

Structure of Employment In India: Some Issues



Economics

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ABSTRACT

Employment has always featured as an element of development policy in India. The priority and attention it has received in development plans have, however, varied from time to time and so have the approaches and strategies as well as policies and programmes for employment generation. When India embarked on a strategy of industrialization-based development in 1950's, employment was not perceived to be a major issue in so far as a relatively faster growth of economy as envisaged in the consecutive Five Year Plans was expected to generate enough employment, particularly in industry, to take care of a small backlog of unemployment at the time and increase in labour force that was expected to be relatively modest. Ensuring a regular and adequate supply of suitably skilled workforce was conceived to be a matter of greater concern. Improving the quality of employment, in terms of reasonable and rising level of wages and a minimum measure of social security against the common risks of work and life was, however, considered an important concern of state policy.

Introduction

Any assessment of the employment performance of the Indian Economy is not meaningful without an analysis of the structural dimensions of employment. These dimensions define and determine the substantive meaning of employment in terms of its nature and quality. Only a small segment of the workforce is employed on a regular basis at reasonable levels of wages and salaries

Sectoral Employment Shares

As is well know, majority of Indian workers are engaged in agriculture and allied activities. With economic development, agriculture is expected to decline in importance in terms of its share in employment and output. Proportion of agriculture in total employment has declined over the years: from 74 per cent in 1972-73 to 68 per cent in 1983, 60 per cent in 1993-94 and to 57 per cent in 2004-05. It has declined further to 51 per cent in 2009-11 (Table 1).

Table.No.01
EMPLOYMENT (UPSS) SHARE OF MAJOR SECTOR (%)

SECTOR	SECTORAL SHARE OF MAJOR SECTORS (%)							
	1972-73	1974-75	1983	1987-88	1993-94	1999-00	2004-05	2009-10
Primary sector	73.92	70.98	68.59	64.87	63.98	60.32	56.30	51.30
Mining & Quarrying	0.43	0.47	0.61	0.72	0.69	0.57	0.56	0.64
Manufacturing	8.87	10.16	10.66	12.22	10.63	11.01	12.27	11.50
Utilities	0.16	0.17	0.28	0.36	0.40	0.26	0.27	0.28
Construction	1.84	1.75	2.24	3.76	3.24	4.41	5.69	9.60
Secondary Sector	11.30	12.55	13.78	17.04	14.96	16.24	18.78	22.02
Trade,Hoteling etc.	5.11	6.12	6.35	7.06	7.59	10.27	10.89	11.38
Transport & communication etc.	1.77	2.11	2.49	2.66	2.87	3.63	4.08	4.48
Financing, insurance , real estate & business services	0.51	0.62	0.83	0.82	0.97	1.24	1.71	2.25
Community , social &personal services	7.39	7.62	7.96	7.54	9.64	8.29	8.24	9.57
Tertiary sector	14.78	16.47	17.63	18.09	21.07	23.43	24.92	26.67
All non-Agricultural	26.08	29.02	31.41	35.13	36.02	39.68	43.70	48.70
Total	100	100	100	100	100	100	100	100

Sources; Own Estimates Based on Various rounds of NSS data on Employment and Unemployment

Table No.02
SECTORAL SHARE IN GDP (%)

SECTOR	SECTORAL SHARE IN GDP(CONSTANT AT 1999-2000 PRICES)							
	1972-73	1977-78	1983	1987-88	1993-94	1999-00	2004-05	2009-10
Primary sector	40.92	40.41	37.15	31.72	30.01	24.99	20.20	15.23
Mining & Quarrying	1.83	1.86	2.25	2.39	2.51	2.33	2.20	1.74
Manufacturing	13.45	13.60	14.52	14.87	14.46	14.78	15.12	15.41
utilities	1.27	1.45	1.71	2.08	2.43	2.49	2.29	2.10
Construction	6.77	6.67	5.81	5.88	5.76	5.71	6.62	6.67
Secondary Sector	23.32	23.67	24.30	25.23	25.15	25.31	26.24	25.92
Trade Hotelling etc.	10.39	11.11	11.51	12.26	12.18	14.23	15.54	15.53
Transport & communication etc.	5.05	5.40	5.99	6.64	6.62	7.47	10.25	14.00
Financing, insurance. Real estate & business services	7.35	7.28	8.31	9.94	12.17	13.07	13.53	15.64
Community , social &personal services	12.97	12.13	12.75	14.21	13.86	14.93	14.25	13.67
Tertiary sector	35.75	35.92	38.56	43.05	44.84	49.69	53.56	58.84
All non-Agricultural	59.08	59.59	62.85	68.28	69.99	75.01	79.80	84.77
Total	100	100	100	100	100	100	100	100

Source: Economic Survey, various years.

Employment Categories

The concept of employment is commonly understood to mean a job with a wage or salary. In India, major part of employment, however, consists of self-employment. Even though the share of this category in total employment has been declining, as is expected in the process of modern economic development, it still accounts for majority of workers. In 2009-10, the self-employed accounted for 50.6 per cent of the total employed persons. It has declined continuously from 61.4 per cent in 1972-73 to 52.6 per cent in 1999-2000, but showed an increase to 56.5 per cent in 2004-05. Estimates based on NSSO survey for 2009-10, however, shows a resumption of the long-term declining trend (Table 3).

**TABLE NO.03
DISTRIBUTION OF UPSS WORKERS BY CATEGORY EMPLOYMENT (%)**

Year	Self Employed	Regular Employed	Casual Labour
1972-73	61.37	15.37	23.26
1977-78	58.89	13.94	27.18
1983	57.31	13.82	28.87
1987-88	55.98	14.44	29.58
1993-94	54.70	13.53	31.77
1999-00	52.61	14.65	32.75
2004-05	56.38	15.35	28.27
2009-10	50.58	16.63	32.79

Source: Economic Survey, various years.

Organized Versus Unorganized Sector Employment

Organized or formal sector is defined to consist of the entire public sector and the private sector enterprises employing 10 or more workers. It accounted for only about 14 per cent of total employment in 1999-2000 as also in 2004-05. The proportion is found to have slightly increased to 16 per cent in 2009-10. Still that leaves 84 per cent of workers in the 'unorganized' or 'informal' sector, with no job security or social security. Even in the formal sector, over half the workers are in 'informal' category, with no secured tenure of employment, nor any protection against the contingent risks during or after employment. What is further distressing to note is that their proportion has been rising: 'informally' employed workers constituted 42 per cent of those employed in the formal sector in 1999-2000, the figure increased to 47 per cent in

2004-05 and stood at 51 per cent in 2009-10. A small proportion (about half a per cent) of those employed in the informal sector enjoyed a measure of job security and social security. Thus of all the workers in the formal and informal sectors together, 92 per cent were in 'informal' employment.

Only 8 per cent were in employment with secured job tenure and with social security against contingent risks of work and life. Their proportion has remained more or less constant during the decade 1999-2000/2009-10. (Table 04).

**TABLE NO.04
PERCENTAGE DISTRIBUTION OF WORKERS IN FORMAL/INFORMAL SECTOR / EMPLOYMENT**

YEAR	INFORMATION WORKERS		
	Informal Sector	Formal Sector	Total
1999-00	93.6	6.4	100 (362.75)
2004-05	93.1	6.9	100 (422.61)
2009-10	91.2	8.8	100 (423.17)
Former Workers			
1999-00	5.3	94.7	100 (33.64)
2004-05	4.1	95.9	100 (34.85)
2009-10	4.5	95.5	100 (37.25)
Total Workers			
1999-00	86.2	13.8	100 (396.39)
2004-05	86.3	13.7	100 (457.47)
2009-10	84.2	15.8	100 (460.42)

Source: Economic Survey, various years.

Conclusion:

It is quite clear that employment opportunities have to grow at a reasonably high rate to ensure quality employment to an increasingly larger number of Indian workers. A high employment growth will ensure jobs to the unemployed and new entrants in the labour force, on the one hand, and will improve the quality of employment of those already at work, by enabling them to shift to better quality jobs and increasing the demand pressure in the labour market, on the other. It is, however, most important that employment growth is accompanied by increase in productivity.

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