

Labour and Employment

10.7 An important objective of development planning in India has been to provide for increasing employment opportunities not only to meet the backlog of the unemployed but also the new additions to the labour force. The increasing diversification of the economy together with acceleration in economic growth has resulted in structural changes in the nature of the job market. Economic reforms in the areas of abolishing quantitative restrictions (QRs), reducing tariffs, reforming labour laws and abolishing SSI reservations have aimed at fostering labour-intensive production in India.

10.8 The various Rounds of Surveys conducted by the National Sample Survey Organisation (NSSO) reveal that the average

annual growth rate of overall employment (in both the organised and unorganised sectors) was 2.73 per cent per annum in the period 1972-73 to 1977-78 but declined to 1.54 per cent per annum in 1983 to 1987-88. (Table.10.6). However, the growth rate of employment increased to 2.43 per cent per annum over 1987-88 to 1993-94. As per the 55th Round (July 1999-June 2000) of the Survey on Employment conducted by the NSSO, overall employment grew by about 1 per cent per annum during 1993-94 to 1999-2000. Employment in absolute numbers has risen from 303 million in 1983 to 374 million in 1994 (2.04 per cent) and to 397 million in 2000 (0.98 per cent). (Table.10.7). The labour force participation rate declined in 1999-2000 as compared with 1993-94, which is reflected in a sharp deceleration in the growth of the labour force from 2.29 per cent per annum in 1987-88 to 1993-94, to 1.03 per cent per

Period	Rate of Growth of population (per cent per annum)	Rate of Growth of Labour Force (UPSS)* (per cent per annum)	Rate of Growth of Employment (UPSS)* (per cent per annum)
1972-73 to 1977-78	2.27	2.94	2.73
1977-78 to 1983	2.19	2.04	2.17
1983 to 1987-88	2.14	1.74	1.54
1987-88 to 1993-94	2.10	2.29	2.43
1993-94 to 1999-2000	1.93	1.03	0.98

*Usual Principal and Subsidiary Status
Source: Planning Commission

Sector	Employment (Million)				Growth Rate (per cent per annum)	
	1983	1988	1994	1999-00	1983-94	1994-2000
Total Population	718.21	790.00	895.05	1004.10	2.12	1.93
Total Labour Force	308.64	333.49	381.94	406.05	2.05	1.03
Total Employment	302.75	324.29	374.45	397.00	2.04	0.98
Org. Sector Employment	24.01	25.71	27.37	28.11	1.20	0.53
Public Sector	16.46	18.32	19.44	19.41	1.52	-0.03
Private Sector	7.55	7.39	7.93	8.70	0.45	1.87

Note:

- The total employment figures are on Usual Status (UPSS) basis.
- The Organised sector employment figures are as reported in the Employment Market Information System of Ministry of Labour and pertain to 1st March of 1983, 1988, 1994 and 1999.
- The rate of growth of total employment and organised sector employment are compound rates of growth.

Source: Planning Commission

TABLE 10.8			
Growth rates of Employment in Organised Sector (per cent)			
Year	Public Sector	Private Sector	Total Organised
1991	1.52	1.24	1.44
1992	0.80	2.21	1.21
1993	0.60	0.06	0.44
1994	0.62	1.01	0.73
1995	0.11	1.63	0.55
1996	-0.19	5.62	1.51
1997	0.67	2.04	1.09
1998	-0.09	1.72	0.46
1999	-0.02	-0.57	-0.19
2000*	-0.68	0.97	-0.17

*Quick Estimates
Source: Planning Commission

annum in the period 1993-94 to 1999-2000. The deceleration in employment is therefore also associated with a sharp decline in the growth of the labour force.

10.9 Organised sector employment in 1999-2000 was 28.11 million. i.e. about 7 per cent of the total employment of about 397 million. (Table 10.7) Over two-thirds of the total organised sector employment i.e. 19.41 million is in the public sector. Trends in organised sector employment reveal that employment in this sector has been declining. This has been entirely due to the slowing down in employment in the public sector from 1.52 per cent per annum between 1983 to 1994 to a negative growth of

(-) 0.03 per cent per annum during 1994-2000. The decline in the rate of growth of public sector employment could be attributed to restructuring programmes of the public sector, and the ban on recruitment in many State Departments/ Institutions as part of the 'economy drive' to reduce government expenditure.

10.10 The annual growth of employment in the organised sector, both public and private, for the period 1991-2000 is listed at (Table 10.8). The major contribution in the overall growth of organised sector employment has been made by the private sector after 1995. However, this growth in private sector employment did not offset the effect of the slowdown in public sector

TABLE 10.9					
Growth of Employment by Sectors (UPSS)					
Industry	Employed Workers *			Annual Growth Rate	
	(Million)			(Per cent)	
	1983	1993-94	1999-2000	1983-94	1994-2000
Agriculture	207.23	242.46	237.56	1.51	-0.34
Mining & Quarrying	1.76	2.70	2.27	4.16	-2.85
Manufacturing	34.03	42.50	48.01	2.14	2.05
Electricity Gas & WS	0.85	1.35	1.28	4.50	-0.88
Construction	6.78	11.68	17.62	5.32	7.09
Trade	19.22	27.78	37.32	3.57	5.04
Transport, Storage & Commn	7.39	10.33	14.69	3.24	6.04
Financial Services	1.70	3.52	5.05	7.18	6.20
Community Social & Pers.Services	23.80	35.13	33.20	2.90	0.55
Total Employment	302.76	374.45	397	2.04	0.98

*The NSS gives the percentage distribution across industries of each of the four categories of workers. We apply this distribution to the absolute numbers of workers of each category for each year and add up the four categories in each industry to derive estimates of total workers in each industry.
Source: Planning Commission

employment since the private sector share of employment in the organised sector was only one third. Growth in organised sector employment is now dependent on employment growth in the private sector.

10.11 The sector-wise growth of overall employment (Table.10.9) indicates that the employment growth rate decelerated from 1983 – 1994 to 1994-2000, primarily due to slower growth in agricultural employment, with the absolute number of persons employed in agriculture showing a decline for the first time. Employment in sectors like trade, construction, financial services, transport, storage and communication has grown faster than the average, and the share of these sectors in total employment

has increased. This reflects the structural changes in product markets in the post-reforms period.

10.12 The level, quality and growth of wages, incomes and employment in the economy is affected by the overall growth in the economy as measured by GDP, as also growth in population and consequent additions to the labour force. A number of specifically designed poverty alleviation programmes are in operation in rural and urban areas in order to encourage self and wage employment. For the year 2001-02 (BE) an outlay of Rs. 9,765 crore has been provided under Plan provisions as compared to Rs. 9,270 crore (BE) made available in 2000-01 to the Ministry of Rural Development for rural development,

TABLE 10.10
Physical Performance of Special Employment and Poverty Alleviation Programmes

(In Million)

Programmes	1999-2000	2000-01		2001-02***	
	Achievement	Target	Achievement	Target	Achievement
A. Programmes in Rural Areas					
1. JGSY- Mandays of employment generated**	268.3	-	268.32	-	97.7
2. EAS - Mandays of employment generated	278.6	259.45	217.49	339.17	93.07
3. SGSY - Families assisted	0.94	-	1.09	-	0.32
4. TRYSEM - Youths Trained #	-	-	-	-	-
5. DWCRA - (i) Groups formed #	-	-	-	-	-
(ii) Membership	-	-	-	-	-
6. IAY - House Constructed	0.93	1.24	1.17	1.29	0.40
7. MWS - Wells Constructed	-	-	-	-	-
8. ARWSP - Habitation/villages	0.75	0.08	0.07	0.05	0.02
9. CRSP - (Central Rural Sanitation Program.)	1.08	1.26	0.62	-	0.20
10. NSAP —	-	-	-	-	-
(a) NOAPS - Beneficiaries	5.02	5.58	7.57	4.96	4.27
(b) NFBS - Beneficiaries	0.22	0.21	0.2	0.16	0.10
(c) NMBS - Beneficiaries	1.3	1.82	1.45	-	-
B. Programmes in Urban Areas					
1. PMRY — (i) Micro-enterprises@	0.14	0.22	0.4 f	-	-
(ii) Employment generated \$	0.21	0.33	0.6 f	-	-
2. SJSRY \$\$	-	-	-	-	-
of which					
I. USEP —	-	-	-	-	-
(i) Beneficiaries	0.13	-	0.1	-	0.08
(ii) Persons trained	0.10	-	0.09	-	0.11
II. UWEP- Mandays of employment generated	10.14	-	15.87	-	3.63
3. Beneficiaries covered under Community Structure Component	-	-	-	-	-
	26.05 ^	-	28.73^	-	29.59^
4. Beneficiaries assisted under DWCUA	0.008	-	0.007	-	0.18
** JRY was restructured and renamed as Jawahar Gram Samridhi Yojana (JGSY) from April 1999.					
- Targets are not fixed.					
@ Cases disbursed.					
\$ Estimated @ 1.5 per case disbursed for the concerned programme years (up to Dec. 1999).					
\$\$ Swarna Jayanti Shabri Rozgar Yojana came into operation from December 1997.					
^ Cumulative information since it is a continuous process.					
*** Upto 31st January, 2002 for Ministry of Urban Development and upto December 2001 for Ministry of Rural Development.					
f Up to 30.11.2000.					
Source : Planning Commission and other concerned Departments.					

BOX 10.2

Employment Generation And Poverty Alleviation Programmes

- **Jawahar Gram Samridhi Yojana (JGSY):**

JGSY was introduced in April 1999 by restructuring the Jawahar Rozgar Yojana and is being implemented as a Centrally Sponsored Scheme on a cost sharing ratio of 75:25 between the Centre and States. The programme is implemented by Gram Panchayats and works which result in creation of durable productive community assets are taken up. The secondary objective, however, is generation of wage employment for the rural unemployed poor.

- **Swarnjayanti Gram Swarozgar Yojana (SGSY):**

SGSY was launched with effect from April 1, 1999 as a result of amalgamating certain erstwhile programmes viz Integrated Rural Development Programme (IRDP), Development of Women and Children in Rural areas (DWCRA), Training of Rural Youth for Self Employment (TRYSEM), Million Wells Scheme (MWS) etc. into a single self-employment programme. It aims at promoting micro-enterprises and helping the rural poor into Self Help Groups (SHG). This scheme covers all aspects of self-employment like organisation of rural poor into SHG and their capacity building, training, planning of activity clusters, infrastructure development, financial assistance through bank credit and subsidy and marketing support etc. The scheme is being implemented as a Centrally Sponsored Scheme on a cost sharing ratio of 75:25 between the Centre and the States.

- **Employment Assurance Scheme (EAS):**

EAS was started on October 2, 1993 for implementation in 1778 identified backward Panchayat Samitis of 257 districts situated in drought prone areas, desert areas, tribal areas and hill areas in which the revamped public distribution system was in operation. It was subsequently expanded by 1997-98 to all the 5448 rural Panchayat Samitis of the country. It was restructured in 1999-2000 to make it a single wage employment programme and implemented as a Centrally Sponsored Scheme on a cost sharing ratio of 75:25.

- **Sampoorna Grameen Rozgar Yojana (SGRY):**

Launched w.e.f. September 2001, the scheme aims at providing wage employment in rural areas as also food security, along with the creation of durable community, social and economic assets. The scheme is being implemented on a cost sharing ratio of 75:25 between the Centre and the States. The ongoing Employment Assurance Scheme (EAS) and Jawahar Gram Samridhi Yojana (JGSY) would subsequently be fully integrated within the scheme with effect from April 1, 2002.

- **National Social Assistance Programme (NSAP):**

NSAP was introduced on 15 August, 1995 as a 100 per cent Centrally Sponsored Scheme for social assistance benefit to poor households affected by old age, death of primary bread earner and maternity care. The programme has three components i.e. National Old Age Pension Scheme (NOAPS), National Family Benefit Scheme (NFBS) and National Maternity Benefit Scheme (NMBS).

- **Pradhan Mantri Gramodaya Yojana (PMGY):**

PMGY was introduced in 2000-01 with the objective of focussing on village level development in five critical areas i.e. health, primary education, drinking water, housing and rural roads, with the overall objective of improving the quality of life of people in the rural areas.

- (i) Pradhan Mantri Gram Sadak Yojana (PMGSY):

PMGSY was launched on 25th December, 2000 with the objective of providing road connectivity through good all-weather roads to all rural habitations with a population of more than 1000 persons by the year 2003 and those with a population of more than 500 persons by the year 2007. An allocation of Rs. 2500 crore has been provided for the scheme in 2001-02.

- (ii) Pradhan Mantri Gramodaya Yojana (Gramin Awas):

This scheme is to be implemented on the pattern of Indira Awas Yojana with the objective of sustainable habitat development at the village level and to meet the growing housing needs of the rural poor.

- (iii) Pradhan Mantri Gramodaya Yojana –Rural Drinking Water Project:

Under this programme, a minimum 25 per cent of the total allocation is to be utilised by the respective States/UTs on projects/schemes for water conservation, water harvesting, water recharge and sustainability of the drinking water sources in respect of areas under Desert Development Programme/Drought Prone Areas Programme.

- **Swarna Jayanti Shahri Rozgar Yojana (SJSRY):**

The Urban Self Employment Programme and the Urban Wage Employment Programme are two special schemes of the SJSRY, initiated in December 1997, which replaced various programmes operated earlier for urban poverty alleviation. This is funded on a 75:25 basis between the Centre and the States. During 2001-02 an allocation of Rs. 168 crore has been provided for various components of this programme.

- **Indira Awaas Yojana (IAY):**

This is a major scheme for construction of houses to be given to the poor, free of cost. An additional component for conversion of unserviceable kutchha houses to semi-pucca houses has also been added. From 1999-2000, the criteria for allocation of funds to States/UTs has been changed from poverty ratio to equally reflect the poverty ratio and the housing shortage in the State. Similarly, the criteria for allocation of funds to a district has been changed to equally reflect the SC/ST population and the housing shortage.

- **Samagra Awaas Yojana**

This has been launched as a comprehensive housing scheme in 1999-2000 on pilot project basis in one block in each of 25 districts of 24 States and in one Union Territory with a view to ensuring integrated provision of shelter, sanitation and drinking water. The underlying philosophy is to provide for convergence of the existing housing, sanitation and water supply schemes with a special emphasis on technology transfer, human resource development and habitat improvement with people's participation.

- **Food for Work Programme**

This programme was initially launched w.e.f. February 2001 for five months and was further extended. The programme aims at augmenting food security through wage employment in the drought affected rural areas in eight States i.e. Gujarat, Chattisgarh, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa, Rajasthan and Uttaranchal. The Centre makes available appropriate quantity of foodgrains free of cost to each of the drought affected States as an additionality under the programme. Wages by the State government can be paid partly in kind (upto 5 Kgs. of foodgrains per manday) and partly in cash. The workers are paid the balance of wages in cash, such that they are assured of the notified Minimum Wages. This Programme stands extended upto March 31, 2002 in respect of notified "natural calamity affected Districts."

- **Annapurna**

This scheme came into effect from April 1, 2000 as a 100 per cent Centrally Sponsored Scheme. It aims at providing food security to meet the requirement of those senior citizens who though eligible for pensions under the National Old Age Pension Scheme, are not getting the same. Foodgrains are provided to the beneficiaries at subsidised rates of Rs. 2/- per Kg. of wheat and Rs. 3/- per Kg. of rice. The scheme is operational in 25 States and 5 Union Territories. More than 6.08 lakh families have been identified and the benefits of the scheme are passing on to them.

- **Krishi Shramik Samajik Suraksha Yojana:**

The scheme was launched in July, 2001 for giving social security benefit to agricultural labourers on hire in the age group of 18 to 60 years.

- **Shiksha Sahayog Yojana:**

The Scheme has been finalised for providing educational allowance of Rs. 100 per month to the children of parents living below the poverty line for their education from the 9th to 12th standard.

rural employment and poverty alleviation programmes (excluding Pradhan Mantri Gram Sadak Yojana for which Rs. 2,500 crore have been separately provided in 2000-01 and 2001-02). Central Plan allocations for major schemes of social sectors and rural development are at Table

10.2. The performance of the major anti-poverty and employment generating programmes is given at Table 10.10. Details of the programmes are at Box. 10.2. A *Task Force on Employment Opportunities* was set up by the Planning Commission under the Chairmanship of Shri.

BOX 10.3

Task Force On Employment Opportunities

Strategy for employment generation to focus on intervention in five major areas:

- Accelerating the rate of growth of GDP, with a particular emphasis on sectors likely to ensure the spread of income to the low income segments of the labour force.
- Pursuing appropriate sectoral policies in individual sectors which are particularly important for employment generation. These sector level policies must be broadly consistent with the overall objective of accelerating GDP growth.
- Implementing focussed special programmes for creating additional employment and enhancing income generation from existing activities aimed at helping vulnerable groups that may not be sufficiently benefited by the more general growth promoting policies.
- Pursuing suitable policies for education and skill development, which would upgrade the quality of the labour force and make it capable of supporting a growth process which generates high quality jobs.
- Ensuring that the policy and legal environment governing the labour market encourages labour absorption, especially in the organized sector.

M.S.Ahluwalia, Member, Planning Commission to examine the existing employment and unemployment situation in the country and to suggest strategies of employment generation for achieving the target of providing employment opportunities to 100 million people over the next 10 years i.e. 10 million people per year. A summary of the strategy for employment generation recommended by the Task Force is given in Box 10.3

10. 13 The government is presently examining the issues of rigidities in labour legislations,

promotion of industrial investment in labour intensive activities and measures for safeguarding the interests of workers. The government has also set up the Second National Labour Commission in December 1998 to suggest rationalisation of existing labour laws in the organised sector and also to suggest an umbrella legislation for ensuring a minimum level of protection to the workers in the unorganised sector. The report of the Commission has not yet been submitted as the Commission is presently examining the issues concerned.