



## Reforms, Incidence of Employment in India

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### Keywords :

Last year economical survey had given estimates of employment and unemployment on usual principal status (UPS) basis from various round of NSSO survey. In the eleventh five year plan has largely used the current daily status (CDS) basis of estimation of employment and unemployment in the country. It has also been observed that the estimates based on daily status in the most inclusive rate of unemployment giving the average level of unemployment on a day during the survey year. It captures the unemployed days of the chronically unemployed, the unemployed day of usually employed who become intermittently unemployed during the reference week and an employed

days of those classified as employed according to the criterion of current weekly status. The estimates presented earlier also need revisiting so as to be based on population projections released by national commission on population. Estimates on employment and unemployment on CDS basis indicate that employment growth during 199-2000 to 2004-05 has accelerated significantly as compared to the growth witnessed during 1993-94 to 199-2000. During 1999-2000 to 2004-05, about 47 million work opportunities were created compared to only 24 million in the period between 1993-94 and 1999-2000.

Table – I

Employment and Unemployment in Million person year (by CDS basis Growth P.a.%)

	Million 1993	Million 1993-94	Million 1994-95	Million 1995-96	1983 to 1993-94	1993-94 to 1999-00	1999 to 2004-05
Population	718.10	893.68	1005.05	1092.83	2.11	1.98	1.69
Labour force	263.82	334.20	364.88	419.65	2.28	1.47	2.34
Work force	239.49	313.93	338.19	384.91	2.61	1.25	2.62
Unemployment Rate (Percent)	9.22	6.06	7.31	8.28			
No. of unemployed	24.34	20.27	26.68	34.74			

Source: Various round of NSSO survey on employment and unemployment/planning commission.

Employment growth accelerated from 1.25 percent per annum to 2.62 percent per annum. However, since the labour force grew at a faster rate of 2.84 percent than the work force, unemployment rate also rose. The incidence of unemployment on CDS basis increased from 7.31 percent in 1999-2000 to 8.28 percent in 2004-05.

The decline in over all growth of employment during 1993-94 to 1999-2000 was largely due to the lower absorption in agriculture. The share of agriculture in total employment dropped from 61 percent to 57 percent. This trend continued and the share of agriculture in total employment further dropped to 52 percent in 2004-05. While the manufacturing sector's share increased marginally during this period trade, hotel and restaurant sector constituted significantly higher to the over all employment the in earlier years. The other important sectors whose shares in employment have increased are transport storage and communications apart from financial, insurance, real estate, business and community social and personal services.

Table - II

Sectoral Employment shares by current daily status

Industry	1983	1993-94	1999-2000	2004-05
Agriculture	65.42	61.03	56.64	52.06
Mining & Quarrying	0.66	0.78	0.64	0.63
Manufacturing	11.27	11.10	12.13	12.90
Electricity water etc.	0.34	0.41	0.34	0.35

Construction	2.56	3.63	4.44	5.57
Trade, hotel and restaurant	6.98	8.26	11.20	12.62
Transport, storage & communication	2.88	3.22	4.06	4.61
Financial, insurance real estate & business services	0.78	1.08	1.36	2.00
Community social & personal services	7.10	10.50	9.16	9.24
Total	100.00	100.00	100.00	100.00

Source: Various round of NSSO survey on employment and unemployment / planning commission. Labour force a work-force participation rates:

Male participate on remained higher both in labour and work force, throughout the period between 1983 and 2004-05. Female participation percent in rural areas was much higher than in Urban areas. Urban male participation rates were higher than rural male participation in 1999-2000 and 2004-05.

Table - III

Labour force and work force participation rates  
Labour Force participation rates year

Sr. No.	Category	1983	1993-94	1999-2000	2004-05
1	Rural Male	52.7	53.4	51.5	53.1

2	Rural Female	21.9	23.2	22.0	23.7
3	Urban Male	52.7	53.2	52.8	56.1
4	Urban Female	12.1	13.2	12.3	15.0
Work Force Participation Rates – WFPR					
4	Rural Male	48.2	50.4	47.8	48.8
5	Rural Female	19.8	21.9	20.4	21.6
6	Urban Male	47.3	49.6	49.0	51.9
	Urban Female	10.6	12.0	11.1	13.3

**Source:** Various round of NSSO survey on employment and unemployment/planning commission.

In Urban India in 2004-05 Trade hotel and restaurant sector had engaged about 28 percent of the male workers while manufacturing and other services sector accounted for nearly 24 and 21 percent respectively of the usually employed males. On the other hand for urban female's services sector accounted for the higher proportion 36 percent of the total usually employed followed by manufacturing 28 percent and agriculture 18 percent. Work opportunities for women in urban services and manufacturing sector probably exist but there is need for facilitating and improving their WPP through better education, skill development and removal of gender associated hurdles like lack of crèches etc.

#### Employment in the Eleventh Plan :

The Eleven plan envisages rapid growth in employment opportunities while ensuring improvement in the quality of employment. It recognizes the need to increase the share of regular employees in total employment and a corresponding reduction in casual employment. The employment generation strategy of the eleventh plan is also predicated on other education of under employment and the movement of surplus labour in Agriculture sector to higher wage and more gainful employment in non agriculture sector. Agriculture sector is projected to generate no increase in employment during the Eleventh plan period. Employment in manufacturing is expected to grow at 4 percent while construction and transport and communication are expected to grow at 8.2 percent and 7.6 percent respectively. The projected increase in total labour force during the eleventh plan is 45 million. As against this 58 million employment opportunities would be created in the eleventh plan. This would be greater than the projected increase in labour force leading to a reduction in the unemployment rate to below 5 percent.

#### Conclusion

In the meantime the Eleven Five year plan has largely used the current daily status basis of estimation of employment

and unemployment in the country. 47 million work opportunities were created compared only 24 million in the period between 1993-94 and 1999-2000 to 8.28 percent in 2004-05. The share of agriculture in total employment dropped from 61 percent to 57 percent. In urban India in 2004-05 trade hotel and restaurant sector has engaged about 28 percent of the male workers while manufacturing and other services sector accounted for nearly 24 and 21 percent respectively of the usually employed males. Agriculture sector is projected to generate no increase in employment during the Eleventh plan period. Employment in manufacturing is expected to grow at 4 percent while construction and transport and communication are expected to grow at 8.2 percent and 7.6 percent respectively. The projected increase in total labour force during the Eleventh plan is 45 million.

Removal of poverty at the time of achievement of independence, the Indian economy was in a bad shape. The two centuries of exploitative British rule had drained India of her wealth. Large masses lived in object poverty. The Indian planners aimed at increasing national and per capital income on the assumption that a continuous increase in these incomes would reduce and raise the standard of living of the masses. A rapid growth of the major sectors of the economy, viz. agriculture, industry, transport and power was envisaged,

The first three five year plan 1951-56, 1956-61 and 1961-66 worked on the theory that expansion in real national income was the basis for increase in per capital income, bring improvement in the quality of life, consisting of life expectancy, infant mortality and literacy and reduce the number of people living below poverty line. But it was found that increase in national income was not accompanied by all aviation of poverty in the country. (K.R.Gupta, Indian economy p. p-587)

The objective of the planning from the fourth plan onwards was, there for, not simply economic growth and raising the standard of living of people living in object poverty. According to the fourth five year plan (1969-74) "The basic goal is a rapid increase in the standard of living of the people. The weaker sections and the less privileged" The focus on the problem of poverty is evident from the fact that the slogan of *garibi hatao* (removal of poverty) was coined during the early 1970s. (K.R. Gupta, Indian economy)

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