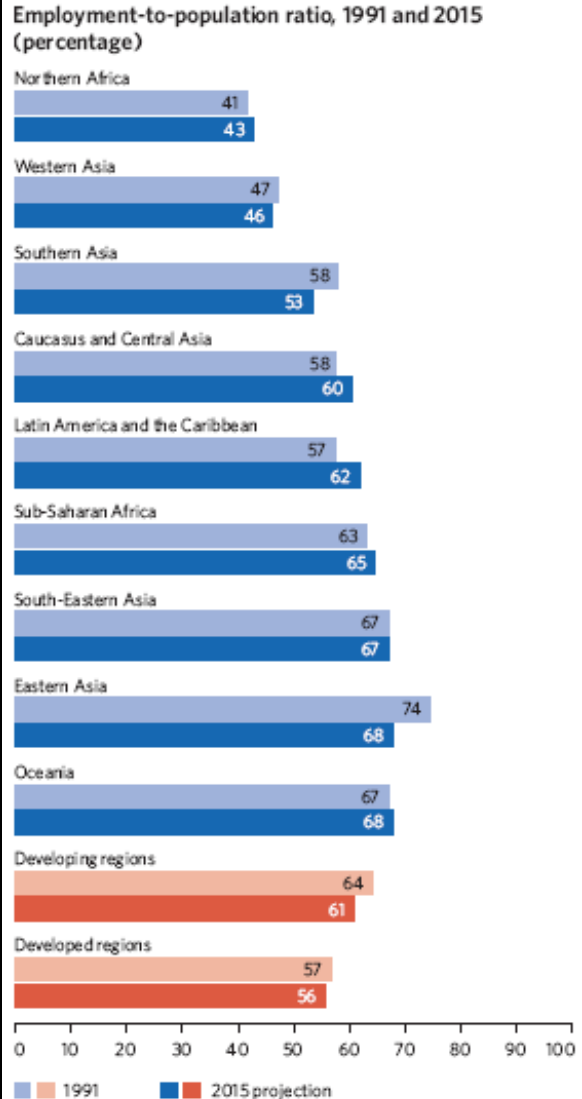
Note: Cells shaded in dark grey refer to jobs, which, by definition, do not exist in the type of production unit in question. Cells shaded in light grey refer to formal jobs. Un-shaded cells represent the various types of informal jobs.

Informal employment: Cells 1 to 6 and 8 to 10.

Employment in the informal sector: Cells 3 to 8.

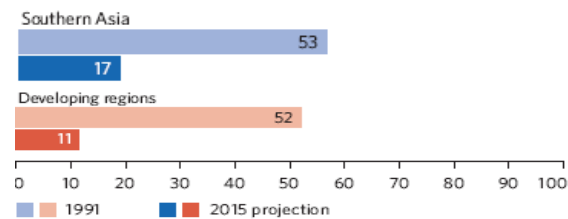
Informal employment outside the informal sector: Cells 1, 2, 9 and 10.

32.15 As per **World MDG Report 2015**, Employment opportunities are being outpaced by the growing labour force. The global employment-to-population ratio—the proportion of the working-age population that is employed—has fallen from 62 per cent in 1991 to 60 per cent in 2015. According to the International Labour Organization, more than 204 million people are unemployed in 2015. The employment to-population ratio in the developing regions has fallen by 3.3 percentage points from 1991 to 2015, while in the developed regions it has declined by 1 percentage point. The largest declines are found in Eastern Asia and Southern Asia, which have experienced drops in the employment-to-population ratio of 6.7 and 4.6 percentage points, respectively. The employment situation has improved slightly in sub-Saharan Africa, but progress in livelihoods has been offset by persistently high underemployment and informal employment, as well as low labour productivity. Youth, especially young women, continue to be disproportionately affected by limited employment opportunities and unemployment. Only four in ten young women and men aged 15–24 are employed in 2015, compared with five in ten in 1991.

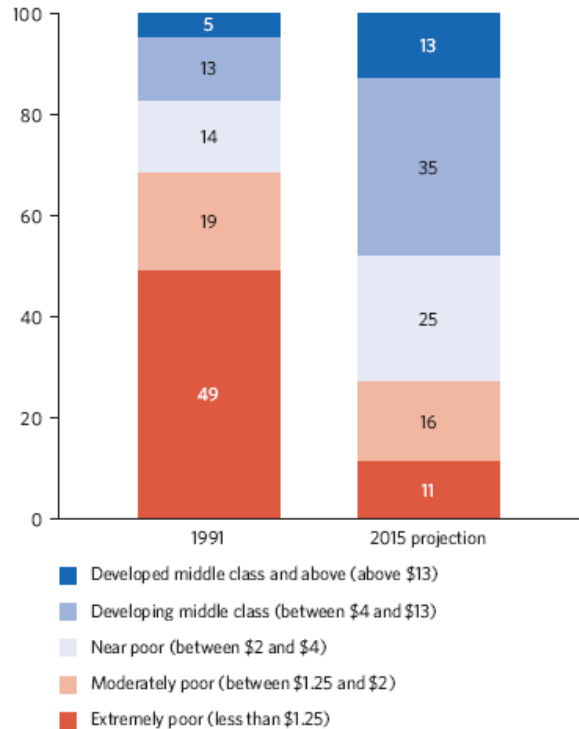


32.16 The proportion of workers living in extreme poverty has fallen sharply. However, progress across regions has been uneven. In 2015, 80 per cent of the working poor reside in sub-Saharan Africa and Southern Asia. Based on the five economic classes defined by the International Labour Organization, the number of people in the working middle classes—living on more than \$4 a day—has almost tripled between 1991 and 2015.

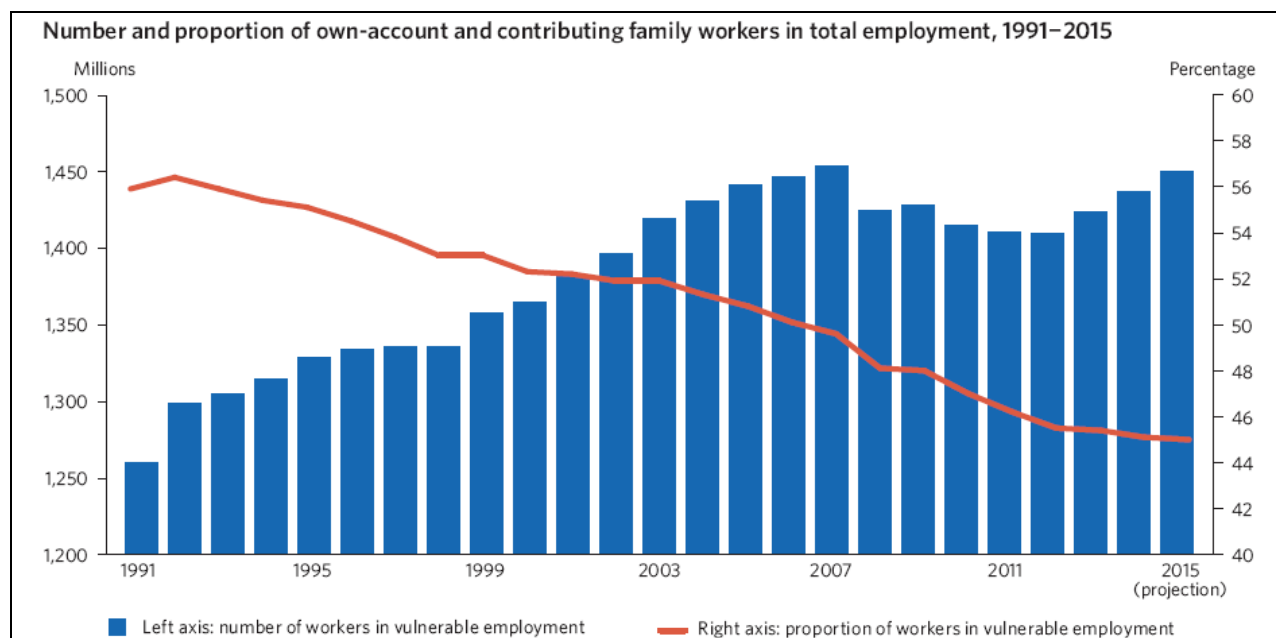
Proportion of employed people living on less than \$1.25 a day, 1991 and 2015 (percentage)



Employment by economic class in the developing regions, 1991 and 2015 (percentage of total employment)



Despite progress, almost half of the world's employed people are still working in vulnerable conditions. The most significant progress has been made in Eastern Asia, where the proportion of people in vulnerable employment has dropped from 71.2 per cent in 1991 to 39.6 per cent in 2015. Globally, however, 45 per cent of all workers are still working in vulnerable conditions. Sub-Saharan Africa and Southern Asia account for more than half of the world's vulnerable employment, with three out of four workers falling in this category. The number of workers in vulnerable employment has increased by 25 million since 2008, because of the increasing number of people entering the labour market and limited opportunities for paid employment. Currently there are 1.45 billion workers in vulnerable employment worldwide.

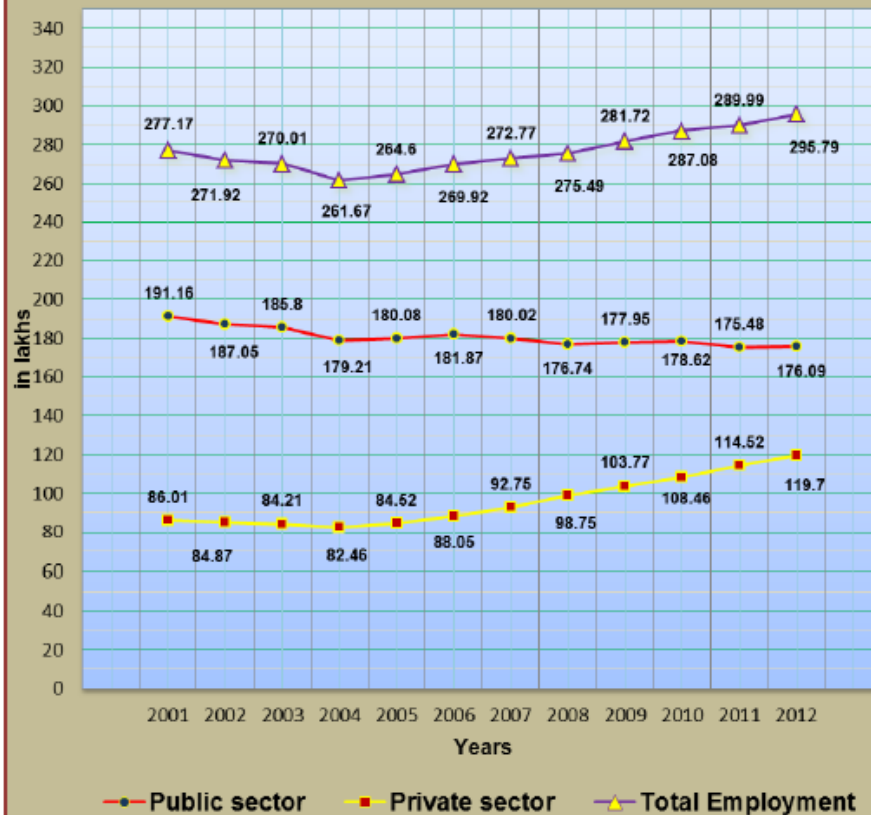


Source : World MDG Report 2015

32.17 In aggregate, growth rate of employment in the **organised sector** initially registered a continuous decline from one quinquennial period to another during 1972-73 to 2004-05 (as per NSS Reports) followed by a reversal i.e increasing growth since 2005-06. As per the estimated employment in public and private sector (DGE &T), the share of private sector has increased from about 31 per cent in 2001 to about 40.5 per cent during the 2012 . During 2011-2012, employment in the organised sector showed an increase of 2.0% with the employment in the Private Sector recording a significant increase of 4.5% in 2012 over the year 2011 while that in Public Sector increasing only marginally by 0.4 % . In absolute terms, employment in the organised sector increased from 289.99 lakh at the end of March, 2011 to 295.79 lakh at the end of March, 2012. Employment of women in organised sector went up from 59.54 lakh in March, 2011 to 60.54 lakh in March, 2012 registering an increase of 1.68%. Women's employment in Public sector registered a marginal decline of 0.60% whereas Private sector recorded an increase of 4.28% during 2011-12. The share of women in organized sector employment was 20.5 per cent in 2012 March end and has remained nearly constant in recent years.

Trend in Employment in organised sector

As per Annual Employment Review 2012, M/o L&E, total employment showed a declining trend in the years 2001 to 2004 thereafter it has consistently risen and registered a positive growth from 264.6 lakh in 2005 to 295.79 in 2012. Employment in Public sector has showed fluctuating trend from 2001 to 2012, whereas Private sector employment has recorded upward growth from 82.46 lakh in 2004 to 119.7 lakh in 2012.



Sectoral (Industry wise) distribution of usually employed :

32.18 Even though the share of employment in agriculture has been decreasing in rural areas, it continues to be major source of employment in rural areas. As per NSS Reports, the proportion of workers engaged in the agricultural activities gradually fell from 81 per cent in 1977-78 to 59 per cent in 2011-12 for rural males and from 88 per cent in 1977-78 to 75 per cent in 2011-12 for rural females. In urban India, among male workers in *usual status (ps+ss)*, the 'trade, hotel and restaurant' sector registered the highest proportion of workers (about 26 per cent) while 'manufacturing' and 'other services' sectors accounted for about 22 per cent and 21 per cent, respectively. About 13 & 27 % urban females were also employed in trade, hotel and restaurant and manufacturing sector as per NSS reports for 2011-12.

Earnings From Employment :

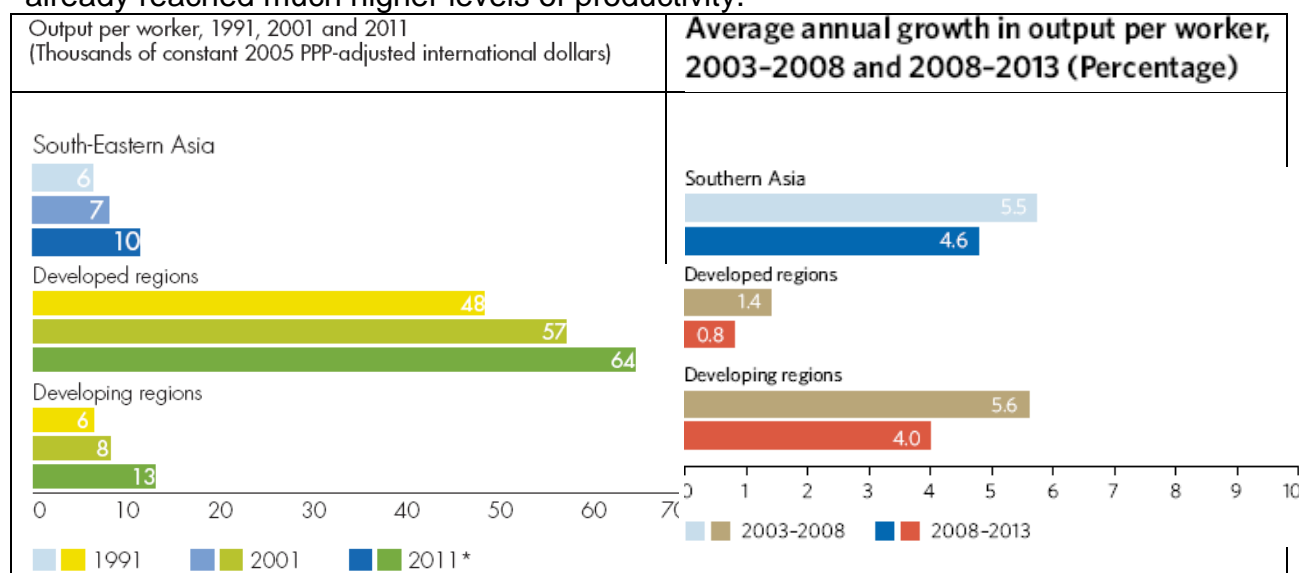
32.19 A large part of the employed people work at very low levels of income. This is indicated by much higher incidence of (HCR of 29.8% during 2009-10 & 21.9 % during 2011-12) poverty than the rate of unemployment (2-2.4 % since 2004-05). Thus the employment challenge in India consists not only of creating jobs for the unemployed, and providing additional work to the underemployed , but, to a much larger extent, of enhancing productivity and income levels of a large mass of the 'working poor'. In both rural & urban areas, proportion of casual labourers is found to be higher in lower MPCE decile classes whereas proportion of salaried/wage employee increases as we move up the MPCE decile classes.

Per 1000 distribution of usually employed (ps+ss)by status of employment for each decile classes on monthly per capita consumer expenditure- 2011-12

decile classes on MPCE	male				female				all-India
	self-employ- ed	regular wage/ salaried employee	casual labour	all worker	self-employ- ed	regular wage/ salaried employee	casual labour	all worker	
	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
rural									
0-10	445	35	520	1000	523	18	459	1000	
10-20	491	42	467	1000	548	41	412	1000	
20-30	524	50	426	1000	576	35	389	1000	
30-40	529	59	413	1000	579	29	392	1000	
40-50	539	62	399	1000	606	39	355	1000	
50-60	552	79	369	1000	567	38	395	1000	
60-70	568	98	333	1000	618	41	341	1000	
70-80	572	122	304	1000	585	76	339	1000	
80-90	605	159	236	1000	639	73	288	1000	
90-100	583	248	170	1000	663	147	190	1000	
all classes	545	100	355	1000	593	56	351	1000	
urban									
0-10	450	174	376	1000	527	173	300	1000	
10-20	455	256	289	1000	465	271	264	1000	
20-30	443	321	237	1000	527	269	204	1000	
30-40	460	352	188	1000	413	357	231	1000	
40-50	435	419	146	1000	489	393	119	1000	
50-60	445	438	116	1000	433	470	97	1000	
60-70	375	525	100	1000	451	458	92	1000	
70-80	393	551	56	1000	376	567	57	1000	
80-90	384	580	36	1000	338	626	36	1000	
90-100	353	630	18	1000	265	724	12	1000	
all classes	417	434	149	1000	428	428	143	1000	

32.20 In the organised sector, as per Annual Survey of Industries (ASI) data, during the last thirty years, ratio of total emoluments to output in organised manufacturing has gone down from 8.75 in 1981-91 to 3.95 per cent in 2012-13 even though the number of persons engaged in organized manufacturing has increased from an average of 7.95 million in 1981-91 to an average of 8.98 million during 1991-2001 , 13.4 million in 2011-12 , decreasing marginally to 12.95 in 2012-13.

32.21 Labour Productivity : Some attribute lower income levels of a large segment of labour in developing countries like India to its lower productivity . Developing regions, in fact , lag far behind the developed world in labour productivity. But significant progress is being made in improvements of labour productivity in developing asian countries in contrast to African countries which still lag far behind. India's Labour productivity (in Thousands of 2005 PPP dollars) has increased from about 3.8 in 1990 to 5.5 in 2000 and about 9.7 in 2011. China was at similar level till about 2000 (5.5, starting from 3.0 in 1990) but its output per worker increased rapidly thereafter to about 16.8 in 2011. This has led to significant reduction in poverty amongst the working poors in china. However, average annual labour productivity growth rates slowed down markedly in most developing regions in the period 2008–2013, compared to the period 2003–2008. On average, productivity growth in developing regions slowed down from 5.6 per cent annually to 4.0 per cent annually. Only Oceania experienced stronger productivity growth in the most recent period. Growth rates are much smaller in developed countries as workers have already reached much higher levels of productivity.



Source : World MDG Report 2012 & 2014

32.22 Future prospects : The lower growth in the labour force accounted for a decline in unemployment during 2009-10 . But the same is unlikely to continue as educated youth are expected to join the labour force in increasing numbers during the Twelfth Plan and in the years beyond. This means that the pace of job/ livelihood creation must be greatly accelerated. The Twelfth Plan Approach Paper therefore lays greater stress on skill building which can be viewed as an instrument for improving the effectiveness and contribution of labour to overall production. This will push the production possibility frontier outward and take the economy on to a higher growth trajectory and can also be viewed as a means of empowerment.

Govt schemes for employment generation :

32.23 Prime Ministers Employment Generation Programme

(PMEGP): Prime Ministers Employment Generation Programme will be a Central Sector Scheme to be administered by the Ministry of Micro, Small and Medium Enterprises, MoMSME. At the State level, the Scheme will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards and District Industries Centres and banks. The objectives of this scheme are, I. To generate employment opportunities in rural as well as urban areas of the country through setting up of new self employment ventures or projects or micro enterprises. II. To bring together widely dispersed traditional artisans or rural and urban unemployed youth and give them self employment opportunities to the extent possible, at their place. III. To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas. IV. To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment. The assistance is to be provided in the form of material/subsidy.

32.24 The Mahatma Gandhi National Rural Employment Guarantee

Act aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work.

32.25 Swarnjayanti Gram Swarozgar Yojana (SGSY) is an integrated scheme for providing opportunities of self employment to the rural poor. The assisted families (Swarozgaris) may be individuals or Groups (Self Help Groups). However, the emphasis is on Group approach and also with particular emphasis on group formation by women and the weaker sections. Swarnjayanti Gram Swarozgar Yojana (SGSY) has been

restructured as **National Rural Livelihoods Mission (NRLM)** to implement it in a mission mode in a phased manner for targeted and time bound delivery of results.

32.26 Swarna Jayanti Shahari Rojgar Yojana (SJSRY) launched by the Government of India in December 1997, has been revamped with effect from April 2009. the scheme provides gainful employment to the urban unemployed and underemployed through encouraging the setting up of self-employment ventures or provision of wage employment. The revamped scheme has the following five components : i) Urban Self employment Programme (USEP) ii) Urban Women Self-help Programmed (UWSP) iii) Skill Training for Employment Promotion amongst Urban Poor (STEPUP) iv) Urban Wage Employment Programme (UWEP) and v) Urban Community Development Network (UCDN).

32.27 National Skill Development Agency : To fully harness India's demographic dividend, the skill development efforts need to be managed in a focussed and coordinated manner. Currently, skill development efforts are spread across approximately 20 separate ministries, 35 State Governments and Union Territories and the private sector. With this as a primary objective, the Office of the Advisor to the Prime Minister on PM's National Council on Skill Development has been set up. Among other

activities ,it will provide guidance on Skill Development for activities to be undertaken by the Centre and the States and by the National Skill Development Corporation.

Labour Laws:

32.28 India has numerous labor laws such as those prohibiting discrimination and child labor, those that aim to guarantee fair and humane conditions of work, those that provide social security, minimum wage, right to organize, form trade unions and enforce collective bargaining. India also has numerous regulations which are considered rigid, requiring much paperwork, bureaucratic processes & government approvals. For years, the government debated amendments to the Contract Labour Act and the Industrial Disputes Act but the proposals have been put in deep freeze fearing protests from trade unions. India is considered to be a highly regulated and amongst most rigid labor law countries in the world. Rigid labor laws in India have been criticized as the cause of low employment growth, large unorganized sector, underground economy, use of casual labor and low per capita income. These have led many to demand reforms for labor flexibility in India.

Some of the labour laws are given below:

(i) Workmen's Compensation Act of 1923

The Workmen's Compensation Act compensates a workman for any injury suffered during the course of his employment or to his dependents in the case of his death. The Act provides for the rate at which compensation shall be paid to an employee. This is one of many social security laws in India.

(ii) Trade Unions Act of 1926

This Act enacted the rules and protections granted to Trade Unions in India. This law was amended in 2001.

(iii) Payment of Wages Act of 1936

The Payment of Wages Act regulates by when wages shall be distributed to employees by the employers. The law also provides the tax withholdings the employer must deduct and pay to the central or state government before distributing the wages.

(iv) Industrial Employment (Standing orders) Act of 1946

This Act requires employers in industrial establishments to define and post the conditions of employment by issuing so-called standing orders. These standing orders must be approved by the government and duly certified. These orders aim to remove flexibility from the employer in terms of job, hours, timing, leave grant, productivity measures and other matters. The standing orders mandate that the employer classify its employees, state the shifts, payment of wages, rules for vacation, rules for sick leave, holidays, rules for termination amongst others.

(v) Industrial Disputes Act of 1947

The Industrial Disputes act 1947 regulates how employers may address industrial disputes such as lockouts, layoffs, retrenchment etc. It controls the lawful processes for reconciliation, adjudication of labour disputes. The Act also regulates what rules and conditions employers must comply before the termination or layoff of a workman who has been in continuous service for more

than one year with the employer. The employer is required to give notice of termination to the employee with a copy of the notice to appropriate government office seeking government's permission, explain valid reasons for termination, and wait for one month before the employment can be lawfully terminated. The employer may pay full compensation for one month in lieu of the notice. Furthermore, employer must pay an equivalent to 15 days average pay for each completed year of employees continuous service. Thus, an employee who has worked for 4 years in addition to various notices and due process, must be paid a minimum of the employee's wage equivalent to 60 days before retrenchment, if the government grants the employer a permission to layoff.

(vi) Minimum Wages Act of 1948 :

Minimum Wages Act prescribes minimum wages in all enterprises, and in some cases those working at home as per the schedule of the Act. Central and State Governments can and do revise minimum wages at their discretion. The minimum wage is further classified by nature of work, location and numerous other factors at the discretion of the government. The minimum wage ranges between Rs 143 to Rs 1120 per day for the work the so-called central sphere.

State governments have their own minimum wage schedules.

(vii) Industries (Regulation and Development) Act of 1951 .This law declared numerous key manufacturing industries under its so-called First Schedule. It placed many industries under common central government regulations in addition to whatever laws state government enact. It also reserved over 600 products that can only be manufactured in small scale enterprises, thereby regulating who can enter in these businesses, and above all placing a limit on the number of employees per company for the listed products. The list included all key technology and industrial products in early 1950s, including products ranging from certain iron and steel products, fuel derivatives, motors, certain machinery, machine tools, to ceramics and scientific equipment.

(viii) Employees Provident Fund and Miscellaneous Provisions Act of 1952

This Act seeks to ensure the financial security of the employees in an establishment by providing for a system of compulsory savings. The Act provides for establishments of a contributory Provident Fund in which employees' contribution shall be at least equal to the contribution payable by the employer. Minimum contribution by the employees shall be 10-12% of the wages. This amount is payable to the employee after retirement and could also be withdrawn partly for certain specified purposes.

(ix) Maternity Benefit Act of 1961

The Maternity Benefit Act regulates the employment of the women and maternity benefits mandated by law. Any woman employee who worked in any establishment for a period of at least 80 days during the 12 months immediately preceding the date of her expected delivery, is entitled to receive maternity benefits under the Act. The employer is required to pay maternity benefits, medical allowance, maternity leave and nursing breaks.

(x) Payment of Bonus Act of 1965

This Act, applies to an enterprise employing 20 or more persons. The Act requires employer to pay a bonus to persons on the basis of profits or on the basis of

production or productivity. The Act was modified to require companies to pay a minimum bonus, even if the employer suffers losses during the accounting year. This minimum is currently 8.33 percent of the salary.

(xi) Payment of Gratuity Act of 1972

This law applies to all establishments employing 10 or more workers. Gratuity is payable to the employee if he or she resigns or retires. The Indian government mandates that this payment be at the rate of 15 days salary of the employee for each completed year of service subject to a maximum of Rs 350,000 (US\$ 6350).

32.29 Scholars suggest India's rigid labor laws and excessive regulations assumed to protect the labor are the cause of slow employment growth in high paying, organized sector. India's labor-related acts and regulations have led to labour market rigidity. This encourages shadow economy for entrepreneurs, an economy that prefers to employ informal labor to avoid the complicated and opaque laws.

32.30 Sources of Information of Labour & Employment Statistics :

(i) **Ministry of Labour & Employment (MOL&E)** : Various offices/organisations of Ministry of Labour & Employment maintain information on employment and other labour related issues. Labour Bureau, Chandigarh & Directorate General of Employment & Training, Delhi are the main sources of information on labour & Employment within the Ministry, besides, National Sample Surveys (NSS) conducted by Ministry of Statistics & P.I.

(A) **Labor Bureau**: Labour Bureau is responsible for the collation, collection and publication of statistics and related information on wages, earnings, productivity, absenteeism, labour turn-over, industrial relations, working and living conditions and evaluation of working of various labour enactments etc. It is a store house of important economic indicators like Consumer Price Index Numbers for Industrial, Agricultural and Rural Labourers; wage rate indices and data on industrial relations, socio-economic conditions in the organised and unorganised sector of industry etc. The functions/activities of Labour Bureau can be classified under three major heads :

1. Labour Intelligence

2. Labour Research

3. Monitoring and evaluation studies under the Minimum Wages Act 1948 .

Presently, following Reports/Publications are brought out by Labour Bureau :

Annual Employment & Unemployment Survey Reports based on the annual Surveys started by the Bureau in recent past .

Quarterly report on effect of economic slowdown on employment in India.

Report on employment and labor cost, absenteeism & labor turnover based on Annual Survey of Industries.

Consumer Price Indices for Industrial workers & Agricultural and rural labourers.

Reports based on Rural Labour Enquiry, Pocket Book of Labor Statistics, Trade Unions in India, Statistics of Factories, Reports based on Occupational Wage Survey, Minimum Wages Act, Indian Labour Statistics, Wage rates in rural India, Industrial Disputes Act etc.

(B) Directorate General of Employment & Training (DGET): It maintains information on organised sector of the economy covering all establishments in

public sector and non agricultural establishments in private sector employing 10 or more persons (25 or more persons through Employment Exchanges on basis of Compulsory Notification of Vacancies Act 1959 and establishments employing 10-24 persons on voluntary basis). However, the Employment Market Information excludes unorganised sector, self employment, part time employment, employment in defence, embassies abroad etc. Further, the frame of establishments maintained by local employment exchanges may not be comprehensive & there is always an element of estimation in case of non responding units.

The publications brought out by the Directorate are :

- Quick estimates of employment in organized sector.
- Quarterly Employment Review.
- Annual Employment Review
- Occupational - Educational profile of employees in India.

(C) Directorate General of Mines Safety (DGMS) : DGMS is the regulatory agency of MOL& E regarding safety in mines . It maintains information on accidents , injuries etc in the mines.

(ii) National Sample Survey Office(NSSO): National Sample Surveys (NSS) conducted by NSSO, Ministry of Statistics & PI are the primary source of data on various indicators of labour force at National & State Levels. Survey conducted during 2011-12 is the latest surveys of Employment & Unemployment conducted by NSSO. Employment & Unemployment indicators are measured in three different approaches , viz usual status (US)with a reference period of one year , current weekly status (CWS) with one week reference period and current daily status (CDS) based on the daily activity pursued during each day of the reference week. The surveys also provide information on underemployment, labour mobility etc .

(iii) Besides the above agencies, labour & employment figures are also available from several establishments like railways, ports etc as a by product of their own administrative exercises.

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- Employment Trends in India T S Papola.
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