

## CHAPTER: I

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### INTRODUCTION

The process of economic growth in India demonstrates a dilemma which is increasingly common throughout the developing world. The perceptible inability of even after high rate of output growth to proliferate sufficient opportunities for employment in order to absorb the growing labour force has been observed. This is not only authenticated from the date of the 2001 Census, but also further acknowledged from the date of National Sample Survey. The 61<sup>st</sup> and the 66<sup>th</sup> rounds of the NSSO exposed the employment trends and conditions in India. The results of these surveys reveal that there had been remarkable changes in the employment patterns both in the rural and urban areas of male and female workforce in the labour market. Nevertheless, what is definitely worth mentioning is the shift in the type of employment. There has been a substantial deterioration in the fraction of all types of wage employment, whereas regular employment had increased annually as a share of total usual status (ps+ss) employment. But this increment in employment is not as prominent as in casual employment which has increased in proportion to total employment.<sup>1</sup>

Despite comparatively positive economic performance in the years prior to the global economic and financial crisis, India has been facing crucial employment and labour market challenges. The unemployment rate, especially amongst youth, is quite high and their labour markets are portrayed by high incidences of underemployment, employment in the informal economy and poor working conditions. The gender gap, predominantly the low female labour force participation, is a major challenge. A limited opportunity for fruitful employment still remains a vital issue. The Indian economy has been growing at unprecedented rates which have been characterized by jobless growth and informalization of job opportunities in the organized sector.

Therefore, the researcher has identified this area for the present research entitled “An Appraisal of Workforce in the Labour Market of India with reference to the 61<sup>st</sup> and 66<sup>th</sup> Rounds of NSSO.”

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<sup>1</sup>NSS Report No. 515 and 537: Employment and Unemployment Situation in India: 2004-05 and 2009-10.

One of the important quinquennial surveys on Employment and Unemployment Situation in India is conducted by the National Sample Survey Organization (NSSO) to provide estimates on various characteristics pertaining to employment and unemployment in India at the national and state levels. Therefore, for a qualitative research work this study utilizes 61<sup>st</sup> and 66<sup>th</sup> rounds of NSSO. In the study some key concepts are used which are defined as below.

## 1.1 Conceptual Framework:

The following definitions are according to NSS Report No. 537; Employment and Unemployment Situation in India: 2009-10.

**Jobless Growth:** The term 'Jobless Growth' refers to the situation in which even when output, measured in terms of Gross Domestic Product (GDP), raises the growth of employment lags way behind<sup>2</sup>i.e. a country is having high experience of growth rate of GDP but employment is not increasing in the country, this situation has been characterized as jobless growth.

**Labour Force:** Persons who are either 'working' (or employed) or 'seeking or available for work' (or unemployed) and whose age is between 15 to 59 years old,<sup>3</sup> constitute the labour force i.e. labour force is the sum of employment and unemployment. This is the man power of a country and the country attempts to utilize it in the best possible way.

**Workforce (or Employed):** Persons, who are engaged in any economic activity or who, despite their attachment to economic activity, abstained themselves from work for reason of illness, injury or other physical disability, bad weather, festivals, social or religious functions or other contingencies necessitating temporary absence from work, constitute workers.

**Unemployed:** Persons, who owing to lack of work, had not worked but either sought work through employment exchanges, intermediaries, friends or relatives or by making applications to prospective employers or expressed their willingness or availability for work under the prevailing conditions of work and remuneration, are considered as those 'seeking or available for work' (or unemployed).

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<sup>2</sup>DattRuddar, Jobless Growth: Implications of New Economic Policies. *Indian Journal of Industrial Relations*, 29, 4, (1994), p. 407

<sup>3</sup>Black, Hashimzade and Myles, *A Dictionary of Economics*, Fourth Edition, oxford University press, (2012), p. 231

**LabourForce Participation Rate (LFPR):** LFPR is defined as the number of persons/ person-days in the labour force per 1000 persons/ person-days.

**Worker Population Ratio (WPR):**WPR defined as the number of persons/ person days employed per 1000 persons/ person-days.

**Proportion Unemployed (PU):**It is defined as the number of persons/ person-days unemployed per 1000 persons/ person-days.

**Unemployment Rate (UR):**UR is defined as the number of persons/ person-days unemployed per 1000 persons/ person-days in the labour force (which includes both the employed and unemployed).

**Total Usual Activity Status Considering Principal and Subsidiary Status taken together:**The total usual status, determined on the basis of the usual principal activity and usual subsidiary economic activity of a person taken together, is considered as the total usual activity status of the person and is written as usual status (ps+ss). According to the usual status (ps+ss), workers are those who perform some work activity either in the principal status or concepts and definitions in the subsidiary status. Thus, a person who is not a worker in the usual principal status is considered as worker according to the usual status (ps+ss), if the person pursues some subsidiary economic activity for 30 days or more during the 365 days preceding the date of survey.

**General Educational Level:**A person is considered as not literate if he/ she could not both read and write a simple message with understanding in at least one language. The study focuses on the seven levels of the general education (I) Not literate (II) Literate up to primary, (III) Middle, (IV) Secondary, (V) Higher secondary, (VI) Diploma certificated (VII) Graduate and above. The criterion for deciding primary, middle, secondary, etc. levels were the same as that has been followed in the concerned states/union territories. The category ‘diploma or certificate course’ meant diploma or certificate courses in general education, technical education or vocational education, which is below graduation level. Diploma or certificate courses in general education, technical education or vocational educations, which are equivalent to graduation level, are considered under the category ‘graduate’. Similarly, diploma or certificate courses in general education, technical education or vocational education, which is equivalent to post graduation level and above were considered under the category ‘post-graduate and above.’

**Rural and Urban Labour:** Manual labour working in agricultural and /or non-agricultural occupations in return for wages paid either in cash or in kind (excluding exchange labour) and living in rural areas, are taken as rural labour and remaining labour, who are living in urban areas are considered as urban labour.

**Self-Employed:** Self-employed persons are categorized as follows:

- Worked in household enterprises (self-employed) as own-account worker
- Worked in household enterprises (self-employed) as an employer
- Worked in household enterprises (self-employed) as a helper

**Regular Wage/ Salaried Employees:** Persons, who work in others' farm or non-farm enterprises (both household and non-household) and, in return, receive salary or wages on a regular basis (i.e. not on the basis of daily or periodic renewal of work contract). This category includes not only persons getting time wage but also persons receive piece wage or salary and paid apprentices, both full time and part-time.

**Casual Labour:** A person, who is casually engaged in others' farm or nonfarm enterprises (both household and non-household) and, in return, received wages according to the terms of the daily or periodic work contract, is a casual wage labor which is as follows:

- Works as casual wage labor in public works other than Mahatma Gandhi NREG public works
- Works as casual wage labor in Mahatma Gandhi NREG public works
- Works as casual wage labor in other types of works
- Does not work owing to sickness though there is work in household enterprise
- Does not work owing to other reasons though there is work in household enterprise
- Does not work owing to sickness but had regular salaried/wage employment
- Does not work owing to other reasons but had regular salaried/wage employment

**Public And Private Works:** 'Public works' are those activities which are sponsored by the Government or Local Bodies and those activities which are not sponsored by the government or local bodies are called private works.

The study also covers industry wise workforce which are **(I) Agriculture** (Agriculture, hunting , forestry, logging and related service activities), **(II) Mining and quarrying** (Coal and lignite, extraction of peat, extraction of crude petroleum and natural gas, service activities incidental to oil and gas extraction, excluding surveying, mining of uranium and thorium ores, mining of

metal ores, other mining and quarrying), **(III) Manufacturing** (Food products, beverages, tobacco products, textiles, wearing apparel, dressing and dyeing of fur, tanning and dressing of leather, manufacture of luggage, handbags, saddler, harness, footwear, wood, products of wood and cork, except furniture, articles of straw and plaiting materials, paper and paper products, publishing, printing and reproduction of recorded media, coke, refined petroleum products and nuclear fuel, chemicals and chemical products, rubber and plastics products, other non-metallic mineral products, basic metals, fabricated metal products, except machinery and equipment, machinery and equipment n.e.c., office, accounting and computing machinery, electrical machinery and apparatus n.e.c., radio, television and communication equipment and apparatus, medical, precision and optical instruments, watches and clocks, motor vehicles, trailers and semi-trailers, other transport equipment, furniture, manufacturing n.e.c. and recycling are considered as manufacturing sector), **(IV) Electricity, gas and water supply:** (Electricity, gas, steam and hot water supply, collection, purification and distribution of water), **(V) Construction, (VI) Industry** (Mining and quarrying, manufacturing, electricity, gas and water supply, and construction), **(VII) Hotels and restaurants, Transport, storage and communications** (Land transport, transport via pipelines, water transport, air transport, supporting and auxiliary transport activities, activities of travel agencies and post and telecommunications) **(VIII) Financial, Insurance, Real estate and business services** (Financial intermediation, insurance and pension funding except compulsory social security and activities auxiliary to financial intermediation, real estate activities, renting of machinery and equipment without operator and of personal and household goods, computer and related activities, research and development, other business activities), **(IX) Community, social and personal services** (Sewage and refuse disposal, sanitation and similar activities, activities of membership organizations n.e.c., recreational, cultural and sporting activities and other service activities) and **(X) Services** (VI + VII + VIII + IX).

#### **Formal and Informal Sectors:**

According to the 17<sup>th</sup> International Conference of Labour Statisticians (ICLS) framework, the informal employment is identified by jobs classified by status of employment of various categories of workers engaged in different types of production units consisting of (a) formal sector enterprises, (b) informal sector enterprises, and (c) households which produce goods for their own final use and/ or those employing domestic workers. The status of employment of the workers performing the job may be (i) own account workers, (ii) employers, (iii) contributing

family workers, (iv) employees, or (v) member of informal producers' co-operatives. Employment in the above categories may be formal or informal depending upon the type of enterprises in which the workers are engaged or the nature of the works they perform.

The formal or organized sector of an economy is generally taken to find out the mean wage labour in permanent employment, employment being registered under the Factories Act so that the conditions of works get regulated such as that which is featured by industrial enterprises, govt. offices and other large and small scale establishments.<sup>4</sup>

All these aspects categorically uphold the fact that the employment of labor is secured and that the employees come under the social security schemes (General provident Fund, Contributory Provident Fund, Public provident Fund, Employees Provident Fund etc.). The economic activities which do not meet these criteria are grouped under the term 'informal sector', a keyword which covers. According to Papola, the informal sector is a convenient way of designating a segment of the economy having certain characteristics which lead to unfavorable conditions for the growth of enterprises and activities operating in this segment.

This the informal sector or informal economy is that part of an economy that is not taxed or regulated, monitored by any form of government or included in the Gross National Product (GNP), unlike the formal economy. The informal sector can include the black market, the shadow economy, the underground economy or parallel economy. In the informal economy as those who do not have employment security, work security and social security or unreported employment. And Formal economy is registered economy as those who have employment security and social security.

**Social Group:** For each household surveyed, the social group to which the head of the household belonged to was recorded. The social group of the head of the household was considered as the social group of all the members of the household irrespective of the actual social group to which the individual members belonged. In the survey, information in respect of four social groups viz. Scheduled tribe (ST), Scheduled Caste (SC), Other Backward Class (OBC) and the rest referred to as Others was collected. The information recorded in this

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<sup>4</sup>Jan Breman, "A Dualistic labour System? A critique of the Informal sector, Concept 1 : The Informal Sector, *Economic and Political Weekly*, Vol.11, No.48, 1976, p.1870

regard was based entirely on the response of the informant and not based on any state or central level list of the social group.

## **1.2 Objectives of the Study:**

The study attempts to fulfill the following objectives:

- 1) To study the trends and highlighting changes in the labour force and workforce participation ratio between groups and within group in India during 2004-05 to 2009-10.
- 2) To study the degree of gender discrimination among social groups and various types of industries of rural and urban India for the same period.
- 3) To study the various causes of the problems faced by labour force and workforce in India.

## **1.3 Research Questions:**

- Is the Work Population Ratio (WPR) declining due to decline in the participation rate in employment for all segments of the population except rural males' participation?
- Is the percentage of self-employment higher male than female and is the same in rural areas than urban?
- Is the male casual- labours increasing faster than female and is the same in urban than rural areas?
- Are the male regular wage/ salaried employees higher than female and is the same in urban than rural areas?
- Is the most percentage of total female workers working in the informal sector in India and are they facing gender discrimination which is an almost existence informal sector?
- Is the share of workers in the informal sector increasing as against their decreasing share in the formal sector?

- Is the proportion of the informal workers in the agriculture sector declining over the years but is it increasing in the industry and service sector?
- Is the education level of casual labour lower than regular workers both in the organized and unorganized sector?

#### **1.4 Significance of the study:**

The Indian economy has been growing at an unprecedented rate which has been characterized by jobless growth and informalization of job opportunities in the organized sector. Generation of productive and gainful employment with decent working conditions on a sufficient scale to absorb the growing labour force was a critical element in the Eleventh Plan strategy, for achieving 'faster, sustainable and more inclusive growth'. The Eleventh Plan aimed at bringing to reduce the problem of unemployment by generating new work opportunities exceeding the projected addition to the labour force. This is one of the biggest challenges the policy makers confront while trying to achieve it. A limited opportunity for fruitful employment still remains a vital issue.

As a platform for uplifting the economically weaker section of society and to absorb the growing labour force, productive and gainful employment generation with decent working conditions on a sufficient scale is one of the pivotal constituents. For making a great support to policy makers in policies designing, which may generate productive and gainful decent working conditions on a sufficient scale to absorb the growing labour force in the present study, attempts to explore the degree of gender discrimination among various types of industries and social groups of India during 2004-05 to 2009-10. Further, the present study focuses on trends and major changes in LFPR and WFPR according to total usual status (ps+ss) among different age groups, industries, general education levels and social groups for the same period so that an effective policy may be developed that will ensure social justice in society. The pattern of industrialization accentuated sectoral imbalances that are hastened by technology intensive growth that led to the fall of organized sector jobs and rise of the unorganized segment, along with informalization of the formal sector. Therefore to support policy makers in designing of a policy may stop it and formalize the informal sector. The study also presents the trends and major changes in gender specific WFPR in formal and informal natures among major industries in rural and urban areas for the same period. Moreover, trends in the distribution of male and



female workers by employment status (self-employed, regular wage/salaried employees, casual labours in public works, Casual labours in other type of works and combined casual labours) and social groups in rural and urban areas of the same period are also outlined. The main objective of the present study is to identify the problems faced by workforce and labour force and various causes of the problems. There are very few studies that have been conducted in this area on account of which this study will contribute a lot in this direction.

### **1.5 Limitation of the Study:**

This study is limited to workforce in the labour market of India with reference to the 61<sup>st</sup> and 66<sup>th</sup> Rounds of NSSO and only to the extent of some selected domains like age, general education levels, and social groups, specific Labour Force Participation Rate and age, general education levels, social groups, broad industry and working nature specific Workforce Proportion Ratio. The data according to usual activity status is considered principal and subsidiary status (ps+ss) together.

### **1.6 Organization of the Study:**

The present study on “An Appraisal of Workforce in the Labour Market of India with reference to the 61<sup>st</sup> and 66<sup>th</sup> Rounds of NSSO” contains five chapters: **The first chapter** presents a brief introduction focusing on the definition of key words, objectives and significance and limitation of the study. **The second chapter** presents a brief review of literature so as to search out the platform with the purpose of putting the present work in the right perspective. **The Third chapter** focuses on the methodology of the present study. The sets of observations of the analysis and results are presented in **chapter fourth**.

Finally **chapter fifth** contains concluding with suggestions for policy implementation.