



Indian Labour Market: emerging contours

KEYWORDS

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In this essay, we discuss salient features of Indian labour market. First we capture emerging dependency scenarios and labor force participation rates in India. We compare these patterns with that of four big economies: Brazil, China, Russian Federation, and South Africa. Second, we examine the structure of Indian labour market. Moreover, we discuss discernible exclusion of women from Indian Labour Market.
India and the Global Labour Market

As shown in Table 1, in India, while proportion of population below 15 years may fall from 31% to 18%, proportion of above 60 year may increase from 8% to 20% during the same period. Similar pattern is projected for the BRICS group of countries (Brazil, Russia, India, China and South Africa), except for Russian Federation where proportion of population below 15 years may show hardly any discernible changes.

Table 1: Proportion of above 60 and below 15 populations

Major area, region or country	Population below 15 years (% of total population)	Population above 60 years (% of total population)				
		2010	2030	2050	2010	2030
India	30.8	22.8	18.2	7.5	12.4	19.6
Brazil	25.5	17.0	14.7	10.2	18.9	29.3
China	19.9	16.9	15.3	12.3	23.4	31.1
Russian Federation	15.0	15.2	16.2	18.1	25.0	31.7
South Africa	30.3	26.2	22.5	7.3	11.1	14.2
Sub-Saharan Africa	42.3	35.6	28.4	4.9	5.9	9.1
More developed regions	16.5	15.4	15.4	21.8	28.8	32.6
World	26.9	22.7	19.6	11.0	16.5	21.9

Source: International Labour Organization (ILO) (2010), 'World Social Security Report', Geneva: ILO

It appears that in the BRICS group, Indian and South Africa may see progressive fall in total dependency ratio (defined as population in the age below 15 and above 60 as proportion of population in the age group of 15-60) during 2010-2050 while Brazil, Russian Federation, and China are likely to report consistent increase in total dependency ratio. Quite important, during this period, total dependency ratio of India may drop from 55% to

47%, due to a likely significant fall in youth dependency ratio, from 48% to 27%, that emanates from likely fall in fertility rates. However, old age dependency may increase from 8% to 20%. This pattern throws an important challenge for the labour market to absorb burgeoning size above 60 job seekers

Table 2: Dependency Ratio

Major area, region or country	Total dependency ratio (%)	Old-age dependency ratio (%)	Youth dependency ratio (%)						
			2010	2030	2050	2010	2030	2050	2010
India	55.6	45.3	47.0	7.7	12.2	20.2	47.9	33.1	26.8
Brazil	47.9	44.2	59.3	10.2	19.7	35.9	37.7	24.5	23.4
China	39.1	48.7	62.9	11.4	23.7	38.0	27.7	25.1	24.9
Russian Federation	38.7	53.0	65.6	17.9	29.7	38.8	20.8	23.3	26.8
South Africa	53.6	51.6	47.9	7.1	11.9	14.5	46.6	39.7	33.3
Sub-Saharan Africa	83.5	65.4	52.4	5.8	6.4	9.1	77.7	58.9	43.3
More developed regions	48.1	61.1	71.3	23.6	36.2	44.9	24.4	24.8	26.4
World	52.7	52.3	56	11.6	17.8	25.3	41.2	34.5	30.6

Source: International Labour Organization (ILO) (2010), 'World Social Security Report', Geneva: ILO

Table 3 shows projected Labour Force Participation Rates (LFPR) in BRIC countries during 2010-2020. It appears India reports most glaring gender disparity in LFPR across age groups. In the working age group (15-64), female LFPR is just one third, lowest in the BRICS groups. A conspicuous phenomenon is that India reports abysmally lower LFPR (2%) for female in the age

group 65 plus while male in the same age group reports an LFPR of 30%.

Table 3: Labour Force Participation Rates

Major area, region or country	Male		Female									
	Ages 15+ (%)	Ages 15-64 (%)	Ages 65+ (%)	Ages 15+ (%)	Ages 15-64 (%)	Ages 65+ (%)						
						2010	2020	2010	2020	2010	2020	2010
India	81.0	80.5	84.6	85.2	29.7	26.3	32.7	32.4	35.3	35.5	2.1	2.1
Brazil	81.9	80.4	85.1	83.8	46.2	52.2	60.4	60.4	64.6	65.8	23.2	24.9
China	79.6	77.2	84.9	84.8	30.0	27.3	67.2	63.0	74.3	72.6	9.4	10.8
Russian Federation	69.5	68.5	75.9	76.7	16.3	16.6	58.0	57.8	69.3	71.8	9.5	9.6
South Africa	63.7	64.7	67.0	69.2	4.3	1.5	47.0	46.4	50.9	51.9	1.6	1.3
Sub-Saharan Africa	80.8	80.9	81.7	82.0	61.9	61.2	61.1	62.7	62.7	64.5	35.9	36.2
More developed regions	68.4	66.2	78.7	78.8	15.1	15.7	53.4	52.7	65.9	67.5	8.8	9.1
World	77.7	76.7	82.6	82.7	29.2	28.6	51.6	50.6	56.8	56.6	11.8	12.8

Source: International Labour Organization (ILO) (2010), 'World Social Security Report', Geneva: ILO

Structure of Indian Labour Market

In this section, we discuss the structure of Indian labour market. Table 4 outlines the structure of Indian Labour Market. We use usual principal status to count the labour market status, based on unit level records of National sample Survey 66th Round (2011). First for all age groups, population is composed of labour force (37%) and not in labour force (63%). In the whole population, 36.5% are engaged in employment while 1% is unemployed. Quite important, 27% of population is pursuing education that forms largest component of not in labour force. WPR, LFPR and rate of unemployment are 36.5%, 37.4% and

2.5%, respectively. Just 6% of population is in regular salary/wage employment while 18% and 13% are engaged in self-employment and casual labour, respectively. According to ILO, categories worked in HH enterprise self-employed own account worker, worked as helper in house hold enterprise, and Casual Labour form vulnerable employment. For all the age groups, close four fifth of persons are in vulnerable employment. For the age group 15 years and above, WPR, LFR and rate of unemployment are 52.3%, 53.6% and 2.4%, respectively.

Table 4: Structure of Indian Labour Market for all ages (Male + Female; Rural + Urban)

	Usual Principal Activity Status	For all Ages	For 15 and above
		Percentage	Percentage
1.1	worked in HH enterprise self-employed own account worker	11.6	16.8
1.2	Employer	0.4	.6
1.3	worked as helper in house hold enterprise	5.9	8.3
1.1+1.2+1.3=1	Self Employed	17.9	25.7
2	worked as regular salaried wage employee	6.1	8.7
3.1	worked as casual wage labour in public works	0.3	.4
3.2	casual wage labour in other types of work	12.2	17.5
3.1+3.2=3	Casual Labour	12.5	17.9
1+2+3=4	Employment	36.5	52.3

5	Unemployed	0.9	1.3
4 + 5 =6	Labourforce	37.4	53.6
7.1	attended educational institution	27.0	11.0
7.2	attended domestic duties only	13.2	18.7
7.3	attended domestic duties and was also engaged in free collection of goods for household use	7.5	10.6
7.4	rentiers, pensioners remittance recipients	1.3	1.9
7.5	not able to work due to disability	1.2	1.6
7.6	Others	12.4	2.7
7.1+7.2+ 7.3+7.4+ 7.5+7.6= 7	Not in Labour force	62.6	46.5
6+7=8	(Population according to Census 2011 =1210193422)	100.0	100.0
	Work Participation Rate [(Employment/Population)*100]	36.5	52.3
	Labour Force Participation Rate [(Labour Force/Population)*100]	37.4	53.6
	Rate of Unemployment [(Unemployed/Labour Force)]	2.5	2.4
	Vulnerable Employment as a proportion of Employment ((1.1 +1.3+3)/(4))*100	82	82

Source: computed from National Sample Survey (NSS) 66th Round unit level records, 2011

As shown in Table 5, for the working age group (15-64 years), close to three fourth of women are not in labour force. Three fifth of them are engaged in unpaid domestic activities. On the other hand, slightly above one sixth of men are in not in labour force. While four fifth of men participate in employment slightly

above one fourth of women are in employment. It is important to note that not even 1% of men are engaged in unpaid domestic activities.

Table 5: Structure of Indian Labour Market for the age group 15-64(Male + Female; Rural + Urban) 2009-2010)

Usual Principal Activity Status	Gender		Total
	Male	Female	
worked in HH enterprise self-employed own account worker	29.2%	3.9%	16.8%
Employer	1.0%	0.1%	0.6%
worked as helper in h.h. enterprise	9.0%	8.4%	8.7%
worked as regular salaried wage employee	15.0%	3.4%	9.3%
worked as casual wage labour in public works	0.5%	0.2%	0.4%
in other types of work	26.0%	10.4%	18.3%
did not work but was seeking and or available for work	1.9%	0.9%	1.4%
attended educational institution	14.0%	9.5%	11.8%
attended domestic duties only	0.3%	38.5%	19.0%
attended domestic duties and was also engaged in free collection of goods for household use	0.2%	22.3%	11.0%
rentiers, pensioners remittance recipients	1.0%	0.7%	0.9%
not able to work due to disability	1.0%	0.6%	0.8%
Others	1.0%	1.1%	1.0%
Total	100.0%	100.0%	100.0%
Self employed	39.1%	12.4%	26.0%
Regular	15.0%	3.4%	9.3%
Casual	26.5%	10.6%	18.7%
Unemployed	1.9%	0.9%	1.4%
Not in labour force	17.5%	72.7%	44.6%
	100.0%	100.0%	100.0%

Source: computed from National Sample Survey (NSS) 66th Round unit level records, 2011

Table 6 captures the dynamics of employment in India during 1987-88-2007-08. In rural India, for both male and female, composition of employment shows hardly any perceptible change. Share of regular wage/salaried hovered around 9% for male and 4% for female during last two decades. What makes urban labour market distinct from rural is that, across gender, share of

regular wage/salaried in employment remained significantly higher, in the range of 34-44%.

Table 6: The dynamics of Employment in India (1987-88-2007-08)

Rural (Usual Principal Status); age 15 years above						
Survey	Male		Female			
	Self-employed	Regular wage/salaried	Casual labour	Self-employed	Regular wage/salaried	Casual labour
2007-08 (64)	54.9	9.3	35.9	50.8	5.3	43.9
2004-05 (61)	57.6	9.1	33.3	56.4	4.8	38.9
1999-00 (55)	54.4	9	36.6	50	3.9	46.1
1993-94 (50)	56.7	8.7	34.6	51.3	3.4	45.3
1987-88 (43)	57.5	10.4	32.1	54.9	4.9	40.2

Urban Area (Usual Principal Status); age 15 years above						
Survey Period	Male		Female			
	Self-employed	Regular wage/salaried	Casual labour	Self-employed	Regular wage/salaried	Casual labour
2007-08 (64)	42.5	42.1	15.4	35.8	43.2	21
2004-05 (61)	44.6	40.8	14.6	40.4	42.2	17.4
1999-00 (55)	41.2	41.9	16.9	38.4	38.5	23.1
1993-94 (50)	41.1	42.7	16.2	37.2	35.5	27.3
1987-88 (43)	41	44.4	14.6	39.3	34.2	26.5

Source: National Sample Survey Organization (2010c), 64th Round, Report No. 533

Women in Indian Labour Market: exclusion and opportunities
 Further, we examine the structure of labour force in India, using the National Sample Survey (NSS) 68th Round for the year 2011-12, to identify opportunities that can be catalyst to shape a pattern of more desirable inclusive economic growth. As shown in Table 7, composition of population in the age group of 15 years and above appears to be discernibly sensitive to the gender. A whopping percentage of women (61%) are engaged in unpaid domestic chores while only 0.4 percent of men do the same. Interestingly, the count of women who are engaged in unpaid domestic chores is approximately 270 million (Table 7). Quite important, for women, the largest category in employment is self-employment, sizing 49 million workers while there are 175 million who are in self-employed category. However, the roles of men and women in self-employment differ (Table 7). Close to two third of women who pursue self-employment are helpers in household enterprises. On the other hand, only one fifth of men who are engaged in self-employment are employed as helpers. Slightly above three fourth of men in self-employment are own account workers. While there are 6.3 million male employers, count of female employers is just 0.46 million. Number of men who are in casual employment is 103 mil-

lion; 3.3 million women are in casual employment. While 8.5 million men are unemployed, number of women who are unemployed is 3.8 million.

As depicted in Table 8, combining two categories of persons in unpaid domestic duty, there are more than 0.2 million women per 1000 men. However, there are only 73 women employers for 1000 male employers. Further, there are only 239 women for 1000 men in regular employment.

A counterfactual that stems from this count is (Table 7): would Gross Domestic Product be different if these women who are engaged in unpaid domestic chores had been absorbed in part time work-for example, daily 4 hours for at least a half of a year-at the wage rate of Rupees 100. A back of envelope calculation posits if there are 200 days of part time paid work, India's Gross Domestic Product (GDP) at factor prices may expand by 5.4 lakh crore rupees, generating a growth rate of 5%.

Table 7: Composition of Population (15 years and above) in India (2011-2012)(Usual Principal Status)

Labour Market Status	(Age Group: 15 years above)					
	Male	Female	Persons	Male	Female	Persons
	Percentage Distribution					
Self Employed						
worked in household enterprise self-employed own account worker	13,29,78,804	1,74,90,863	15,04,69,667	29.6	4.0	16.9
Employer	63,46,566	4,64,621	68,11,187	1.4	0.1	0.8
worked as helper in household enterprise	3,58,59,665	3,12,04,000	6,70,63,665	8.0	7.1	7.5

Regular Employment						
worked as regular salaried wage employee	6,95,35,799	1,66,48,694	8,61,84,492	15.5	3.8	9.7
Casual Employment						
worked as casual wage labour in public works	26,33,126	13,30,431	39,63,557	0.6	0.3	0.4
in other types of work	9,99,30,626	3,17,94,909	13,17,25,534	22.2	7.2	14.8
Unemployed						
did not work but was seeking and or available for work	85,49,785	37,90,641	1,23,40,426	1.9	0.9	1.4
Not in Labour Force						
attended educational institution	6,27,22,765	4,31,71,510	10,58,94,275	13.9	9.8	11.9
attended domestic duties only	10,55,401	14,40,63,356	14,51,18,757	0.2	32.7	16.3
attended domestic duties and was also engaged in free collection of goods for household use	10,63,489	12,39,91,886	12,50,55,376	0.2	28.2	14.1
rentiers, pensioners remittance recipients	1,20,46,117	66,66,534	1,87,12,650	2.7	1.5	2.1
not able to work due to disability	73,47,636	70,13,443	1,43,61,079	1.6	1.6	1.6
Others	99,30,222	1,23,69,113	2,22,99,335	2.2	2.8	2.5
Total						
Total	45,00,00,000	44,00,00,000	89,00,00,000	100.0	100.0	100.0

Computed from National Sample Survey 68th Round Unit Records

Table 8: Number of women for 1000 men (15 years and above) in India by Category of Labour Force (2011-2012) (Usual Principal Status)

Category of Labour Force	Number of Female for 1000 Male
worked in HH enterprise self-employed own account worker	132
Employer	73
worked as helper in household enterprise	870
worked as regular salaried wage employee	239
worked as casual wage labour in public works	505
in other types of work	318
did not work but was seeking and or available for work	443
attended educational institution	688
attended domestic duties only	1,36,501
attended domestic duties and was also engaged in free collection of goods for household use	1,16,590
rentiers, pensioners remittance recipients	553
not able to work due to disability	955
Others	1,246

Table 9 provides disaggregation of employment by economic activity, for both the rural and the urban, and, further, decomposed with respect to male and female. Quite noticeably, in the rural three fourth of women are employed in agriculture, forestry and fishing, while close to three fifth of rural men are absorbed in the same economic activity. In the urban, manufacturing appears to be the principal source of employment for women (27%), followed by education (15%), trade and repair

(10%) and so on. Interestingly, in the rural, there are 1563 women per 1000 men in Agriculture, forestry, and fishing. Albeit abysmal share in employment of women in rural India, activities such as activities of household as employers, undifferentiated goods and services producing activities of household for own use (10605), education (4093), and health and social work (3230) report discernibly higher number of women per 1000 men.

Table 9: Employment by Economic Activity (15 years and above) in India (2011-2012)(Usual Principal Status)

Economic Activity National Industrial Classification (NIC) 2008 One Digit	Male		Female		Number of Female per 1000 Male	Number of Female per 1000 Male
	Rural	Urban	Rural	Urban		
Agriculture, Forestry and Fishing	59.1%	74.5%	5.5%	8.7%	1563	334
Mining and Quarrying	0.6%	0.4%	0.9%	0.3%	393	84
Manufacturing	8.1%	9.4%	22.2%	26.5%	1197	256

Electricity, Gas, Steam and Air Conditioning Supply	0.2%	0.0%	0.7%	0.5%	671	143
Water Supply, Sewerage, Waste Management and Remediation Activities	0.1%	0.1%	0.7%	0.6%	959	205
Construction	13.1%	5.1%	10.7%	4.4%	408	87
Wholesale and Retail Trade, Repair of Motor Vehicles and Motorcycles	7.0%	3.0%	22.0%	10.3%	467	100
Transport and Storage	4.1%	0.1%	9.2%	0.8%	86	18
Accommodation and Food Service Activities	1.0%	0.6%	4.0%	2.7%	682	146
Information and communication	0.2%	0.1%	2.7%	2.4%	887	189
Financial and Insurance Activities	0.4%	0.2%	2.6%	2.5%	963	206
Real Estate Activities	0.1%	0.0%	0.7%	0.1%	199	42
Professional, Scientific and Technical Activities	0.2%	0.0%	1.8%	1.2%	707	151
Administrative and Support Activities	0.3%	0.0%	2.1%	1.1%	554	118
Public Administration and Defence, Compulsory Social Security	1.0%	0.4%	4.6%	3.1%	678	145
Education	1.8%	3.5%	3.5%	14.5%	4093	874
Health and Social Work	0.4%	0.9%	1.6%	5.2%	3230	689
Arts, Entertainment and recreation	0.2%	0.0%	0.5%	0.2%	408	87
Other Activities	1.8%	1.0%	3.3%	5.9%	1782	380
Activities of Household as Employers, Undifferentiated Goods and Services Producing Activities of Household for Own use	0.2%	0.7%	0.8%	8.9%	10605	2264
Total	100.0%	100.0%	100.0%	100.0%	312	213

Computed from National Sample Survey 68th Round Unit Records

As shown in Table 9, quite vividly, urban employment appears to be more diversified than employment in rural India. Drawing cues from Tables 7, 8&9, juxtaposing with our argument that connecting women who are in unpaid domestic chores with paid employment, even if it is part time in nature, may cascade to a 4-5% GDP growth, it is important to ideate that there is a dire need for policies and innovative systems that engage women in economic growth in an inclusive manner.

Unequivocally, policies for the rural and urban may differ in scope and design. While transforming the agriculture, forestry and fisheries to a more value adding value chain that ploughs back sustainable returns to the basic classes in rural India the manufacturing and services entail to be more gender inclusive,

in particular in absorbing women in the workforce. Perhaps, it is important to generate creative partnerships between the state, the grass root units of democracy, the civil society organisations, the industry, the financial institutions, and the education and skill providers to align the women in not in labour force with the economic growth.

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