

## EMPLOYMENT

10.12 The Economic Surveys of the previous two years have given the estimates of employment and unemployment on the basis of Usual Principal Status (UPS) and Current Daily Status (CDS) respectively. A comparison between the different estimates (Table 10.5) indicates that CDS estimate of unemployment rate is the highest being the broadest measure.

### Employment in the Eleventh Five Year Plan

10.13 The projected increase in total labour force during the Eleventh Five Year Plan is estimated at 45 million. It is also projected that 58 million employment opportunities would be created in the Eleventh Five Year Plan. This would be greater than the projected increase in labour force leading to a reduction in the unemployment rate to below 5 per cent by the terminal year of the plan. It is expected that agriculture sector may not contribute towards any increase in employment during the Eleventh Five Year Plan period. Hence, the employment generation strategy of the Eleventh Five Year Plan is based on the reduction of underemployment and movement of surplus labour in agriculture sector to higher wage and more gainful employment in non-agriculture sector. The Eleventh Five Year Plan has especially identified labour intensive manufacturing and services sectors with employment potential like food processing, leather products, footwear, textiles, wood and bamboo products, gems and jewellery,

**Table 10.5 : All-India rural & urban unemployment rates\* for NSS 61st Round—different estimates (2004-05)**

Sl. No.	Estimate**	Rural	Urban
1.	UPS	2.5	5.3
2.	US (adj.)	1.7	4.5
3.	CWS	3.9	6.0
4.	CDS	8.2	8.3

Source : NSS Report No. 515 (Part I).

\* As per cent of labour force

\*\*UPS-Usual Principal Status, US (adj.)-Usually unemployed excl. Subsidiary Status workers, CWS-Current Weekly Status & CDS- Current Daily Status.

handicrafts, handlooms, tourism and construction, for this purpose.

### Employment in organized sector

10.14 The employment growth in organized sector, public and private combined, has declined during the period between 1994 and 2006. This has primarily happened due to decline of employment in organized public sector. Employment in establishments covered by Employment Market Information System of the Ministry of Labour grew at 1.20 per cent per annum during 1983-94 but decelerated to 0.12 per cent per annum during 1994-2006. However, the latter decline was mainly due to a decrease in employment in public sector establishments, whereas the private sector had shown acceleration in the pace of growth

**Table 10.6 : Rate of growth of employment in organized sector**

	(% per annum)	
	1983-94	1994-2006
Public Sector	1.53	-0.54
Private Sector	0.44	0.92
Total Organized	1.20	0.12

**Source: Eleventh Five Year Plan Document and Ministry of Labour and Employment**

in employment from 0.44 per cent to 0.92 per cent per annum (Table 10.6).

### *Effect of global financial crisis and economic slowdown*

10.15 Employment opportunities in the financial year 2008-09 have been affected by the global financial crisis and economic slowdown in the major markets of India. While comprehensive employment data for current financial year is not available, some sample surveys have indicated employment losses in the wake of the global financial crisis and economic slowdown (Box 10.1). The Government is concerned about the possible impact of global financial crisis on the Indian economy, including employment, and

several measures, financial and fiscal, have been taken. A large number of measures have been taken to help the industry in general and more affected labour intensive export sectors in particular since October 7, 2008. The most recent measures were those announced on December 7, 2008 and January 2, 2009. In the interim budget of February 16, 2009, the Government has announced continuation of interest subvention of 2 per cent on pre- and post-shipment credit for most employment-oriented sectors such as textiles, carpets, leather, gems and jewellery, marine products and SMEs beyond March 31, 2009 till September 30, 2009.

### **Employment in unorganized sector**

10.16 As per the National Commission for Enterprises in the Unorganised Sector (NCEUS), based on data from NSS 55th Round Survey on Employment and Unemployment, the estimated total employment in the country during 1999-2000 was 396.8 million and among them the estimated informal sector workers were 342.6 million. The estimates of total employment and employment of informal sector workers as per 61st Round Survey during 2004-05 were 457.5 million and 394.9 million respectively

### **Box 10.1 : Estimates of job losses in the wake of global financial crisis and economic slowdown**

#### **Labour Bureau, Ministry of Labour and Employment**

According to the report on "Effect of Economic Slowdown on Employment in India," which is based on a sample survey of 2,581 units conducted by the Labour Bureau, Ministry of Labour and Employment, during October-December 2008, there was decrease in employment of about half a million workers during the period. The most affected sectors were gems and jewellery, transport and automobiles where employment has declined by 8.58 per cent, 4.03 per cent and 2.42 per cent respectively during the period. In textile sector, 0.91 per cent of workers have lost their jobs. Another thin sample survey conducted to assess the employment situation in January 2009 over December 2008 indicated a loss of about 1 lakh jobs in the month of January 2009. However, it may be possible that the unemployment indicated is seasonal in nature since the employment estimated in the reference period of the study is not in comparison with the same period in previous year and the employment in period October to December 2008 is compared to that in September 2008 and later January 2009 against December 2008. The survey conducted by the Labour Bureau for the period January to March 2009 covering 3,192 units in 21 centres, however, indicated improvement in the selected sectors with employment rising by a quarter million. Sectors registering increased employment were gems and jewellery (3.08 per cent), textiles (0.96 per cent), IT-BPO (0.82 per cent), handloom-powerloom (0.56 per cent) and automobile (0.10 per cent).

#### **Department of Commerce, Ministry of Commerce and Industry**

A sample survey conducted by the Department of Commerce for 402 exporting units revealed job loss (direct and indirect) to the tune of 1,09,513 persons during August 2008 to mid-January 2009. Another sample study conducted earlier (for the period August-October 2008) by the Department of Commerce for 121 export-related companies belonging to several sectors, primarily employment-oriented sectors like textiles including garments, leather, engineering, gems and jewellery, handicrafts, food and food processing, minerals, marine products has revealed loss in export orders to the tune of Rs. 1,792 crore and loss of jobs of around 65,507. Two other surveys for the period August 2008 to February 09, 2009, and August, 2008 to February 28, 2009 revealed job losses (direct and indirect) of 1,17,602 and 1,19,159 persons respectively.

**Table 10.7 : Informal sector employment (million)**

NSS Round/year	Total employment	Informal sector workers
55th Round (1999-00)	396.8	342.6
61st Round (2004-05)	457.5	395.0

Source : NCEUS

(Table 10.7). As per both surveys more than 86 per cent of total employment was in the informal sector.

10.17 NCEUS was of the view that given the serious repercussions of the global economic crisis on the economy and especially the poor who are the unorganized workers, a major response was required; this response should be in the form of a major fiscal stimulus comprising of: (i) Programmes to boost pro-poor public investment in physical and social infrastructure, (ii) Programmes/schemes which protect and promote incomes of the poor, (iii) Expansion in scope and coverage of social security schemes for the unorganized workers so that they were immediately assured of a minimum level of social protection. Many of the measures taken by the Government of India were along these lines.

### Skill development

10.18 In the Eleventh Five Year Plan, the thrust will be on creating a pool of skilled personnel in

appropriate numbers with adequate skills, in consonance with the requirements of the ultimate users such as the industry, trade and service sectors. Such an effort is necessary to support the employment expansion envisaged as a result of inclusive growth including in particular the shift of surplus labour from agriculture to non-agriculture. A comprehensive skill development programme with wide coverage throughout the country has been initiated by the Government.

10.19 The institutional structure for coordinated action for skill development involves Prime Minister's Council on Skill Development for policy direction to be supported by the National Skill Development Coordination Board (NSDCB) chaired by the Deputy Chairman of the Planning Commission. To promote private sector initiative for skill development, an institutional arrangement in the form of a non-profit corporation called the National Skill Development Corporation (NSDC) has been set up in the Ministry of Finance. NSDC was registered on July 31, 2008, as a Section 25 company under the Companies Act, 1956. The NSDCB is given the responsibility of coordination and harmonization of the Government's initiatives for skill development spread across 17 Central Ministries and the State Governments with the initiatives of NSDC. The institutional framework has been put in place and the State Governments are encouraged to set up a similar State-level coordination body for skill development.