

Labour and employment

10.15 As per the results of the latest quinquennial survey of National Sample Survey Organization on Employment and Unemployment (55th Round; 1999-2000) the rate of growth of employment, on Current Daily Status (CDS) basis, declined from 2.7 percent per annum in 1983-1994 to 1.07 percent per annum in 1994-2000 (Table 10.8). The decline in the rate of growth of employment during the 1990s was associated with a comparatively higher growth rate in GDP, indicating a decline in the labour intensity of production.

10.16 Some of the other important findings emerging from the 55th Round (1999-2000) Survey of NSSO are summarized below:

- (i) The decline in the rate of growth of employment was associated with a sharp decline in the rate of growth of labour force.
- (ii) The absolute number of unemployed as well as the incidence of unemployment, (expressed in terms of unemployed as a percentage of the labour force) increased during this period.
- (iii) The decline in the overall growth rate of employment in 1994-2000 was largely attributable to a near stagnation of employment in agriculture. As a result, the share of agriculture in total employment dropped substantially from 60 percent in 1993-94 to 57 percent in 1999-2000.
- (iv) On the other hand, employment growth in all the sub-sectors within services, (except community, social and personal services having negative growth rate) exceeded 5 percent per annum (Table 10.9).
- (v) As has been the trend in the past, the share of casual labour in total employment has gone up.

10.17 Only a small percentage (8 to 9 percent) of the total workforce of the country is employed in the organized sector. While employment growth in the private organized

sector significantly improved in the 1990s, the growth of employment in the public sector was negligible. Since the public sector accounts for more than two thirds of the total organized sector employment, there was slow down of the overall growth in organised sector employment.

10.18 In view of the centrality of the employment objective in the overall process of socio-economic development as also to ensure availability of work opportunities in sufficient numbers, a *special group on targeting ten million employment opportunities Per Year over the Tenth Plan Period* was constituted by Planning Commission under the Chairmanship of Dr. S.P.Gupta, Member, Planning Commission. Considering the need for generating employment opportunities which are gainful, the Special Group has recommended the use of Current Daily Status for measuring employment, as this measure of employment is net of the varying degrees of underemployment experienced by those who are otherwise classified employed on usual status basis. The Group has noted the decline in the rate of growth of population, labour and work force, but an increase in the unemployment rate during 1993-94 and 1999-2000 (Table 10.9) although the overall growth performance of the economy has been better than the previous decade (1983-1994).

10.19 In view of the declining employment elasticity of growth, observed during 1994-2000, the Group has recommended that over and above the employment generated in the process of present structure of growth, there is a need to promote certain identified labour intensive activities. These sectors are agriculture and allied activities, small and medium industries, information technology, construction, tourism, financial sector, education and health etc. With proper policy initiatives taken in these labour intensive sectors, an additional 20 million jobs will be created during the Tenth Plan. The Report also identified ministry-wise programmes/targets for achieving the ten million employment opportunities per year.

Table 10.8 : Past and present macro-scenario on employment and unemployment (CDS Basis)					
(person years)					
	(Million)			Growth per annum (%)	
	1983	1993-94	1999-2000	1983 to 1993-94	1993-94 to 1999-2000
All India					
Population	718.20	894.01	1003.97	2.00	1.95
Labour Force	261.33	335.97	363.33	2.43	1.31
Workforce	239.57	315.84	336.75	2.70	1.07
Unemployment rate (%)	(8.30)	(5.99)	(7.32)		
No. of unemployed	21.76	20.13	26.58	-0.08	4.74
Rural					
Population	546.61	658.83	727.50	1.79	1.67
Labour Force	204.18	255.38	270.39	2.15	0.96
Workforce	187.92	241.04	250.89	2.40	0.67
Unemployment rate (%)	(7.96)	(5.61)	(7.21)		
No. of unemployed	16.26	14.34	19.50	-1.19	5.26
Urban					
Population	171.59	234.98	276.47	3.04	2.74
Labour Force	57.15	80.60	92.95	3.33	2.40
Workforce	51.64	74.80	85.84	3.59	2.32
Unemployment rate (%)	(9.64)	(7.19)	(7.65)		
No. of unemployed	5.51	5.80	7.11	0.49	3.45
Source : Planning Commission.					

Table 10.9 : Sectoral employment growth (CDS basis)								
Sector	Employment (in million)				Annual growth (%)			
	1983	1987-88	1993-94	1999-2000	1983 to 1987-88	1987-88 to 1993-94	1983 to 1993-94	1993-94 to 1999-2000
<u>Agriculture</u>	151.35	163.82	190.72	190.94	1.77	2.57	2.23	0.02
<u>Industry</u>								
Mining & quarrying	1.74	2.40	2.54	2.26	7.35	1.00	3.68	-1.91
Manufacturing	27.69	32.53	35.00	40.79	3.64	1.23	2.26	2.58
Electricity, gas and water supply	0.83	0.94	1.43	1.15	2.87	7.19	5.31	-3.55
Construction	7.17	11.98	11.02	14.95	12.08	-1.38	4.18	5.21
<u>Services</u>								
Trade, hotels and restaurant	18.17	22.53	26.88	37.54	4.89	2.99	3.80	5.72
Transport, storage and communication	6.99	8.05	9.88	13.65	3.21	3.46	3.35	5.53
Financial, insurance, real estate and business services	2.10	2.59	3.37	4.62	4.72	4.50	4.60	5.40
Community, social and personal services	23.52	27.55	34.98	30.84	3.57	4.06	3.85	-2.08
All sectors	239.57	272.39	315.84	336.75	2.89	2.50	2.67	1.07
Source : NSSO-Different rounds.								

10.20 Other major conclusions of the Special Group are:

- (i) Employment elasticity of output has gone down from 0.52 over the years 1983 to 1993-94 to 0.16 over 1993-94 to 1999-2000. This decline in employment elasticity is observed in most sectors except transport, financial services and real estate.
- (ii) Employment in the organized sector had been hardly 8.34 percent, of which public sector accounts for 5.77 percent and private sector only 2.58 percent in the total employment generated.
- (iii) Under organized manufacturing, the employment generation potential of the private sector is seen to be higher than of public sector manufacturing (the former contributing more than 75 percent of total organized manufacturing output), but it hardly constitutes 1.5 percent of the total employment in the country and 16.5 percent of total manufacturing employment.
- (iv) The main employment generating activities are (a) agriculture and allied, (b) trade, restaurant and hotels including tourism, (c) some of the social sectors like education and health, (d) the small and medium enterprises, mainly in the rural non-farm sector (e) transport and construction.
- (v) Agriculture including allied activities, comprises 57 percent of India's total employment. Between 1983 and 1993-94, its employment elasticity was as high as 0.70 and now in the later period of 1993-94 to 1999-2000, it has come down to 0.01.
- (vi) There are large inter-State differentials in the unemployment scenario (Table 10.10).

10.21 The Special Group recommended policies and programmes which would enable

the skill levels of the labour force to match those required for the new jobs to be created during the Tenth Plan. The recommendations of the Special Group have been suitably incorporated in the employment strategy for the Tenth Five Year Plan by the Planning Commission. Selected recommendations are at Box 10.4.

Employment in the organised sector

10.22 Organised sector employment as on March 31, 2001 was 27.8 million out of which public sector employment stood at 19.1 million and private sector 8.7 million (Appendix Table 3.3). The public sector accounted for about 69 percent of total employment in the organised sector in 2001. There was a marginal decrease of 0.6 percent in employment in the organised sector in 2001 as compared to the previous year. While employment in the public sector declined by 0.9 percent in 2001 over 2000, employment in the private sector increased by 0.1 percent.

10.23 The data available from the 939 employment exchanges in the country indicate that as on September 2002, the number of jobseekers registered with the employment exchanges, (all of whom are not necessarily unemployed), was of the order 4.16 crore out of which, approximately 70 percent are educated (10th standard and above). The number of women job seekers registered was of the order of 1.08 crore (26 percent of total job seekers). The maximum number of job-seekers awaiting employment were in West Bengal (63.6 lakh), while minimum were in the UT of Dadra and Nagar Haveli (0.06 lakh) and in the State of Arunachal Pradesh (0.2 lakh). The placement was maximum in Gujarat, whereas the registration was maximum in U.P. The placement effected by the employment exchanges at all India level during 2001 was of the order of 1.69 lakh as against 3.04 lakh vacancies notified during this period.

Table 10.10 : Employment scenario in States

(CDS basis)

Sl. No.	Selected States	Employment ('000) 1999-00	Employment growth 1993-94 to 1999-00 (% p.a.)	Unemployment rate		Employment elasticity 1993-94 to 1999-00	GDP growth (% per annum) 1993-94 to 1999-00
				1999-00 (%)	1993-94 (%)		
1.	Andhra Pradesh	30614	0.35	8.03	6.69	0.067	5.2
2.	Assam	7647	1.99	8.03	8.03	0.737	2.7
3.	Bihar	30355	1.59	7.32	6.34	0.353	4.5
4.	Gujarat	18545	2.31	4.55	5.70	0.316	7.3
5.	Haryana	5982	2.43	4.77	6.51	0.420	5.8
6.	Himachal Pradesh	2371	0.37	2.96	1.80	0.052	7.1
7.	Karnataka	20333	1.43	4.57	4.94	0.188	7.6
8.	Kerala	8902	0.07	20.97	15.51	0.013	5.5
9.	Madhya Pradesh	28725	1.28	4.45	3.56	0.272	4.7
10.	Maharashtra	34979	1.25	7.16	5.09	0.216	5.8
11.	Orissa	11928	1.05	7.34	7.30	0.262	4.0
12.	Punjab	8013	1.96	4.03	3.10	0.426	4.6
13.	Rajasthan	19930	0.73	3.13	1.31	0.104	7.0
14.	Tamil Nadu	23143	0.37	11.78	11.41	0.052	7.1
15.	Uttar Pradesh	49387	1.02	4.08	3.45	0.185	5.5
16.	West Bengal	22656	0.41	14.99	10.06	0.056	7.3
All India		336736	1.07	7.32	5.99	0.160	6.7

Source : Planning Commission.

Box 10.4 : Selected recommendations of the Special Group

I. Labour laws :

- As labour laws are in the concurrent list, the State Governments may be permitted to make amendments to the labour laws as per their requirement.
- While carrying out amendments, adequate safety net for the workers may be kept in mind
- Formulation of schemes for pension and unemployment benefit for the unorganised sector workers may be considered, depending upon the availability of resources
- To avoid disproportionate regulatory burden on small-scale units, the present system of maintenance of various forms and registers under different labour laws may be replaced by a system of Self Certification and treated as prima-facie compliance.
- Special Quasi-judicial Tribunals manned by officers of Labour Department may take up hearing of the dispute in case the conciliation talks fail.
- Health, safety and welfare of the workers may be given due importance while reviewing the labour laws.

II. Cluster development :

- To improve the quality of employment in the micro enterprise sector, the potentiality of cluster development may be explored. At this stage, four clusters have been identified – toy industry (Delhi and Mumbai), stone industry (Rajasthan and Andhra Pradesh), lock industry (Aligarh and Dindigal) and special purpose machine tools for lock industry (Aligarh).