

Employment Growth in India: A Challenge to Inclusive Growth

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The present paper is an attempt to study employment growth in India, especially during the post reform period. With the initiation of economic reforms, the high growth rate of Indian economy failed to generate employment during 1990s (Chandrashekhar and Ghosh, 2007) giving a jobless growth during 1990s. During 2000 to 2005 employment generation picked up and grew at a rate of 2.85 per cent annum (Chen and Raveendran, 2011) but thereafter it slowed to 0.17 per cent per annum during 2004-05 - 2007-08. During the same period Indian economy registered high GDP growth rate (9.4 % per annum) which shows that the era of jobless growth is back.

The post reform period marked the significant expansion of workforce in unorganized sector. About 93-94 per cent of STs, SCs workforce is under unorganized sector. The growth of unorganized employment has problems like poor conditions of work, lack of employment and social security. Here labourers are employed at casual and contract basis. SCs and STs were given benefits of reservation in public sector during 1990s when employment generation was negative (-0.65 per cent). It is also observed that women and dalit labourers received fewer wages than their counterparts in both rural and urban areas. Dalits are mostly employed as agricultural labourers and the deceleration of agricultural growth after economic reforms had severe impact on their real agricultural wages which declined and registered meager 1.3 per cent per annum growth rate. Even the share of dalits in enterprise ownership has remained low in the era of economic reforms.

[Key Words: Employment Growth, Inclusive Growth, Dalits Employment]

I. Introduction:

The key strategy for achieving inclusive growth in the Eleventh Plan has been generation of productive and gainful employment, with

decent working conditions, on a sufficient scale to absorb the growing labour force.

An increase in agricultural output and expansion of employment in the unorganized sectors leads to reduction in poverty. After economic reforms, the structural adjustment programme could not achieve these objectives. Poverty increased during 1990s in India. Poverty in India has become rural in nature, as three-fourth of the poor resides in rural India. In Rural areas, the worse-off economic group is that of rural labourers and that too casual labourers in both agriculture and non-agriculture sector. As SCs and STs are mostly involved in unorganized sector, they are severely affected.

To reduce poverty it is important to generate employment in rural and urban areas both in formal and informal sector. Employment creation for weaker sections of the society will lead to their socio-economic empowerment. The present paper is an attempt to study employment growth in India, especially during the post reform period. It is also an attempt to study benefits of employment growth performance on weaker sections like SCs, STs and women.

II. Employment Growth in India:

Unemployment rate was more than 2 percent during 1950s and 1960s which further increased to 3.8 per cent in 1972 (Papola, 1992). The quinquennial survey (1972-73) revealed high poverty and high unemployment rates (8.4 per cent on current daily status). So in mid 1970s (Fifth Five Year Plan) various employment guarantee programmes were launched. Later, during 1987 to 1993 high employment growth was due to the contribution of employment generation from agriculture.

The employment growth rate was high during the late 1980s and early 1990s. With the initiation of economic reforms, the high growth rate of Indian economy failed to generate employment during 1990s. Employment generation registered sharp decline during late 1990s (Chandrashekhar and Ghosh, 2007). This is termed as a jobless growth during 1990s (1993-2000).

Later during 2000 to 2005, employments generation picked up and grew at a rate of 2.85 per cent annum (Chen and Raveendran,

2011). Employment generation in urban areas was greater than rural areas during first half of the first decade of this century. During this period the share of regular wage employment and casual wage employment declined, but this period registered increase in self employment (Chandrashekhar and Ghosh, 2007). During 1993-94 to 1999-2000, 24 million employments were created, this figure increased to 47 million employments during 1999-2000 to 2004-05. But labour force growth (2.84 per cent) was higher than the employment growth rates (1993 to 99-00: 1.25 per cent and 1999-2004-05: 2.62 per cent). As a result unemployment also increased in India. The incidence of unemployment on Current Daily Status (CDS) increased from 7.31 per cent in 1999-2000 to 8.28 per cent in 2004-05. It further increased to 8.4 per cent in rural area and 7.4 per cent in urban area in 2007-08 (NSS, 64th Round).

The 64th round (2007-08) of the National Sample Survey (NSS) observed that employment growth slowed to 0.17 per cent per annum during 2004-05 - 2007-08. In rural areas employment declined while urban area registered marginal increase in employment. Female employment has declined in both rural as well as urban areas but in rural areas it registered sharp fall. By 2005, around 57 per cent of the total workforce and 45 per cent of the urban workforce was self employed. Thereafter during 2005 to 2009-10, employment growth slowed down. But after 2005 the self-employment also decreased for men and women in rural as well as urban areas. During this period Indian economy registered high GDP growth rate (9.4 per cent per annum) which shows that the era of jobless growth of 1990s is back.

During this period the agriculture, manufacturing and services sector registered fall in employment. It was compensated by labour force increase in construction industry (Chowdhury, 2011). During this period casual work increased in rural areas and regular work increased in urban areas both for men and women. By 2010, urban workforce has become informal as half of the urban workforce become self-employed and wage employment also become informal.

The organized sector employment growth has come down from 1.25 per cent per annum during 1983 to 1987-88 to 0.34 percent per

annum during 1993-94 to 1999-00. The unorganized sector employment was significant (2.05 per cent per annum) during 1983 to 1987-88, 2.43 per cent per annum during 1987-88 to 1993-94. Later during 1990s as employment generation slowed down, employment growth in unorganized sector also declined to 1.25 per cent per annum (Sakhtivel and Joddar 2006). During 1990s (highest growth rate for unorganized workforce was registered in transport, storage and communication (9 per cent per annum) followed by construction industry (8 per cent) and trade, hotels and restaurants (7 per cent).

III. Non-Inclusive Employment Performance:

i. Gender Discrimination in Employment:

The 62nd round of the National Sample Survey (NSS) showed that according to the usual status about 56 percent of the rural males and 31 per cent of rural females belonged to the labour force; the same was 57 percent and 15 percent respectively for urban areas. Worker population ratio was much lower for females (31 percent) than males (55 percent) in rural areas. The same pattern was also observed in urban areas where female worker population ratio was just 14 percent.

In case of self employment females (62 per cent) outperformed males (57 percent) in rural areas. The same figures were 42 percent for males and 44 percent for females in urban areas. It was also observed that the percentage of regular wage/salaried employees was relatively lower in case of females than males but in case of casual labour proportion of the female casual labourers was higher than male casual labourers in both rural and urban areas.

According to 62nd round of NSS the average wage rate differential for regular wage/salaried employees for males and females showed that female wage rate was about Rs. 50 less than males in both rural and urban areas. The unemployment rate by usual status was less in rural areas. Female unemployment rate was lower than male in rural areas but in urban areas unemployment rate was higher in case of females.

The underemployment was higher in case of females (usually employed) than males. In rural areas it was 18 per cent and 8 per cent in

urban areas. The proportion of person-days without work of the usually employed for females was considerably higher in rural areas than urban. It was also higher than their male counterparts. Thus it showed that the underemployment problem was serious for females particularly in rural areas.

According to the latest 66th round of National Sample Survey (NSS) the labour force participation rate (LFPR) was considerably lower for females than males in both rural and urban areas. It was 56 per cent for each of rural male and urban male. For females, LFPR was 27 per cent in rural areas and 15 per cent in urban areas. Even in case of the workforce participation rates (WPR) according to usual principal status male WPR was significantly higher than female WPR. It was also lower for female as per usual status. The usual principal status unemployment rate was higher for females (7 per cent) in urban areas than males (3 per cent). In rural areas unemployment rates for both male and female were same (2 per cent). Even unemployment rate in usual status was double for rural female (6 per cent) than rural male (3 per cent). For the females unemployment rate was considerably higher in all religious groups.

ii. Caste Discrimination in Employment:

Occupational pattern in India is based upon castes; this is notably true in case of scheduled casted and scheduled tribes. Castes in India is not only a social but also an economic an occupational category. SCs and STs are involved in low productive and low status employment. More than half of the India's national output comes from the unorganized sector. And also the large portion of the work force (93 per cent) comes from unorganized sector. According to the NSSO 93-94 per cent of STs, SCs workforce is under unorganized sector. During 1990s as employment generation slowed down, employment growth in unorganized sector also declined to 1.25 per cent per annum (Sakhtivel and Joddar 2006). Also the unorganized employment has problems like poor conditions of work, lack of employment and social security. Here labourers are employed at casual and contract basis (Papola, 1992). Social security measures are available to central and state government employees and some organized labour force in India. Unorganized sector workers which generally

constitute SCs and STs are out of social security schemes. Eighty per cent STs and eighty-five percent SCs in non-farm employment are not covered under social security schemes (Sakthivel and Joddar 2006).

Three fourth of the SC households have to depend upon other than cultivation for livelihood. They work as agricultural or non-agricultural labours. The deceleration of agricultural growth during 1990s over 1980s has adversely affected the income / employment gains of SCs and STs. The further deceleration of agricultural growth (1999-2004-05) had severe impact on real agricultural wages which declined and registered meager 1.3 per cent per annum growth rate.

Table No. 1
Rate of Growth of Employment in Organized Sector
(per cent per annum)

Sector	1983-1944	1994-2008
Public Sector	1.53	-0.65
Private Sector	0.44	1.75
Total Organized	1.20	0.05

Source: Planning Commission and Directorate General of Employment and Training Ministry of Labour and Employment.

It is observed that the organized sector employment has declined to 0.05 during the period of economic reforms (1994-2008). The reservation in employment to SC/STs is given in public sector when employment growth rate was negative -0.65 per cent per annum during 1994-2008 (GOI, 2010). As a result of reservation, SC/ST share in public sector enterprises have increased during 1990 and later also due to their involvement in group D jobs. In group A and B jobs there share is less than reserved quota. Share of SCs in group D jobs is highest; it constitutes 21 percent (excluding safai Karmacharis) and 76 percent safai Karmacharis are from SCs. The study by Thorat and Attewell (2007) observed the large scale discrimination in Indian private sector job market against Dalits.

Table No. 2
Unemployment Rates (Usual Status, Principal & Subsidiary)

(Per cent)

NSS Round (year)	Scheduled Tribes Castes	Scheduled Caste	Other Backward	Other Castes	All Cates
61 st (2004-05)	1.1	1.6	1.5	1.9	1.6
55 th (1999-00)	1.1	1.8	1.5	2.3	1.8
50 th (1993-94)	0.8	1.1	—	1.6	1.4
43 rd (1987-88)	0.7	1.6	—	2.0	1.8
38 th (1983)	0.5	1.3	—	1.6	1.4
Rural Female					
61 st (2004-05)	0.4	1.5	1.8	3.0	1.8
55 th (1999-00)	0.5	0.6	1.0	2.2	1.0
50 th (1993-94)	0.4	0.3	—	1.0	0.9
43 rd (1987-88)	1.3	3.0	—	2.3	2.4
38 th (1983)	0.2	0.5	—	1.0	0.6
Urban Male					
61 st (2004-05)	3.0	5.5	3.3	3.7	3.9
55 th (1999-00)	4.4	5.1	4.0	4.8	4.6
50 th (1993-94)	4.8	4.5	—	3.9	4.1
43 rd (1987-88)	4.2	5.6	—	5.2	5.2
38 th (1983)	4.3	5.0	—	5.2	5.2
Urban Female					
61 st (2004-05)	3.5	4.8	6.6	8.8	6.7
55 th (1999-00)	2.9	3.1	5.1	7.7	5.4
50 th (1993-94)	1.7	4.3	—	7.1	6.1
43 rd (1987-88)	2.2	3.6	—	6.7	6.2
38 th (1983)	1.5	2.8	—	5.4	5.0

Source: NSSO data taken from Himanshu, Employment and wages of Dalits accessed through www.csh-delhi.com/team/.../Emp_wages_Dalits_himanshu.pdf

In the first half of last decade the workforce participation rates have increased for SCs and STs male and female workers. But the unemployment rates have increased from 1.1 per cent in 1993-94 to 1.6 per cent in 2004-05 for SCs rural males. SCs urban males registered highest unemployment rates. The urban and rural SCs and STs Female unemployment rates were comparatively lower than other categories (61st round of NSSO).

Study by Das and Dutta (2007) found that SC (and OBCs) workers are paid less than other caste workers in all occupational categories. SC/STs are negligible in non-farm self employment and they are either self-employment farmers or casual labourers (Das, 2006). Only two percentage of workforce among the SC workers are self-employed. This is also true in case of ST workers. Even percentage of land less is highest (20.3 percent 2004-05) among scheduled castes. This is even larger than ST landless population.

Table No. 3

Enterprise Ownership and Employment

(per cent)

	Share of Enterprise Ownership		
	1990	1998	2005
Non SC/ST	87.5	87.3	86.4
SC	9.9	8.5	9.8
ST	2.6	4.2	3.7
Share of Employment			
Non SC / ST	90.6	89.4	88.5
SC	7.4	6.9	8.1
ST	2.0	3.8	3.4

Source: Lakshmi Iyer, Tarun Khanna, Ashutosh Varshney, "Caste and Entrepreneurship in India", Working Paper 12-028, Harvard Business School, 18/10/2011.

The SC and ST population is more than 16 per cent and 7 per cent respectively of the total population in India. But the share of SC employment in total employment is proportionately less than their population share. It was just 7.4 per cent in 1990, which reduced to 6.9 per cent in 1998. There after share of SC employment increase marginally to 8.1 per cent in 2005. ST employment increased from 2.0 per cent in 1990 to 3.8 per cent in 1998 but declined thereafter to 3.4 per cent in 2005. The share of SC population in enterprise ownership remained almost same during the years of globalization. It was 9.9 per cent in 1990, which declined marginally to 9.8 per cent in 2005. The share of ST population in enterprise ownership increased during 1990s, but registered decline during the first half of last decade. Majority of dalit enterprises are in traditional sector, their existence is negligible in knowledge based / service industry. Thus here also caste hierarchy is found to be in existence. Scarcity of capital and their social status hindered the growth of dalit entrepreneurs.

IV. Conclusions:

The employment growth rate which was high during the late 1980s and early 1990s declined with the initiation of economic reforms giving a jobless growth during 1990s. Later during 2000 to 2005 employment generation picked up and grew at a rate of 2.85 per cent annum but again declined to 0.17 per cent per annum during 2004-05 - 2007-08. During 1990s as employment generation slowed down, employment growth in unorganized sector also declined where SCs and STs are mostly involved. Unorganized sector workers which generally constitute SCs and STs are out of social security schemes. The deceleration of agricultural growth since economic reforms has adversely affected the income/employment gains of SCs and STs. In urban areas SC households face problem of physical and human capital, as a result they face exclusion and discrimination (Himanshu). In group A and B of public sector jobs SCs and STs share is less than reserved quota whereas majority of the SCs are safai karmacharis. SCs, STs and women which constitute weaker sections of the society are paid less in the Indian labour market. It is also observed that the labour force participation rate and worker population ratio are significantly less for women. The

underemployment problem is also observed severe among women. Again the share of SC population in enterprise ownership was not only less than proportionate but also remained almost same during the years of globalization. Majority of dalit enterprises are found in traditional sector, their existence is negligible in knowledge based / service industry due to scarcity of capital and low social status.

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