

India Labour Market Report

2008



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March, 2009

Acknowledgements

This is the first Bi-annual India Labour Market Report, published by Adecco TISS Labour Market Research Initiatives. We thank all sources of help which supported the ripening of efforts into India Labour Market Report 2008.

Our exploration of emerging issues in Indian labour market through the ATLMRI discussion paper series, consisting of eight discussion papers on themes such as employment, employability, labour law, and educational attainment, has provided useful cues about contemporary issues in Indian labour market. As a team, we felt the need for a more comprehensive report, featuring both the structural and emerging aspects of Indian labour market. Thus, the idea of India Labour Market was born. Our interaction with Adecco Institute and Adecco India provided great fillip to initiatives to bring out India Labour Market Report 2008. In fact, this is a humble beginning.

First, we would like to thank Adecco Institute for generous support, in particular exchanges with the Research Director of Adecco Institute Christoph Hilbert. This partnership between Tata Institute of Social Sciences (TISS) and Adecco is an important linkage between academia and the world of work.

We express our gratitude to Professor S. Parasuraman, Director of TISS, for his keen interest in ATLMRI research and steady support to our initiatives. We would like to thank Professor Sharit Bhowmik, Dean, School of Management and Labour Studies, TISS, for his encouragement and constant support.

We thank QED team, Mr Shankara Pillai and Mr Abhishek, for accomplishing the task of collecting the primary data with utmost care and rigour. We are grateful to corporate fraternity who cooperated with this initiative by responding to our survey.

We are immensely indebted to sources of data which we have used in this paper.

Community in TISS, students, staff, faculty colleagues, and academic visitors to the Institute has made tremendous contribution to building of our perspectives, which form the base for our research.

Thank you all!

March 2009

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Abbreviations

ASI	-	Annual Survey of Industries
BFIS	-	Banking, Finance and Insurance Sector
CAGR	-	Compounded Annual Growth Rate
CDS	-	Current Daily Status
CWS	-	Current Weekly Status
DGET	-	Directorate General of Employment and Training
FLP	-	Female Labour Participation
FWP	-	Female Work Participation
GDP	-	Gross Domestic Product
GOI	-	Government of India
HDI	-	Human Development Index
ICT	-	Information and Communication Technology
ICLS	-	International Conference on Labour Statisticians
ILO	-	International Labour Organization
IT	-	Information Technology
ITeS	-	Information Technology Enabled Services
LFPR	-	Labour Force Participation Rate
NCEUS	-	National Commission for Enterprises in the Unorganized Sector
NLF	-	Not in Labour Force
NIC	-	National Industrial Classification
NGO	-	Non – Government Organization
NKC	-	National Knowledge Commission
NSS	-	National Sample Survey
NSSO	-	National Sample Survey Organization
PS + SS	-	Principal Status + Subsidiary Status
SC	-	Scheduled Caste
ST	-	Scheduled Tribe
UPS	-	Usual Principal Status
UR	-	Unemployment Rate
WPR	-	Worker Population Ratio (Work Participation Rate)

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Overview of the Report

This is the first report in the series of Indian labour market reports to be released by ATLMRI bi-annually. The report seeks to provide a thorough analysis of the current situation of the Indian labour market in terms of its composition and employment trends and also addresses some of the contemporary issues characterizing the labour market such as employability.

Significant changes have been witnessed in the Indian labour market over the recent years. These changes are intrinsically related to the opening up of the Indian economy. Accompanied with the changes, there has been an increasing concern regarding jobless growth, widening of inequality in terms of region, gender, and a mismatch between demand of skilled labour and its availability, especially in the emerging sectors. The paradoxical feature of a positive Gross Domestic Product (GDP) growth rate along with unfavorable employment trends have been one of the most pressing contemporary concerns. Keeping in view these developments in the Indian labour market, this report looks at the composition of Indian labour market across different segments and sectors. Further, the composition of labour is analyzed across regions and gender. It also includes detailed analysis of unemployed and underemployed labour force and even those who are not in the labour force. Apart from this, the report specifically looks into the employment scenario in the emerging sectors, employment in cities and towns in India. The industry perspective on issues of employment and employability is captured through a primary survey of select industries in the manufacturing and emerging sectors. The main source of data is the NSSO survey of 55th round (1999-2000), and 62nd round (2005-2006) and the primary data collected through a survey of human resource managers from select 299 firms spread across different sectors.

The report consists of ten chapters. In the first chapter, we discuss core themes which are linked to the labour market. These themes are: employment in public sector in India, the growing informalisation of labour in the wake of globalization, the practices of discrimination and segmentation in Indian labour market, the new forms of organizations emerging in India and finally the emerging entrepreneurship styles in the Indian context. Chapters 2-9 provide an analysis of data on composition of Indian labour market across different segments and sectors. We examine each labour segment, disaggregating it for regions and gender. Moreover, these variables are assessed against demographic and socio-economic features, covering age and educational attainment. The final chapter gives an analysis of the primary data.

Highlights

Outline of Labour Market in India

- The compound annual growth rate (CAGR) of labour force, during 1999-00 – 2005-06, is notably higher for rural persons, than for urban persons, across all the categories of employment.
- For not in labour force, the growth rate is positive for rural persons, and it is considerably negative for their urban counterparts.
- The labour force growth rate is higher for rural males, than urban males. While the not in labour force growth rate is positive for rural males, it is considerably negative for urban males.
- The employment and unemployment growth rates are higher for the rural areas, than for the urban areas.
- The rate of unemployment is typically much higher among the persons with higher level of education, than among those with lower levels of education. Furthermore, the unemployment growth rates are much higher for the females, than for the males.
- Overall, the proportion of self-employed and casual workers is more in the rural areas, than in the urban areas.
- The regular salaried are more in the urban areas, as compared to the rural areas.
- More females are in the casual labour market and in the self-employed category than males. Furthermore, rural females register high work participation rate than the urban areas.

Regular Employment

- The proportion of regular employed is relatively low compared to the self employed and casual employed.
- There is no significant change for percentage of male participation in regular employment whereas female participation is on rise.
- There is a link between the level of education and regular employment. For instance, states such as Delhi, Kerala and Goa, which have high literacy rates, account for relatively high percentage of regular employment compared to low-literacy states such as Orissa, Bihar, Jharkhand.

- There is a significant difference between the percentage of rural male and rural female in regular employment irrespective of the age groups. In both urban and rural areas, the regular employed persons are relatively high in the age group of 20-34.

Self-Employment

- The percentage of self employment varies between 30 to 70 % across states. It appears that self employment is more prominent in less developed states as states such as Bihar (61%), Uttar Pradesh (69%), Rajasthan (70 %) have high proportion of self-employment. It is low in comparatively developed states like Kerala (42%), Delhi (38%) and Goa (34%).
- The patterns reveal that both male and female in self employed categories have similar demographic profile. Overall, it can be seen that across all the age categories, more rural people are engaged in self-employment than urban people.
- Females with lower educational attainment are more in proportion than males in the self-employed category. Overall, it appears that the majority of the self-employed have low levels of education.
- In terms of sectoral composition of the self employed, it can be seen that self employment is highest in agriculture, followed by trade. Together these activities constitute nearly three fourth of the total self-employed.

Casual Labour Market

- At the all-India level, as per the NSSO 62nd round survey estimates, around 31 % of employment is in the casual labour market and female participation in the casual labour market is more as compared to male.
- In terms of demographic profile in the casual labour market, both rural male and rural female have similar distribution across ages. However, in case of urban male, it is seen that, there is a concentration in the age group of 5 to 9.
- The rate of absorption in the casual labour market starts to decline after 34 years, indicating that, workers with a demographic dividend have a higher rate of absorption in the casual labour market.
- Participation in the casual labour market reduces with improved education across gender and region. Majority of the casual labour force, is either illiterate, or just have primary level of education.
- Agriculture continues to be the main sector, where almost 70 % of the casual labour is absorbed, followed by the industry and service sector respectively. Comparatively developed states like Maharashtra, Karnataka, Tamil Nadu, Punjab have more casual labour in agriculture. Whereas in less developed states, like Rajasthan, Jharkhand, Uttar Pradesh, and Uttaranchal, the absorption of casual labour into the industry is high.

- Within the industry, manufacturing is the main occupation for casual labour in many less developed states. Casual labour in construction also seems to be higher in predominately less developed states.

Unemployment and Underemployment

- Unemployment rates are higher for urban persons as compared to rural persons. Urban females have the highest unemployment rates at 9.22% and rural females have the lowest rates at 7.31%.
- A state wise analysis for unemployment trends reveals that comparatively developed states such as Goa and Kerala have the highest unemployment rates of 11.39% and 9.13% respectively. Whereas lowest unemployment rates of 0.48% and 0.77% are found in less developed states such as Uttaranchal and Chattisgarh.
- Unemployment is highest for the age categories of 10 to 24 corroborating the view that youth unemployment is on the rise in India.
- The unemployment rate is seen to increase, with an increase in educational attainment and is particularly high after the secondary level of education. Unemployment rate among educated females, in both urban and rural areas, is the highest.
- Estimation of underemployment levels reveals that underemployment is widespread among females in general and rural females in particular.
- Underemployment levels calculated across the employment status shows that self – employed and casual labour categories have the highest levels of underemployment. Among the regular wage/ salaried labour, underemployment is negligible.

Population Not in Labour Force

- Gender composition of persons not in labour force reveals that the percentage of females is disproportionately higher as compared to males across regions.
- The percentage of urban females not in labour force is higher than their rural counterparts. While in most states the percentage of rural females not in labour force is around 60-70%, the same figure for their urban counterparts is around 80%.
- A high percentage of females, belonging to the age-group of 25 to 59, are out of labour force (47-57%), while the corresponding percentage for males is negligible (1-9%). Moreover, a significant percentage of females out of labour force also have high educational qualifications. As high as 68% graduate females are not in labour force, while the corresponding figures for male is only 13%. At the post-graduate level, percentage of females not in labour force is around 53% while it is only around 10% for males.

- A huge proportion of females remain out of labour force due to domestic duties. Even in the working age-group of 25-59, the figure stands at around 60%. The figures are similar for both urban and rural females.
- State-wise distribution of persons who are not in labour force does not show much variation. The percentage figures are similar for males across states. However, there are significant variations among females not in labour force. The highest percentage of females not in labour force is in the Northern states of Delhi (92.10%) and Chattisgarh (89.50%), and the lowest is in the state of Himachal Pradesh (51.70%).
- The highest percentage (around 40%) of persons with disability is found within the males (higher in case of rural males), in the working age group of 25 to 60. A majority of this category is not literate.
- For the category of beggars and prostitutes, a large percentage is concentrated in the age-group of 5-9 (19%) and above 60 (35%). An overwhelming majority of them are not literate.

Employment and unemployment in Emerging Sectors

- In terms of employment in the emerging sector, a large number of people are employed in the retail sector which includes both the organized and unorganized labour market (7.1%).
- Second largest labour market comprises the construction industry (5.9%). This sector is male dominated (7.7 percent) and pro-urban in terms of employment. Nearly 8.7 percent of the urban and 5 percent of the rural workers are involved in this sector.
- In the transport sector, 7.5 percent of the workers are males and only 0.1 percent are females, a pattern common to both the urban and rural segments in India
- Employment in the IT sector is non-existent in rural areas and it appears that these sectors are pro-urban since they need educated and highly skilled workers. The pattern of employment in the media and pharmaceutical sectors is predominantly urban, similar to that in the IT and software sectors.
- The hospitality and health care sectors seem to provide more opportunities to women.
- In sectors like Mining, Textiles, Metals, Gems and Jewellery, Automobile, Transport and IT/BPO, the rate of decline in employment was at 1.01% for the period October – December 2008. It was lower at 0.74% in November 2008. However, the rate increased to 1.17% for January 2009.
- All sectors barring IT/BPO, show a negative rate of growth of employment for the period from October to December 2008. The maximum decline in employment was observed in the gems and jewellery industry. The IT/BPO sector that showed a positive employment

trend in the October to December 2008 period, but the December 2008 to January 2009 reported a declining rate of -1.66%.

- The overall rate for the December 2008 to January 2009 period was (-1.17%).
- For the period of October to December 2008, direct non manual workers experienced a decline in employment with the gems and jewellery industry accounting for the highest at 6.17%.
- Overall, out of all the categories of direct and contract workers, manual contract workers experienced the highest unemployment while the non –manual contract workers show a gain in employment for the period of October to December 2008.

Employment and Unemployment in Important Cities and Towns

- With respect to female employment across all categories of cities, there is drastic reduction in primary level occupations, a slight increase in secondary occupations and notable increase in tertiary sector occupations.
- For females, especially in class III and class II cities, in case of tertiary sector, there is an increase in employment. In some cities the increase is as high as 90 %
- Compared to male, the percentage of female in tertiary occupations is more in most of the class I cities.
- The status of employment changes as one moves from class I to class II and class III cities for urban male. Class I cities have a much higher proportion of regular salaried than class II and III cities. Class II and III cities have higher proportion of self-employed and casual labour.
- With respect to people not in labour force, the percentage of urban males is slightly higher for class I cities than for class II and class III cities.
- The unemployment rate for females (1.70) for all cities taken together is lower than the unemployment rate of urban males (3.00).
- 45.25 percent of the total employed urban persons in the cities are in the self-employed category. This is followed by regular salaried which constitutes 39.72 of the total employed. The casual labour is 15.01 percent.
- The unemployment rate is 2.4 percent and the percentage of urban persons not in labour force in the cities is 47 percent.

Evidence from Primary Data

- Overall 299 firms across various sectors were covered under the study. The majority of sample firms were established before 1990s and majority among them are manufacturing companies.
- Majority of the sampled firms had a workforce that ranged between less than 250 and between 251 to 500 employees. Firms across nine sectors were covered.
- In majority of the firms (2/3rd), the percentage share of women employed in the total workforce is between 11-30. Very few firms (0.7%) have equal gender representation in their workforce composition.
- The age composition within the sampled firms reveals that the age group 30-40 has the highest work participation.
- Majority of the firms have a high composition of regular employment in their workforce.
- Many firms have temporary staff on their pay rolls and the composition is between 41-50 % of the total workforce. Two third of 208 firms have temporary staff ranging from 21-50 % of employment. For majority of firms, temporary staffing appears to be the common practice albeit at varying degrees across the firms.
- It appears that more number of firms is in requirement of human resources in the non-managerial category than the managerial category. Within the non managerial functions, technical, sales and other forms of work are expected to absorb more man power.
- High temping in employment is seen in economic activities such as hotel and restaurant transport, storage & communication and wholesale and retail trade. Temping is low in activities such as financial intermediation, mining and quarrying, and real estate and business activity.
- Among training programmes, induction and job training are more prevalent in the firms than academic and cross functional trainings
- In contrast to widespread use of email and internet, use of applications such as spreadsheet and web 2 is significantly less.

Chapter 1

Thematic Review

This chapter discusses select themes, which are related to contemporary Indian Labour Market. These themes include Employment in Public Sector, Informalisation of Labour, Discrimination in Indian Labour Market, Organisational Structure of Firms and Technology, and Emerging Entrepreneurship in India.

1.1 Status of Employment in Public Sector in India

1.1.1 Keynes's Perspective

In a democratic governance system as in India, to address fundamental socio-economic challenges such as unemployment, poverty, and regional imbalance, planning assumes great significance. An important outcome of the planning process since 1950 was the role given to state which was assigned a critical role in the production process by establishing key industries and services in the public sector. The expansion of public sector in India was started with the initiation of Planning Commission in 1950 and public sector gradually started to dominate core industries before liberalisation was initiated in the early 1990s¹. It is important to note that planning processes initiated in India imbibe insights from Keynes's perspectives which had a profound intellectual influence on economic life during the period of Great Depression. Perhaps, traits of Keynesian perspective are explicit in socio-economic policies pursued by India, particularly in investment and employment processes. Integrating employment and investment, Keynes (1936) viewed deficiency in investment is a principal determinant of involuntary unemployment². According to Keynes (1936), while planned investment by government is autonomous of profitability, the induced investment is driven by the return on capital. It would be interesting to note that induced investment is sensitive to the determinants of profitability. For instance, a decline in demand would lead to lesser induced investment indicating lower

¹ See Bipan et al (2008)

² Keynes (1936) defined involuntary unemployment as "men are involuntarily unemployed if, in the event of a small rise in the price of wage-goods relatively to the money-wage, both the aggregate supply of labour willing to work for the current money-wage and the aggregate demand for it at that wage would be greater than the existing volume of employment" (p.15)

return on capital, thus, leading to instability in the economy. Furthermore, in a recessionary economy a decline in demand would negatively affect induced investment, causing more unemployment in the economy. Keynes (1936) argued, in order to stabilize and to achieve full employment in the economy, there should be an appropriate mechanism to resolve the instability in the private investment mainly due to the deficiency of effective demand. The gist of the Keynes's argument was the autonomous investment by the state generates more income and demand for goods and services through linkages. The important clue to Keynes's position on the role of public sector is well captured in the following quotation: "I conceive, therefore, that a somewhat comprehensive socialisation of investment will prove the only means of securing an approximation to full employment; though need not exclude all manner of compromises and of devices by which public authority will co-operate with private initiative" (Keynes p. 378).

1.1.2 Public Sector in India: An Overview

The growth of public sector employment, in India, has extensively been debated on various grounds, and has particularly received wide attention since liberalization. In the early 1960s there was a tendency of growing share of public sector in the gross fixed capital formation and industrial investment in the developing countries, particularly India. It is important to note that, among the Asian countries, share of public sector in India, covering major sectors such as agriculture, manufacturing, banking, and trade, was relatively higher than the private investment. It was felt that public sector would be more inclined to create employment opportunities and would achieve high growth rate of output in the long term. Thus, the public sector investment was given utmost importance for more than three decades of planning. However, since the liberalization in 1991, India has witnessed major policy changes such as opening up of the domestic economy, foreign direct investment, and large scale private participation in key sectors such as banking, retail, hotel, and communication. As a result, as noted by many writers, developing and developed countries have been sharing a common feature of a growing share of the services sector in GDP (Rath, et al. 2007).

Nearly more than five decades of planning is gone by, it is important to examine the growth of employment in the public sector and its changing role in the organized employment. Taking cues from various plan documents, we provide an analysis of the growth of public sector in India in

three different time periods: The First Phases (1951-1966); The Second Phase (1967-1991) and The Third Phase (Post 1991).

First Phase (1951-1966): In the first phase of development plan, spanning from 1951 to 1966, consisting of three successive Five Year Plans, Indian economy had a better growth compared to the colonial period. It is worth emphasizing that the public sector was given a lot of attention and was considered as an instrument for the rapid growth. The First Five Year Plan aimed to restore the food production, import substitution, poverty eradication and balance the regional disparity. Furthermore, production was mainly carried out in the initial period of planning, with a limited stock of capital and an unlimited supply of labour. It was felt that the unlimited supply of labour could be tackled by new long term investments in industrial sectors, irrigational projects and, training and development institutions under the public sector. Moreover, the idea of autonomous investment by the public sector was to stimulate investment and growth in core sectors through backward and forward linkages. Thus, the second Plan (1956-61), a long term strategy of development, emphasized the rapid development of heavy and capital goods industries, particularly through public sector. It is important to note that three steel plants were set up in the public sector during the second plan. The third plan mainly envisaged a massive investment in various sectors to strengthen the public sector over major economic activities. As a result, the GNP grew at an average rate of 4 percent per annum between 1951 and 1965 however could not continue in the mid of 1960s due to the agricultural crisis and increase in defense expenditure, and consequently the fiscal deficit increased to 7.3 percent of GDP in 1966-67.

Second Phase (1967-1991): The beginning of the second phase was started with a series of major changes at the Central Government. These include the transfer of ownership from private to public sector, covering the nationalisation of commercial banks in 1969, nationalisation of insurance in 1972, take over of coal industry in public sector in 1973, and Foreign Exchange Regulation Act (1973). It is important to note that on the eve of first five year plan, there were only five public sector enterprises, which were raised to 244 by the seventh five year plan. The fifth and sixth plans mainly envisaged a massive volume of public investment, in the various developmental schemes, with a view to reduce the volume of unemployment. Despite the substantial efforts of the government to raise the level of employment in the public sector, in

fact, the public sector was the focal point of criticism and attempt was done to open the economy for private participation in major economic activities. During the mid of 1970s and 80s, the rate of growth of employment was generally much lower than the labour force and the GDP was moving at an average of about 3 to 3.5 percent per annum during 1950-80. Interestingly, in the 1980s India slightly grew at over 5.5 percent from Hindu growth rate of 3 to 3.5 percent. The average employment growth during 1983-1988 has been only 1.55 per cent annum, although GDP grew at over 5 per cent per annum during this period (Papola, 1991). It is being argued that the high growth rate between 1980 and 1990 were mainly due to over-borrowing and over spending. As a result, there was a sharp increase in the India's debt service ratio from 10.2 percent in 1980-81 to 35 percent in 1990-91. In addition, the foreign exchange reserve come down to \$1 billion in 1991 which was not sufficient to one month import. Indeed, in the late of the second phase India had undergone a massive crisis which pushed India to initiate economic reforms.

Third Phase (Post 1991): Following fiscal crisis in 1991, the public sector has undergone some major structural changes with a greater emphasis on market forces. Henceforth, the role of public sector in major economic activities has gradually declined and the private sector has been considered as an integral part of the economy. The structural measures include removing the restrictions on foreign direct investment, reduction in the number of strategic sectors reserved for the public sector, disinvestment of public sector units and financial sector reforms. Interestingly, in the third phase, contrary to the first and second phase, it was generally seen that the tendency of transferring the public ownership to private sector and an enormous importance was given to private investment in core sectors of the economy.

It would be interesting to note that the third phase recorded significant structural changes in the form of sectoral contribution in the Indian GDP. The share of agriculture in the GDP has gradually declined, from about 57 percent in 1950-51 to 31 percent in 1989-90; and that of industries and services rising from 14 and 30 percent to 28 and 41 percent, respectively, during the same period (Rakshit, 2009). Correspondingly, the share of the service sector in the GDP grew from 27.5 percent in 1950-51, to 40.6 percent in 1990-91; further increasing to 54.6 percent in 2004-05, whereas the share of the secondary sector remained almost stagnant during the liberalization period. On the other hand, agriculture and allied activities continued to experience a drastic decline, from 59.2 percent in 1950-51 to around 21 percent in 2000-01. Despite the

substantial share of the services sector in the GDP of India, it seems the employment growth in this sector is relatively insignificant. This sort of phenomenon of disproportionate growth among the sectors, in the process of development, is a special phenomenon of the Indian economy.

1.1.3 Employment in Public Sector

In India, the public sector employment has been extensively debated, particularly its methodological discrepancies in the estimation. The estimate provided by the Director General of Employment and Training (DGET) on organized public and private sector employment is more useful to examine the long term trends in the public sector employment. However, a continuous time series data is not available at the disaggregate level. A major limitation of the data published by Director DGET is single digit industry groups, without much relevance at the policy levels. It is important to note that, despite the problems associated with DGET estimates of organized employment, it is widely used for the analysis (Tendulkar, 2003).

A close look at the composition of organized public and private sector employment, based on the DGET estimates, reveals some interesting transitions. The organized sector in India basically consists of the public and the private sectors. Compared to the private sector employment, there was rapid growth of employment in the public sector during the period 1961-81, a relative slow down during 1981-91, and a declining trend during 1991-2001. For instance, public sector employment in manufacturing significantly increased its share in organized manufacturing employment, between 1961 and 1993-94, before declining in 1999-00 (Tendulkar, 2003). Of the total organized public and private sectors, public sector accounted for 70 lakhs in 1961 i.e. nearly 58 percent of the total organised sector employment. Community, social and personal services (52 percent), transport, storage and communication (24 percent) and, manufacturing (6 percent) were the major economic activities in providing employment under public sector. By 1981, public sector employment had increased to 15.5 million, which accounted for about 68 percent of the total employment in the organized public and private sectors. However, India recorded a slowdown in the public sector employment and a marginal decrease of 0.9 percent in 2001, over 2000. On the other hand, the employment in the private sector has increased by 0.1 percent. More aptly, there has been a transition from the public sector to the private sectors, but the volume of this transition is quite small.

1.2 Informalisation in Indian Labour Market

This section is devoted to the informal sector in India. The sector overwhelmingly comprises of the poor and the vulnerable, who are either self employed or work as casual wage workers. In the recent years, there has been a stupendous growth in the informal sector across the world. In India, close to 92 % of the workforce is in the informal sector. Before we see the emerging features of the informal sector in India and the reasons for its growth, a brief review of how this sector is defined, is given below.

1.2.1 Defining the Informal Sector

The issue of defining and identifying the informal sector, and the informal sector worker is a continuing debate. The efforts are aimed at conceptually identifying the informal sector, and differentiating it from the formal sector. In the recent years, there is growing literature to understand linkages of the informal sector with formal sector, and it has been argued that the capital centric development is responsible for the growth in the informal sector. Historically, it was opined that, with the growth of modern industries, informal sector would be absorbed, and would transform itself into a modern workforce. However, the analysis that the economic development will eventually absorb the surplus labour in the traditional sector, has been proven wrong, as informalisation and unemployment in the developing countries has always existed, and is on the rise in recent decades. (Chen, 2003)

The discovery of the informal sector as a distinct economy is widely attributed to the International Labour Organisation (ILO) mission of 1972, popularly called the Kenya Mission. The mission brought out the fact, that the so-called traditional sector was not only present, but had also expanded, and was also a group of profitable and efficient enterprises. The term “informal sector”, instead of the erstwhile “traditional sector”, was coined by Kenya mission, to account for the wide range of small scale and unorganized economic activities carried out in this sector (ibid). The informal sector, especially since the Kenya Mission, has been a subject of proper definition, measurement and designing policy applications to address the concerns of this sector. For example, the International Conference on Labour Statisticians (ICLS), 1993, adopted the following definition of informal sector (Box 1.1).

Box: 1.1 Definition of Informal Sector

The informal sector is regarded as a group of household enterprises or unincorporated enterprises owned by householders that include: informal own account enterprises, which may employ contributing family workers and employees on an occasional basis and enterprises of informal employers, which employs one or more on a continuous basis. The enterprise of informal employers must fulfill one or both of the following criteria: size of the unit below a specific level of employment, and non-registration of the enterprise or its employees. The purpose of the ICLS definition given above was, to provide a flexible macro framework to account for the informal sector in any economy. Specifically, the definition allows for flexibility, with respect to the upper limit for the number of employees, inclusion of the criteria of non registration of either enterprise, or employees, inclusion or exclusion of professionals or domestic employees, and inclusion or exclusion of agricultural sector.

Source: ILO Report of the Fifteenth International Conference of Labour Statisticians, Geneva, 1993, Accessed at : http://www.wiego.org/about_ie/definitionsAndTheories.php

As it can be seen, ICLS 1993 definition focuses on the enterprise characteristics, to define what constitutes the informal sector. It was later recognized that, the enterprise definition alone cannot possibly cover the entire spectrum of the informal sector, and a definition based on employment was necessary. Subsequently, in 2003, the ICLS adopted statistical guidelines concerning this expanded concept of informal employment and proposed that informal employment includes: a) Employment in the informal sector (as defined in 1993 by the ICLS); and b) Informal employment outside the informal sector. In recent years, a need was felt to increase the ambit of this definition, so that all forms of informal employment, are accounted for, and measured. The renewed thinking amongst policy makers, activist and academicians focused on an understanding of the dynamics of informal economy in industrialized, transitional and developing economies, especially with reference to the working poor in the informal sector. The focus of understanding what constitutes an informal economy, is now on the nature of employment, in addition to the characteristics of enterprise. Informal employment, therefore, consists of all forms of employment, both outside and informal enterprise without labour or social protection (Chen, 2007).

The Report on Conditions of Work and Promotion of Livelihoods in the Unorganized Sector, 2007 (NCEUS, 2007), which captures the recent developments in the Indian informal sector,

identifies the unorganized/informal sector as one that “consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers” (NCEUS pp.2). The Commission considers all agricultural activities undertaken on agricultural holdings, either individually or in partnership, as being in the unorganized sector. This definition excludes only the plantation sector, and other types of organized agriculture (e.g. corporate or co-operative farming), and covers a very large part of agriculture. The report identifies unorganized workers to “consist of those working in the unorganized enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment/ social security benefits provided by the employers”(NCEUS pp.3).

As it can be seen, the definition given in the NCEUS, 2007 has several categories of informal paid work. The report also accounts for all workers working outside the informal enterprises, such as workers in formal enterprises, households, or workers with no fixed employer, and increases the scope and ambit of the informal sector definition. The main criterion adopted is, a worker without social security and employment benefits. The conceptual shift in the definition, from an enterprise definition to an employment definition, has allowed making the issue of informal sector more context-specific, and identifying its links with the formal sector. The new thinking also underscores the fact that, the rise of informal employment is a result of failure of capitalistic development, which has resulted in lack of economic development, jobless growth, an increase in sub contracting chains, and an informalisation of employment relations, both in developed and developing countries.

1.2.2 Framework to Understand Growth in Informal Economy

Understanding the reasons for growth and existence of the informal sector is widely debated. Different schools of thought have held different views about the informal sector. The legalist school saw it as a mechanism to get away from legal clauses, and essentially saw them as illegal activities. The dualist school saw them as economies developing because of imperfections in the economic development. The structuralist school was the first to link the growth of the informal sector to capitalistic mode of production. It established a relation between capitalistic growth, and the rise of the informal sector (Chen, 2007).

In recent years, especially since the late 1990's, the informal sector has resurfaced again, as an important aspect of economic development. The reasons are, persistent poverty in developing countries, and growth in the informal sector. More attention is now being paid to the linkages between capitalistic development and the informal sector, as it is being recognized that the high growth in the informal sector, and further marginalization of large number of poor and vulnerable, is the result of unchecked growth in capital-led production mechanism. Informal sector growth is also attributed to policies of deregulation and withdrawal of the State. It has also been pointed out that the growth in informal workforce in recent years is also due to subcontracting arrangements of production. For example, Marjit and Maiti (2005), whilst discussing the changing relationship between formal and informal entrepreneurs, in rural industries in India, analyse the impact of deregulatory policy on informal wages in labour-intensive small and open developing economy, they indicate that there is a relationship between the capital mobility and the wage determination. Looking at the case of West Bengal in India, the authors have analysed the formal and informal division of production organisation, in the course of changes in India's economic policy. The important changes observed by the authors are: firstly a rise in financial limits of production units in small scale and cottage industries and secondly favourable conditions for the development of small scale and rural industries due to demand from international markets, for crafts and aesthetic value oriented goods. However, due to organisational differences and structural backwardness, dependence on money lenders (*mahajans*) or traders has increased. The production mechanism of dependence or subcontracting or putting out system was dominant, resulting in increased the informal labour. The main reasons pointed out for increased informality are i) import market for raw materials captured by the money lenders or traders, due to the introduction of open general licence. ii) Minerals and Material Trading Corporation, an agency of state discontinued its import activities for procurement of raw materials; ii) traders have good marketing channels in the national and international markets; iii) reduction of government's assistance, grants and incentives to cooperatives and iv) artisans within the cooperative units are paid long after the delivery of their products, which influences the artisans to go to the money lenders for raw materials. The findings from the study point to a situation, where post liberalisation, those with access to capital, like money lenders/traders are able to reap the benefits of an open market rather than the artisans. Further, since the withdrawal of the State; as shown by policies such as, the Minerals and Material Trading Corporation discontinuing its import activities for procurement of raw materials, the individual

artisans have had to depend on money lenders/traders, for producing and getting their commodities sold, and to earn a living.

It is important to note that the phenomenon of a high level of employment of casual wage labour in the informal market through sub contracting, is not only restricted within national boundaries, but also extends to global supply chains. There is mounting evidence of subcontracting of menial work, that takes place across the national boundaries and cheap labour is exploited across the third world countries, through subcontracting. For examples, as it has been pointed out that a company like Nike gets its sports shoes produced in Indonesia, or Paris designed shirts are cut and stitched in Bangladesh (Sanyal, 2007). Globalization led capital centric development is resulting in informalisation, and the casualisation of labour force across the globe. It has also been pointed out, that the increase in the informal sector in recent years is related to the cost cutting measures rationalized as a strategy to compete in globalised markets. The cost cuts are achieved through mechanization and increasing output per worker. These processes are accompanied with a decline in regular employment in the public sector. The increase in organized employment through the private sector has hardly compensated for the decline in regular employment opportunities. Since these processes have led to a situation where regular employment is growing too slowly to accommodate the job seekers, a large section of labour is pushed into the unorganized, informal sector. (Bhaduri, 2009)

1.2.3 Informal Sector in India

With the ushering of economic reforms in 1991, there has been a stupendous growth in the employment in the informal sector in India. In this section, a brief picture of the informal sector in terms of its size, and the sectoral composition is presented. The NCEUS (2007) notes that in the Indian economy, the recent years have seen a growth in employment, however, the entire rise has been in the informal sector, irrespective of whether the employment is in the organized or unorganized sector. Further, the overwhelming proportion of workers in the informal sector in India, have employment of casual nature, or some kind of self-employment with a very weak access to social security. The report estimated that out of the total workforce of 458 million, 395 million was in the informal sector. The report also notes that even the increase in the employment in the organized sector, over this period, has been informal in nature. For example the growth in employment of 61 million (from 362 to 423 million) or 17 per cent has been of the

informal employment in the organized sector. Thus, there is informalisation in the growth of employment in formal sector also. The NCEUS (2007) has analyzed the informal sector in India, by classifying the workforce into following segments:

1. Unorganized non-agricultural workers
 - a. Wage workers in non-agricultural sector
 - b. Self-employed workers in non-agriculture
 - c. Women workers in non-agriculture
2. Other disadvantaged workers (Migrant, child and bonded labour)
3. Agriculture workers
 - a. Agriculture workers
 - b. Farmers

The main findings of this report across the aforementioned segments indicate, that this workforce has low human capital in terms of education, a majority of it works under poor working conditions, the workers have poor access to own assets like land, and the most vulnerable group belongs to this sector. The National Commission for Enterprises in the Unorganized Sector (NCEUS, 2008), has come up with a report titled “Report on definition and statistical issues relating to Informal economy”. The report deals with the definitional issues and statistical data concerning the informal sector in India. The report gives some very important insights into the extent of the informal sector in India. Data from the report is given below. As it can be seen from Table 1.1 below, out of the total workforce of 457.46 million, majority is in agricultural sector followed by service sector and industry sector respectively. Within agriculture, almost 98 % is in the informal sector. This percentage is around 70% for the industrial sector and 72 % in case of service sector. If this data is compared with the 1999-2000 data, these proportions of labour in the informal and formal sector have more or less remained similar. A slight change of around 3 % can be seen within service sector where the proportion of labour in the formal sector has increased between the period from 1999-2000 and 2004-05.

Table 1.1: Estimates of Workers by Economic Activity and Sector (in million)

Economic Activity	1999-2000			2004-2005		
	Informal	Formal	Total	Informal	Formal	Total
Agriculture	232.21 (97.7)	5.47 (2.3)	237.67 (100)	252.83 (97.65)	6.09 (2.35)	258.93 (100)
Industry	44.81 (69.05)	20.08 (30.95)	64.89 (100)	60.35 (70.40)	25.38 (29.60)	85.73 (100)
Services	65.62 (69.67)	28.57 (30.33)	94.20 (100)	81.72 (72.44)	31.09 (27.56)	112.81 (100)
Total	342.64 (86.36)	54.12 (13.64)	396.76 (100)	394.90 (86.32)	62.57 (13.68)	457.46 (100)

*Figures in parenthesis are percentages

Source: NCEUS (2008), Report on definition and statistical issues relating to informal economy

In Table 1.2 below, the distribution of workers in the informal sector across their usual status of employment is seen. Majority of workers in the informal sector continue to be either own account workers or casual labour. The other important category is unpaid family workers. If the data is seen from gender perspective, the proportion of female as compared to male is high in unpaid family worker category. The regular workers in the informal sector comprises overwhelmingly of male.

Table 1.2: Distribution of Informal Sector by Usual Status 2004-05 (in million)

Usual Activity Status	Rural			Urban			Rural+ Urban		
	Male	Female	Person	Male	Female	Person	Male	Female	Person
Own account worker	86.97	18.9	105.87	29.2	5.58	34.79	116.2	24.48	140.66
Employer	2.42	0.47	2.88	2.18	0.11	2.29	4.59	0.58	5.17
Unpaid Family Worker	35.76	58.67	94.43	7.34	5.47	12.81	43.09	64.14	107.24
Regular Wage Employee	8.06	1.37	9.43	13.4	3.53	16.95	21.48	4.89	26.37
Casual Labour in Public	0.06	0.01	0.07	0.01	0	0.01	0.07	0.01	0.08
Casual Labour in Others	64.62	37.79	102.4	9.78	3.19	12.97	74.4	40.98	115.38
Total	197.9	117.21	315.08	61.9	17.88	79.82	259.8	135.09	394.9

*Figures in parenthesis are percentages

Source: NCEUS, Report on definition and statistical issues relating to Informal economy, 2008.

The reviews suggest that, increasingly it has been recognized that the informal sector which has become the mainstay of developing countries, has links with the formal economy. The growth of informal workers in the formal sector is also a reason for this development. Especially, with the rapid growth of capital centric development, informal sector has grown. In terms of identifying and defining the informal sector, the main change has been from enterprise definition, to an employment based definition. What this means is that, the focus is now on labour and their employment contracts, rather than the enterprise they work with. Withdrawal of the State, globalization led development which makes it easy for capital to be mobile and access cheap labour, combined with very nebulous labour laws that allow for practices of low payment and non payment of benefits/security, together have resulted in growth of the informal sector in India.

1.2.4 Some Important Initiatives for Informal Sector

In recent years, there have been some very important initiatives by government and social organizations to address the predicaments of workers in the informal sector. In this section, a brief review of two very important initiatives is given. These initiatives aim to address the concerns relating to lack of permanent job availability and lack of social security for those working in the informal sector.

National Rural Employment Guarantee Act:

The Government of India passed a very important Act titled National Employment Guarantee Act (NREGA) in the year 2005. The Act for the first time in the history of independent India, provides a legal Guarantee of 100 days of wage employment in a financial year to every rural household whose adult members volunteer to do unskilled manual work at the minimum wage rate notified for agricultural labour prescribed in the State or else an unemployment allowance. The passing of such an Act that guarantees employment was result of a long struggle by social activists in India. In the beginning select few districts were included to implement the provisions of the Act. From April 2008, the Government of India has decided to cover all the rural areas under the Act. As indicated, informal sector in India is without any social security and surety of work. The NREGA makes it compulsory for the governmental bodies to ensure that every household which volunteers for work gets at least 100 days of employment in a year. The Act

also has provisions that if the guaranteed work is not given within specified time, an unemployment allowance is guaranteed.

Social Security Bill for Unorganized Workers

An important bill that was passed in the Indian parliament recently is the a bill titled Unorganized Sector Workers' Social Security Bill, 2008, that hopes to provide social security cover to the vast unorganized sector in India. The bill was passed in December 2008. It appears that the bill in the present form seeks to constitute mechanisms like a National Social Security Advisory Board which will suggest suitable social security schemes for different sections of unorganised sector workers and based on the suggestions the Central government will notify suitable welfare schemes that will benefits the workers in the informal sector. Some questions are being already raised about the efficacy of having such a bill as it does not specify clearly the ways in which social security will be provided, how will the unorganized worker be defined to access benefits of the schemes and whether the new boards that have been set up have powers to make sure that states implement the recommendations. However, it is indicated that this bill provides an opportunity to the millions of workers in the informal sector in India to raise their voices to improve their social security.

1.3 Discrimination in Indian Labour Market

This section is devoted to the theme of discrimination and segmentation in the Indian labour market. Discrimination and segmentation are among the persistent features of the Indian labour market. This can be explained at the broadest level by pointing to the high level of segregation in the Indian society by caste, gender, region and religious groups. One of the conscious efforts on the part of the state to tackle the problem of labour market segmentation in the post-independence period was affirmative action, in the form of reservation in the public sector employment for scheduled castes (SC) and scheduled tribes (ST). Although there have been some changes witnessed in the nature of inequality over the years, the trends of segmentation and discrimination continue to characterize the Indian labour market. This section attempts to provide a snapshot of the highly segmented nature of Indian labour market in terms of gender, caste and religious affiliations.

The negative economic consequences of discrimination in the labour market have been well researched by scholars. The main argument concerning this has focused on the resulting under-utilization of talent and hence decreased productivity of the economy. Simply put, discrimination stands in an inverse relation with growth. Not only is there a distortion in the allocation of talents, but unequal distribution of resources among groups. Hence, discrimination in the labour markets of developing countries is definitely an undesirable feature even from a purely productivity and output point of view.

However, trends of discrimination continue in most of the developing economy's job markets because of deep-rooted and entrenched social prejudices. In India, while liberalization of the economy has brought about some changes in the previously existing patterns of unequal participation in labour market across gender, caste etc, at the same time, recent trends show continuation of discrimination in newer forms. Hence, it is worthwhile to look at some of these recent trends that bear evidence to both continuation of some the older forms and emergence of newer forms of discrimination in Indian labour market. The next sub-section explains the concept of discrimination in the context of labour market. This is followed by a section which looks at the recent trends that underline discrimination in Indian labour market.

1.3.1 The Concept of Discrimination

Stated simply, discrimination in the labour market refers to a process whereby certain groups are treated differently or less favorably on the basis of characteristics, such as, ethnic origin, gender, religion and so on, irrespective of job requirements or merit. Article 1(1a) of the *Discrimination (Employment and Occupation) Convention*, 1958 defines discrimination as “any distinction, exclusion or preference made on the basis of race, colour, sex, religion, political opinion, national extraction or social origin, which has the effect of nullifying or impairing equality of opportunity treatment in employment or occupation” (ILO Report, 2003: pp 16, Box 2.1).³ Most commonly stated traditional forms of discrimination include discriminations based on gender, ethnic origin, race, caste/tribe and religion.

³ Discrimination can be of two types: direct & indirect. Discrimination is direct when regulations, laws and policies explicitly exclude or disadvantage workers on the basis of characteristics such as sex, ethnic origin religious affiliation and so on. On the other hand, indirect discrimination may occur when apparently neutral rules and practices have negative effects on members of a particular group irrespective of whether or not they meet the requirements of the job. (ILO Report, 2003)

1.3.2 Discrimination in Labour Market: The Indian Scenario

Caste and gender have been the two of the most significant discriminating factors in the Indian labour market. The unique caste system, that defined division of roles in economic activities in rural India, had a strong influence in the functioning of the economy due to religious sanctions. The caste structure was a labour structure which fixed particular jobs for particular caste groups, depending on their status in the caste hierarchy. Occupation was hereditary and occupational mobility, if at all it occurred, was collective rather than individual. Affirmative action through reservation for the lower castes, in case of employment and education was targeted at preventing discrimination against them, and providing a platform for equal participation in the society. However, the progress of the scheduled castes has been slow since discrimination continues to operate in more than one way. On the other hand, the highly patriarchal nature of Indian society defines specific gender roles for women, which often bars them from the possibility of even entering the labour market. In India, across a variety of regional and cultural divisions, domestic work and childcare are widely considered to be women's work. Moreover, it is also expected to assign a high dignity to women, who exclusively involve themselves with domestic responsibilities. However, over the years situation has changed since the labour force participation rates for women in India have increased. But if we look deeper into the nature of jobs in which women are increasingly absorbed, the trends are not very impressive.

1.3.3 Gender and Labour market

Over the years, there have been significant changes taking place in terms of the gender dimensions of the Indian labour market. Although the labour market participation of women has increased, with more and more women involving themselves in paid work, the quality of women's employment has been an issue of concern. The over-all economic changes associated with liberalization have had significant impacts on the patterns of women's employment. Some of the recent developments in the Indian economy that has bearings on the nature of women's employment are: the increasing informalisation of the economy, the emergence of global production chains with sub-contraction and outsourcing to developing countries and boom of export-oriented manufacturing (Nihila, 1999; Neetha N., 2002; Ghosh, 2004). All these developments have contributed to what has been referred to as increasing feminization of the labour force. The principal characteristics of feminization are: a greater move towards

casualisation of labour, shift to part-time or piece-rate contracts and higher freedom of hire and fire. Women have increasingly become preferable for the employers since they are ready to work for lower wages, easier to fire using life-cycle criteria such as marriage or childbirth, and expected to be more subservient to managerial authority. However, the process of feminization is reported to have peaked in the 1990s and declined thereafter. But the informalization of labour continues to operate, with women contributing significantly usually in small units or through home-based production, which lie at the bottom of a complex sub-contracting chain (Ghosh, 2004).

Some of the major trends which continue to underline discrimination against women in the Indian labour market can be summarized as follows:

Women are increasingly being absorbed in the informal sector: In almost all developing countries, there has been an increasing absorption of women in the informal sector. This implies that although female labour participation rate has increased, they are being absorbed more and more in part-time, low skilled and low paying jobs (Unni, 2001; Ghosh, 2004).

Women are employed in particular kinds of service sector jobs. Women are traditionally associated with the service sector jobs such as domestic service, care-giving and entertainment activities. Across Asia, two types of work appear to dominate the service sector employment of women: 1) petty trade i.e. self –employed women with small business and 2) personal services in ‘care’ industry, e.g. domestic servants, those in entertainment industry etc. Formal sector service employment of women remains quite limited. Even in the emerging service sectors such as IT, the share of women is quite low. In the software industry, for example, the share of women workers is estimated to be around 27%. On the whole in the emerging sectors, women’s work tend to be concentrated in low end, low skilled jobs (Ghosh, 2004).

Women are paid less: Even with the trend of increasing women’s share in wage employment, gender wage gap persists. However, the wage gap is more pronounced in manual works, where women’s wages are about half that of men. It is observed that the effect of education enhances wages for women (Das, 2006).

Concentration of women in agricultural sector: Agriculture continues to register highest share of female employment. This is often explained by the “U” hypothesis, which postulates that, female

participation rates tend to be higher in case of home-based, agricultural production in developing countries. However, with economic growth and urbanization, participation of women in emerging sectors may not increase with increasing per capita income of household, since women often choose to remain involved exclusively in domestic duties (Das, 2006).

Labour force participation rate does not increase with higher education of women: In case of women there is an inverse relation between employment and education. Labour force participation rate decreases with higher education. This inverse relation is found to be stronger in the rural areas. One of most convincing arguments to explain this inverse relation takes account of the husband's income effect. Studies show that husband's education and earning lowers the probability of women being employed. Since there are not enough regular salaried jobs available in the market, educated women often opt out of labour force when there is an earning member in the family (Das, 2006).

1.3.4 Caste/ethnicity and Labour market

As stated earlier, caste and ethnic discrimination have been intrinsic features of the Indian economy. Affirmative policies, such as reservation in the public sector, have been successful in bridging the caste-based inequalities to a certain extent. Yet, in the recent years, with the reduction in public sector employment and growth in select emerging private sectors, a new concern has emerged with respect to caste and religion based discrimination. There is evidence of discrimination in the private sector, which has created a recent demand for reservation in this sector. A series of recent empirical papers on this theme show evidence of barriers in the formal, urban private sector labour market even for qualified Dalits and Muslims. (Thorat and Attewell; Jodhka and Newman; Deshpande and Newman; Madheswaran and Attewell, 2007).

Box 1.2
Discrimination in the Indian Private Sector: Empirical Evidence

One of the interesting recent studies that carried out a field experiment to seek evidence on discrimination in Indian job market has important findings. The study analyzed responses to job applications sent to private sector firms to uncover the effect of caste and religious affiliations in the process of job market selection. Three responses were sent to each call-as an upper caste Hindu, as a Dalit and as a Muslim. The identities were differentiated only by the names on the application, which otherwise were similar in all other respects. The companies chosen were securities and investment companies; pharmaceutical and medical sales; computer sales, support and IT services; manufacturing; accounting firms, automobiles sales and financing; marketing and mass media; agriculture sales; construction and banking. The study found that job applicants with a Dalit or Muslim name were less likely to have a positive application outcome than equally qualified persons with a high caste Hindu name.

Source: Thorat and Attewell (2007)

Some of the other continuing trends that highlight caste-based discrimination are the following:

Employment status of SC/ST men and women is not impressive: Although there is no major difference in the labour force participation rates of SC/ST men and others, there are significant differences in terms of employment status. SC/STs are either self-employed farmers or casual labourers. They have minimal non-farm self-employment. Till today, in many cases SCs have remained restricted to caste based occupations and this is also true for the public sector. SCs continue to be a majority in the manual jobs such as cleaning and sweeping. Other occupations, such as, non-agricultural, semi-skilled jobs largely continue to be caste-based (Das, 2006).

Wage-gap in terms of caste and ethnicity persists: Wage discrimination (low pay for equal work) against SCs is higher than discrimination in job in the urban areas (Banerjee and Knight, 1983). But the opposite holds in case of rural India (Ito, 2007). SC and OBC individuals, on an average, earn less than general caste workers in all occupational categories, with the earnings gap higher in predominantly white-collar occupations, such as, professional, administrative and clerical works (Das and Dutta, 2007).

Education does not result in better employment in case of SC/ST men: In general there is a negative relation between combined effects of SC/ST status and education on employment opportunities in case of men. SC men suffer a disadvantage in regular salaried jobs if they have post-primary

education. With higher education since SCs do not get access to salaried employment, they usually crowd into casual labour or stay out of labour force if they can afford to. In case of SC/ST women, however, the likelihood of getting better employment increases with education. (Das, 2006).

1.3.5 Religious Minorities and Labour market:

There are also significant differences observed in the nature of labour market participation in case of different religious groups. Particular trends are observed for specific minority groups such as the Muslims for instance.

Minorities are concentrated in certain job sectors: According to the Sachar Committee Report on the Muslim minorities in India titled “Social, Economic and Educational status of the Muslim Community of India” (2006), the Muslims in India are concentrated in non-farm, self-employment. The participation of Muslim workers in salaried jobs, both in public and private sector are quite low (only 27% in the urban areas). Das (2008) contends that Muslim tend to crowd themselves in self-employment in the absence of likelihood of finding jobs in the regular job market. Thus, the persistence of religious discrimination leads to the formation of minority enclaves in the labour market. Data on the distribution of Muslims across industry type shows highest participation is in manufacturing and trade, followed by construction. Within the manufacturing sector, they are concentrated in manufacturing of tobacco products and textile and textile products like wearing apparels. Among non-manufacturing activities, land transport and wholesale and retail trade witness the maximum share of Muslim workers (Sachar Committee Report, 2006).

Minorities are more vulnerable with no written contract or social security benefits in most cases: According the Sachar Committee Report (2006), Muslim regular workers are the most vulnerable of all. They register the highest share of regular workers with no social security benefits and no written contract. Moreover, the proportion of Muslim regular workers getting salaries on a monthly basis is lower as compared to others.

Wage-gap in regular jobs in case of minorities: The report also points out that Muslim regular worker get lower daily salary earnings, both in public and private sectors, as compared to others. However, the wage-gap is higher in the private sector.

Higher Education does not result in better employment in case of minorities: Post-primary education has evident negative effect in case of Muslim men in terms of employment. Thus higher education does not lead entry to higher end jobs in case of minorities (Das, 2008).

The above review of clearly shows that there are significant trends of discrimination that characterize the Indian labour market. These are based on gender, caste, ethnicity and religious groups. While there seems to be evidence of lessening of some forms of discrimination, newer forms of discrimination have emerged over the recent years, especially in the post-liberalization phase. Hence there is a need for a renewed focuss on the continuing problem of discrimination and visualize possible ways of mitigating it.

1.4 Organizational Structure of Firms and Technology: The Impact on Labour Market in India.

Organizations act as the unit of co-ordination between the factor inputs, mainly labour, capital, technology and hence determine the demand for these factors. Organizational structure and design has changed from a hierarchy based model to one based on market flexibility. This has had implications on the production process in general and the role of labour in particular. Simultaneously, there have been technological changes that have influenced both the production process and the nature of goods produced.

1.4.1 From Hierarchy to Market

An analysis of the change in the organizational structure, from the seventies to the present, provides an insight into the nature of the demand for labour, both in terms of type and number. The hierarchy based structure of the organization, was the dominant form seen across countries till the mid nineties. Coase (1937) and Simon (1947), both recognized hierarchy as the most important characteristic of the firm. For Coase, the transaction costs⁴ lead optimizing individuals to prefer hierarchy, to markets; and for Simon, limited cognitive ability, leads the decision

⁴ Production processes involve numerous transactions between owners of the various inputs – capital, land, labour, specialized knowledge and others. There are two main types of costs – the costs incurred in gathering information and the costs incurred in negotiating and concluding contractual agreements for each contract. Firms only emerge when this condition is met, and expand up to the point where the cost of an additional transaction within the firm begins to exceed the cost of the same transaction in the market.

makers to satisfy⁵ and engage in structured behavior (Moe, 1984). Organizations existed to coordinate and to motivate human activity, so as to operate efficiently. Cooperation and coordination was inherent in this hierarchical model. A change in paradigm was brought about, by the emergence of the economics of information, change in the production process, and the expansion in size and scope of organizations⁶. From tangible inputs and assets, intangible assets such as knowledge, brands, reputation were recognized as important contributors, to the firm's success and growth. Hence, organizations began making efforts, to create knowledge, and share and coordinate it between its various units. In order to reduce the complexity, and ensure that firms could respond to the changing market conditions more efficiently, firms began to disaggregate i.e. there was devolution of decision making authority. With disaggregation, each Strategic Business Unit operated as an independent firm, responding not only to the owners, but also to the market. The organization and its employees were then accountable, not only to their owners, but also to the market (McKinsey, 1998). In this market based approach, there is a separation of ownership and control, and organizations have moved, from a book based to a market based valuation.⁷ Management is constantly monitored by shareholders to ensure efficiency. Consequently, companies outsource non-core processes, so as to reduce costs and to maximize returns.

1.4.2 Role of Technology

The changes in the organizational structure have been accompanied by, changes in technology. The technological changes can be viewed in two ways:

- First is the new information and communication technology or ICT, which has led to a general change in the production process, by making communication easier.
- Second are specific changes in the product or the production process through technical innovation.

² Simon's model of 'Bounded Rationality' states that human beings have limited knowledge and access to information and hence tend to behave in a routine and adaptive manner that is specified by the superiors in an organization through hierarchy.

⁶ There was the growth of transnational and multinational corporations with presence in a variety of sectors and regions. With economies of scale in both the production process and decision making process, the optimal size of the firm became quite large (Day, J. D and Wendler, J.C 1998).

⁷ The owners of the organization are the shareholders whereas the managers control the functioning with the aim of maximizing shareholder profit. Refer to Jensen and Meckling (1976) Agency problem.

The first type of technological change of ICT⁸ or IT, has played an important role in changing the organizational structure. New breakthroughs in ICT have made it profitable for firms, to introduce new organizational practices, such as flatter hierarchies, and to allow for a greater decentralization of decision-making (Lindbeck and Snower 1996, 2000). Secondly, the impact of technology on labour, can be analysed, depending on the type of technical change: process change or product change. The former is a change in the production process, while the latter is a change in the nature of the good but not in its use. Process change can be induced either by product change, or by exogenous factors. It implies the minimization of input use by the new production process. This process change can lead to industry level changes i.e it may be desirable to outsource certain activities to separate industries; for example, Business Process Outsourcing units of IT or Telecom industries. This may lead to a reduction, in the demand for labour, within the firm, and an increase in the demand for labour, in the outsourced firms. Labour engaged in non core activities may be retrenched, while similar labour may be hired on a contractual basis through outsourcing. Product change can lead to an increase or decrease in labour demand, depending upon whether the change makes the product simpler or more complex.

1.4.3 Impact on Labour

The shift in organizational structure and technological change had an impact on labour demand and the labour market in India. These changes are more pronounced in the emerging sectors.

Increase in Flexibility: The market based organization setup is based in flexibility. These can be categorized as numerical flexibility, functional flexibility and pay flexibility. Numerical flexibility exists in terms of free hiring and firing. There has been an increase in contractual hiring which is one of the primary methods used by firms to ensure flexibility. Annual Survey of India data reveals that, the ratio of non-permanent workers to total number of workers, in all the manufacturing sectors, increased from 9.89 % in 1992–93, to 23 % in 2000–01 (Guha, 2006). As mentioned above, in a market based system, the management is constantly monitored to ensure efficiency. To ensure profitability, large firms outsource non-core activities (Day, J. D and Wendler, J.C 1998). This outsourcing leads to an increase in the demand for contractual labour hired by a firm. Functional flexibility is seen in terms of cross functional roles that an employee

⁸ The most significant type of organizational changes are ICT-enabled organizational changes, i.e., software for planning, order processing, controlling, logistics and internal and external connection of computers.

is expected to perform. Especially in the emerging service sectors, the ability to multi-task is critical to employment. Pay flexibility is observed when trends in the compensation packages are analysed. There has been an increase in the variable-pay component, in compensation packages. The ratio of fixed to variable pay, in India is 60:40 (Makhija, 2005). The Banking, Financial Services and Insurance (BFSI) sector, in particular, offers flexible benefit plans where target achievers are rewarded with special incentives in addition to fixed pay. Issuing stock options to the managerial staff is another common practice⁹. While this profit sharing mechanism does act as motivation to enhance performance, its implementation is problematic as direct contribution to profits by employee is at times difficult to measure. The increase in the variable pay component reflects the growing importance attached to employee contribution to profits. With knowledge and information as the most important drivers of growth, firms are recognizing the direct link between their talent/ workforce and their profitability. The fundamental measure of a firm's success is gauged by its 'net income per employee'.

Skill based wage inequalities: The impact of technology on employment can be better understood, when we disaggregate the labour by skill level. The introduction of new types of technology has been one of the main reasons for rising wage inequality post the 1970s. Highly skilled labour is more complementary to capital intensive technology, than to unskilled labour (Krusell, 1997). Hence, higher capital stock results in a relatively larger increase in the wages of skilled labour. Skill biased technology reduces the relative demand for unskilled labour, in turn reducing their wages. Further, their skills are non-transferable and hence, they are unable to adapt to the new production process. The implications for labour due to the new organizational structures and technology adopted are interesting. In the banking sector with an increase in products and flatter organizational structures, the demand for skilled labour has increased. At the same time with new delivery mechanisms, interaction with bank staff has declined leading to a decline in the demand for such labour. Telecom, IT and ITeS, on the other hand, has led to an increase in demand for labour on account of both process and product change. With many more players in these markets, and the growing role IT solutions serve in other sectors, demand for skilled

⁹ Some corporations make formal arrangements for employee participation, called Employee Stock Ownership Plans (ESOPs) and Employee Stock Purchase Plan (ESPPs). An Employee Stock Option Plan is when the company offers its shares to the employees. ESPP means a plan under which the company offers shares to employees as part of a public issue or otherwise.

labour is high. Their penetration to the tier II and tier III cities as also to rural areas is expected to accentuate the need for skilled labour.

The retail sector promised the greatest scope for employment. With both, product complexity and the importance of supply chain management, there was adequate scope for labour. Technology in this case is labour augmenting and not capital intensive. The type of labour demanded however is very different from that already employed in the unorganized retail outlets. There is great stress on skills, soft and functional skills. As opposed to the other emerging sectors, technical skills and educational qualifications are not of paramount importance.

1.5 Emerging Entrepreneurship Issues in India

The following section attempts to provide a brief review of the entrepreneurship situation in India. This section reasons out the major factors affecting entrepreneurship as an economic activity in the country.

Entrepreneurship is generally understood with reference to individual business and the success of the enterprise depends upon vision, innovativeness and risk taking of an individual. Production in an economy is possible due to the collaboration of the various factors of production such as land, labour, capital, market, management and entrepreneurship. An entrepreneur organizes these factors of production in such a way that a profitable output is realized. The fundamental aspect of entrepreneurs is that they have the autonomy and economic independence for carrying out production. With regards to the returns of entrepreneurs, they do not have access to wage or payroll-based benefits. Entrepreneurs have to depend upon their own profits and are “personally responsible for their own welfare” and their enterprises. Consequently, they do not have access to employer-sponsored benefits and often have limited access to statutory or privatized systems of social protection (International Labour Office, 2002). However, a fundamental aspect of entrepreneurship is that this economic activity generates employment also for other in the labour force.

A dynamic theory of entrepreneurship was first advocated by Schumpeter (1949) who considered entrepreneurship as the catalyst that disrupts the stationary circular flow of the economy and thereby initiates and sustains the process of development. With the assistance of

the ‘new combinations’ of the factors of production which he briefly labels as innovation, the entrepreneur stimulates the economy to a new level of development. The concept of innovation is always associated with entrepreneurship and innovation in this case incorporates five functions. They are: introduction of a new good, introduction of a new method of production, opening of a new market, conquest of a new source of supply of raw materials and carrying out of new organization of any industry. Thus, the entrepreneur does something qualitative by recombining the available means of production and the resources.

The focus in the study of entrepreneurship shifted from the act to actors or from entrepreneurship to entrepreneurs with the work of David McClelland (1961). According to him, need for achievement (n-Ach) is an important characteristic of an entrepreneur leading to overall economic development. His analysis has triggered off the ‘traits approach’ to comprehend entrepreneurial behavior. The traits approach refers to analyzing the specific characteristics that are crucial in making an entrepreneur. The three main variables that affect the entrepreneurial activity and entrepreneurs are economic variables (for example availability of land, labour and capital), social variables (for example social and cultural systems of a region) and psychological variables (for example individual character traits).

1.5.1 Entrepreneurship Issues and the Indian Scenario

Entrepreneurs in India are categorized into three categories. These three categories are a) self-employed with employees (employers), b) self-employed without employees (own-account operators) and c) unpaid family workers. In India, own account operators constitute the largest segment of all the categories of self-employed. Based on income, entrepreneurs can be classified into high income and low income self-employed individuals. High income self-employed individuals are independent professionals (such as doctors, lawyers, artists and accountants), shop owners in urban areas, rice mill owners, workshop owners, Commission agents, Brokers of real estate, housing etc, and owners of small hotels and restaurants. Low income self-employed individuals are handloom weavers, Chikan workers, Street vendors, Food processors, Rickshaw pullers, Rag pickers, Beedi rollers, Agarbatti makers, Potters, Bamboo product makers etc. The high income self-employed individuals possess significant physical and human capital, whereas the low income self-employed individuals have minimum physical and human capital. According to a survey conducted by NCEUS 2007, self-employment in India is predominant in low-income

self-employment which comprises of food processing, handloom weaving, street vending, and rickshaw pulling. Thus, the nature of self-employment in India is more of a survival strategy rather than that of a sustainable business activity.

Caste and Entrepreneurship: Entrepreneurship scenario in a country depends on the social structure of the country and other economic factors. A very important social factor affecting entrepreneurship in India is the prevalent caste system. It has been documented that this system has excluded large sections of the population from taking entrepreneurship as a profession. Further, the caste system specialized the business function to a particular group of people known as the Vaishyas who were considered the traders. Originally, the caste divisions were based on occupational differentiation. The occupations being related to the caste structure and fundamentally to religion tended to reduce occupational mobility. Basically, the Indian caste system determined the function, the status, and the access to avail the opportunities for an individual in the economic realm (Medhora, 1965). The traditional social establishments in India represented by institutions like caste system and religion reflect socio-cultural rigidities in the society. They work as social inhibitors in entrepreneurship development. There are significant inhibiting factors such as custom and tradition, low status given to businessmen, the high social and economic risk involved in enterprise creation which discourages an individual to take up the profession of entrepreneurship in India. Thus, the inflexibility of social organizations has lead to pockets of low and high entrepreneurial activity in India

The communities that report high entrepreneurial activities are Banias of Madhya Pradesh, the Marwaris of Rajasthan, the Jains of Rajasthan and Gujarat, the Chellars of Tamil Nadu and the Parsis of Maharashtra. Due to the prevalent social and cultural norms of these groups, they opt for entrepreneurship as their first choice of occupation. Initially, the caste system rigidly determined the development of entrepreneurship in India, however, later the stranglehold of the system loosened to a great extent. A number of cases indicate that sociological factors such as caste, attachment to traditional activities and approval or disapproval of the social group to which a potential entrepreneur belongs are less important than economic factors such as access to capital and possession of business experience and technical knowledge.

Finance: Apart from caste there are other economic factors like availability of finance which is an important factor in facilitating entrepreneurial activity among individuals. This is specifically true

in the case of start up ventures. New firms in particular, find it difficult to arrange for funding of their business which is so because the new firms find it hard to prove their credibility in the financial market. However, the process of raising capital for entrepreneurship has become comparatively easier in the recent years. Further, private investment in India is very common among certain communities for capital and specifically in the case of private and unorganized sectors. Thus, the sources of start-up funds in India are mostly personal sources through personal networking. In an interview of entrepreneurs by National Knowledge Commission, 63 percent of the entrepreneurs interviewed responded that their business in the initial stage had been financed by personal sources like family members. The perception among them regarding finances from the banks is that in the initial stages it is difficult to acquire a bank loan as banks find it difficult to recover loans from start ups. Getting a bank loan gets easier as one establishes his/her firm and has a successful track record in the business. In the initial stage when finance for business is mostly taken from family, it is usual to start the firm with a very small budget in order to minimize the risk in the business. Later as the business marks its niche in the market the functional base and activity of the firm is expanded to a broader horizon. The report indicates that the next most important source of funds after personal sources is the formal financial institutions (Bal, 1998).

Government Support: Further, government policies and programmes impact the scenario of entrepreneurship in India. Government policies mostly work through the aspect that government has the primary responsibility in developing infrastructure and enforcing the appropriate legal and regulatory framework required for starting up entrepreneurship. Moreover, government is empowered to encourage new firms through support policies of the government where it has policies and programmes which favor the new industries. The survey of the entrepreneurs done in Global Entrepreneurship Monitor-2001¹⁰ India report reveals that entrepreneurs have not had pleasant experiences with the government when it comes to starting up a new venture. The time required to do the running around from pillar to post to comply with regulatory obligations is a major issue with the entrepreneurs and acts as a disincentive to not take up entrepreneurship as a career option. Further, the result of the survey point out that

¹⁰ Global Entrepreneurship Monitor is an international research project designed for assessing the level of entrepreneurial activity in the participating countries along with the entrepreneurial framework conditions prevailing there. The research consortium is coordinated by Babson College, USA and London Business School, UK, and had a membership of 29 countries in the year 2001. (GEM India 2001).

the government programmes that exist in India are not much effective due to the lack of coordination between the agencies delivering them. The people working for the government agencies in such government programmes are not considered to be competent enough for delivery of the services in right time. The result is that the help that is required in these start-up ventures is not available.

Physical infrastructure: Adequacy of physical infrastructure is another major factor governing the growth of entrepreneurship in the country. Reliable physical infrastructure facilitates continuous business growth. Although the cost of the infrastructure in a new firm is comparatively low in India but to access this infrastructure is a very long and time taking process. Once the accessibility to such resources has been acquired, the reliability of these resources is a major issue leading to loss of time and money. To deal with such situations entrepreneurs have to arrange for back up facilities which adds to the total cost of the venture. Thus, lack of proper infrastructure can be a major bottleneck in smooth operation of any business (National Knowledge Commission, 2008). Research and Development is a very important part of infrastructure for the firms as it helps them to compete with global and local markets competitively. It is common in India that the existing firms with a good resource base are able to invest in research and development. The new firms which also require R&D have to depend on outside source for the same. Local companies in India have not been able to make proper use of the trained scientific manpower available at a relatively low cost (Global Entrepreneurship Monitor Report, 2001). Thus, access to credit, government policies on entrepreneurship, availability of infrastructure, social structure of the regions are factors that influence the entrepreneurship development in India.

The Indian entrepreneurs and the workers face problems with regard to resources, credit and infrastructure. However what is worth noting about the Indian entrepreneurship is the variance between the high income and low income entrepreneurs. The main differentiating factor between the high income and low income entrepreneurs is the lack of adequate physical and human capital among the low income entrepreneurs. The social profile of the low income entrepreneurs show that lack of education acts as a debilitating factor in making their enterprises sustainable

Chapter 2

Outline of Indian Labour Market

2.1 Composition of Indian Labour Force

This chapter attempts to give an overall picture of the Indian Labour Market, and the major trends the labour market has followed for the period 1999-2000 to 2005-2006. The population consists of employed, unemployed and not in labour force. Of these, the employed and unemployed form the labour force. Employed population is of three types: Self-employed, regular wage/salaried and casual labour. In this chapter, we assess all three categories of population using National Sample Survey (NSS) reports of 55th and 62nd rounds, covering the period 1999-2000 to 2005-06. A brief note on survey conducted by national sample survey of India is given in Box 2.1

Box: 2.1

A Brief on National Sample Survey Organization Survey

Some of the chapters in the India Labour Market Report are exclusively based on the data collected by the National Sample Survey Organization (NSSO) and presented in their 62nd NSS Round (2005 – 2006). This note is included to brief the readers about the NSSO survey, its methodology and coverage.

The National Sample Survey by the National Sample Survey Organization is one of the most important sources of data on employment, unemployment, and underemployment in India. The NSS began conducting nationwide surveys on employment and unemployment from 1955 (Ninth Round). However it was from 1972 (27th Round) that the survey was conducted quinquennially on a large sample of households. The NSS survey provides data on both, the extent of and the pattern of employment and unemployment in the country. This data is further analyzed for the variables of age, gender, occupation, industry and education. State – level and National level estimates for all the variables are also provided.

The 62nd Round survey was spread over 4,798 villages and 5,125 urban blocks covering 78,879 households, of which 37,975 were located in rural areas and 40,904 were in urban areas. The survey enumerated 377,377 persons, of which 186,571 were rural persons and 190,806 were urban persons. The methodology makes use of three approaches to calculate the employment and unemployment rates:

- 1) Usual status with a reference period of one year
- 2) Current weekly status with a reference period of one week prior to the survey and;
- 3) Current daily status based on the daily activity pursued during each day of the reference week.

This report uses the NSS survey data and the NSS definitions for the purpose of analysis. The exact definitions NSS survey uses for 62nd round are provided in the footnote of the chapter where the data has been analysed.

The labour supply in India is examined using five indicators: Work Participation Rate (WPR), Labour Force Participation Rate (LFPR), Unemployment Rate, Employment Status and Non-participation in the labour market. While the change in the five aggregates during 1999-2000 to 2005-06 is captured by comparing data from NSS reports, the NSS 62nd round forms the base for the disaggregate analysis, of these variables. These variables are disaggregated for age, education, gender, caste and religion and region. Further, employment status is disaggregated for industry and occupation. Following equations express composition of population and labour force.

$$P = L + NL \quad (1)$$

P=Population, L=Labour Force, NL=Not in Labour Force

$$L = E + UE \quad (2)$$

E=Employed, UE=Unemployed

$$E = SE + RE + CE \quad (3)$$

SE = Self employed, RE = Regular wage/salaried, CE = Casual labour

From these equations, we derive WPR, LFPR, Unemployment Rate, Employment Status and non-participation in labour market¹¹. Here it is important to analyze three important aspects of the labour market. They are the composition of the Indian population, the composition of Indian labour force and the composition of Indian employment. Table 2.1 shows that, in the principal and subsidiary (PS+SS) category, 42.3 percent of the Indian population is in the labour force, while 57.7 percent is in the not in the labour force. This composition is similar for the categories of usual principal status, current weekly status and current daily status. Thus, the proportion of not in labour force is more than the proportion in labour force. The proportion of labour force is more in the principal and subsidiary (PS+SS) category, than in the usual principal status (UPS). This is so because, according to the NSS, a non-worker on the basis of UPS is someone whose major part of time in the preceding year was spent as either unemployed or not in the labour force. Nevertheless, the person could still be involved in some economic activity and is referred as subsidiary worker in the labour force. Comparing the NSS 62nd and 55th

¹¹ WPR = E/P, LFPR= L/P, Unemployment rate= E/L,
Employment Status = SE+RE+CE, Non-participation in labour market= NL.

rounds, it can be seen that, the growth rate of labour force is more than the growth rate of not in labour force.

Table 2.1: Composition of Indian Population across Different Employment Status

Categories	NSSO 62 (2005-06)	NSSO 55 (1999-01)
<i>Usual Principal Status(UPS)</i>		
Labour Force	38.50 (1.20)	37.5
Not in labour force	61.50 (0.60)	62.5
Population	100	100
<i>Principal Status +Subsidiary Status(PS+SS)</i>		
Labour Force	42.30 (1.40)	40.5
Not in labour force	57.70 (0.04)	59.5
Population	100	100
<i>Current Weekly(CWS)</i>		
Labour Force	39.90 (1.30)	38.7
Not in labour force	60.10(0.50)	61.3
Population	100	100
<i>Current Daily(CDS)</i>		
Labour Force	37.40 (1.40)	36.1
Not in labour force	62.60 (0.50)	63.9
Population	100	100

*Figures in parenthesis indicate compound growth rate

Source: NSSO 62nd round, NSSO 55th round

Table 2.2 describes the composition of labour force in India. The table shows that, in the PS+SS category 97.3 percent of the labour force is employed, while 3.7 percent is unemployed. The growth rate of unemployed (2.5) is more, compared to the growth rate of the employed (1.4). Further, the percentage of unemployed labour force increases considerably from the UPS¹² to the Current Daily category (CDS). The CDS criterion describes the nature of activity on a typical day of the reference week and therefore is defined as ‘flow’ measure of work possibilities (Chandrasekhar and Ghosh, 2008). Conversely, the reference period for UPS category is the preceding year. This leads to the significant difference in the proportion of unemployed in the two categories.

¹² According to NSS the usual principal activity status relates to the activity status of a person during the reference period of 365 days preceding the date of survey. The activity status on which a person spent relatively longer time (i.e. major time criterion)during the 365 days preceding the date of survey is considered as the usual principal activity status of the person.

Table 2.2: Composition of Indian Labour Force across Different Activity Status

Categories	NSSO 62 (2005-06)	NSSO 55 (1999-01)
Usual Principal Status(UPS)		
Employed	96.90 (1.10)	97.30
Unemployed	3.10(3.30)	2.70
Labour Force	100	100
Principal Status +Subsidiary Status(PS+SS)		
Employed	97.30(1.40)	97.80
Unemployed	3.70(2.50)	2.20
Labour Force	100	100
Current Weekly(CWS)		
Employed	95.50 (1.30)	95.60
Unemployed	4.50(1.80)	4.40
Labour Force	100	100
Current Daily(CDS)		
Employed	92.00 (1.2)	92.80
Unemployed	8.00 (3.0)	7.20
Labour Force	100	100

* Figures in parenthesis indicate compound growth rate

Source: NSSO 62nd round, NSSO 55th round

Table 2.3 gives the composition of the employment in the NSS 55th and 62nd rounds. It can be seen that the self-employed are maximum in proportion, followed by casual labour, and regular salaried. The important point to note here is that, casual labour has a negative growth rate for all the categories (The growth rates are -0.3 for UPS, -0.1 for PS+SS¹³, -0.2 for CDS and -0.4 for CWS¹⁴). Certain important trends emerge from the above findings: the proportion of self-employed increases to an extent, from the UPS category, to the PS+SS category. Whereas, the proportion of regular salaried and casual labour decrease from the UPS category to PS+SS category.

¹³ In PS+SS category NSS defines subsidiary status as a person whose usual principal status was determined on the basis of the major time criterion could have pursued some economic for a shorter time throughout the reference year of 365 days preceding the date of survey or for a minor period which is not less than 30 days during the reference year. Thus according to the PS+SS category workers are those who perform some work activity either in the principal status or in the subsidiary status. Thus a person who is not a worker in the usual principal status is considered as worker according to the ps+ss status, if the person pursues some subsidiary economic activity for 30 days or more during 365 days preceding the date of survey.

¹⁴ According to NSS the current weekly activity status of a person is the activity status of a person is the activity status obtaining for a person during a reference period of 7 days preceding the date of survey. It is decided on the basis of a certain priority cum major time criterion.

Table 2.3: Composition of Employment across Different Activity Status

Categories	NSSO 62 (2005-06)	NSSO 55 (1999-01)
<i>Usual Principal Status(UPS)</i>		
Self-employed	52.50 (1.70)	50.40
Regular Salaried/ Wage Employment	16.10(2.20)	15.10
Casual Labour	31.40(-0.30)	34.50
Total	100	100
<i>Principal Status +Subsidiary Status(PS+SS)</i>		
Self employed	55.40 (2.10)	52.90
Regular Salaried/ Wage Employment	14.80(2.20)	14.10
Casual Labour	29.80(-0.10)	33.00
Total	100	100
<i>Current Weekly(CWS)</i>		
Self employed	56.70(1.80)	54.60
Regular Salaried/ Wage Employment	16.00(2.00)	15.10
Casual Labour	27.30(-0.20)	30.30
Total	100	100
<i>Current Daily(CDS)</i>		
Self employed	57.60(1.70)	55.80
Regular Salaried/ Wage Employment	17.70(2.10)	16.70
Casual Labour	24.70(-0.40)	27.80
Total	100	100

* Figures in parenthesis indicate compound growth rate

Source: NSSO 62nd round, NSSO 55th round

Table 2.4 shows the work participation rate, labour force participation rate, and unemployment rate for all persons in India. The WPR and the LFPR rates are highest for the PS+SS category. The unemployment rate is highest for the CDS¹⁵ category.

¹⁵According to NSS the current daily activity status for a person was determined on the basis of his/her activity status on each day of the reference week using a priority cum major time criterion (day to day labour time disposition).

Table 2.4: Important Employment Ratios across Different Activity Status

Categories	NSSO 62 (2005-06)	NSSO 55 (1999-01)
Usual Principal Status(UPS)		
Work Participation Rate (WPR)	37.30	36.50
Labour Force Participation Rate (LFPR)	38.50	37.50
Unemployment Rate (UR)	3.10	2.70
Principal Status +Subsidiary Status(PS+SS)		
Work Participation Rate (WPR)	41.30	39.70
Labour Force Participation Rate (LFPR)	42.30	40.50
Unemployment Rate (UR)	3.70	2.20
Current Weekly(CWS)		
Work Participation Rate (WPR)	38.10	37.00
Labour Force Participation Rate (LFPR)	39.90	38.70
Unemployment Rate (UR)	4.50	4.40
Current Daily(CDS)		
Work Participation Rate (WPR)	34.40	33.5
Labour Force Participation Rate (LFPR)	37.40	36.10
Unemployment Rate (UR)	8.00	7.20

Source: NSSO 62nd round, NSSO 55th round

2.2 Different Dimensions of Indian Labour Market

This section gives an overall picture of the major trends in the Indian labour market. Certain important changes have taken place during the period 1999-2000 to 2005-06 in the Indian labour market. In general, in the Indian context of post economic reforms, the rate of growth of the economy and the growth rate of employment (1.4) have accelerated. However, the economy in terms of employment status remains undiversified. In particular, in terms of social security and other amenities, the quality of employment remains poor and the conditions of work have deteriorated for a major portion of the workers (Bhalla, 2008). This is evident from Table 2.3, which gives the composition of employment. According to Table 2.3, in 2005-06, 52.5 percent and 31.4 percent of the total employed, were self-employed and in casual labour respectively. However, only 11.1 percent of the total employed, were regular salaried. Further, the increase in the growth rate of employment (1.4), can be attributed to the rapid increase in labour force because of the favorable age distribution of increased population during this period. India is currently passing through a demographic phase, where a bulk of the population is in the working age group of 15 to 59 (Bhalla, 2008). The unemployment growth rate (3.3) is much higher, than

the employment growth rate. Therefore, on the whole it is essential to realize that, productive employment opportunities for the growing labour force in India have to encompass both quality and quantity of employment available to individuals.

In this section the following dimensions of the Indian labour market has been analyzed -

- a) Regional Dimension
- b) Unemployment Dimension
- c) Employment Segment Dimension
- d) Gender Dimension

2.3 Regional Dimension

The regional dimension analyzes the labour force participation condition, and the employment and the unemployment situation of the rural and urban regions. The comparison of the growth rates of the labour force and not in labour force, of rural persons and urban persons is significant to note here. NSS defines Labour Force Participation Rate (LFPR) as, a measure of the proportion of population, which is in the working age. In both 62nd and 55th rounds, the compound annual growth rate (CAGR) of labour force is notably higher for rural persons, than for urban persons, across all the status categories (Appendix I, Table 3 and 6). However, for not in labour force, the growth rate is positive for rural persons, although it is considerably negative for their urban counterparts. Similarly, the situation remains the same when one compares the growth rates of labour force of urban males and their rural counterparts (Appendix I, Table 4 and 7). The labour force growth rate is higher for rural males, than urban males. While the not in labour force growth rate is positive for rural males, it is considerably negative for urban males.

Here it appears that rural areas manifest a high labour force growth rate, because of the predominance of the primary sector. Agriculture is the dominant economic activity in the rural areas and has the maximum proportion of employed in the labour force. The share of agriculture in employment has decreased over the years, but at a very slow rate (Bhalla, 2008). In addition, agriculture continues to be a labour intensive activity. Studies have pointed out the persistence of unorganized low wage, low productivity and insecure employment, in Indian agricultural sector. Agriculture constitutes of self-employed workers and casual labourers. In either case, the individuals in the above mentioned two categories do not receive any social security benefits, which render them vulnerable (Chandrasekhar and Ghosh, 2008)

Further, the employment and unemployment growth rates are higher for the rural areas, than for the urban areas (Appendix I, Table 13 and 16). The twin reason that works in this case is that, rural areas mostly have labour intensive economic activity, which leads to high employment rate in these regions. But at the same time, most of them are primarily engaged in the agricultural sector which is seasonal. This leads to high unemployment rates in the rural areas (Chandrasekhar and Ghosh, 2008). Nevertheless, the proportion of unemployed is higher in urban regions, considering they have more formal sector jobs, which leave them with the option of being either employed or unemployed. The scenario is different in the rural areas, where there are more informal sector jobs (Task Force Report 2001; Bhalla, 2008). Accordingly, the proportion of self-employed and casual workers is more in the rural areas, than in the urban areas (Appendix I, Table 21 and 24). Similarly, the regular salaried are more in the urban areas, as compared to the rural areas.

2.4 Unemployment Dimension

Data shows that, unemployment growth rate (Appendix I, Table no. 13 and 16), is high in the rural regions, considering informal sector jobs are more due to the lack of regular employment. This also impacts the livelihoods of the rural persons. They mostly work for intermittent time periods, due to the lack of choice of continuous source of livelihoods. Therefore, scholars conclude that the employment scenario in the Indian economy is not diversified, and consists mainly of informal sector jobs, which often do not provide decent working conditions. Yet, the proportion of unemployed is traditionally higher in urban areas, than in rural areas, even though the unemployment growth rate is more in rural areas, than in urban areas. This is partly because of the greater dominance of the organized sector in urban areas. In urban regions, people are forced to be either employed or unemployed, with fewer opportunities to engage in low productivity subsidiary employment, which can disguise an operative state of unemployment in any region. Consequently, employment objective cannot be solely defined in quantitative terms. The increase in the number of job opportunities is not an adequate indicator for revealing the employment scenario of a country. A very crucial factor which needs to be accounted for in estimating the employment condition of a country is the quality of employment of the individuals.

Further, a very important feature of the unemployment problem in India is that, the rate of unemployment is typically much higher among the educated, than among those with lower levels of education (Appendix II, Figure 6). This may indicate a mismatch between expectations and available employment opportunities for the more educated, and highlights the need for employment strategies to focus on employment quality. It needs to be emphasized that, the aspirations of the educated cannot be met by simply creating employment opportunities, without paying attention to the quality. Indeed, the reason given by the Task Force Report of the Planning Commission (2001) for high unemployment is precisely their high aspirations and that they do not just want to take up any employment that may be available. According to the Task Force Report, the problem of unemployment in this category can only be solved if high quality employment is created. Furthermore, the unemployment growth rates are much higher for the females, than for the males. This issue will be discussed later in details, when discussing the gender dimension of Indian labour market, where it has been argued that domestic responsibilities and economic need of individual households are the two main factors, which influence female participation in the labour market. Further, there are socio-cultural factors, which indirectly affect female participation in the labour market.

2.5 Employment Segment Dimension

It has been indicated earlier, that the total employed in Indian labour force, are divided into three major categories. These three categories are self-employed, regular salaried and casual employment. It is interesting to note that in rural areas, the proportion of the self-employed is maximum, followed by the casual employment and regular salaried. The proportion of regular salaried in rural areas is very low (Appendix I, Table 21). This is a reflection of the fact that, there is a lack of organized sector jobs in the rural regions. This further denotes the lack of social security benefits and decent working conditions in the rural regions. On the contrary, urban regions have almost similar proportion of self-employed and regular salaried labour force, and minimum proportion of casual labour force (Appendix I, Table 24). Consequently, the Indian labour market is divided into two sectors: the formal sector, which is concentrated in the urban regions, and the informal sector, which is concentrated more in the rural regions.

Correspondingly, in the developing countries globalization has let loose a process of intensification of casualisation and informalisation. This has led to dislocation of communities,

by minimizing employment opportunities in general, reducing employment in the organized sector, and increasing the mass of working poor. On the whole, the privatization of the public sector, decentralized production through sub-contracting, the deregulation of labour markets and the transfer of jobs from the formal to the informal sector, are factors that have undermined the position of labour as a factor of production, and labour as a class (Reddy, 2006). Due to the fierce competition among small and informal supplying firms, the large formal sector firms have the option of choosing their sub-contractors. The formal sector sub-contracts to smaller and informal firms, and thereby avoids the costs of social security and high wages, which helps them in reducing their production cost. Therefore, with the emergence of dual production structures of formal and informal economy, the major proportion of risks, hardships and uncertainties of small enterprises, are in turn transferred to the workers in the informal sector (Task Force Report, 2001). The National Commission for Enterprises in the Unorganized Sector (NCEUS, 2007) corroborates the same issue, by denoting that the process of informalisation of employment has generated a large segment of workers within the organized sector, who do not receive minimum conditions of decent work and social security benefits. The notable fact here is that, informal workers are indispensable for the organized sector, and share a symbiotic relation with organized sector workers.

Notably, the proportion of unorganized sector workers is very large in Indian labour market. The NSS 62nd round indicates that, unorganized informal enterprise workers constitute 92.4 percent of all workers. NCEUS defines the unorganized workers as, all the workers in the informal sector (minus a small fraction who are entitled to social security benefits), plus those workers in the organized sector who do not enjoy any social security benefits.

The unorganized workers in different sectors of the Indian economy are classified as

- 1) Wage workers in non- agricultural
- 2) Self-employed workers in non-agriculture (manufacturing).
- 3) Women workers in non-agriculture
- 4) Other disadvantaged workers
- 5) Agricultural workers.

The non-agricultural informal workers include manufacturing, construction, trade and repair, transport storage and other services. The agricultural informal workers include the agricultural labourers. NCEUS points out that the profile of workers in the informal sector reveals that, lack of education is a major factor, which prevents the informal sector workers from improving ones position in the labour market. Further, NCEUS indicate that, lower levels of education among the workers create vulnerability at two levels. Firstly, it denies access to ‘good jobs’ in the organized sector, and secondly it confines the workers to mostly casual manual jobs. Moreover, the situation in rural areas is worse, as illiteracy coupled with poor asset base and landlessness forces the individuals to work as casual labourers in the agricultural sector. It is also a widely acknowledged fact that education level decides on the kind of job one takes up whilst entering the labour market.

Apart from casual labour, self-employed individuals form a massive portion of the total employed in Indian labour force (Appendix I, Table 21 and 24). NSS 62nd and 55th rounds show that the casual labour market has registered a decreasing growth (Appendix I, Table 21 and 24). The shift has been to self-employment. Consequently, the increase has been sharpest among rural women, where self-employment accounts for nearly two-thirds of all jobs (Appendix I, Table 20). Again, 45 percent of men and 48 percent of women in UPS category in urban regions are self-employed (Appendix I, Table 22 and 23). The growth in self-employment in the case of India is mostly need driven, than opportunity driven. The move is mostly because of low and non-remunerative wages in the other sectors. There is difficulty among the working population in finding paid jobs. The outcome of this is a very significant increase in self-employment among all categories of workers in India. The increase is more significant and huge for the rural areas, than for the urban areas. Consequently, the apparent increase in aggregate employment growth may be more an outcome of the search for survival strategies, than a demand led expansion of productive income opportunities. Therefore, the employment scenario of the country forces one to question the livelihood conditions of the huge proportion of the self-employed in the Indian labour force, whose returns in most cases is uncertain (Chandrasekhar and Ghosh, 2008).

Furthermore, the economic situation of the self-employed was assessed by NSS in the 61st round. During the 61st round of the NSS, information was gathered, on the earnings of the self-employed in different households. The survey revealed that more than 40 percent of the self-

employed in rural areas received an income of less than Rs. 1500 per month. Above 30 percent of the urban self-employed received less than Rs. 2000 per month as compensation (Reddy, 2006). Own account workers or people who were self-employed without workers in rural areas earned Rs. 1167 per month and Rs. 2175 in urban areas, respectively (NCEUS, 2007).

However, the low proportion of organized sector workers in Indian labour force is associated with globalization (Appendix I, Table 21 and 24). Due to international trade and opening up of the domestic economy, importance is given to external market, than to internal market. To gain international competitiveness, the production cost is reduced by cutting down of workers from an organization. As a result people are forced to take up jobs in the unorganized sector, and that leads to the high increase in self-employment. This sector is marked by long hours of work with negligible earning, lack of any social security or labour protection, and extensive use of child labour. More than half the hawkers of Kolkata, and more than one third the hawkers of Ahmedabad, belonging to this category of self employed, are retrenched industrial workers (Bhaduri, 2008). Therefore, the informal sector has become a refuge of the people with no jobs in the organized sector. Correspondingly, globalization which is often associated with domestic liberalization, also results in reducing the power of trade unions, and encourages informal contractualisation, and impacts the working of the labour market (Bhalla, 2008).

2.6 Gender Dimension

The illustration of Indian Labour Market from the gender perspective is crucial to understand the importance and role of labour in the Indian economy. The different parameters (Like labour force growth rate, not in labour force growth rate, employment growth rate, unemployment growth rate and so on.) that have been used in the report to assess Indian labour market reveal significantly different result from a gender point of view. For instance employment growth rate (Appendix I, Table 9 and 10) and labour force growth rate of females are lower to that of males (Appendix I, Table 1 and 2). Correspondingly, the main reasons that have been pointed out for low participation of women in the labour force are that wage rates of women are lower to that of men in many occupations and women are denied of many occupations though they are capable of doing the work as well as men (Planning Commission, 2008).

Further, unemployment growth rate (Appendix I, table 9 and 10) and not in labour force growth rate (Appendix I, Table 1 and 2) are high for females to males. More females are in the casual labour market and in the self-employed category than males (Appendix I, Table 17 to 24). Correspondingly, there are very few females in the regular salaried in rural areas (Appendix I, Table 20). The above mentioned facts suggest the unfavorable condition of the females than males in the Indian labour market. However, rural females register high work participation rate than the urban areas (Appendix II, Figure 2). Scholars argue that in the rural areas it is easier to find jobs in the farm and in the household industries. The advantage they have is nearness of their job to their home. Therefore, it becomes easier to carry household activities and economic activities simultaneously. The disadvantage point is that it has been seen from data that rural females are mostly engaged in casual labour which is contractual and render them insecure. Most rural women are engaged in agriculture which is also seen as a subsidiary activity for them since they help the main agricultural worker for few hours on the farm. Conversely, urban females go out to work outside home and to distant places. This makes their participation in the urban labour market comparatively difficult considering their domestic responsibilities and the distance of their job from their home (Gulati, 1975).

In conclusion it is interesting to note some of the major findings. The major findings indicate that the maximum proportion of the Indian labour force is in the informal sector with no job security. This pushes them to an adverse position in terms of raising their demands with respect to their livelihoods. The role of privatization has lead to a low proportion of government sector regular jobs. Liberalization has induced an increase in the number of people in the informal sector. This has fragmented the economy in two parts, that of the formal and informal sector. Further, the economic process and changes in the Indian labour market has categorically affected the livelihoods of the informal sector people. The low paid individuals have always received better economic security and standard of living in the government sector than in the era of liberalization and globalization.

Chapter 3

Regular Employment in India

3.1 Definition

According to the status of employment, employed persons are categorized into three groups. These are (i) self employed (ii) regular wage/salaried employees (iii) casual labour. As pointed out in Table 2.3, slightly above half of employed persons is self employed and approximately one third is casual work, while regular wage/salaried persons form one sixth of total employment. The NSS defines regular employees as “those, who worked in others’ farm or non-farm enterprises (both household and non-household) and, in return, received salary or wages on a regular basis” (*NSS 62nd report: p 14*). Interestingly, nearly a half of regular employment is in unorganised sector, while other half is in organized sector. It is important to note that the term organised employment is broadly understood as the employment segment, which has access to rights such as social security. Organised work force in Indian case needs to be understood as those workers who have regular, contractual hired employment and enjoy a relatively high rate of wages, which are sufficient to provide social security, emanating from sustained productivity per worker (Tendulkar, 2003).

3.2 Status of Regular Employment

Table 3.1 reveals that there has been no significant change in the status of regular employed, for both males and females over the years. It is interesting to note that the proportion of regular wage/ salaried persons is relatively low, compared to the self employed or casual employed persons. Furthermore the proportion of regular female employees is relatively low compared to males in both rural and urban India. At the same time, the proportion of regular salaried males remained same in rural areas, but slightly decreased in urban areas (Table 3.1). On the other hand the regular employed amongst females has gradually been increasing. This increase is partly due to rise in demand for domestic workers, who are categorized as regularly employed.

Table 3.1: Regular Employed as Percentage of the Total Employed for Different NSS Rounds (PS+SS)

NSS Round	Rural		Urban	
	Male	Female	Male	Female
61 st round	10	3.9	40.6	35.6
55 th round	8.8	3.1	41.7	33.3
50 th round	8.5	2.7	42	28.4
43 rd round	10	3.7	43.7	27.5

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

3.3 Regional Picture of Regular Employment

Table 3.2 shows the percentage share of regular employment to the total employed in India. It is evident from this Table 3.1 that, while compared to other states in India states such as Delhi, Goa and Kerala have the highest share of regular employed persons. What is most significant is that the States experiencing low human development have low level of regular employed persons. On the other hand, States with low human development, such as Orissa, Bihar, Jharkhand, and Chattisgarh, have low level of regular employment. Quite visibly, while share of regular employment, for rural male in Bihar, is not even one percent, the share in Kerala is more than one sixth, clearly reflecting striking contrasts in educational attainment. It is important to note that urban-rural dichotomy in regular employment is quite pronounced in Bihar. Slightly above one fifth of persons, combining male and female, have regular employment in urban Bihar, clearly contrasting the minuscule share of regular employment in rural Bihar.

Table 3.2: Percentage of Regular Employed to the Total Employed- State wise

State	Rural		Rural Person	Urban		Urban Person	Male	Female	Person
	Rural	Rural		Urban	Urban		Rural +	Rural +	Rural +
	Male	Female		Male	Female		Urban	Urban	Urban
Andhra Pradesh	10	1.98	6.4	42.4	30.6	39.2	17.5	5.4	12.6
Assam	11.6	10.14	11.3	35.7	44.6	36.9	14	11.6	13.2
Bihar	0.4	1.89	3.6	22.1	19.2	21.9	5.6	2.9	5
Chattisgarh	5.2	0.63	3.1	37.4	48	39.7	10.2	3.7	7.4
Delhi	43.1	33.72	42	55.9	82.7	58.4	54.5	76.3	56.6
Goa	37.3	60.19	41.8	51.4	58.3	53.6	46	59.2	49.4
Gujarat	13	1.85	8.7	40.6	30.4	38.9	22.1	5.7	16.9
Haryana	20.3	1.58	13.7	43.9	31.3	41.3	26.5	5.7	19.6
Himachal Pradesh	19	3.6	11.6	41.9	45.6	42.9	21.3	5.2	13.8
Jammu & Kashmir	1.5	3.43	11.7	36.4	42.2	37.1	19.3	6.7	15.9
Jharkhand	6.3	1.85	4.7	43.6	35.8	42.4	12.8	3.6	9.7
Karnataka	7.4	3.62	5.9	41.8	43.6	42.1	16.9	9.5	14.1
Kerala	18.6	21.65	19.6	25.6	44.3	30.6	20.2	25.7	21.9
Madhya Pradesh	6.9	1.44	4.9	40.6	40.6	40.6	14.5	5.4	11.4
Maharashtra	11.1	3.07	7.9	51.4	46.9	50.6	26.2	10.8	21
Orissa	9.2	1.46	6.2	41.2	24	38.2	13.9	2.6	10
Punjab	18.2	7.99	14.9	41.1	49.6	42.3	25.9	15	22.8
Rajasthan	10.9	1.24	6.9	38.4	29.3	36.8	16.6	3.2	11.5
Tamil Nadu	16.6	9.64	13.5	49.4	43.4	47.8	29.1	17.2	24.6
Uttaranchal	12.4	1.97	7.8	42.2	39.3	41.7	18.7	4.3	13.3
Uttar Pradesh	7.8	2.68	6.2	35	28.4	34.2	12.9	4.6	10.9
West Bengal	8.9	8.04	8.6	38.1	41.6	38.7	15.6	13.8	15.3
North-Eastern States	0	5.7	10.7	43.1	36	41.1	17.9	10.4	15.5

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

3.4 Regular Employment and Age

Table 3.3 shows the percentage of regular employed to total employed by age. As it can be seen from Table 3.3, in rural areas, the regular employed persons are relatively high in the age group of 20-34. It is important to note that the percentage of the regular employed is increasing, till age of 34 and thereafter, it tends to decline. There is a substantial difference between the percentage share of rural female and urban female employed in regular employment. Similar trend exists for their male counterparts too.

Table 3.3: Percentage of Regular Employed to the Total Employed by Age

Age category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
0 – 4	0	0	0	0	0	0	0	0	0
5 – 9	0	0	0	0	0	0	0	0	0
10 – 14	9.2	0	4.6	40	29.2	36.4	13.6	3.5	8.6
15 – 19	7.6	2.6	6	38.8	33.3	37.4	13.2	6.1	11.2
20 – 24	12.1	5.3	10.1	42.2	48.8	43.4	19.3	11.5	17
25 – 29	11.8	3.7	9.1	42.9	45.7	43.4	19.9	9.7	16.8
30 – 34	12.5	5	9.5	42.8	39.4	42.2	21.1	9.3	17.1
35 – 39	11.1	4.3	8.5	40.4	36.2	39.4	18.9	8.3	15.3
40 – 44	9.5	4.1	7.5	43.9	38.9	42.9	18.6	8.7	15.3
45 – 49	9.8	4.6	7.9	45.2	42.3	44.7	18.9	9.2	15.8
50 – 54	11.5	3.6	8.9	46.6	36.6	45	19.9	7.6	16.5
55 – 59	9.4	3.3	7.2	50	39.8	48.2	19.6	7.1	15.3
60 & above	2.2	1.2	1.8	16.7	22.1	17.9	4.3	2.9	3.8

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

3.5 Regular Employment and Education

Table 3.4 shows the link between the level of education and regular employment. It clearly indicates that, as the level of education rises, the percentage of regular employment increases. This shows that, the higher the level of education, the higher tend to be the employed persons in regular wage category. This indicates that, compared to the self employed and casual, regular employed requires a minimum level of schooling which is essential to participate the regular employment. It represents that, there a positive relationship between the level of education and regular employed persons.

Table 3.4: Percentage of Regular Employed to the Total Employed by Education

Education Category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Not literate	4.1	1.6	2.8	21.4	23.8	22.4	6	3.2	4.5
Literate & up to primary	6.6	3.8	6	31.8	28.2	31	11	7	10.4
Middle	11.1	6.1	10	38.9	29.3	37.8	18.4	9.7	16.9
Secondary	17.3	13.7	17	45.5	45.5	45.4	26.6	21.8	26
higher secondary	23.1	26.7	23.7	47.7	55.6	48.6	32.7	37.2	33.3
diploma/certificate	43.9	68.2	46.8	72.1	77.9	72.9	58.5	73.7	60.5
Graduate	36.4	53.4	38.4	59.5	75.2	62.1	50	68.1	52.4
Post graduate and above	45.5	63.6	48.1	68.7	88.8	73.9	60	83.4	65

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

3.6 Regular Employment according to Economic Activities

Table 3.5 shows the state-wise distribution regular employment according to economic activities classified in National Industrial Classification 2004. Of the total regular employed, states, such as Arunachal Pradesh, Assam accounts for high percentage of regular employment in agriculture, hunting and forestry. On the other hand, States, Himachal Pradesh, Bihar, Orissa has relatively lower share in agriculture, hunting and forestry. Among the states, the share of regular employed in manufacturing sector is relatively high Gujarat (39.1), Tamil Nadu (36.8), followed by Uttar Pradesh (27.7), Haryana (26.9) and Maharashtra (26.6). Interestingly, in the services front, public administration provides relatively high percentage of regular employment for many states like Jammu and Kashmir, Nagaland, Arunachal Pradesh, Mizoram etc. In Short, the share of regular employment is mainly concentrated in three economic activities namely public administration, manufacturing, and education.

Table 3.5: State-wise Distribution of regular employed by NIC 1 Digit Economic Activities (Usual Principal Status)

State	Agriculture, Hunting and Forestry	Fishing	Mining Quarrying	Manufac- turing	Electricity, Gas and Water Supply	Construc- tion	Trade	Hotels & Restau- rants	Transport, Storage and Communi- cation	Financial Inter- mediation	Real Estate	Public Adminis- tration	Education	Health and Social Work	Other Community Social Personal services	Undifferen- tiated Production	Total
Jammu & Kashmir	0.6	0	0	9.6	3.3	3.1	7.3	0.5	12.3	1.5	0.6	37.7	18.3	3.8	0.9	0.4	100
Himachal Pradesh	3.4			8.3	10.3	7.6	4.8	1.8	11.8	2.7	0.4	15.3	26.1	5	0.6	1.9	100
Punjab	9.7			25.9	1.4	2.1	11.8	1.1	11.8	5	0.9	11.4	10.1	3.4	1.6	4	100
Chandigarh			1.5	18		1.6	13	1	4.5	5.5	4.1	26.9	7.8	1.2	7.3	7.6	100
Uttaranchal	2		0.3	17.8	6.1	1.1	12.8	0.7	11.3	3.1	2	17.5	19.2	5.1	0.2	0.8	100
Haryana	0.9		0	26.9	7.7	1	10.4	1	17.9	0.6	2.5	13.9	8.3	4.4	2.4	2.1	100
Delhi			0.2	19.4	0.4	0.1	10.4	3.5	20.1	4.8	8.1	11.1	8.5	2.6	2	8.9	100
Rajasthan	3.9		2.3	21.9	4.7	4.4	11.7	2.1	12.8	2.3	2.4	10.4	14.4	3.9	1.6	1.1	100
Uttar Pradesh	3.9		0.2	27.7	2.3	0.8	10.4	2.3	13	3.2	1.7	12.3	17.2	2	1.1	1.8	100
Bihar	4.7			14.9		0.5	12.4	1.8	14.4	2.2	0.3	23	18.4	2.4	0.7	4.2	100
Sikkim	0.1			1.9	4.5	6.3	1.2	1.8	19.7	0.4	0.3	29.4	22.7	4.4	0.3	6.9	100
Arunachal Pradesh	18.3		1.1	0	2.7	5.4	1.9	0.2	2.7	0	0.2	52.6	10.9	2.7	0.6	0.8	100
Nagaland	2.5			4.2	5.4	6	0.7		0.5	0.8		36.7	33.1	7.2	3		100
Manipur	1.2			0.2		2	6.6		4.1	0.7		59	23.2	3	0.1		100
Mizoram	1.8			1.3	0.5		2.1	0.2	6.6		0.1	65.3	19.5	1.4	0.9	0.3	100
Tripura	1.8	0.2	0.1	4.8	0.1	5.1	10.1	0.1	10.8	0.9	0.2	38.2	20.9	2	0.9	3.9	100
Meghalaya	0.1		0.4	0.5	1.4	1.4	3.5		14.2	2.2	0.3	34	33.6	3.7	0.5	4.2	100
Assam	37.1		0.3	4.2	0.1	0	4.9	1.2	6.3	2.6	0.3	14.5	24.7	1.2	0.8	1.6	100
West Bengal	5.7		3.4	24.6	1.3	1.4	9.2	1.5	8.7	3.5	2.4	10.2	13	4	3.8	7.3	100
Jharkhand	1		12.3	17.7	0.5	1.1	7.5	1.9	15	2.4	3.1	13	15.9	3.8	0.5	4.4	100
Orissa	1.9		4.8	15.8	1.3	0.3	9.8	2.5	13.1	4.5	0.2	16.5	20.5	2.6	3.9	2.3	100
Chattisgarh	5.3	0.6	4.2	20.8	0.8	6	8.6	2.1	7.6	2.1	0.4	7.1	15.2	7.3	2.4	9.5	100
Madhya Pradesh	9.2		2.4	13.4	1.2	6.1	7.5	2.3	11.7	3.9	0.9	18.5	16.2	3.3	2.5	0.9	100

State	Agriculture, Hunting and Forestry	Fishing	Mining Quarrying	Manufac- turing	Electricity, Gas and Water Supply	Construc- tion	Trade	Hotels & Restau- rants	Transport, Storage and Communi- cation	Financial Inter- mediation	Real Estate	Public Adminis- tration	Education	Health and Social Work	Other Community Social Personal services	Undifferen- tiated Production	Total
Gujarat	3.8	0.6	0.6	39.1	1.2	1.4	11	2.1	14.1	2.1	1.9	8.2	8.6	1.8	0.6	2.9	100
Daman&Diu		11		60.6	0.1		1.6	6.6	3.5	0.1	6.9	8	1	0.4			100
Dadra & Nagar Haveli				88.7	0.1	0.3	0.6	0.1	1.4	0.2	1.1	5.3	0.2	0.2		1.8	100
Maharashtra	3.2	0.3	0.1	26.6	2	4.2	9.5	3.8	10.3	5.5	5	10	9	3.4	3.1	4.1	100
Andhra Pradesh	5.4	0.2	2.5	18.8	0.7	2	15	2.3	13.8	3.1	2.4	10.3	14.1	2.5	4.2	2.7	100
Karnataka	3.1		0.1	23.3	2.6	1.5	9.9	3.3	13.2	5	4.5	8.1	14.4	3.1	3.9	3.9	100
Goa	0.8		5.2	22.1	1.2	6.1	7.2	7	12.9	7.2	2.9	14.2	8.4	2	1.3	1.5	100
Lakshdweep	7			14.6	2.4	9	2.4	0.2	4.1		0.2	30.6	22.1	5	2.3		100
Kerala	5.9	0.3	0.7	17.6	1.6	0.8	16.4	4.2	9.1	4.8	3.3	9.9	13.3	4.8	2.9	4.4	100
Tamil Nadu	1.5	0.3	0.7	36.8	1	1.4	11.5	2.5	14.1	2.2	3.2	5.2	9.8	3.7	2.2	4	100
Pondicherry			0.6	37.5	2.7	2.2	17.7	1.4	4.8	5	1.6	13.2	6.2	2.2	4.1	0.8	100
Andaman & Nicobar	9.5			4	9.6	12.5	3.9	1.4	13.3	3.2		21.8	12.1	2.8	3.3	2.7	100
Total	4.7	0.1	1.3	24.5	1.9	2.2	10.6	2.5	12.3	3.5	2.7	11.4	13.2	3.2	2.4	3.5	100

Source: Unit level data, NSS 62nd Round

3.7 Top five economic activities in Regular Employment

It would be interesting to note that, after the five decades of independence, in the composition of regular employment, public sector still accounts for the major share in the regular employment across the states. Appendix III, table 3.1 shows the state-wise distribution of top five economic activities in regular employment. General public service of the State Governments provides a major share of the regular employment in states such as Uttaranchal, Rajasthan, Bihar, and north eastern states. By state-wise distribution, in Mizoram, the State public services constitutes 53.2 percent of the total regular employment, followed by Arunachal Pradesh (44 percent). Meanwhile, activities such as food grain crops constitute an integral part of the regular employment in some major states such as Karnataka, Maharashtra and Andhra Pradesh. What is most significant is that those states with high human development such as Kerala, provide relatively high percentage of regular employment in the social sectors like education and health.

3.8 Regular Employment according to Occupation

Table 3.6 provides data on state wise distribution of regular employment by occupation. We examine the percentage share of occupations in regular employment, covering seven types of occupations namely, professional, technical etc; administrative, managerial; clerical etc; sales; service; farmers and related; production, transport and related. Of these, across states, major three occupations, professional and technical, sales, and production and transport, form the significant part of regular employment.

Table 3.6: State-wise distribution of Regular Employed by Occupation (Usual Principal Status) 2005-06

States	Professional , Technical etc.	Administrative, Managerial	Clerical etc	Sales	Service	Farmers and Related	Production , Transport and Related	Total
Jammu & Kashmir	21.3	0.5	3.5	36	14.2	0.7	23.8	100
Himachal Pradesh	27.3	0.4	1.8	24	12.8	3.7	29.9	100
Punjab	13.6	0.3	3.2	21.8	13.4	10.1	37.7	100
Chandigarh	16		6.1	35.1	18.6	0.3	23.9	100
Uttaranchal	25.7	0.9	2.4	30.3	12.6	0.7	27.4	100
Haryana	12.2	0.1	1	21.3	18.8	1.4	45.2	100
Delhi	9.2	0	13.4	29.9	21.2		26.2	100
Rajasthan	20	0.8	1.5	22.6	10.1	3.4	41.7	100
Uttar Pradesh	20	0.2	3.5	20.6	12.3	4.2	39.2	100
Bihar	22.5	0.3	1.1	29.2	14.6	4.6	27.7	100
Sikkim	27.2		2.7	17.5	15.8	0.3	36.5	100
Arunachal Pradesh	21.4	0.2	3.3	30	9.8	14.7	20.5	100
Nagaland	42.4	2.1	1.4	28.5	11.8	1.5	12.4	100
Manipur	35.4		1.9	33.7	22.5	0.4	6.1	100
Mizoram	32.7	0.4	1	35.8	14.7	2.8	12.4	100
Tripura	27.2	0.6	2.9	41.9	8.2	0.3	18.9	100
Meghalaya	39	0.9	2.3	20.6	11.2	0.7	25.3	100
Assam	24	0.4	0.5	19.9	8.2	36.6	10.4	100
West Bengal	18.3	0.6	2.5	22.5	16	5.9	34	100
Jharkhand	19.6	0.2	3.3	20.8	13.6	2.1	40.3	100
Orissa	28.7	0	3.9	24.3	11.3	2.9	28.9	100
Chattisgarh	25	0.3	3.4	17.9	16.1	10.1	27.1	100
Madhya Pradesh	21.2	0.4	3.5	27.6	11.1	10.2	26	100
Gujarat	11.4	0.3	1.8	22.9	8.9	4.1	50.5	100
Daman& Diu	6.9		4	8.8	9.9	11	59.4	100
Dadra & Nagar Haveli	2.1		2.9	5.4	5.5		84.2	100
Maharashtra	14.4	0.6	4.3	25.8	17.4	3.6	33.8	100
Andhra Pradesh	18.5	3	3	27.9	13.3	5	28.9	100
Karnataka	17.5	0.4	3.1	26.3	15.6	2.6	34.5	100
Goa	13.8	0.5	6	28.7	17.1	1.6	32.3	100
Lakshdweep	26.2	0.5	3.9	13.7	21	2.9	31.9	100
Kerala	17.6	1.5	5.4	29.9	13.9	5	26.7	100
Tamil Nadu	11.9	0.6	1.4	23	14.3	1.6	47.1	100
Pondicherry	12.9		5.5	30.3	11.9		39.4	100
Andaman & Nicobar	19.6	1.4	10.9	12.4	9.5	8.1	38.1	100

Source: Unit level data, NSS 62nd Round

3.9 Top Five Occupations in Regular Employment

Appendix III, table 3.2 shows the state-wise distribution of regular employment according to the National Classification of Occupation (1968). We provide only top five occupations based on the percentage share of these occupations in regular employment in each state. It is important to see that the percentage share of occupations in regular employment varies across states. In many of the states, teachers, both at primary and middle level, constitute an important segment of the regular employment. Furthermore, the share of plantation labour is relatively high in states like Arunchal Pradesh, Assam, and West Bengal.

Chapter 4

Self- Employment in India

4.1 Definition

As described by the National Sample Survey 62nd round report, the Self-employed are “persons who operated their own farm or non-farm enterprises, or were engaged independently, in a profession or trade, on own account or with one or a few partners who were deemed to be self-employed in household enterprises. The essential feature of the self-employed is that, they have autonomy (decide how, where and when to produce), and economic independence (in respect of choice of market, scale of operation and finance), in carrying out their operation. The remuneration of the self-employed consists of, a non-separable combination of two parts: a reward for their labour, and a profit of their enterprise. The combined remuneration is wholly determined by the revenue earned from sales, after netting out the value of purchased inputs, used in production” (NSS, 62nd round: p 13).

The results of the first chapter, of the report indicates that, the proportion of the self-employment is the maximum of the total employment across all the employment statuses, that is, for the usual principal status, principal and subsidiary, current weekly status and current daily status. Further, proportion of self-employed individuals is more in the rural areas, than in the urban areas. Overall, it appears from the NSS 62nd and 55th round survey data that, the household enterprises have become a common source of livelihood, both in rural and urban areas. Self-employment can be perceived as an effective strategy, for combating poverty and generating employment. Accordingly, development literature has focused on the micro-enterprises, as the first step to the creation of small and medium enterprises. In rural areas, these kinds of small, non-farm enterprises perform the function of absorbing the excess labour, and also in reducing the labour force pressure from the agricultural economic activity (Das, 2006).

However, the situation is not the same with respect to India. The idea of self-employment in India is more of a survival strategy where individuals meet their basic needs from their own resources. Overall, self employment in India is a subsistence economy (Bhatt, 2008). Moreover, the sustainability of these household enterprises is also an issue in India. The weak resource base of such enterprises makes it difficult for them to sustain. In most cases, the form of self-

employment that India encompasses, does not assure a household of food security, income security and social security. Thus, the nature of self-employment in India is mostly of an informal nature.

In India, a large section of the total employed, are self-employed. Self-Employed Women's Association (SEWA), an organization working with large sections of informal sector, refers to this sector as the peoples' sector. SEWA indicates that this sector includes the producers, the vendors, and various other service providers. Apart from issues of sustainability, self-employed individuals also face the problem of lack of appropriate skills required for production. This proves to be a major hindrance in moving up the ladder in the labour market (NCEUS, 2007). SEWA's experience also suggests that, self-employed individuals in both the rural and urban areas need skills to sustain their activities. The self employed lack knowledge and skills on issues like how to acquire capital, makes them tied to a weak production base impacting their income and employment enhancing capacities. It is also been pointed out that due to lack of access to sufficient capital, many micro household enterprises are unable to increase scale of their activities. In the following paragraphs, the data on self-employment in India is analyzed. Spread of self employment is seen across regions, age, education, economic sectors and gender.

4.2 Regional Picture of Self-Employment

Table 4.1 includes the distribution of the self-employed persons across different states and across gender and rural and urban regions in India. As it can be seen, the percentage of self employment varies between 30 to 70 % across states. Some states have the high proportion of self employed such as Bihar (61%), Uttar Pradesh (69%), Rajasthan (70 %). It is low in comparatively developed states like Kerala (42%). Delhi (38%) and Goa (34%). It appears that self employment is more prominent in less developed states.

Table 4.1: Percentage of Self Employed to the Total Employed: State-wise (PS+SS)

State	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Andhra Pradesh	46.5	37.4	46.1	37.6	47.7	40.3	44.5	46	45.1
Assam	64.6	62.3	64	54.5	48.5	54	63.6	61.6	63.1
Bihar	62.1	57.5	61.2	61.8	50	60	62.1	56.7	61.1
Chhattisgarh	61.5	57.1	59.6	50.6	28.8	45.2	61.5	55.2	57.8
Delhi	45.9	66.3	48.2	39.3	16	36.8	40.1	22.4	38.3
Goa	36.7	32.4	36	36	25.5	32.7	36.3	27.2	34
Gujarat	56.1	65.6	59.8	44	46.4	44.3	52	63.1	55.7
Haryana	53.5	78.2	62.5	45	58.3	47.7	51.3	75.4	59.2
Himachal Pradesh	66.7	94.4	77.9	41.2	48.8	43.2	60.7	92.7	75.6
Jammu & Kashmir	68.6	96.1	76.8	52.5	52.9	52.5	65.6	91.9	72.6
Jharkhand	68.6	80.6	73.1	41.1	51.9	42.4	63.8	79.4	69
Karnataka	46.1	44.2	45.3	34.7	31.8	33.9	43	42.5	42.6
Kerala	39.6	51.2	43.4	39.7	37.6	39.3	44.9	48.5	42.5
Madhya Pradesh	58	57.6	57.8	45.5	44.5	45.2	55.1	56.3	55.5
Maharashtra	52.8	51.1	52.1	35.6	35.9	35.6	46.6	48.1	47.1
Orissa	50.4	62.3	54.7	42.6	43.8	42.8	49.3	61.1	53.3
Punjab	51.4	82.3	61.4	48.8	43.7	48	50.7	76.1	57.6
Rajasthan	66	83.9	73.5	49.6	61.2	51.6	62.6	82	70.3
Tamil Nadu	38.6	42.6	40.2	33	40.3	35.2	36.4	42.1	38.6
Uttaranchal	70.4	93.8	80.6	53	47.6	52	66.6	91.2	76.1
Uttar Pradesh	68.8	80.8	72.2	52.7	64.2	53.9	65.5	79.2	69.2
West Bengal	50.9	63.3	53.9	42.3	46.3	43.2	58.9	60.1	51.4
North-Eastern States	64.9	82.5	70.3	46.5	58.9	50	61.7	79.3	67.2
Group of U.Ts.	27.8	47.8	32.7	32.3	26	30.9	30	38.3	31.9

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

4.3 Self-Employment and Age

Table 4.2 presents the proportion of the self-employed, across different age groups. The pattern reveals that both male and female in self employed categories have similar demographic profile. Exception being the age category of 5-9 and above 60 where proportion of self employed is more than 70 %. Overall it can be seen that in all the age categories, more rural people are engaged in self-employment than urban people and across all the age categories except for 45-49, more females are self-employed than males.

Table 4.2: Percentage of Self Employed to the Total Employed by Age (PS + SS)

Age category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
0 – 4	0	0	0	0	0	0	0	0	0
5 – 9	75	80	80	50	100	100	75	75	75
10 – 14	60	72.7	66.2	35	54.2	39.4	57.6	70.2	63.8
15 – 19	50.1	62.4	53.9	31.9	47.6	35.5	46.8	60.5	50.9
20 – 24	51.3	61.5	54.5	37	41.3	37.6	47.9	58.5	51
25 – 29	52	60.8	55	40.1	39.3	40	48.8	57.6	51.6
30 – 34	52.1	59	54.8	42.9	75.8	42.5	49.5	56.7	52
35 – 39	54.3	58.3	55.9	45.7	46.8	45.9	52	56.8	53.7
40 – 44	56.4	63.3	59.1	42.7	44.2	42.9	52.9	60.9	55.5
45 – 49	57.3	65.3	60.2	42.1	41.5	42.1	95.3	62.3	56.3
50 – 54	61.5	63.8	62.1	42.5	44.1	42.7	56.8	61.2	58.1
55 – 59	62.6	64	63	41.3	43.4	41.7	57.2	62	58.8
60 & above	79.8	68.2	76.6	70.7	61	69.3	77.2	67.5	75.6

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

4.4 Self-Employment and Education

Table 4.3 gives the proportion of persons engaged in self-employment across different educational categories. It is interesting to note that, in all the categories, with higher education, the proportion of people engaged in self-employed activity declines. This reflects the fact that, educated individuals prefer not being in any kind of self-employed activity. Consequently, it reinforces the fact that self-employment is mostly a need driven phenomenon, rather than an opportunity based (Chandrasekhar and Ghosh, 2008). It has been pointed out that in the rural areas, educated individuals without land, mostly take up self-employment in non-farm household enterprises as an occupation. In the urban areas, self-employment is found to be, more of a survival strategy and it is when urban people are unable to find jobs in the formal sector, that they end up in non-farm household self-employed economic activity (Das, 2006). Further, the data reveals that women in the lower educational category are more in proportion, in the self-employed category, than males. Overall it appears that the majority of the self-employed have low levels of human capital.

Table 4.3: Percentage of Self Employed to the Total Employed by Education (PS + SS)

Education Category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
not literate	49.5	59.5	54.8	43.4	45.7	44.5	48.7	58.6	53.8
literate & up to primary	57.2	65.1	59.2	41.7	52.4	43.8	54.2	64	56.7
Middle	61.6	72	63.8	43.8	58.6	45.7	56.9	69.6	59.3
Secondary	65.4	72.2	66.5	46.2	48.2	46.3	59	66.3	60
higher secondary	66.8	69	67.2	48.4	43.5	47.8	59.5	60.4	59.6
diploma/certificate	49.5	31.1	47.3	25.2	20.6	24.6	37	25	35.4
graduate & above	59.8	43.5	57.9	39.4	24	36.7	48	30.4	45.4
Post- graduate	53.9	36.2	51.4	31	10.9	25.8	39.8	16.6	34.7

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

4.5 Self-Employed according to Economic Activities

Table 4.4 indicates the proportion of the self-employed according to economic activities. As it can be seen from the table below, self employment is highest in agriculture followed by service and industry sector. Thus self employment in India continues to be dependent on agricultural sector. This trend is similar across all the major states in India. Exceptions to this are state of Delhi and union territory of Chandigarh.

Table 4.5 further segregates the three main sectors of the Indian economy into NIC one digit activities. It can be seen that self employment is highest in agriculture, followed by trade. Together these activities have nearly 75 % of self employed. Rests of the activities have small proportion of self employed. Amongst them, transport and storage and communication activity has highest absorption rate.

Table 4.4: State-wise Distribution of Self Employed by Economic Activity (Usual Principal Status)

State	Agriculture	Industry	Service	Total
Jammu & Kashmir	56.4	22.1	21.5	100
Himachal Pradesh	84.2	6	9.7	100
Punjab	39.9	16.9	43.1	100
Chandigarh	3.2	3.8	93	100
Uttaranchal	77.1	5.3	17.5	100
Haryana	59.5	12.5	28	100
Delhi	0.8	24.5	74.7	100
Rajasthan	78.6	8.6	12.8	100
Uttar Pradesh	65.9	11.2	22.9	100
Bihar	66.4	8.8	24.8	100
Sikkim	79.7	4.2	16.1	100
Arunachal Pradesh	91.4	1.6	7.1	100
Nagaland	82.3	2.5	15.2	100
Manipur	74.6	12.2	13.2	100
Mizoram	88.8	1.4	9.8	100
Tripura	52.6	6.8	40.6	100
Meghalaya	85.6	3.7	10.6	100
Assam	67.1	6.2	26.7	100
West Bengal	41	23.3	35.8	100
Jharkhand	65.8	17.3	16.9	100
Orissa	61.2	18.7	20.1	100
Chattisgarh	83.4	4.2	12.3	100
Madhya Pradesh	76.6	9.5	13.9	100
Gujarat	65.7	11.2	23.1	100
Daman and Diu	23.1	7.6	69.2	100
Dadra & Nagar Haveli	84.6	0.1	15.3	100
Maharashtra	65.7	11.2	23.1	100
Andhra Pradesh	54.9	18.4	26.7	100
Karnataka	64.4	14.3	21.3	100
Goa	29.3	18.7	52	100
Lakshwadeep	69.1	1.3	29.6	100
Kerala	43.4	18	38.6	100
Tamil Nadu	45	22.9	32.1	100
Pondicherry	43.9	14.3	41.8	100
Andaman & Nicobar	65.3	6.9	27.8	100
Total	63.2	13.2	23.6	100

Source: Unit level data, NSS 62nd Round

Table 4.5: State-wise Distribution of Self Employed by NIC 1 Digit Economic Activity (Usual Principal Status)

State	Agriculture, Hunting and Forestry	Fishing	Mining Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Trade	Hotels & Restaurants	Transport, Storage and Communication	Financial Inter- mediation	Real Estate	Public Administration	Education	Health and Social Work	Other Community Social Personal services	Total
Jammu & Kashmir	56.3	0.07	0.05	18.64	0.01	3.42	12.63	1.31	3.99	0.04	0.48	0.89	0.16	0.03	1.97	100
Himachal Pradesh	84.24		0.04	4.59		1.4	5.11	1.04	0.94	0.06	0.23	0.01	0.39	0.91	1.04	100
Punjab	39.94			12.81	0.01	4.1	25.02	1.75	8.33	0.76	1.75	0.04	0.33	1.25	3.91	100
Chandigarh	3.17			1.94		1.9	43.6	0.05	12.45	3.76	11.47		1.32	3.31	17.04	100
Uttaranchal	77.13			4.43		0.91	10.73	1.64	2.05		2.15		0.23	0.07	0.67	100
Haryana	59.52			7.69	0.01	4.78	15.54	1.61	7.37	0.18	1.37		0.22	0.46	1.25	100
Delhi	0.81		0.12	13.78		10.64	48.16	5.88	6.36	4.76	4.53		1.92	0.24	2.81	100
Rajasthan	78.58		0.03	6.58		2.02	7.87	0.58	1.69	0.18	0.89	0.02	0.22	0.09	1.26	100
Uttar Pradesh	65.87	0.02		9.65	0	1.59	12.72	1.84	2.96	0.39	0.88	0.15	0.43	0.95	2.56	100
Bihar	66.02	0.38		7.43	0.02	1.37	14	1.11	2.54	0.24	1.08	0.03	0.99	0.6	4.06	100
Sikkim	79.74		0.07	3.37		0.72	6.88	6.17	1.28	0.07	0.09		0.1		1.5	100
Arunachal Pradesh	91.36			0.9		0.67	3.56	1	0.58		0.03	0.39	0.99	0.38	0.15	100
Nagaland	82.26		0.46	0.99	0.01	1.08	12.63	0.29	1.22		0.27	0.31	0.05		0.42	100
Manipur	71.08	3.52	1.53	7.22		3.5	8.72	0.97	2.27	0.01	0.07	0.13	0.08	0.29	0.61	100
Mizoram	88.84		0.02	1.03		0.31	8.6	0.22	0.65		0.08	0.03	0.09		0.13	100
Tripura	51.4	1.2	0.11	5.07	0.03	1.57	25.79	2.14	4.97	0.09	0.91		4.77	0	1.97	100
Meghalaya	85.63		1.64	1.25		0.85	6.48	2.45	1.3		0.15				0.25	100
Assam	65.88	1.23		5.2	0.01	1	19.1	0.84	3.99	0.23	0.6	0.04	0.93	0.05	0.9	100
West Bengal	40.6	0.38	0.12	20.95	0	2.18	18.34	1.68	7.89	0.78	2.14	0.25	1.46	0.98	2.25	100
Jharkhand	65.68	0.12	0.02	14.91		2.4	10.95	1.24	1.81	0.24	0.31		0.35	0.34	1.65	100
Orissa	59.82	1.36	0.02	16.78	0.02	1.89	13.05	2.18	1.78	0.09	0.34		0.37	0.2	2.1	100

State	Agriculture, Hunting and Forestry	Fishing	Mining Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Trade	Hotels & Restaurants	Transport, Storage and Communication	Financial Inter- mediation	Real Estate	Public Adminis- tration	Education	Health and Social Work	Other Community Social Personal services	Total
Chattisgarh	83.21	0.23		3.71		0.51	10.09	0.50	0.71	0.02	0.20		0.04	0.36	0.40	100
Madhya Pradesh	76.40	0.20	0.03	8.78		0.68	8.68	0.72	1.34	0.13	0.73	0.01	0.24	0.37	1.69	100
Gujarat	65.35	0.33	0.01	9.87		1.37	14.84	1.03	3.67	0.17	0.45		0.68	0.19	2.04	100
Daman&Diu	10.26	12.86		7.12	0.12	0.40	26.59	12.01	8.64		0.38				21.61	100
Dadra & Nagar Haveli	84.62			0.09			3.81	0.72	10.16		0.48		0.13%			100
Maharashtra	65.36	0.38		9.94	0.01	1.22	12.33	1.48	4.52	0.34	1.66	0.03	0.36%	0.76	1.61	100
Andhra Pradesh	53.66	1.23	1.34	16.21		0.83	13.13	2.46	2.95	0.35	0.70	0.02	0.15%	0.43	6.55	100
Karnataka	63.15	1.22	0.02	13.15		1.17	12.08	2.41	2.73	0.33	0.86	0.03	0.11%	0.23	2.51	100
Goa	28.04	1.29		11.63		7.07	19.10	12.58	13.56	0.94	3.84		0.16%	1.07	0.74	100
Lakshdweep	32.09	37.02		0.59		0.68	3.40		17.76				8.47%			100
Kerala	39.49	3.89	0.25	15.64	0.02	2.13	19.53	3.05	8.42	0.96	2.47	0.02	1.00%	0.38	2.75	100
Tamil Nadu	43.57	1.45	0.13	20.53		2.22	18.52	3.32	3.49	0.60	1.51	0.00	0.31%	0.34	4.01	100
Pondicherry	43.91			12.70	0.52	1.04	23.67	3.62	8.18		0.77		1.26%	0.21	4.13	100
Andaman & Nicobar	62.42	2.86		4.40		2.48	18.28	1.31	5.88	0.72	0.77	0.30	0.33%		0.25	100
Total	62.64	0.54	0.14	11.42	0.00	1.64	13.49	1.65	3.44	0.35	1.05	0.06	0.49%	0.53	2.54	100

Source: Unit level data, NSS 62nd Round

4.6 Self employed in top five NIC economic activities

The table 3.3 Appendix III presents the top five economic activities in which self-employment is absorbed as per the NIC -5 digit code. The major economic activity at the all India level is growing of food crops (49.8%) where majority of the self-employed are engaged. This is followed by retail sale of cereals and pulses (2.5%), general construction (2.2%), growing of sugarcane (2.2%) and growing of cotton and other plants which are inputs to textile (2.0%). Together the top 5 economic activities absorb 59 percent of the self-employed. Except for general construction, all the other economic activities are related to the agricultural sector. Growing of food grain crops is prevalent across 23 states as the major economic activity. The states that do not have growing of food grain crops as the main economic activity are Delhi and Kerala. General construction is the top economic activity in Delhi while growing of rubber trees is the top economic activity in Kerala. Further, for Delhi, it is interesting to note that the top 5 economic activities are non-agricultural sector related.

4.7 Self-Employed according to Occupations

Table 4.6 shows self-employed spread across different occupations. It is highest in agriculture, followed by production and operation related work. The proportion of self employment in the rural sector is mainly in the households with marginal land holdings, of less than 0.4 hectares. Therefore, in most cases, it is the poorest amongst the rural households, who take up self-employment as a profession. (Abraham, 2008).

Table 4.6: State-wise distribution of Self Employed by Occupation (Usual Principal Status) 2005-06

State	Professional, Technical etc.	Administrative, Managerial	Clerical etc	Sales	Service	Farmers and Related	Production , Transport and Related	Total
Jammu & Kashmir	0.70	0.70	3.40	13.10	3.40	56.40	22.30	100
Himachal Pradesh	1.30	0.70	3.00	4.20	0.90	84.40	5.50	100
Punjab	1.50	2.70	21.00	17.80	1.10	40.00	15.90	100
Chandigarh	7.80	1.80	18.30	47.70	13.80	3.20	7.50	100
Uttaranchal	1.50	0.30	8.60	6.80	1.40	77.10	4.30	100
Haryana	1.20	0.30	3.00	15.30	1.90	59.40	18.90	100
Delhi	2.20	0.80	33.80	29.60	4.10	0.80	28.80	100
Rajasthan	0.40	0.50	4.20	6.40	1.10	78.60	8.80	100
Uttar Pradesh	1.80	0.20	3.20	11.80	3.40	65.70	13.70	100
Bihar	2.30	1.00	1.60	13.00	3.70	66.70	11.80	100
Sikkim	0.10	0.10	1.10	7.00	6.30	79.70	5.70	100
Arunachal Pradesh	0.60		0.90	3.90	1.00	86.70	6.80	100
Nagaland	0.00	0.00	1.40	12.30	0.10	82.20	4.00	100
Manipur	0.60	0.20	3.20	7.20	0.80	74.30	13.60	100
Mizoram	0.10		1.70	6.80	0.20	89.20	2.10	100
Tripura	5.80	1.40	2.40	29.00	0.90	49.90	10.60	100
Meghalaya	0.00	0.00	4.80	5.30	2.50	85.40	1.90	100
Assam	1.40	0.10	3.70	18.30	1.20	67.20	8.20	100
West Bengal	3.50	0.70	11.70	16.00	2.00	41.30	24.90	100
Jharkhand	0.80	0.70	3.70	9.10	1.50	65.80	18.40	100
Orissa	0.80	1.40	4.40	15.30	1.80	59.10	17.10	100
Chattisgarh	0.60	0.00	2.10	9.00	0.70	83.40	4.30	100
Madhya Pradesh	1.00	0.30	2.20	7.40	1.50	76.80	10.70	100
Gujarat	1.10	0.70	5.80	12.50	1.50	65.70	12.60	100
Daman&Diu			46.50	8.70	21.60	20.30	2.90	100
Dadra & Nagar Haveli	0.10		15.20			84.60	0.00	100
Maharashtra	1.60	0.80	8.80	9.80	1.60	65.50	11.90	100

Andhra Pradesh	0.90	0.60	6.20	11.10	7.70	54.70	18.70	100
Karnataka	0.50	0.40	9.00	9.70	4.00	64.00	12.00	100
Goa	3.90	0.20	13.00	22.80	6.20	29.30	24.60	100
Lakshdweep	8.50		16.50	2.30		69.10	3.70	100
Kerala	1.60	1.30	11.60	18.20	3.00	43.30	20.80	100
Tamil Nadu	0.90	0.60	9.20	15.10	6.50	45.10	22.40	100
Pondicherry	0.50	0.30	21.70	8.90	6.40	43.90	18.20	100
Andaman & Nicobar	0.30		18.80	9.10	0.20	65.30	5.60	100
Total	1.40	0.60	5.90	11.70	2.90	63.10	14.30	100

Source: Unit level data, NSS 62nd Round

4.8 Self-Employed in top five occupations

The table 3.4 Appendix III shows self employment in the top five occupations across states. At the all India level, majority (52.6%) of the self employed are cultivators. In 29 states/UTs majority of the self employed are cultivators. Some of the other main occupations of self employed are Street Vendors, Canvassers and News Vendors, Hair Dressers, Barbers, Beauticians & Related Workers, Working Proprietors, Directors & Managers, Retail Trade and Merchants and Shopkeepers, Retail Trade

Self-employment in India has the highest level of employment. The review of literature and the analysis of the data suggests that self employment is more prevalent in comparatively less developed states and is more predominant in the rural areas. Further, majority of the self-employed have very low levels of education and hence lack minimum human capital. Many studies point out that self-employment is mostly a strategy adopted by the workers to diversify their livelihoods and sustain their lives. However, it has been pointed out that most of the self-employed individuals in both rural and urban areas lack the skill to sustain and enhance their self-employment economic activity. This is resulting in majority of self-employed being tied to weak production base, almost equivalent to casual nature of employment. The self employed also face the problems in acquiring required capital to enhance the scale of their operations. Self-employment in India appears to a need driven phenomenon rather than a phenomenon people access by choice. A major policy initiative and political support is needed to reverse this situation and make self employment an economic activity which will help people to improve their capabilities and economic status.

Chapter 5

Casual Labour in India

5.1 Definition

This chapter is devoted to the analysis of the casual labour market in India. Before discussing the data related to the casual labour market in India, briefly, how casual labour is defined, and their status in the India labour market is presented. Casual labour is broadly understood as workers, without proper job contracts, social security and an assurance of regular work. The National Sample Survey (NSS) defines a casual wage labourer as, “a person who was casually engaged in others’ farm or non-farm enterprises (both household and non-household) and, in return, received wages according to the terms of the daily or periodic work contract (NSS 62nd Round Report pp.14).” The report on Conditions of Work and Promotion of Livelihoods in the Unorganized Sector, 2007 (NCEUS, 2007), whilst discussing the definition of unorganized workers, has put forth the definition of unorganized workers as, “consisting of those working in the unorganised enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector, without any employment/ social security benefits, provided by the employers.” Thus, workers who do not receive any social security benefit, be it in the organized or the unorganized sector and who do not have a regular job contract, are identified as casual labour in India. The report further points out that, in the unorganized/informal sector in India, a majority of the labour force is either self employed or wage workers, and only a few have regular employment. The majority of wage workers have a casual nature of employment, where the wages are too low, for them to come out of poverty. The report brings out the congruence between, casual labour and poverty, and reports that 90 percent of the casual workforce belongs to poor and vulnerable section, indicating that there is direct correlation between the casual nature of employment, and poverty and vulnerability. As shown by the report, even among the self-employed, which forms the largest segment of Indian labour force, many occupations, such as, rickshaw pulling, street vending etc, are often closer to a casual nature of employment, wherein there exists no social security, or regular availability of work. Thus, a majority of workers in the Indian labour market, whether in casual labour wage employment, or in self employment, have a casual nature of employment. Along with this, even in formal sector there is increasing trend towards

informalization of employment leading to casual nature of employment. Thus, as it can be seen, that the casual labour market is huge in India, as it includes workers across both formal and informal sectors, and also some self employed people, engaged in occupations, that do not guarantee them decent living and social security.

It has been also been pointed out that, the increased casualisation in work, is a result of an increased growth in the informal work force in India. The casual labour segment is a sub set of the informal labour segment in India. Scholars have pointed out that, an increased pace of subcontracting arrangements of work in the unorganized sector has become a convenient device to ensure longer hours of work without higher pay. This has been a fall out of globalisation and capital centric growth policies (*Bhaduri and Patkar, 2009*). In the next section, we look at the casual labour market in more depth. The casual labour market in India is analysed by looking at its composition, across regions in India, its relation to age, education, types of economic activities and types of occupations.

5.2 Regional Picture of Casual Labour Market

As can be seen from the Table 5.1 below, casual labour is more in rural areas than urban areas. This is true across all the Indian states, except the state of Himachal Pradesh. At the all India level, female participation in the casual market is more as compared to male. However, this situation is not similar across states, as in 13 States in India, the proportion of men is more in the casual labour market. Overall, it appears that female labour participates more in the casual labour market as compared to male labour, reinforcing the current trends of high casualisation, through informalisation of women's labour power in India. Overall, at all India level, as per the NSSO estimates, around 31 % of labour force is in the casual labour market.

Table 5.1: Percentage of Casual Labour to the Total Employed: State-wise (PS+SS)

State	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban (Male)	Rural + Urban (Female)	Rural + Urban (Person)
Andhra Pradesh	43.95	53.62	48.02	20.21	21.98	20.7	38.18	50	42.71
Assam	24.14	38.06	26.92	9.86	7.06	9.65	22.87	36.15	25.15
Bihar	34.24	47.83	35.59	15.97	26.98	17.18	32.63	45.59	34.41
Chhattisgarh	33.78	46.03	38.91	11.74	23.23	14.08	30.56	44.56	36.14
Delhi	11.18	0	10.58	4.86	1.35	4.44	5.67	1.39	5.1
Goa	26	5.62	22.42	12.79	17.18	13.98	17.9	14.55	17.21
Gujarat	31.02	39.16	33.41	15.3	27.96	16.76	25.87	37.8	28.68
Haryana	26.4	20.69	24.44	11.01	6.48	10.42	22.36	17.54	21.77
Himachal Pradesh	18.87	2.43	11.45	17.29	6.67	14.88	18.69	2.54	11.65
Jammu & Kashmir	16.77	3.57	15.73	11.13	5.19	10.19	15.64	5	14.43
Jharkhand	25.14	22.73	24.42	15.32	16.67	15.6	23.48	22.27	23.22
Karnataka	46.87	54.4	49.69	23.39	26.01	23.99	40.38	50.31	43.86
Kerala	42.2	33.51	39.66	34.96	20.39	31.61	40.52	31.11	38.07
Madhya Pradesh	35.4	42.81	37.74	13.83	13.91	13.88	30.47	39.6	33.17
Maharashtra	35.7	50	41.01	13.01	19.2	14.08	27.19	44.69	32.7
Orissa	40.96	48.69	42.86	16.33	32.98	18.48	37.37	48.02	39.79
Punjab	30.46	30	30.49	10	7.06	9.67	23.48	20.59	23.25
Rajasthan	22.76	14.54	19.9	12	6.52	11.15	20.55	13.58	18.32
Tamil Nadu	44.59	49.75	46.79	17.58	16.83	17.26	34.29	42.15	37.12
Uttaranchal	17.89	3.51	12.35	4.85	4.35	4.76	14.91	3.61	11.14
Uttar Pradesh	24.37	21.43	23.91	12.4	7.02	11.85	22.08	20	21.69
West Bengal	40.46	33.98	39.53	19.62	12.71	18.66	35.66	28.3	34.48
North-Eastern States	22.69	10.55	19.08	10.54	5.08	9.28	20.68	9.73	17.54
Group of U.Ts.	33.16	45.54	35.93	23.6	13.57	21.34	28.22	30.86	28.65
India	33.7	40.18	35.68	15.73	17.36	16.07	29.29	37.19	31.37

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

5.3 Casual Labour and Age

The following Table 5.2 looks at the age distribution in the casual labour market, across region and gender. A closer look at this distribution reveals that, rural male and rural female have similar distribution across ages. In case of urban male, it is seen that, there is a concentration in the age group of 5 to 9. For the urban female, there is not much difference across all the age group categories. In case of rural and urban seen together, there appears not much of a difference, except for that, the initiation into casual labour in rural areas starts earlier, than in the urban areas. For males both in urban and rural areas, the absorption rate into casual labour market starts to decline after the 15-19 years age category. However, in case of female casual labour, the absorption rate varies across the age categories. Overall, the rate of absorption in the casual labour market starts to decline after 34 years, indicating that, workers with a demographic dividend have a higher rate of absorption in the casual labour market.

Table 5.2: Percentage of Casual Labour to the Total Employed by Age (PS+SS)

Age category	Rural			Urban			Rural + Urban Male	Rural + Urban Female	Rural + Urban Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person			
0 – 4	0	0	0	0	0	0	0	0	0
5 – 9	25	20	20	50	0	0	25	25	25
10 – 14	30.77	27.27	29.23	27.5	20.83	24.24	30.51	26.32	29.31
15 – 19	42.32	35.06	39.84	29.61	19.05	27.1	39.81	33.33	37.94
20 – 24	36.61	33.16	35.48	21.01	10.47	18.94	32.95	29.72	32.02
25 – 29	36.27	35.68	36.08	17.08	15.07	16.67	31.24	32.69	31.65
30 – 34	35.34	36.15	35.58	14.35	19.48	15.28	29.41	34.04	30.95
35 – 39	34.44	37.36	35.55	14.04	16.98	14.67	29.05	34.87	31.03
40 – 44	34.11	32.43	33.46	13.44	16.98	14.19	28.67	30.43	29.22
45 – 49	33.06	30.07	31.93	12.66	16.26	13.4	27.81	28.46	28.02
50 – 54	27.12	32.83	28.85	10.81	19.25	12.31	23.13	31.03	25.48
55 – 59	28.02	32.68	29.76	8.74	16.84	10.13	23.23	31.12	25.86
60 & above	18.06	30.61	21.62	12.9	15.58	13.3	17.24	29.61	20.61

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

5.4 Casual Labour and Education

Table 5.3 given below looks at casual labour and educational attainment. Participation in casual labour market across gender and regions reduces with improved education. The only exception to this being the female casual labour, wherein the percentage of female with secondary level education seem to be more in casual labour, than the female with middle level education. Across regions, and across all the educational categories, there are more males in the casual labour market than females. Across educational categories, a majority of the casual labour force, is either illiterate, or just have primary level education.

Table 5.3: Percentage of Casual Labour to the Total Employed by Education (PS+SS)

Education Category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Not literate	46.39	38.93	42.46	35.16	29.88	33.06	45.21	38.19	41.69
literate & up to primary	36.2	30.66	34.77	26.52	19.42	25.19	34.47	29.57	33.23
Middle	27.29	21.84	26.16	17.42	12.07	16.75	24.67	5.91	23.81
Secondary	17.3	13.73	16.76	8.27	6.25	8.08	14.41	11.92	14
Higher secondary	10.07	4.31	9.33	4.06	0.93	3.64	7.66	3.05	7.1
Diploma/certificate	6.5	0.7	5.87	2.82	1.43	2.65	4.59	1.32	4.21
Graduate & above	3.83	3.09	3.7	1.12	0.8	1.02	2.21	1.48	2.06
Post graduate & above	0.68	0.23	0.52	0.24	0.25	0.31	0.47	0.24	0.44

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

5.5 Sectoral Picture of Casual Labour Market

In the Table 5.4 below, we look at the spread of casual labour across three main sectors, in different states of India. Agriculture continues to be the main sector, where almost 70 % of the casual labour is absorbed, followed by the industry and service sectors respectively. The rate of absorption varies across states. In bigger states like Karnataka, Orissa, Maharashtra, Andhra Pradesh, Madhya Pradesh, Bihar, Chhatisgarh; casual labour in agriculture ranges between 78 to 90 %, indicating that agriculture continues to be the main sector wherein casual labour finds work. It is interesting to note that, in comparatively developed states like Maharashtra, Karnataka, Tamil Nadu, Punjab; casual labour in agriculture continues to be quite high. Whereas in less developed states, like Rajasthan, Jharkhand, Uttar Pradesh, and Uttaranchal, the absorption of casual labour into the industry sector is quite high. This could

indicate that, in the less developed states which have poor human development record, casual labour may be forced to work in low end industrial jobs. In case of comparatively developed states like, Maharashtra, Tamil Nadu and Karnataka, casual labour continues to be more in agriculture sector, indicating that agriculture continues to be an important source of occupation to absorb casual labour in these states.

Table 5.4: State-wise Distribution of Casual Labour by Economic Activity (Usual Principal Status)

State	Agriculture	Industry	Service	Total
Dadra & Nagar Haveli	97.4	2.6	0	100
Chattisgarh	89.5	9.5	1.1	100
Bihar	86	10.8	3.2	100
Madhya Pradesh	82.8	14.8	2.4	100
Andhra Pradesh	81.4	14.3	4.3	100
Maharashtra	80.2	14.2	5.5	100
Orissa	79.6	15.7	4.7	100
Karnataka	78.7	15.7	5.7	100
Daman and Diu	74	17.5	8.5	100
Tamil Nadu	70.5	23.6	5.9	100
Meghalaya	68.3	22.4	9.4	100
Arunachal Pradesh	67.6	13.9	18.5	100
West Bengal	66.9	26.1	7	100
Assam	66.7	8.6	24.7	100
Gujarat	61.3	30.8	7.8	100
Uttar Pradesh	53.1	41.3	5.6	100
Punjab	49.1	41.5	9.4	100
Tripura	44.8	37.8	17.4	100
Sikkim	43.1	56.3	0.6	100
Haryana	39.8	49.2	11	100
Jharkhand	39.4	50.4	10.2	100
Goa	37.4	43.5	19.1	100
Nagaland	37.1	56.5	6.4	100
Kerala	36.9	41.9	21.2	100
Pondicherry	36	47.6	16.3	100
Lakshdweep	34	61	4.9	100
Manipur	30.4	55.6	13.9	100
Uttaranchal	29.7	61.6	8.7	100
Rajasthan	19.7	73.1	7.2	100
Jammu & Kashmir	18.3	72.5	9.2	100
Himachal Pradesh	18	76.6	5.4	100
Anademan & Nicobar	7.9	66.9	25.2	100
Delhi	3.6	86	10.3	100
Mizoram	1.2	71.1	27.7	100
Chandigarh	0	78.8	21.2	100
Total	69.2	24.4	6.4	100

Source: Unit level data, NSS 62nd Round

5.6 Casual Labour according to Economic Activity

Table 5.5, shows the proportion of casual labour, in different economic activities in different states in India using NIC 1 Digit Classification. As can be seen from the table below, in majority of the states in India, agriculture, hunting and forestry continues to be the main activity in the casual labour market. States with low human development like Bihar, Orissa, Chattisgarh and Madhya Pradesh have a large section of casual labour in Agriculture, Hunting and Forestry related activities. Interestingly, even in states which perform somewhat better in human development than the states mentioned above have a high proportion of casual labour in Agriculture, Hunting and Forestry related activities. For example, states like Maharashtra, Andhra Pradesh, Gujarat, Maharashtra and Karnataka have high proportion of casual labour engaged in Agriculture, Hunting and Forestry related activities. Construction and manufacturing are the other economic activities where one can see casual labour is being absorbed. States like Himachal Pradesh, Delhi, Sikkim, Rajasthan have high proportion of casual labour in construction.

Table 5.5: State-wise Distribution of Casual labour by NIC 1 Digit Economic Activity (Usual Principal Status)

State	Agriculture, Hunting and Forestry	Fishing	Mining Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Trade	Hotels & Restaurants	Transport, Storage and Communication	Financial Intermediation
Jammu & Kashmir	18.28	0	0	12.02	0.03	60.51	1.42	0.13	4.88	0
Himachal Pradesh	18.03	0	0	4.94	0	71.61	0.47	0.54	2.25	0
Punjab	49.05	0.03	0	10.58	0	30.92	2.7	0.18	3.01	0
Chandigarh	0	0	0	35.45	0	43.3	8.51	0	0	0
Uttaranchal	29.71	0	0.25	17.36	0	43.96	0	0	8.2	0
Haryana	39.77	0	0.1	13.2	0	35.9	3.17	0.33	1.15	0
Delhi	3.61	0	0	21.82	0.31	63.91	0.64	0.97	6.34	0
Rajasthan	19.73	0	5.5	11.9	0.01	55.66	1.85	1.49	2.14	0
Uttar Pradesh	53.08	0	1.3	9.88	0.07	30.1	0.98	1.09	1.53	0
Bihar	85.97	0	0.04	2.03	0	8.75	0.67	0.31	0.88	0
Sikkim	43.07	0	0	0	0	56.3	0.47	0	0	0
Arunachal Pradesh	67.6	0	0.01	0.18	0	13.7	2.4	0.18	0	0
Nagaland	37.06	0	10.45	0	0	46.07	0	5.19	1.24	0
Manipur	24.73	5.68	0	19.5	0	36.15	1.62	0	0.23	0
Mizoram	1.15	0	0.91	2.69	0	67.5	11.58	1.83	7.31	0
Tripura	44.82	0	0	3.11	0	34.68	0.72	0	0.25	0
Meghalaya	68.25	0	6.76	7.36	0	8.28	1.14	3.11	1	0.19
Assam	66.74	0	0.27	2.15	0	6.14	0.81	0.49	1.17	0.53
West Bengal	66.39	0.54	1.01	11.96	0.07	13.01	1.87	0.66	1.33	0
Jharkhand	39.4	0	1.36	12.8	0	36.23	2.14	0.12	4.72	0.14
Orissa	79.14	0.45	3.69	3.72	0.44	7.87	0.46	0.07	3.5	0
Chattisgarh	89.45	0	2.48	4.11	0.03	2.84	0.19	0.01	0.68	0
Madhya Pradesh	82.76	0.03	1.48	1.61	0.27	11.42	0.73	0.12	1.06	0
Gujarat	61.34	0	1.33	17.26	0	12.23	0.94	0.43	3.84	0

State	Agriculture, Hunting and Forestry	Fishing	Mining Quarrying	Manufacturing	Electricity, Gas and Water Supply	Construction	Trade	Hotels & Restaurants	Transport, Storage and Communication	Financial Intermediation
Daman and Diu	7.2	66.77	0	13.27	0	4.22	8.54	0	0	0
Dadra & Nagar Haveli	97.42	0	0	0	0	2.58	0	0	0	0
Maharashtra	79.72	0.52	0.43	3.45	0.07	10.3	1.56	0.45	2.21	0
Andhra Pradesh	81.08	0.33	1.13	3.25	0	9.87	2.01	0.1	1.56	0.01
Karnataka	78.46	0.24	1.12	3.4	0.26	10.87	2.68	0.42	2.1	0.01
Goa	33.85	3.6	0.71	5.77	0	37	3.25	0	2.13	0
Lakshdweep	6.03	27.99	0	1.7	0	59.39	0.93	0.16	3.8	0
Kerala	34.67	2.25	1.81	12.77	0	27.15	4.02	1.66	11.75	0.22
Tamil Nadu	69.35	1.11	1.46	9.81	0.31	12.08	1.34	0.32	3.39	0.01
Pondicherry	36.03	0	0	23.81	0	23.82	5.25	0.67	3.46	0
Anademan & Nicobar	7.25	0.65	1.57	2.91	0.11	62.3	6.39	0	10.09	0
Total	68.81	0.38	1.34	6.89	0.12	16.04	1.56	0.47	2.4	0.03

Source: Unit level data, NSS 62nd Round

5.7 Casual Labour in top five economic activities

The Table 3.5 Appendix III shows the top five economic activities in which casual labour is absorbed as per the NIC – 5 digit code. At all India level Growing of food grain crops is the activity for the majority (59%) of the casual workers in India, followed by general constructions activities (12%). Together, the top 5 activities absorb around 60 % of the casual labour force. It is important to note that except general construction, all other top activities are concerned with agricultural sector. If we see the picture state-wise, the main activities emerging are: Growing of food grain crops (20 states) , general construction (5 states), manufacturing of bricks (7 states), other financial intermediation (1 state) Fishing on commercial basis (1 state), Growing of tea or mate leaves (1 state). What is clear from the data that growing food grain is the main activity in which casual labour in majority of the states/union territories is absorbed. Interestingly, manufacturing of bricks is a top activity in 7 states where majority of the casual labour works. If the picture of casual labour absorption in top five occupations is compared between states with high levels of human development like Kerala, Delhi, Goa, Himachal Pradesh, with states with low human development like Bihar, Uttar Pradesh, Madhya Pradesh, Rajasthan, Jharkhand, Orrisa, Chattisgarh with low human development, one important difference is that in states with low human development casual labour is mostly in occupations related to agriculture except the state of Rajasthan. In case of states with high human development, general construction and manufacture of bricks are the main occupations of the majority of casual labourers. It can be inferred that in comparatively developed states, there is fairly more variety of occupations in which casual labour is absorbed. Whereas in comparatively less developed states, the casual labour is absorbed mostly in agriculture related work.

5.8 Casual Labour according to occupations

In the Table 5.7 casual labour in main occupation across states is seen. At all India level, close to 70 % of casual labour is in farm related occupations, followed by Production , Transport and Related related occupations. Together these occupations cover the majority of the casual labour. States like Jammu & Kashmir, Himachal Pradesh, Chandigarh, Rajasthan, Delhi have high proportion of casual labour in production related occupations. Whereas states like Bihar, Assam, West Bengal, Orrisa, Chattisgarh, Madhya Pradesh, Maharashtra,

Andhra Pradesh, Tamil Nadu, and Karnataka have high proportion of casual labour in farm related occupations.

Table 5.7 State-wise Distribution of Casual Labour by NIC 1 Digit Economic Activity (Usual Principal Status)

State	Professional, Technical etc.	Administrative / Managerial	Clerical etc	Service	Farmers and Related	Production , Transport and Related
Jammu & Kashmir	1.21	0.82	0.23	0.61	18.01	79.07
Himachal Pradesh	0	0	0.46	0.59	16.82	82
Punjab	0.18	0.05	0.52	2.43	49.07	47.4
Chandigarh	0	0	0.67	12.73	0	86.6
Uttaranchal	0	0	0	13.49	28.22	58.29
Haryana	0	0	2.5	5.58	40.65	50.84
Delhi	0	0	1.66	3.67	3.61	91.06
Rajasthan	0	0	1.22	2.59	19.66	76.53
Uttar Pradesh	0.01	0	0.68	1.15	53.66	44.49
Bihar	0.67	0.01	0.67	1.2	85.51	11.95
Sikkim	0	0	0.47	0	42.65	56.88
Arunachal Pradesh	0.94	0.02	1.15	2.63	39.82	55.18
Nagaland	0	0	0	0	37.18	62.82
Manipur	0	0	1.84	3.15	19.64	75.37
Mizoram	0	0	3.41	1.19	0	95.41
Tripura	0.15	0.58	1.29	1.64	27.81	68.51
Meghalaya	0	0.11	0.99	6.9	67.27	24.73
Assam	0.46	0.23	1	1.71	70.01	26.58
West Bengal	0.27	0.05	1.22	2.71	66.67	29.07
Jharkhand	0.34	0.03	2.08	2.86	39.35	55.33
Orissa	0.05	0	0.14	0.63	78.9	20.27
Chattisgarh	0	0	0.02	0.14	89.45	10.38
Madhya Pradesh	0.1	0.02	0.25	0.25	82.67	16.68
Gujarat	0.2	0.26	0.67	2.23	61.97	34.26
Daman and Diu	0	0	0	0	73.97	26.03
Dadra & Nagar Haveli	0	0	0	0	97.42	2.58
Maharashtra	0.03	0.04	0.86	1.33	80.49	17.23
Andhra Pradesh	0.04	0	0.53	0.82	81.14	17.43
Karnataka	0	0	0.63	1.24	78.4	19.73
Goa	0	0	3.09	11.17	40.32	45.42
Lakshdweep	0	0	0	0.16	34.98	64.86
Kerala	0	0	3.27	4.55	37.01	54.93
Tamil Nadu	0.01	0	0.45	0.96	70.37	27.96
Pondicherry	0	0	4.89	8.01	36.03	51.07
Anademan & Nicobar	1.66	0	6.98	4.55	7.32	79.5
Total	0.12	0.04	0.8	1.54	69.14	28.3

Source: Unit level data, NSS 62nd Round

5.9 Casual Labour in top five occupations

In the Table 3.6 Appendix III includes casual labour in top five occupations across states is seen. At all India level, agricultural labour constitutes the main occupations for majority of the casual labourers. In twenty states agriculture labour is the main occupation of the majority of the casual labour. The other occupations in which casual labour is absorbed are as construction workers, Bricklayers, Stone Masons and Tile Setters, Rickshaw Drivers and Rickshaw pullers, Bricklayers, Stone Masons and Tile Setters and other forms of casual workers. Comparison between more developed and less developed states reveals that in comparatively developed states, there is more occupational diversity whereas in less developed states, majority of the casual labour still gets absorbed as agricultural labour. Overall, occupations in agriculture, construction, manual transport, cultivators (owners) appear to be the main occupations in which casual labour works.

Casual labour in India constitutes one of the most vulnerable sections of the population. This segment is devoid of any social security or job guarantee. Agricultural related activities continue to absorb the majority of the casual labour in India. However, with recent crises in the agricultural sector, the condition of the casual labour attached to agriculture has further worsened. Further casual labour that does not find work in agriculture may be forced to work in low end manufacturing jobs with pathetic working conditions.

Chapter 6

Unemployment and Underemployment in India

This chapter provides an analysis of the unemployment and underemployment situation in India using data from the National Sample Survey 62nd Round 2005-06. It examines the definitional specificities of unemployment and underemployment in India followed by analysis. Regional, gender based, age based and educational level trends in unemployment are discussed using NSS data.

6.1 Definition

Unemployment as a concept can be defined, in more ways than one. According to Turnham and Denizhen (1990), there are three main concepts related to unemployment. First, unemployment arises as labour demands a higher wage rate, as compared to the prevailing market wage rate. This is the classical explanation of unemployment. The second concept classifies unemployed persons as, persons who are willing and able to work, but not currently employed. The third concept is that of, 'fringe workers' or 'inactive unemployed'. These are persons who desire work, but do not seek it, believing that work is not available.

The International Labour Organization (ILO) guidelines, classify a person as unemployed if, the person is (a) not working, (b) currently available for work and (c) seeking work. This has been the popular definition used for policy formulations, or for discourses on unemployment. This classification of the ILO, rests on the 'labour force framework' (Byrne & Strobl, 2001), that seeks to classify the population, into three mutually exclusive categories of the employed, the unemployed and the not in labour force. This classification is critiqued on the following grounds. Such a framework, to define unemployment, is applicable largely in countries, where the employment opportunities available, are in the regular/salaried category. It is not applicable, to labour in the informal sector, especially in the developing countries. The employment of the persons engaged in the informal sector switches between the categories of the employed or unemployed or not in labour force. Further, status of

employment can vary within short intervals of time, with the intervals being as short as one day.

The applicability of the third criterion, of 'seeking work', is the most debatable, as information sources, about the labour market, are not easily accessible to all. Moreover, it is not applicable in the countries, where a majority of the population, is self-employed. In this context, Hussmanns *et al* (1990 cited in Byrne & Strobl 2009), note that "seeking work is essentially, a process of search for information, on the labour market...(and) in this sense, it is particularly meaningful, as a defining criterion, in situations where, the bulk of the working population is oriented towards, paid employment, and where channels for the exchange of labour market information exist, and are widely used.....this may not be the case in developing countries." (cited in Byrne and Strobl,2001, pp. 5)

Based on these causal factors, unemployment is classified into, 1) Real Wage (Classical) unemployment, that arises when, the real wage is higher than the market wage, leading to an excess, in the supply of labour; 2) Frictional Unemployment, also known as 'transitional unemployment' (Elmeskov, 1993), which is related to, individuals changing jobs, either within, or across sectors or regions; 3) Structural Unemployment, where there is a persistent mismatch, between the supply of, and the demand for labour, across skill groups, and regions; 4) Seasonal Unemployment, which is seen especially in agrarian economies, where labour is without work, for a certain period, in accordance with the sectors specificities; 5) Cyclical Unemployment, which is seen, when employment opportunities rise and fall, in accordance with the business cycles. A boom period, leads to an increase in employment, while a slowdown, is accompanied by, a reduction in employment opportunities.

6.2 Unemployment Scenario in India

Indian unemployment, was primarily classified as, 'Seasonal' on account of, the seasonal characteristic, of the dominant agricultural sector. In recent times, with the tertiary sector, guiding the economy, structural unemployment, is on the rise. As mentioned earlier, structural unemployment is a chronic unemployment that arises, due to a mismatch between, the skills of the workers in the market, and the needs of the employers. As this is a long term problem, it requires governmental interventions, in the creation of appropriate infrastructure

to aid skill creation in the required industry. Historically, structural transformation follows a pattern, whereby initially, the share of agriculture in the economy declines, and that of industry increases. Gradually, the share of services increases, and in the long term, agriculture becomes a minor sector, followed by industry, with services accounting for a majority of the output. In most developed economies, the share in employment, of different sectors, is in accordance with, the share of output. Typically, agriculture accounts for 5% of the output, followed by industry providing 25% to 33% of the output, and services accounting for the remaining 65% to 70% of the output, in the economy. (Rangarajan, 2006).

The emerging economies have followed a similar trend, the only difference being, in the time dimension i.e. the shift has taken place, in a relatively shorter span of time. India's experience with structural transformation, and the subsequent impact on employment, has been unique. While the share of services in our output, has been increasing steadily (services account for nearly 50% of the GDP), this increase has been sudden, and has overtaken the manufacturing sector. The shift in employment has not been in tandem with this structural shift. Agriculture still continues to employ around 58% of the labour force, with the services accounting for just around 22%. Hence, a major proportion, of our labour force, is unable to find employment outside the agricultural sector.

6.3 Unemployment Trends based on NSS 62nd Round

In this section the data from the NSS 62nd round (2005-06) on the unemployment scenario in India, is analyzed. Table 6.1 presents, the general macro trends of unemployment in India. One of the indicators used, for discerning the level of unemployment in the economy, is the unemployment rate.¹⁶ As per the 62nd round of NSS survey, the unemployment rate is high as 8.02% for 2005-06. According to the S.P Gupta Report, this rise in unemployment has been because of, the decline in the job creating capacity of the Indian economy since 1993-94. The employment growth rate fell from 2.7% between the years 1983–1994, to 1.07% between the years 1994–2000. However, there was rise in GDP in these years, indicating a

¹⁶ The unemployment rate is defined as, 'the number of persons unemployed, per thousand persons, in the labour force'. Thus, it gives a measure, of the unutilized proportion of the labour force.

situation of 'jobless growth'. This slowdown in the generation of employment becomes more critical, as it has been accompanied by, a decline in the growth of the labour force. The labour force growth rate was 2.43%, between the years 1983–94. It declined to 1.31% p.a during the period from 1994 to 2000 and has remained consistent at 1.4%, in 2005–06 (NSS 62nd Round).

Unemployment rates are higher in the urban areas, than in rural (Table 6.1). One possible explanation, for this, could be the dominance of the agricultural sector, in rural areas. It is mainly carried out by the unorganized, household sector. The NSS 62nd round classifies persons as either employed or unemployed, based on their activity status, using the past year as a reference period. In a household, a majority of the individuals would have contributed to work, in some manner, at some point in the year; and hence report themselves as employed. The urban areas have traditionally had fewer opportunities, for informal employment, with the major portion of employment, seen in the regular/ wage salaried category. Hence, the possibility of being engaged, in a 'low productivity subsidiary employment, which can disguise an effective state of unemployment', are fewer, and hence the urban areas report higher rates of unemployment (NSS 62nd round). Another trend that emerges clearly is that, the female unemployment rates are much lower, than that of their male counterparts. Within females, the rural females have a much lower unemployment rate, of 2.18%, than the rate seen amongst the urban females i.e. 7.63%. This is lower than the general unemployment rate of 3.20%, seen across all categories. One possible explanation for low rural female unemployment is that the women in rural areas are involved in work, either directly or indirectly, through agriculture and its allied activities. With the household as the main unit of production and consumption, it is difficult to distinguish between paid work (employment) and household work.

Table 6.1: Unemployment Rate across Different Activity Status

Unemployment		UPS	PS + SS	CWS	CDS
Rural	Male	2.54	1.96	4.38	8.22
	Female	2.18	1.27	3.4	7.31
	Person	2.6	1.81	3.9	8.12
Urban	Male	4.81	4.42	5.7	7.9
	Female	7.63	6.54	7.69	9.92
	Person	5.34	4.89	6.09	8.22
Rural + Urban	Male	3.07	2.67	4.72	8.13
	Female	2.93	1.82	3.81	8.08
	Person	3.2	2.36	4.51	8.02

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

6.4 Regional Picture of Unemployment

Table 6.2 provides data regarding the unemployment situation across states. Regional dimensions of the unemployment data reveals mixed results. The states of Kerala, Goa, Jharkhand and Orissa, show the highest unemployment rates. Goa has the highest unemployment rate at 11.39%, followed by Kerala at 9.13%. Orissa comes in 3rd at 4.46%. The lowest rates are seen in the states of Chattisgarh, Uttaranchal and Uttar Pradesh. Jharkhand displays the highest unemployment rate, for urban persons at 10.77%, followed by Goa, and Kerala. Delhi, Gujarat and Uttaranchal have the lowest urban unemployment. With respect to rural persons, Goa and Kerala and Orissa have highest unemployment rates. The states of Chattisgarh, Madhya Pradesh and Rajasthan show the least rural unemployment. Unemployment rates for urban persons are higher than those for their rural counterparts for all the states except Goa. Female unemployment rates are highest in the states of Goa and Kerala. The same states also account for the highest unemployment rates for males. Madhya Pradesh, Rajasthan and Uttar Pradesh show the lowest levels of unemployment among urban females. Delhi, Himachal Pradesh and Kerala have lowest levels of unemployment among urban males. Regional analysis reveals that unemployment among urban females is higher than that for rural females across states, with the exception of the state of Goa. While the states of Goa and Kerala, have always ranked very high on the indicators of, literacy and health, Jharkhand and Orissa are amongst the most backward states, in the India, in terms of the socio-economic indicators.

Table 6.2: Unemployment rates: State-wise (PS+SS)

State	Rural			Urban			Male	Female	Person
	Male	Female	Person	Male	Female	Person	Rural + Urban	Rural + Urban	Rural + Urban
Andhra Pradesh	0.97	0.66	0.75	4.57	3.02	4.28	1.8	0.76	1.39
Assam	2.52	3.27	2.56	6.63	15.83	8.09	2.86	3.88	3.07
Bihar	1.41	0.93	1.3	8.63	6.02	8.16	2.03	0.95	1.95
Chhattisgarh	0.16	0.21	0.18	5.1	5.35	5.19	0.99	0.46	0.77
Delhi	1.6	0	1.51	2.37	3.85	2.48	2.18	3.8	2.47
Goa	6.86	30.77	12.84	9.66	13.03	10.66	8.61	18.58	11.39
Gujarat	1.36	0.26	1.03	3.35	0	2.9	2.03	0.33	1.55
Haryana	4.31	0	2.86	3.8	3.55	3.71	4.22	0.71	2.93
Himachal Pradesh	1.43	0.99	1.13	2.51	6.93	3.53	1.42	1.24	1.34
Jammu & Kashmir	3.15	0	2.3	6.62	8.93	6.86	3.86	0.95	3.13
Jharkhand	2.41	0.31	1.61	9.4	19	10.77	3.73	1.4	2.89
Karnataka	1.97	0.48	1.36	4.75	4.79	4.82	2.82	1.14	2.09
Kerala	5.04	15.61	8.82	2.31	25.67	9.91	4.54	17.47	9.13
Madhya Pradesh	1.08	0	0.66	4.01	2.29	3.85	1.82	0.34	1.4
Maharashtra	1.68	0.47	1.17	5.05	7.64	5.6	2.9	1.86	2.61
Orissa	4.47	3.39	4.1	6.53	12.32	7.49	4.68	4.01	4.46
Punjab	4.18	2.7	3.71	4.05	9.85	5.15	4.14	3.7	4.14
Rajasthan	1.13	0	0.64	3.65	1.69	3.34	1.7	0.29	1.14
Tamil Nadu	1.78	1.11	1.5	3.75	4.33	4.02	2.4	1.9	2.24
Uttaranchal	0.2	0	0	1.94	5.62	2.52	0.4	0.3	0.48
Uttar Pradesh	1.19	0	0.8	3.42	2.41	3.49	1.57	0.51	0.89
West Bengal	3.64	0.5	2.93	5.79	3.87	5.47	4.11	1.57	3.44
North-Eastern States	3.66	3.31	3.52	5.75	15.09	8.42	3.91	5.28	4.32
Group of U.Ts.	4.08	1.88	3.49	3.26	12.5	5.6	3.72	7.11	4.49

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

6.5 Unemployment and Age

Table 6.3 describes the unemployment situation, based on the age classification of the NSS. Unemployment rates analyzed by age groups show, that the highest levels of unemployment across categories are seen from the age groups of 10-14 years to 20-24 years. The unemployment rate in the 10-14 years category is as high as 7.94%, and decreases marginally to 6.99% in the 20-24 category. Higher levels of unemployment are seen, amongst the urban population for all the age categories. While 5.02% of the youth, in the 20-24 years category, are unemployed in the rural areas, the corresponding figure, for the urban areas is higher at 13.75%. The unemployment rate for females is much lower, at 1.72% in the 10-14 years category, while it is 11.94% for males. Urban females have a much higher rate of unemployment than rural females for all age categories. For rural and urban persons, female unemployment rates are much lower than their male counterparts. Table 6.3 shows that higher rates of unemployment are seen among the youth. Even globally, the percentage of unemployed youth, saw a 14.8% increase, from 74 million to 85 million, between 1995 and 2005 (Global Employment Trends for Youth, 2005).

This high level of unemployment, amongst the youth, is a critical issue. The present increase in youth unemployment is attributed by some authors, to an increase in the school enrollment at the primary level (Bhalotra, 2003). The percentage of primary school-aged children increased from 87.4% in 2000, to 94.6% in 2005 (Statistical Yearbook for Asia and the Pacific, 2007). The Planning Commission's Task Force on Employment (2001) states that higher unemployment rates reflect that, the new entrants into the labour force are willing to wait, for a longer duration, for a job, that matches their aspirations and expectations. It may also be reflective of a mismatch, between the jobs available, and the expectations of the labour force; as also between the skills of the workforce, and the expectations of the employees.

Table 6.3: Unemployment rates: Age-wise (PS + SS)

Age category	Rural			Urban			Male	Female	Person
	Male	Female	Person	Male	Female	Person	Rural + Urban	Rural + Urban	Rural + Urban
0 – 4	0	0	0	0	0	0	0	0	0
5 – 9	0	16.67	0	0	0	0	0	20	0
10 – 14	9.72	1.49	5.8	18	7.69	15.38	11.94	1.72	7.94
15 – 19	6.68	3.55	5.65	16.8	11.67	16.08	8.67	4.6	7.61
20 – 24	5.28	4.07	5.02	12.2	18.78	13.75	7.12	6.65	6.99
25 – 29	2.45	1.83	2.19	5.68	9.84	6.53	3.3	3.05	3.17
30 – 34	0.91	0.71	0.92	2.14	5.33	2.75	1.32	1.46	1.24
35 – 39	0.1	0.33	0.13	0.81	1.85	1.09	0.3	0.57	0.4
40 – 44	0.2	0.17	0.13	0.71	0	0.63	0.31	0	0.27
45 – 49	0.1	0	0.13	0.52	0	0.48	0.2	0	0.13
50 – 54	0.1	0	0	0.86	0.47	0.84	0.31	0	0.27
55 – 59	0.32	0.2	0.28	0.36	0	0.37	0.33	0.23	0.3
60 & above	0.31	0.41	0.22	0.27	0	0	0.34	0.48	0.25

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

6.6 Unemployment and Education

The above trend of youth unemployment is supported by the results, when the unemployment rate is calculated according to educational attainment. Table 6.4 provides the data on the unemployment rates, across the varying levels of education. The unemployment rate is seen to increase, with an increase in educational attainment. The unemployment rate for the illiterate is as low as 0.25%, and goes on increasing with increasing levels of education. It is highest at 8.74% for Diploma/Certificate holders. In case of Graduates, the unemployment rate is marginally lower, at 7.89%, and is still lower at 6.64%, for Post-graduates. The level of unemployment increases by a greater proportion, after the secondary level of education. The female unemployment rates are much higher, than the male unemployment rates. Post the secondary level of education, the female unemployment rates are more than double, of those seen for males.

Table 6.4: Unemployment rates: Education-wise (PS + SS)

Education Category	Rural			Urban			Male	Female	Person
	Male	Female	Person	Male	Female	Person	Rural + Urban	Rural + Urban	Rural + Urban
Not literate	0.39	0.27	0.23	1.89	0.61	1.21	0.61	0.29	0.25
Literate & up to primary	1.52	0.47	1.42	3.18	1.9	3.01	1.78	0.53	1.5
Middle	2.51	2.98	2.53	5.58	7.94	5.86	3.37	3.66	3.45
Secondary	3.69	8.6	4.52	4.39	8.94	4.97	3.92	8.96	4.58
Higher Secondary	5.46	10.08	6.13	5.44	16.28	7	5.47	12.77	6.44
Diploma/Certificate Course	7.15	20.48	8.98	7.34	15.7	8.55	7.22	17.75	8.74
Graduate & above	6.49	17.97	7.98	5.98	16.11	7.84	6.21	16.67	7.89
Post - Graduate & above	5.85	14.42	7.2	4.45	11.04	6.32	4.99	11.83	6.64

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

The most important trend that emerges from this data is that, unemployment increases with education. Education is a basic requirement for entering the labour market, irrespective of the segment. Youth unemployment is a critical issue because India, as a nation is young. 70% of the Indian population falls into the age group of, less than 34 years. 34% of the Indian population is in the age group of 15-34 years. Thus, arguably, there is a potential demographic dividend for India. However, one fourth in this age group are illiterate, making them unfit for even the casual labour market. In the context of youth resources not utilizable in the emerging knowledge economy, these young people need to be appropriately trained, to fit into the dynamic labour market. Otherwise, such young persons may be a demographic deficit for the country (Bino et al, 2008.).

6.7 Underemployment

In this section, underemployment/disguised unemployment, concepts relevant to the unemployment situation in India are discussed. This phenomenon stems from the observation that, in the developing and the over populated countries; agriculture engages many more persons, than are strictly required for efficient production (Krishnamurty, 2008). The concept of underemployment was incorporated into mainstream economic theory by

Ragnar Nurkse (1953, cited in Krishnamurthy 2008). Disguised unemployment was said to exist in the form of the surplus labour engaged in agriculture, especially in the developing countries. Nurkse argued that this surplus labour represented a savings potential, that could be realized by shifting this surplus labour, from agriculture to the modern, non-agricultural sector; while maintaining at constant levels, the output in the traditional, agricultural sector and the consumption pattern of labour. A. Lewis (1954, *ibid*) took this concept forward, in his model of development, where he stated that, the industrial sector could grow, by tapping into this ‘unlimited supply of labour’ from the agricultural sector.

It can be inferred from above that, the ‘surplus labour’ employed in agriculture, is in fact underemployed. While they appear to be employed, in terms of productivity or the labour time spent engaged in agricultural work, they are underemployed. Underemployment in India was defined by Das (1925) as, ‘forced leisure in the case of all persons who employ themselves in industrial enterprises’ (cited in Krishnamurthy 2008). He restricted under – employment to the self employed. V.K.R.V Rao (1938, *ibid*) included disguised unemployment in his four-fold classification, of the types of unemployment. Disguised unemployment according to him, involved the ‘diversion of labour from more productive, to less productive occupations’. Its origins were due to the decline of the handicraft sector, which led to the artisans taking up less productive work.

Productivity as a component of underemployment was taken up by Lokanathan and Dey. While Lokanathan (1929, cited in Krishnamurthy 2008) linked disguised unemployment with population growth and low productivity, and provided raising productivity as a solution, Dey argued in his discussion in the Indian Economic Journal (1938, cited in Krishnamurthy 2008) that there was considerable unemployment at the prevailing wage rates, and that the wage rates were so low, that they did not provide ‘employment in the real sense of the word.’ Dey argued that the average earnings were so low, that the work done was rewarded with equal returns, and was much less than the minimum necessary for a civilized existence (*ibid*). He linked unemployment with poverty, and provided another dimension of underemployment – underemployed with respect to the income earned.

The World Employment Report (2005) differentiates between the 3 types of underemployment.

1. Underemployment based on labour time.
2. Underemployment based on productivity.
3. Underemployment based on wages.

The first two classifications are based on the labour effort, and time spent in productive work. The classification based on the wages paid, explores the dimension of, quality of work and decent work. There are situations whereby persons are engaged in productive, economic activity for sufficient time, but are not paid accordingly. This is critical to understanding, the labour market scenario in India.

6.8 Identifying Underemployment in India

This report uses the NSS definition of underemployment for the analysis. The NSS defines underemployment as the under-utilization of the labour time of workers. (NSS 62nd Round, 2005). Some persons categorized as usually employed, do not have work throughout the year, due to the seasonality of work, or otherwise and their labour time is not fully utilized and hence, they are classified as underemployed. Their underemployment is termed ‘visible underemployment’, if they report themselves as being available for additional work.

The NSS approximates the visible underemployment by cross classifying persons by

- a. their usual and current weekly statuses
- b. their usual and current daily statuses and
- c. their current weekly and current daily statuses

Some employed persons, particularly the self-employed, may appear to be engaged in work throughout the year. But this work may not be adequate, in terms of productivity or income. They may therefore look out for additional and/or alternative work, in order to supplement their income. Such underemployment is termed as ‘invisible underemployment’, which is not directly measurable. The proportion of the usually employed individuals, who have indicated their availability for additional/alternative work, is a useful indicator of the magnitude of the invisibly underemployed. (Nair, 2004)

Our approach in this report has been, to understand the extent of underemployment across the 3 classifications of employed: self-employed, regular wage/salaried and casual labour. This employment status is cross tabulated with the 3 status levels—Usual status (US), Current Weekly Status (CWS) and Current Daily Status (CDS).

Using the US, the population is classified into the employed, the unemployed and the not in the labour force categories. The employed are further classified into the categories of self – employed, regular wage/ salaried and casual labour. This percentage of the self-employed is then disaggregated into, the employed, the unemployed and the not in labour force using the CWS approach. This is repeated for the regular wage/salary and the casual labour categories.

The percentage of persons in the unemployed and the not in labour force category, according to CWS, gives the extent of underemployment in all the employment categories. This cross tabulation is carried out between, the US and CDS, and also between the CWS and CDS approaches.

6.9 Extent of Underemployment in India

In the absence of any kind of social security or state sponsored assistance, the poor have no other choice, but to accept any work that is available, and hence a large number of them may be underemployed (Bhalotra, 2003). The NSS estimates that about 7.3% of India's labour force was either chronically unemployed or underemployed in 1999/ 2000. This figure increased to 8.02%, according to the 62nd NSS round. The majority of the labour force is employed in the self-employed and the casual labour category. For many, self-employment is merely a nominal status, while casual labour is characterized by volatility, in income levels and job security.

There are several dimensions in which the employment opportunities available may not be ideal. Apart from the working conditions and the quality of work, one of the most important dimensions is that of the income provided. While unemployment in 1999-00 on the basis of UPSS measure was only 2.33%, the percentage of the population in poverty in the same survey was high as high as 26.1%. This indicates that a quarter of Indian population is in employments that do not guarantee adequate income to consider them as having gainful employment (Planning Commission, 2001).

Tables 6.5, 6.6 and 6.7 show the under-employment rates when the first level of disaggregation is done. Table 6.5 shows the disaggregation of the employment status according to the Usual Status approach by the Current Weekly Status approach. Table 6.6 shows similar disaggregation for the US approach by the CDS approach. And table 6.7, cross tabulates CWS employment status with CDS employment status. According to the Usual Status approach, out of total employed persons, 54.45% are self-employed, 14.77% are regular wage/salaried, and 29.78% are in the category of casual labour.

(Refer to Chapter 2, Table 2.3)

Table 6.5 shows the usually employed according to US, by the CWS approach. Of the 54.45% self-employed persons, the CWS approach classifies 92% as employed. 0.8% as unemployed and 7.2% as not in the labour force. The underemployment rate for self – employed persons is 8%. Thus, the persons classified as usually employed in the self – employed category by the US approach, may not have been engaged in work, for some weeks in a year, or on some days in the different weeks. The persons classified in the casual labour category, also reflect similar trends, with an increase in intensity. The CWS approach classifies 88.2% as employed. With 4.4% and 7.3% persons as unemployed and not in the labour force, the underemployment rate for persons is as high as 11.7%. Underemployment is more prevalent among the casually employed, than the self – employed. The rates are also higher for females, and for rural persons, in both the employment categories.

Table 6.5: Status of Total Employed according to Usual Status Disaggregated by Current Weekly Status

		Self – Employed			Regular wage / Salaried			Casual Labour		
		Employed	Unemployed	NLF	Employed	Unemployed	NLF	Employed	Unemployed	NLF
Rural	Male	96.4	1.1	2.5	98.9	0.9	0.2	92.2	4.8	3
	Female	82.3	0.3	17.4	97.4	1.6	1	79.8	3.9	16.2
	Person	91.2	0.8	8	98.6	1	0.4	87.8	4.5	7.7
Urban	Male	98	0.9	1.1	99.3	0.4	0.3	93.3	4.4	2.3
	Female	89.2	0.3	10.5	98.4	0.5	1.1	84.2	3.7	12.1
	Person	96.2	0.8	3	99.1	0.4	0.5	91.5	4.3	4.2
Person	Male	96.7	1.1	2.2	99.1	0.6	0.3	92.4	4.7	2.9
	Female	82.9	0.3	16.8	98	0.9	1.1	80.1	3.9	16
	Person	92	0.8	7.2	98.9	0.7	0.4	88.2	4.4	7.3.

NLF = Not in Labour Force

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

Table 6.6 shows, the per 1000 distribution of person days, of usually employed, according to US, by their CDS. The underemployment rate among the self-employed is at 15.8%, and at a much higher 26.5%, in the casual labour category. In the self-employed category, the underemployment rate is higher for females, than for males –almost 35% for females, as compared to 5.8% for males. In the casual labour category, the underemployment rate for persons is at 26.5%. The underemployment rate for females is much higher at 37.2%, while the corresponding rate for males is 21%. For both the categories of self-employed and casual labour, the rural persons show much higher rates of underemployment, than their urban counterparts.

Table 6.6: Status of Total Employed according to Usual Status Disaggregated by Current Daily Status

		Self - Employed			Regular wage / Salaried			Casual Labour		
		Employed	Unemployed	NLF	Employed	Unemployed	NLF	Employed	Unemployed	NLF
Rural	Male	93.6	2	4.3	98.6	1.1	0.2	79.1	14.3	6.6
	Female	64.2	0.5	35.5	96.8	1.7	1.5	62.6	11.1	26.3
	Person	82.7	1.5	15.8	98.3	1.2	0.4	73.3	13.2	13.5
Urban	Male	96.7	1.5	1.8	99.2	0.5	0.3	78	16.4	5.6
	Female	73.8	0.6	25.5	98.3	0.5	1.2	65.6	13	21.4
	Person	92.1	1.3	6.6	99	0.5	0.5	75.5	15.7	8.8
Person	Male	94.2	1.9	3.9	99	0.7	0.3	79	14.6	6.4
	Female	65.1	0.5	34.4	97.7	1	1.3	62.8	11.3	25.9
	Person	84.2	1.4	14.4	98.7	0.8	0.5	73.5	13.5	13

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

In table 6.5 and 6.6, the regular-wage / salaried category shows a marginal percentage of persons, as falling in the unemployed and the not in labour force category. The underemployment rates are comparatively high for females at 2.1% (Table 6.5). By the CDS approach the underemployment for female is marginally higher at 2.3 % (Table 6.6). Table 6.7 shows the proportion of underemployment, when the usually employed, according to CWS, are cross tabulated using the CDS approach. Underemployment is observed in the self-employed and the casual labour force category. There is no underemployment in the regular wage/ salaried category. Among the self-employed, females show the highest levels of underemployment at 21.4%, as compared to 2.7% for males. The underemployment rate for rural persons is greater, than that for urban persons, at 9.3% and 4.4% respectively. In the casual labour category, the underemployment rate for males is 15.1%, and the corresponding rate for females is 22.5%.

Table 6.7: Status of Total Employed according to Current Weekly Status disaggregated by current Daily Status

		Self – Employed			Regular wage / Salaried			Casual Labour		
		Employed	Unemployed	NLF	Employed	Unemployed	NLF	Employed	Unemployed	NLF
Rural	Male	97	1	1.9	100	0	0	85.2	10.9	3.9
	Female	78.2	0.2	21.6	100	0	0	77.6	9.6	12.9
	Person	90.7	0.8	8.5	100	0	0	82.7	10.5	6.8
Urban	Male	98.6	0.6	0.8	100	0	0	83.2	13.3	3.5
	Female	82.4	0.5	17.1	100	0	0	77.4	11.2	11.5
	Person	95.6	0.6	3.8	100	0	0	82.1	12.9	5
Person	Male	97.3	1	1.7	100	0	0	84.9	11.2	3.9
	Female	78.6	0.2	21.2	100	0	0	77.5	9.7	12.8
	Person	91.5	0.7	7.8	100	0	0	82.7	10.7	6.6

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

Self-employed persons may appear to be engaged in work throughout the year, but this work may not be adequate, in terms of, productivity or income earned. The high underemployment rates for females in the self-employed category reveal that, females in particular are not employed productively in rural work. An alternate understanding can be that, the rural agricultural sector is dominated by the household. This may be the reason why, the contribution of females may not be accounted for as employment, and hence, they show higher levels of underemployment (Olsen & Mehta, 2006). Underemployment rates among the casually employed represent the highly uncertain nature of work available for this segment. The increase in the underemployment rate, from the US to the CWS to the CDS approach, from 11.7% to 26.5% reflects the intensity of the uncertainty. While engaged in work for certain portions of the month, they may be left jobless for varying durations in a month or a week. Both the categories of the self-employed and casual labour are characterized by unorganized work. This is especially true of the rural areas, where agricultural and related work is carried out by households, and where employment is highly seasonal. Hence, it is these categories that show the highest rates of underemployment.

Employment opportunities have significance, not only for the sound economic health of a country, but also to ensure an equitable society. Employment as a source of income is the

most effective way of bringing people out of the circle of poverty. As opposed to social security nets, it is a long term mechanism to ensure the basic standards of living. The ILO recognizing this has proposed the following policy recommendations:

1. The report of the World Commission on the Social Dimension of Globalization, states that, it is imperative to tackle the issue of employment directly, by making it the central focus of macroeconomic policies, than as an indirect outcome of general policies.
2. It is important to recognize the role that employment plays in poverty reduction.

An interesting finding that emerges, from the analysis of the employment and underemployment scenario in India is that, in addition to the problem of unemployment, there is also the additional issue, where the persons who are engaged in economic activity suffer from low productivity. There is a direct relationship between low productivity and poverty. If all the 42% of the Indian population that is categorized, as part of the labour force, was provided with productive and decent employment opportunities, the poverty situation would improve considerably.

However, an increase in labour productivity, does not automatically translate into an increase in demand for labour. With the reforms introduced in the 1990s, productivity has increased markedly, on account of technological upgradation, modernization and the increase in worker skill (Bhalotra, 2003). There seems to be an inverse relationship between, labour productivity and the employment created. With higher wages and improved conditions of work, labour productivity increases. This in turn, ensures efficient use of labour effort and time. This reduced the scope for underemployment, and hence reduces the demand for surplus labour. “Higher effort levels lower the wage in efficiency units, and so raise the demand for labour, but, when every worker is more productive, one needs fewer workers per unit of capital” (World Employment Report, 2005). Thus, in the short run, there appears to be a trade off between providing decent work to all and reducing unemployment. In the long run, institutional and policy preparedness for both the demand side and the supply side factors, can do away with this trade-off. Demand side factors would include adjustments in the monetary policy, so as to encourage investment and support aggregate demand. Supply

side factors, such as, replacing and providing new educational infrastructure, and mechanisms for skill development and training, would enable an adequate supply of suitable labour. It would also involve efficient mechanisms for intermediation, in the labour market, through various employment exchanges and services. (World Employment Report, 2005)

The NSS conceptualization of underemployment can be critiqued on the basis of its excessive reliance on labour time, as an indicator of underemployment (Nair, 2004). Different industries and different types of work may have differing amounts of time required for productive employment. The seasonality of employment in India, especially in the rural agrarian sector, leads to fluctuations in employment opportunities. There are two limitations that emerge, from the definition of underemployment, as used by the NSS. NSS considers labour time as the main indicator of underemployment. As mentioned earlier in this chapter, underemployment can also be defined in terms of, labour productivity and income. If labour is employed for duration of 10 hours a day, but this is not reflected in productive output, then s/he is underemployed. This is similar to the concept of disguised underemployment. An often quoted example is that of the Indian public sector, where the proportion of employed is greater than the output. From the point of view of labour, if he is employed for a fixed duration, but the income earned from this time spent is not sufficient, the NSS calls it invisible underemployment, and measures it as the number of persons currently employed, but seeking additional work. An approach that includes, all the above dimensions, would make the understanding of underemployment, more holistic and more relevant to the ground realities.

Chapter 7

Persons Not In Labour Force

7.1 Definition

This chapter analyses the segment of people who are out of the labour market. This is a diverse group, since it includes various categories of people, who are not in labour force due to different reasons. Some of them are naturally expected to be out of labour market, such as students, children and old people. However, it also includes those categories, which could potentially take part in the labour market, but are not taking part due to specific reasons. Attempts are being made to bring these people within the labour market, such as, those exclusively involved in domestic work, beggars, and also disabled people. Not in labour force also includes those, such as commercial sex workers, whose labour has not yet been legally recognized in India. This chapter analyses the NSSO data on persons not in labour force across various states, and also the age distribution and educational attainment of persons not in labour force. It includes detailed analysis (age and educational attainment), of particular groups, within the broad category of not in labour force: those exclusively involved in domestic work; those with disabilities and beggars and commercial sex workers. It also includes a brief overview of the government schemes and policies that have been taken, with regard to these diverse groups of people.

The NSSO defines not in labour force (NLF) as those, who are neither working nor was/is available for work, due to various reasons. The sub-categories within NLF, according to NSSO, include several diverse groups. These are children (age-group of 0-4); students; rentiers, pensioners; those engaged in domestic labour or other extra-domestic work, such as, free collection of goods (like vegetable, firewood etc), sewing, tailoring etc for household use; those who are sick; disabled people and others (including beggars and prostitutes¹⁷). Among these, selected groups have been included for analysis in this chapter. These are those exclusively involved in domestic work; those with disabilities; and beggars and

¹⁷ The term “prostitute” is used by NSSO to refer to commercial sex workers. Hence the report uses the NSSO terminology in the analysis of data.

prostitutes. These categories have been chosen as we feel that while some of the aforementioned categories need to be legally recognized as workers, others need targeted interventions for inclusion in the labour market.

7.2 Regional Distribution of Persons Not in Labour Force

Table 7.1 gives state-wise distribution of persons not in labour force. State wise distribution of not in labour force yields interesting findings:

- 1) There is a stark gender difference in NLF, with the percentage of females not in labour force being much higher than males across states. While the highest percentage of males not in labour is around 50%, the same figure for females stands at around 92%. The highest percentage of females not in labour force is in the Northern states of Delhi (92.10%) and Chhattisgarh (89.50%), and the lowest is in the state of Himachal Pradesh (51.70%).
- 2) However, what is equally significant is that, there is a remarkable rural–urban difference in the labour market participation of females. Urban female percentage of not in labour is much higher, than their rural counterparts across the states. In the rural areas, the mean percentage of female not in labour ranges between 60 % to 80 %, while in urban areas it is mostly over 80% across states. The state-wise variation is almost similar among females across rural/urban categories, with the northern states of Delhi, Uttar Pradesh, Uttaranchal, & Jharkhand having the highest percentage of urban female NLF. Some of the states having the highest rural female NLF are Delhi, followed by Goa, West Bengal, & Assam. In case of male NLF, there is not much of a rural-urban difference. Neither is there much difference across states.

The above data corroborates the findings of studies done on female work participation, which show that till today, the participation rates for women in labour market in India are much lower than men. A number of studies have tried to uncover reasons for inter-state differences in female participation in Indian labour market, although many of which are without clear-cut results (Gulati, 1975; Dholakia and Dholakia, 1978). Some studies on inter-state difference in female labour participation (FLP) have highlighted on the prevalence of more strict and pervasive seclusion of women in the North, than in the South (Miller, 1982).

Similar findings in this study indicate that in case of rural India, the FLP is much lower in the northern belt of India, than the south (except Kerala). According to this study, the area of low FLP stretches from Punjab to West Bengal. Highest FLP is found in the mountain districts bordering Tibet. Regional difference (i.e. rural-urban difference) in labour participation of females is likely to be explained by the argument that, there is an inverse relation between economic prosperity and female work participation (FWP). Nayyar (1987) for example, argues that there is an inverse relation between economic status of household and FLP. She shows that FWP is related to the twin economic factors of poverty and landlessness in rural areas. Hence, the incidence of higher levels of poverty could be one of the compelling reasons as to why more women work in the rural areas. It is highlighted in several studies that, in India women work only in case of dire necessity and in those cases where the male earnings are not enough to meet basic needs (Nayyar, 1987; Olsen and Mehta, 2006).

Table 7.1: Percentage of Persons Not in Labour Force to Total Population: State-wise

State	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Andhra Pradesh	38.2	54.4	46.5	40.9	80.1	60.3	38.9	60.5	49.9
Assam	44.5	78.6	60.8	39.7	88	61.7	44	79.4	60.9
Bihar	50.5	89.3	69.2	52.6	91.6	70.6	50.7	89.5	69.4
Chhattisgarh	38.8	52.4	45.7	43	81.2	61.5	39.5	56.9	48.2
Delhi	50	91.4	66.9	49.4	92.2	67.7	49.5	92.1	67.6
Goa	46.1	84.4	66.5	41	71.6	56	43.1	77.4	60.5
Gujarat	41.3	62.1	51.3	40.3	87.5	62.1	41	70.1	54.8
Haryana	49	68.3	58	44.8	83	62.3	48	71.8	59
Himachal Pradesh	44.1	49.4	46.8	40.4	76.8	57.4	43.7	51.7	47.7
Jammu & Kashmir	45.9	76.6	60.8	44.1	88.8	65	45.6	78.9	61.6
Jharkhand	46.1	67.4	56.5	47.9	90.1	67.5	46.4	71.5	58.5
Karnataka	39.1	58.5	48.7	41	81.2	60.6	39.7	64.8	52.1
Kerala	40.5	69.9	55.8	40.7	73.9	57.6	40.5	70.8	56.2
Madhya Pradesh	44.4	65.3	54.4	47.7	86.9	66.3	45.2	70.4	57.3
Maharashtra	40.5	57.4	48.7	42.6	84.2	62.5	41.3	67.8	54
Orissa	37.4	64.6	51.2	41.9	86.2	62.6	38.1	67.6	52.9
Punjab	45	70.4	56.9	43.2	86.8	63.2	44.4	75.7	59
Rajasthan	47	59.6	53.1	47.9	88.2	67.1	47.2	65.6	56.1
Tamil Nadu	38.2	54.9	46.7	38.6	76.9	57.7	38.4	63.2	50.9
Uttaranchal	49	59.4	54.1	53.6	91.1	72.2	50.1	67.1	58.4
Uttar Pradesh	49.4	77.6	62.7	47.2	91.6	68.6	49	80.3	63.8
West Bengal	39.5	80	59.1	37.7	84.4	59.8	39.1	81	59.3
North-Eastern States	42.7	72.8	57.4	47.8	76.8	62	43.7	73.5	58.3
Group of U.Ts.	38.7	74	54.1	47.8	82.4	64.4	43.6	78.9	59.8

* Note: The employed and unemployed in the total population is calculated as per PS+SS approach of NSSO

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

7.3 Persons Not in Labour Force and Age

Table 7.2 gives an overview of people not in labour force according to age categories:

- 1) Similar to the findings of the previous table, there is a stark gender difference observed. It is interesting to note that even in the working age-group of 25-59, the percentage of female NILF is quite high, ranging between 47-57%, while for males it is negligible.
- 2) Here also across age, the percentage figures for urban females are higher, than those of rural females. Moreover, there are overall rural-urban differences in percentage of NILF: in the working age-group of 25-59, this percentage is higher for urban persons.

Table 7.2: Percentage of Persons Not in Labour Force to Total Population by Age

Age category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
0 – 4	100	100	100	100	100	100	100	100	100
5 – 9	99.6	99.4	99.5	99.8	99.9	99.8	99.6	99.5	99.6
10 – 14	92.8	93.3	93.1	95	97.4	96.1	93.3	94.2	93.7
15 – 19	49.1	71.8	59.3	63.3	88	74.5	52.7	76	63.2
20 – 24	12.8	60.7	36.2	23.5	78.7	49.8	15.7	65.5	39.9
25 – 29	2.2	50.8	26.8	5	75.6	40.3	3	57.4	30.4
30 – 34	0.9	44	23.8	1.7	75.6	38.1	1.2	52.1	27.7
35 – 39	1	39.3	20.3	0.9	72.9	35.9	0.9	47.8	24.4
40 – 44	1.7	40.8	21	1.8	73.5	37	1.7	49.3	25.2
45 – 49	1.6	41.7	21.3	3	75.4	37	2	50	25.3
50 – 54	2.2	470	22.7	6.7	78.6	40.3	3.3	55.2	27.3
55 – 59	6.2	49.2	28.9	17.3	80.4	46.5	9.3	56.2	33.3
60 & above	35	75.4	55.5	62.7	92.3	78.1	41.2	79.3	60.6

* Note: The employed and unemployed in the total population is calculated as per PS+SS approach of NSSO

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

The important finding that, a high percentage of females, belonging to the age-group of 25-59, are out of labour force (Table 7.2) appears to be explained by the following table, which includes percentage of persons not in labour force because of domestic duties. Domestic

duty (including child-birth and child-rearing) is clearly one of the major reasons, explaining why women, even in the working age population, choose to remain out of the labour market.

Table 7.3 gives the age-wise distribution of people not in labour force due to domestic duties:

- 1) There is an evident gender difference when we look at NLF due to domestic duties. In case of females the percentage of NLF is as high as 60-67%, in the working age-group of 20-59, while the corresponding for males is much less (3-16%).
- 2) Here too, the percentage of females not in labour due to domestic duties is higher for urban females, than their rural counterparts. Overall, there is rural-urban difference in the percent of domestic labour force, with urban areas having higher percentages.

The table (7.3) clearly shows that, an overwhelming proportion of women remain out of labour force, due to domestic responsibilities. The percentage of females is higher for both urban and rural areas. The reason for this can be sought in the socio-cultural factors that characterize Indian society. The overall patriarchal framework, which till today, largely avows traditional division of labour within the household, is clearly reflected in the continuation of such trends. Some cultural trends cut across caste and religious groups, since there has been glorification of certain patriarchal beliefs and ideals regarding gender roles. One such cultural trend is the invoking of 'honourable' roles for women in the household. It is honourable to keep women out of labour force, and let them be pre-occupied with household responsibility. Women are perceived as supporters in the household, who take care of the domestic responsibilities, manage them efficiently, and indirectly thereby, help in the man's career (Olsen and Mehta, 2006).

There is also a specific relation between women's participation in labour market and class. Women from lower classes have higher participation in labour market, in order to supplement the meager income of the household. Hence the trend of women's non-participation in the labour market, is clearly likely to be more in affluent classes and higher castes. Barring women from joining the labour market confers prestige to the family, and also serves to bear a testimony to the economic prosperity of the family (Nayyar, 1987; Olsen and Mehta, 2006). Several studies done on sexual division of domestic work conclude that, the gender division of labour is endemic cross-culturally, and at varying levels of

economic development (Sanchez, 1993). Even after women enter the labour market, they have to take up the responsibility of domestic work, irrespective of the overall level of industrialization of the country and the level of prosperity of the household. However, there are often class variations, especially in the developing countries, wherein women in upper classes may involve only in domestic work while those from lower classes do domestic work along with working in low-paying subsistence generating activities (Huntington, 1975). The data on domestic labour in India is extremely important as it shows that, in spite of increasing economic prosperity at a national level, the trend of women involving themselves primarily in domestic work has not changed much, and hence a significant proportion of women remain out of labour market.

Table 7.3: Percentage of Persons Exclusively Involved in Domestic Work to Total Persons Not in Labour Force by Age

Age category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
0 – 4	0	0	0	0	0	0	0	0	0
5 – 9	0.1	0.5	0.3	0.3	0.9	0.6	0.2	0.6	0.4
10 – 14	0.5	6.6	3.4	0.4	6	2.9	0.5	6.5	3.3
15 – 19	1	33.4	18.5	1.1	28.5	15.8	0.9	32	17.7
20 – 24	3.1	57	47.5	2.1	63.5	48.4	3.2	59.1	47.6
25 – 29	18.2	58.7	57.1	14	81.2	76.9	16.7	66.6	64.1
30 – 34	11.1	55.5	54.6	23.5	81.7	78.5	16.7	65.3	64.3
35 – 39	10	57.8	56.7	11.1	82.9	81.9	11.1	67.4	66.4
40 – 44	17.6	52.5	51	16.7	81.6	80	17.6	63.9	62.3
45 – 49	6.25	54.7	52.6	20	83.2	80.5	10	65.2	63.2
50 – 54	4.5	52.3	50.2	13.3	83.3	76.4	6.1	63.9	59.9
55 – 59	3.2	49.2	44.6	7.5	78.1	63.9	5.4	58.5	51.4
60 & above	2.6	36.6	25.9	2.6	54.9	34.7	2.7	41.6	28.5

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

Table 7.4 gives the age distribution of persons not in labour force due to disability. It is important to note that, the highest percent of persons with disability is found within the males (higher in case of rural males), in the working age group of 25 to 60.

Table 7.4: Percentage of Disabled Persons to Total Persons Not in Labour Force by Age

Age category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
0 – 4	0	0	0	0	0	0	0	0	0
5 – 9	0	0.1	0.1	0.1	0.1	0.1	0	0.1	0.1
10 – 14	0.3	0.3	0.3	0.3	0.1	0.2	0.3	0.2	0.3
15 – 19	1.2	0.6	0.8	0.8	0.3	0.5	1.1	0.5	0.8
20 – 24	7	1.5	2.5	3	0.1	0.8	5.1	1.1	1.8
25 – 29	40.9	0.4	2.2	10	0.7	1.2	26.7	0.5	1.6
30 – 34	55.6	0.7	1.7	35.3	0.3	1	41.7	0.6	1.4
35 – 39	50	0.5	2	33.3	0.1	0.6	55.6	0.4	1.2
40 – 44	41.2	0.5	1.9	33.3	0.4	1.4	41.2	0.4	1.6
45 – 49	50	1	2.8	33.3	0.4	1.9	40	0.8	2.4
50 – 54	50	1.9	4.8	38.8	0.8	4.2	45.5	1.6	4.4
55 – 59	43.5	2.4	6.6	15	0.7	3.7	29	2	5.4
60 & above	18.3	7.6	10.8	6.2	4.9	5.4	14.1	6.8	9.2

Source: NSSO 62nd Round , Employment and Unemployment Situation in India, Report No 522, 2005-06

Table 7.5 gives the age-distribution of beggars and prostitutes. It shows that across gender and region, the percentage of beggars and prostitutes is highest for the age-group of 5-9, and above 60. Since the two categories of beggars and prostitutes are clubbed together, we may assume that beggars are mostly in either age-group of 5-9 or above 60. The percentage of beggars and prostitutes is higher in rural areas. Moreover, there are marked gender differences, with the male percentage of this category being higher, than the females across age-groups.

Table 7.5: Percentage of Beggars and Prostitutes to Total Persons Not in Labour Force by Age

Age category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
0 – 4	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5 – 9	19.40	23.00	21.10	11.20	10.70	11.00	17.80	20.60	19.10
10 – 14	6.70	5.40	6.10	5.50	2.60	4.20	6.40	4.80	5.70
15 – 19	4.50	1.40	2.90	3.00	0.90	1.90	4.00	1.20	2.50
20 – 24	3.10	0.20	0.60	2.10	0.40	0.80	2.50	0.20	0.80
25 – 29	13.60	0.40	1.10	6.00	0.10	0.50	10.00	0.30	0.70
30 – 34	11.10	0.20	0.40	11.80	0.30	0.50	8.30	0.40	0.40
35 – 39	10.00	0.30	0.50	33.30	0.30	0.60	11.10	0.20	0.40
40 – 44	17.60	0.20	1.00	27.80	0.30	1.10	23.50	0.20	1.20
45 – 49	18.80	0.20	0.90	26.70	0.70	1.60	20.00	0.40	1.20
50 – 54	22.70	2.30	3.50	29.90	1.00	3.50	27.30	0.20	3.60
55 – 59	29.00	6.50	8.70	22.00	4.70	8.20	25.80	5.90	8.40
60 & above	49.40	32.20	37.50	32.70	25.20	28.00	43.70	30.30	34.80

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

7.4 Persons Not in Labour Force and Education

Table 7.6 shows the educational attainment of persons not in labour force.

- 1) Across gender, there are huge differences in percentage of NLF in case of post-graduate and above. These differences are also factual for regions.
- 2) The large section of people not in labour force fall into the category of literate and up to primary (66%). This trend is evident for both region and gender. As expected, the percentage of NLF is lowest in case of post-graduates and above.

The above findings indicate that there is a positive relation between educational attainment and the likelihood of participation in the labour market.

Table 7.6: Percentage of Persons Not in Labour Force to Total Population by Educational Attainment

Education Category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Not literate	48.50	62.50	56.80	62.90	83.50	75.20	50.60	65.60	59.50
Literate & up to primary	53.90	78.70	64.70	59.10	89.50	73.40	55.00	81.20	66.60
Middle	28.20	69.90	44.70	30.10	87.40	55.60	28.70	7.54	47.90
Secondary	26.80	72.10	42.50	31.70	87.70	55.80	28.50	78.80	47.60
Higher Secondary	28.60	74.20	42.90	37.40	87.10	58.60	32.30	81.20	50.30
Diploma/Certificate	10.50	45.80	17.70	19.60	58.60	29.80	15.50	53.70	24.50
Graduate & above	10.70	60.50	23.60	14.70	70.30	36.20	13.00	67.50	21.60
Post Graduate & above	6.00	48.70	16.70	12.30	54.70	30.50	9.90	53.40	26.20

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

Table 7.7 gives detailed educational attainment of persons involved in domestic work.

- 1) If we look at the educational attainment of females NLF due to domestic duties, a large portion of them have high educational qualifications. For females, the percentage increases as the level of education goes up.
- 2) From middle to post graduation levels, the percentage of female NLF is high. For urban areas the figure is 60 to 70%. While for rural areas, it ranges from 40 to 70%.
- 3) Even with similar educational attainment there are rural urban differences in percentage of NLF. This percentage is higher in case of urban persons.

Table 7.7: Percentage of Persons Exclusively Involved in Domestic Duties to Total Persons Not in Labour Force by Educational Attainment

Education Category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Not literate	0.80	26.20	17.40	1.40	41.80	28.20	1.00	29.10	19.50
Literate & up to primary	0.60	18.60	10.00	0.80	34.20	20.00	0.50	22.70	12.50
Middle	1.10	41.90	26.40	1.30	60.50	42.60	1.40	48.80	31.90
Secondary	1.50	41.30	24.90	0.90	60.20	41.00	1.40	50.50	32.10
Higher Secondary	1.00	36.80	20.30	1.60	50.20	32.40	1.20	44.70	27.00
Diploma/Certificate	1.00	67.70	36.20	3.10	53.60	28.90	2.60	58.30	31.00
Graduate & above	0.00	54.00	29.70	1.40	68.80	52.20	0.80	65.20	47.50
Post Graduate & above	0.00	58.50	43.10	2.40	70.40	54.80	2.00	68.20	52.30

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

Table 7.8 shows the educational attainment of the disabled persons. Across gender and region, the highest share of disabled people, who are not in labour force, are not literate. This shows that, until now, in India, attempts towards educating the disabled is minimal, and these people are almost invariably marginalized. Although attempts towards mainstreaming them are being increasingly stressed on, through special institutional arrangements¹⁸, yet, these remain confined within certain pockets of society.

¹⁸ This has been discussed in more details in the later section

Table 7.8: Percentage of Disabled Persons to Total persons Not in Labour Force by Educational Attainment

Education Category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Not literate	3.90	1.90	2.60	3.00	1.60	2.10	3.80	1.80	2.50
Literate & up to primary	0.90	0.40	0.60	1.50	0.30	0.80	1.10	0.40	0.80
Middle	1.80	0.10	0.90	2.00	0.50	0.90	2.10	0.30	0.80
Secondary	1.90	0.40	0.90	1.30	0.20	0.50	1.40	0.30	0.80
Higher Secondary	1.00	0.70	0.70	1.10	0.10	0.30	0.90	0.40	0.60
Diploma/Certificate	2.90	0.00	1.10	2.60	0.20	1.30	2.60	0.00	1.20
Graduate & above	2.80	1.00	1.70	1.40	0.10	0.30	1.50	0.30	0.60
PG & above	0.00	0.00	0.00	0.80	0.20	0.30	1.00	0.20	0.40

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

Table 7.9 shows educational attainment of beggars and prostitutes. An overwhelming majority of them are not literate. However, the percentage of illiterate males is higher than females, across regions.

Table 7.9: Percentage of Beggars and Prostitutes to Total Persons Not in Labour Force by Educational Attainment

Education Category	Rural			Urban			Male	Female	Person
	Rural Male	Rural Female	Rural Person	Urban Male	Urban Female	Urban Person	Rural + Urban	Rural + Urban	Rural + Urban
Not literate	23.10	15.00	17.80	18.60	10.20	13.00	22.10	14.20	17.00
Literate & up to primary	3.70	1.80	2.80	4.40	2.20	3.10	3.80	2.00	2.90
Middle	4.60	0.40	2.00	5.60	0.90	2.30	4.90	0.70	2.10
Secondary	3.00	0.60	1.40	4.70	0.70	2.00	3.50	0.60	1.70
Higher Secondary	0.70	0.00	0.20	2.70	0.20	1.20	1.50	0.10	0.80
Diploma/Certificate	2.90	0.00	1.70	4.60	0.70	2.30	3.90	0.40	2.00
Graduate & above	6.50	0.00	2.10	5.40	0.40	1.70	5.40	0.30	1.90
PG & above	5.00	0.00	0.70	5.70	0.70	2.00	6.10	0.60	1.90

Source: NSSO 62nd Round, Employment and Unemployment Situation in India, Report No 522, 2005-06

Some of the most important findings from analysis of data, on the category of not in labour force, are the following:

- High percentage of females NILF is from the working age-group and has high educational attainments. The gender difference of participation in labour market is higher in urban, than rural areas. Large percentages of females are engaged in exclusive domestic work.
- For the category of beggars and prostitutes, a large percentage are concentrated in the age-group of 5-9 and above 60, which implies, that children are used in the begging profession. This might also imply the existence of child prostitution in certain cases.

7.5 Policies and Schemes for Persons Not in Labour Force

A brief review of the government policies and schemes for these disadvantaged groups in society shows, that although some efforts have been taken towards improving their socio-economic status, the initiatives are still largely inadequate. Although the NGO sector has been quite active for this section, the efforts from the government remain sporadic and limited. The target groups of the Social Welfare department of Government of India are categorized under three broad heads: 1) persons with disabilities, 2) the social deviants and 3) the other disadvantaged, which includes old persons (above 60), the child workers and street children. It is interesting to note that the categories of commercial sex workers and beggars are clubbed into the broader category of 'social deviants' along with alcohol and other substance abusers and juvenile delinquents. The Report of the Steering Committee on Social Welfare (2001) defines the social deviants as those group of persons, "who on account of various factors such as poverty, unemployment, breakdown of societal control or physical or mental traumas, exhibit social deviant behaviour, and often come in conflict with law."

Policies for the disabled: The following are some of the major initiatives taken for persons with disability: One of the first initiatives for the disabled people was taken as part of the enactment of a comprehensive legislation titled Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1995. The Ministry of Social Justice and Empowerment has several programmes to protect the interests of the disabled, including institutional services such as National Institutes for the handicapped across the country, the Rehabilitation Council of India set up in 1992 and National Handicapped Finance and Development Corporation. There has also been setting up of Special

Employment Exchanges, and Vocational Rehabilitation Centres and schemes such as 'Promotion of Voluntary Action for Persons with Disabilities'.¹⁹

Policies for the commercial sex workers: Policies concerning the commercial sex workers remain less articulated. One of the most important legislations relating to trafficking and sex work in India is the Immoral Trafficking (Prevention) Act of 1986. As the title of the Act implies, the Act views commercial sex work as an immoral activity needing severe restrictions and punishment for trafficking. It also lays down laws for the rescue and rehabilitation of sex workers, specially the minors. The Act also provides for the establishment of various protective homes by State governments. Social welfare boards of State governments, often in collaboration with NGOs, provide for various forms of rehabilitation through mainstreaming activities like skill development.

The problem with the government initiative is that, until now the government has not recognized the legal rights of the commercial sex workers, or the need for improving their well-being. It has been pointed out that there are two major approaches to the problem: 1) one method is to rescue the sex workers and implement strategies to rehabilitate them and 2) the other approach is to reduce the level of exploitation in the sex industry itself, by safeguarding the rights of the commercial sex workers. The Indian government's approach has been largely to follow the first method, which has obvious limitations resulting in non-recognition of existing exploitation and labour rights (Misra, Mahal and Shah, 2000).

The policies for beggars: The category of beggars has not received much attention from the government until recently. The Ninth plan has proposed a three pronged approach towards the problem. The first step is preventive i.e. to remove the beggars from all the public places, especially at religious/pilgrimage centers, on a continuing basis, with the help of special squads. The second and the third approaches are rehabilitative and curative in nature. The second approach includes attempts towards providing employment to the beggars through various employment-cum-income generation programmes or social assistance programmes.

¹⁹ For details on government initiatives for the disabled refer to:
<http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol2/v2c3-10.htm>

The third approach is directed towards those who willfully engage in begging. The Ninth plan has proposed strict measures for them since willful begging is an illegal activity.²⁰

Overall, the scenario of NILF population in India has important implications for development of the country. Firstly, as indicated earlier, a huge proportion of female remain out of labour force, since they are exclusively engaged in domestic duties. The majority of these women belong to working age group and many of them have adequate education to gainfully participate in the labour market. However, social norms characterizing the overall patriarchal framework of the society, deters them from being economically productive.

As regards the special categories of people who cannot enter the labour market because of specific reasons, it is equally important to think about the ways in which they can be mainstreamed, and be productive members of the society. In case of the disabled population, increasing attention is being paid by the government, and attempts are being made to sensitize the private sector to include them in the labour force. There are also attempts being made to enunciate more inclusive policies for the employment of the disabled. A more comprehensive approach to disability can be achieved only through a combined strategy of prevention and mitigation of the problem. Efforts of mainstreaming this section needs both provision of special training and skill-generation activities. The other disadvantaged group which deserves attention is the commercial sex workers. As discussed earlier, the approach of the government towards tackling the problem of this section needs serious scrutiny. The entire mode of prevention and rescue approach seems inadequate. There is a need for a more holistic approach to recognize the rights of the sex workers to mitigate the exploitation they face, by following a human rights approach.

²⁰ <http://planningcommission.nic.in/plans/planrel/fiveyr/9th/vol2/welcome.html>

Chapter 8

Employment in Emerging Sectors

8.1 Introduction

This chapter intends to capture the employment pattern within the emerging sectors in India. A review of the Indian economy shows some interesting trends. The economy has shown an average growth rate of 8.6 percent per annum over the last four years. Foreign exchange reserves are robust, inflation is under control, the investment climate is promising and the comparative advantage in the knowledge economy is fuelling the boom in the service sector (Rangarajan, 2008). The Indian economy has observed a growth pattern where the share of gross domestic product (GDP) in the service sector has moved far ahead of that in the manufacturing sector. This pattern of growth is at variance with the historical pattern of development observed in developed countries as well as that in developing countries which are similarly placed. The structure of distribution of labour force in developed countries shows that there was a significant transfer of labour force to industry during the period of industrialization, and to the service sector in the post-industrialization period. India's pattern of development indicates a premature emergence of the service sector as the major contributor to GDP (Papola, 2005). However, the Indian economy continues to have nearly 60 percent of its labour force employed in agriculture.

8.2 Emerging Sectors

The Indian economy is performing well despite the gloomy global economic scenario. According to data released by the Central Statistical Organization (CSO), the Indian economy is expected to grow at 7.1 percent during the current financial year (2008-2009), the second highest in the world after China (*Times of India*, 2009). The CSO figure suggests that farm and construction sectors growth moderate to 2.6 percent and 6.5 percent respectively in 2008-09. While manufacturing sector growth will decline to 4.1 percent in the current year from 8.2 percent last year, finance, insurance, real estate and services will moderate to 8.6 percent in the current year from 11.7 percent in 2007-08. For this analysis, based on the recommendations of the Planning Commission of India, emerging sectors in

the Indian economy have been identified using the criteria of real NDP at factor prices and employment elasticity. This implies that a sector scoring high in both these indicators is considered an emerging sector. While generally, service sectors fall into this category, there are exceptions such as pharmaceuticals which come under the manufacturing sector. The sectors identified for analysis are Banking and Insurance, Hospitality, Information Technology and Information Technology enabled Services, Media and Communication, Pharmaceuticals, Construction and Real Estate, Telecom, Retail, Health, Transport and Education. Our data for the analysis is primarily based on three different sources, namely National Sample Survey (NSS) 62nd Round and data compiled by Adecco-TISS Labour Market Research Initiative (ATLMRI) team from select job portals. In recent months, the economic slowdown has resulted in acute job losses in some of the emerging sectors mentioned above. In the concluding section, the findings from a study by Labour Bureau on job losses are included.

8.3 Employment in Emerging Sectors

Table 8.1 shows the employment situation in absolute numbers, and the figures in parentheses are percentages. This data from NSS is for the year 2005–06. Percentages are calculated by taking the entire workforce as a base and not just the total of workforce in selected emerging sectors. In terms of employment, a large number of people are employed in the retail sector which includes both the organized and unorganized labour market. This market attracts both urban and rural work force irrespective of gender. This growth is fuelled by the shift in the tastes and preferences of Indian consumers from traditional and conservative looking product lines to a more varied, modern and liberal assortment of products. This shift can be attributed to social and economic trends such as high disposable incomes, increased consumer awareness and preference for the latest products. Attractive consumer loan schemes with affordable interest rates by financial institutions and commercial banks and hire-purchase schemes have added to this surge in demand. In fact, planned purchases have now taken a backseat. Most of the consumer buying habit is now taking the route of spontaneous purchase. The second largest labour market comprises the construction industry. As an economy develops, the consumption of steel, cement, power and coal increases. In fact, it is customary to measure the advancement of a nation in terms of per capita steel consumption. For suppliers, orders are from two directions, the

replacement market and the new markets. This sector is male dominated and pro-urban in terms of employment. The transport sector is also a major sector in generating employment. Education provides employment opportunities for women in both urban and rural segments.

In the last decade, India has been the leading off-shore destination for information technology and Business Process Outsourcing (BPO) industries. There has been a huge pickup in the domestic information technology sector with major multinationals setting up base in India, accounting for about 60 percent of the global industry in off-shore IT and 45 percent in the global business outsourcing industry. On the broader front, the Indian IT-BPO industry has been a catalyst in spreading economic and societal development. The industry has been instrumental in bringing a complete revolution in the way young Indians think. It has enhanced the purchasing power of its employees, mostly young professionals, and enabled them to enjoy an improved standard of living. These professionals can afford a lifestyle which most people, of an earlier generation could have afforded only after 10-15 years of working. This purchasing power has influenced and driven the growth of other industries such as retail, aviation, automotive and real estate and has also led to an employment boom in ancillary industries such as catering, transport and security. Till recently, this growth has been concentrated in major tier-one cities, the IT-BPO industry is not beginning to spread its wings to tier-two and tier-three cities too (Karnik, 2008). Interestingly, employment in the IT sector is nonexistent in rural areas and it is clear that these sectors are pro-urban since they need educated and highly skilled workers.

In the wake of globalization and economic reform, a number of foreign media players are setting up their production houses in India. This has created a number of job opportunities for trained professionals. Many biotech and pharmaceutical companies are exploring possibilities of joint ventures in India. Considerable research facilities have emerged in our urban areas. The pattern of employment in the media and pharmaceutical sectors is predominantly urban and similar to that in the IT and software sectors. This finding conforms to Clark's observations (1940) that these services are concentrated in urban areas as they can be carried out in cities where the consuming population resides or at some centers where one can reach without much difficulty. It is not surprising that the hospitality and health care services are evenly spread in rural and urban areas and that there is no gender bias, and even if it does prevail, it is insignificant.

Table 8.1: Number of Persons Employed in Emerging Sectors (00s)

Sectors	Rural			Urban			Persons		
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
Banking & Insurance	6253.68 (0.3)	2239.06 (0.2)	9612.276 (0.3)	17278.6 (2.6)	2408.925 (1.5)	19803.72 (2.4)	24742.1 (0.9)	3840.38 (0.3)	28204.723 (0.7)
Hospitality	20845.6 (1)	5597.66 (0.5)	25632.74 (0.8)	23259.6 (3.5)	4175.47 (2.6)	27230.12 (3.3)	43985.9 (1.6)	8960.88 (0.7)	52380.21 (1.3)
IT & ITeS	0 (0)	0 (0)	0 (0)	5316.48 (0.8)	1284.76 (0.8)	6601.24 (0.8)	5498.24 (0.2)	1280.13 (0.1)	8058.5 (0.2)
Media & Communication	0 (0)	0 (0)	0 (0)	1329.12 (0.2)	0 (0)	825.16 (0.1)	0 (0)	0 (0)	0 (0)
Pharmaceuticals	0 (0)	0 (0)	0 (0)	1329.12 (0.2)	321.19 (0.2)	1650.31 (0.2)	2749.12 (0.1)	0 (0)	4029.25 (0.1)
Construction & Real Estate	143835 (6.9)	16792.97 (1.5)	160204.6 (5)	65126.9 (9.8)	6423.8 (4)	71788.48 (8.7)	211682 (7.7)	23042.3 (1.8)	237725.57 (5.9)
Telecom	6253.68 (0.3)	1119.53 (0.1)	6408.18 (0.2)	10633 (1.6)	1445.36 (0.9)	11552.17 (1.4)	16494.7 (0.6)	2560.25 (0.2)	16116.99 (0.4)
Retail	125074 (6)	22390.62 (2)	147388.2 (4.6)	124273 (18.7)	13650.58 (8.5)	137800.89 (16.7)	250170 (9.1)	35843.5 (2.8)	286076.54 (7.1)
Health	10422.8 (0.5)	5597.66 (0.5)	16020.46 (0.5)	9303.84 (1.4)	5781.42 (3.6)	14852.79 (1.8)	19243.8 (0.7)	11521.1 (0.9)	28204.73 (0.7)
Transport	85467 (4.1)	1119.53 (0.1)	83306.39 (2.6)	61804.1 (9.3)	802.98 (0.5)	61886.63 (7.5)	148453 (5.4)	1280.13 (0.1)	145052.89 (3.6)
Education	33353 (1.6)	16792.97 (1.5)	51265.47 (1.6)	22595 (3.4)	20556.16 (12.8)	42908.06 (5.2)	54982.4 (2)	37123.7 (2.9)	92672.68 (2.3)
Total Employment in Emerging Sector	431504 (20.7) [@]	71649.98 (6.4) [@]	499838.4 (15.6) [@]	342248 (51.5) [@]	56850.63 (35.4) [@]	396899.555 (48.1) [@]	778001 (28.3) [@]	125452 (9.8) [@]	898522.08 (22.3) [@]
Total Employment[§]	2084561	1119531	3204092	664560	160595	825155	2749121	1280126	4029247

[§]Total employment in all sectors

[@] Figure in parenthesis is percentage of emerging sectors in total employment.

Source: NSSO 62nd Round

Table 8.2: Number of Job Advertisements in Selected Portals for Different Emerging Sectors as on 6th August 2008

Sectors	Naukri	Jobsahead	Timesjob	TOTAL	Percent
IT (Software)	21274	10874	5875	38023	15.54
IT (Hardware)	1062	8964	1376	11402	4.66
Retail	1450	1139	944	3533	1.44
Tourism	2129	3813	1886	7828	3.2
Banking and Insurance	6461	27260	8806	42527	17.38
BPO	4918	40036	4041	48995	20.02
Telecom	3190	78851	882	82923	33.88
Media	1300	8118	89	9507	3.88
TOTAL				244738	100

Source: Compiled by ATLMRI from various job portals

Direct recruitment from training institutes and informal networks and local agents also play a role in the supply of labour to different sectors. These data were collected from selected job portals which advertise job vacancies across various sectors.

There are wide disparities in employment both in terms of gender and urban-rural divide, which need immediate attention. There is a wide gender gap between sectors in terms of employment. The urban rural disparity is also evident in sectors such as IT, software, media and pharmaceuticals. This indicates that societal stereotypes are still in operation. Different sectors are using diverse modes of seeking potential labour to suit their needs. Job advertisements are not widely and uniformly circulated.

These trends have to be checked, and remedial action has to be immediate and effective, considering India's growing presence in the global market. We should be prepared to exploit the employment opportunities that emerge due to our demographic dividend of being the youngest work force in the global demographics. These issues need to be addressed by academicians, economists, policy planners and organizations concerned so as to create fair workplace practices and provide opportunities for the younger generation.

8.4 Job Loss in Emerging Sectors:

The Labour Bureau conducted a survey on the employment situation from October 2008 to January 2009, in certain emerging sectors. The sectors chosen were Mining, Textiles, Metals, Gems and Jewellery, Automobile, Transport and IT/BPO. These were selected on account of the fact that they contributed more than 60% to the GDP in the year 2007 – 08. Table 8.3 gives the employment trends for the period October 2008 to January 2009, for the given sectors. The rate of decline of employment was at 1.01% for the period October – December 2008. It was lower at 0.74% in November 2008. However, the rate increased to 1.17% for January, which is higher than the rates of decline in all the earlier periods.

Table 8.3: Trends in Average Employment

No.	Period	% Rate of Decline
1	Oct-08	1.21
2	Nov-08	0.74
3	Dec-08	1.12
4	Average monthly change during Oct - Dec 2008	1.01
5	Jan-09	1.17

Source: Report on Effect of Economic Slowdown on Employment in India (January 2009).

Table 8.4 presents the sector – wise average monthly changes in employment. These are again for the time period October – December 2008 and December – January 2009. All sectors barring IT/BPO however, show a negative rate of growth of employment. From October to December 2008, the maximum decline in employment was observed in the gems and jewellery industry. The mining and textile industry comparatively have the least decline in employment. In the time period from December 2008 to January 2009, the textile, metals, gems and jewellery, automobile industries all show a decline in rate of employment. The IT/BPO sector that showed a positive employment trend in the October to December 2008 period, now reports a declining rate of -1.66%. The overall rate for the December 2008 to January 2009 period is higher at -1.17%. The change in employment of direct and contract workers employed in these industries is given in table 8.5. This table provides employment trends in these industries for the period from October to December 2008.

Table 8.4: Sector-wise Change in Employment Trends

Industries	Average Monthly Change in Oct - Dec 2008	Monthly Change in Dec 2008 - Jan 2009
Mining	-0.33	-
Textiles	-0.91	-0.35
Metals	-1.91	-1.31
Gems & Jewellery	-8.58	-8.44
Automobiles	-2.42	-3.1
Transport	-4.03	-2.62
IT/ BPO	0.55	-1.66
Overall	-1.01	-1.17

Source: Report on Effect of Economic Slowdown on Employment in India (January 2009).

Table 8.5: Industry-wise Change in Employment of Direct & Contract Workers

Industries	Direct Workers		Contract Workers	
	Manual	Non - Manual	Manual	Non-Manual
Mining	0.41	-0.35	-1.41	1.71
Textiles	-0.92	-2.4	-1.63	67.81
Metals	-1.33	-0.33	-5.22	8.58
Gems & Jewellery	-9.97	-6.17	-4.51	-0.76
Automobile	-0.33	-1.95	-12.45	-9.77
Transport	4.39	-0.08	-10.18	1.13
IT/BPO	1.96	0.51	-0.05	1.89
Overall	-1.07	-0.13	-5.83	6.46

Source: Report on Effect of Economic Slowdown on Employment in India (October – December 2008).

Across all the industries, direct non manual workers experienced a decline in employment with the gems and jewellery industry accounting for the highest at 6.17%. For direct manual workers, employment growth was positive for the mining, transport and IT/BPO industries. For contract manual workers, all the industries saw a decline in employment. For the non-manual contract workers, two industries of gems and jewellery and automobiles experienced declining employment. In the other industries, for non-manual contract workers, employment increased. This increase in employment is indicative of an increase in contractualization of employment. Overall, out of all the categories of direct and contract workers, manual contract workers experienced the highest unemployment while the non – manual contract workers show a gain in employment.

Chapter 9

Employment and Unemployment in Cities and Towns in India

9.1 Introduction

This chapter is devoted to analysis of employment and unemployment in major cities and towns in India. The data used is from NSSO 61st round survey - Employment and Unemployment Situation in Cities and Towns in India 2004-05. The main purpose of the chapter is to see the employment and unemployment pattern across various cities and towns in India. NSSO report divides the cities into three classes. The NSSO report uses the census 2001 definition to categorize the cities into different classes. The definition of these respective classe is: class 1 cities (with population one million and above), class 2 towns (with population 50,000 to one million) and class 3 towns (with population less than 50,000).

Table 9.1 reveals some interesting features. At all India level, there is an increase in secondary occupations for males and slight reduction in tertiary and primary occupations. With respect to females, there is a drastic reduction in primary level occupations, a slight increase in secondary occupations and notable increase in tertiary sector occupations. These trends confirm the main trends in Indian labour market where female absorption in tertiary sector is on rise and there is reduction in primary sector. If the picture across the different class of cities is analyzed for male and female, for male there is not much change in absorption across all city classes for primary sector. In the secondary sector, there isn't a much of change in absorption rates for male. In tertiary sector also for male there isn't a significant change in the structures of absorption except in class III cities there is a little rise in employment in tertiary sector. For females, across all city classes there is a reduction in primary sector occupation, whereas female employment in secondary occupations has remained similar, and in case of tertiary sector, there is an increase in employment, especially in class III and class II cities.

Table 9.1: Percentage of Employment across Major Sectors in Different Class of Cities (PS+SS)

City Class	61 st Round			55 th Round		
	Male					
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
All class 1 cities	1.5	37.5	61	1.1	35.1	63.8
All class 2 cities	4.7	33.8	61.6	5	34	61.2
All class 3 cities	14.3	32.3	53.4	14.3	28.8	56.9
Total (Urban India)	6.1	34.4	59.4	6.5	32.8	60.7
	Female					
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
All class 1 cities	1.3	33.5	65.3	3.8	32.5	63.6
All class 2 cities	6.7	32.9	60.3	13.8	32.5	53.7
All class 3 cities	18.3	29.2	52.5	35.9	29.9	34.2
Total (Urban India)	8.7	32.1	59.3	18.2	31.7	50.1

Source: Adapted from NSSO 61st round Employment and Unemployment Situation in Cities and Towns in India 2004-05 Report

9.2 Employment in Class I Cities

In Table 9.2, the distribution of employment in class I cities is discussed. It is often stated in media, policy circles and there is also a vast body of empirical evidence that indicate growing influx of people from rural areas who come to big cities to earn a living. In such a scenario, it is important to see the employment patterns emerging in class I cities. As it can be seen from Table 9.2 for majority of male and females in these cities, tertiary occupations are the main source of employment followed by secondary sector occupations. Tertiary occupations for males are as high as 79 % in some cities like Bhopal. In case of females, tertiary occupations are quite high in cities like in Thane. Compared to male, the percentage of female in tertiary occupations is more in most of the class I cities. With respect to secondary sector occupations for males, only few cities have high levels of absorption. It is seen that for females, secondary occupations are ranging from 8 to 50 % across these cities. On the other hand, primary sector occupations are negligible for both male and females.

Table 9.2: Percentage Share of Employment in Class I Cities for Major Sectors

Class 1 cities	Male			Female			Person		
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
Agra	0	40.1	59.9	0	32.7	67.2	0	39	61.1
Ahmedabad	0	49.8	50.2	0	57.5	42.4	0	51.5	48.8
Bangalore	1.1	33.7	65.1	1	31.2	68.8	0.9	33.3	65.7
Bhopal	1.4	19.3	79.4	8.7	17.6	73.8	2.5	19	78.5
Chennai	0.1	36.2	63.7	0	12.7	87.2	0.1	32.2	67.8
Delhi	0.1	31.1	68.8	0	14	86	0.1	29.2	70.8
Faridabad	2.6	70.5	27	11.3	34.3	54.3	3.6	66.6	29.9
Greater Mumbai	0.4	35.1	64.4	0	30.9	69	0.3	34.1	65.4
Howrah	0.1	38.8	61.2	0	18.7	81.3	0.1	35.4	64.5
Hyderabad	6.6	30	63.5	2.8	13.2	84	5.8	26.5	67.8
Indore	0.4	36.1	59.9	8.3	40.3	51.6	5.1	37.2	57.6
Jaipur	9.9	38.8	51.3	28.6	56	15.4	16	44.5	39.6
Kalyan-Dombivili	0	33.9	66.1	0	40.6	59.5	0	35.1	64.9
Kanpur	0	36.9	63.1	0	12.7	87.3	0	34.8	65.3
Kolkata	0.6	33.7	65.6	2	23.7	74.2	0.9	32	67.2
Lucknow	0	23.2	76.7	0	14.6	85.5	0	22.3	77.6
Ludhiana	1.7	56	42.4	1.1	54.5	44.4	1.6	55.9	42.6
Meerut	2.4	18.9	78.7	0	19.8	80.2	2.3	18.9	78.8
Nagpur	3.2	40.1	56.8	0	39.8	60.3	2.3	40.1	57.7
Nashik	4.6	51.4	43.9	16.7	43.8	39.5	7.2	49.8	42.9
Patna	7.6	19	73.4	0	19.6	80.4	7.4	19	73.5
Pimprichinchwad	2.5	46.5	51.1	14.6	27.8	57.5	4.7	43.1	52.1
Pune	0.1	33.6	65.4	3.3	30.8	65.9	1.6	32.8	65.6
Surat	0.6	62.2	37.2	0.9	44.1	55.1	0.7	59.9	39.4
Thane	0	29.1	70.9	0	9.9	90.1	0	25.2	74.8
Vadodara	0.1	42.4	57.5	2.4	21	76.4	0.6	37.5	61.8
Varanasi	0	64.9	35.2	0	8.8	12	0	70.9	29.1
All class 1 cities	1.5	37.5	61	3.8	32.5	63.6	1.9	36.5	61.6
Urban India	6.1	34.4	59.4	18.2	31.7	50.1	8.7	33.9	57.5

Source: Adapted from NSSO 61st round Employment and Unemployment Situation in Cities and Towns in India 2004-05 Report

9.3 Employment across Different Class of Cities for Urban Male

The table 9.3 describes the employment and unemployment situation of urban males in class I, II and III cities. It shows that taking all the cities together, 44.8 percent of the urban males are in the self employed category followed by 40.62 percent in the regular salaried category. These two employment categories constitute a major proportion of the total employed urban males. The casual labour in the cities constitutes 14.41 percent of the total employed. The unemployment rate of urban males is around 3% and the percentage of urban males in the not in labour force is 20.80 percent. Further, it can be seen that the status of employment changes as one moves from class I to class II and class III cities for urban male. Quite interestingly, class I cities have a much higher proportion of regular salaried than class II and III cities. Since regular employment implies a consistent source of income, it can be said that social security conditions are much better for regularly employed in class I cities. Class II and III cities have higher proportion of self-employed and casual labour. In chapter 2 and chapter 4 of this report, it is argued that self-employment is mostly a need driven phenomena and these individuals lack the required physical and financial capital to make the economic activity sustainable. Further, casual labour which is also higher in class II and class III cities reflects two aspect of employment in the cities: firstly, the insecure tenure of employment and secondly, the lack of decent wages. Moreover, unemployment rate is also higher for class II and class III cities than class I cities. It appears that the rate of absorption of individuals in the labour market is much higher for class I cities than that of class II and III cities. Further, the quality of employment in class II and class III cities is inferior to class I cities employment. With respect to people not in labour force, the percentage of urban males in is slightly higher for class I cities than class II and class III cities.

Table 9.3: Percentage Employment at All India Level for Different Class Cities for Urban Male (PS+SS)

City Class	Self employed	Regular	Casual	Total	Unemployed	Not in Labour Force
1	39.5	51.18	9.31	100	2.70	21.10
2	46.03	39.02	14.94	100	2.90	21.50
3	48.77	31.53	19.56	100	3.30	19.00
All India	44.8	40.62	14.41	100	30.00	20.80

Source: Adapted from NSSO 61st round Employment and Unemployment Situation in Cities and Towns in India 2004-05 Report

9.4 Employment across Different Class of Cities for Urban Female

The Table 9.4 describes the employment and unemployment situation of urban females in the cities. Overall class I, II, III cities has 47.13 percent of total employed urban females in the self-employed category which is around 3 percent more than urban males. This is followed by the regular salaried category which constitutes 36.12 percent of the total females employed in the class I, II and III cities. Across all classes of cities, the percentage of females (28.19) in casual labour is significantly higher to the percentage of male (14.1). However, urban females also follow a similar pattern as urban males in all city classes with regard to regular employment as the proportion of urban females in regular salaried employment is more for class I cities compared to class II and class III cities. The proportion of urban females in self-employed and casual labour is also higher for class II and class III cities.

It is important to note that the unemployment rate for females (1.70) for all cities taken together is much lesser to the unemployment rate of urban males (3.00). The unemployment rate for urban females is more for class I cities compared to class II cities. However, unlike urban males, for urban females, the unemployment rate is similar for class II and class III cities. An important point to note from the table 9.4 is that the percentage of urban females who are not in labour force is much higher than the percentage of males who are not in labour force across all classes of cities.

Table 9.4: Percentage Employment at All India Level for Different Class Cities for Urban Female (PS+SS)

City Class	Self employed	Regular	Casual	Total	Unemployed	Not in Labour Force
1	38.38	53.03	9.09	100.00	0.90	79.20
2	47.24	36.23	16.51	100.00	2.00	76.20
3	54.71	22.10	23.18	100.00	2.00	76.20
All India	47.13	36.12	28.19	100.00	1.70	75.60

Source: Adapted from NSSO 61st round Employment and Unemployment Situation in Cities and Towns in India 2004-05 Report

9.5 Employment across Different Class of Cities for Urban Person

The Table 9.5 describes the employment and unemployment situation of urban persons for class I, II and class III cities. It can be seen that 45.25 percent of the total employed urban persons in the cities is in the self-employed category. This is followed by regular salaried which constitutes 39.72 of the total employed. The casual labour includes 15.01 percent of the total employed in the cities.

Table 9.5: Percentage of Employment at All India Level for Different Class Cities for Urban Person (PS+SS)

City Class	Self employed	Regular	Casual	Total	Unemployed	Not in Labour Force
1	39.15	51.60	9.23	100	1.90	48.30
2	46.18	38.5	15.26	100	2.50	47.70
3	50.37	29.24	20.56	100	2.7	44.3
All India	45.25	39.72	15.01	100	2.4	47

Source: Adapted from NSSO 61st round Employment and Unemployment Situation in Cities and Towns in India 2004-05 Report

The unemployment rate is 2.4 percent and the percentage of urban persons not in labour force in the cities is 47 percent. The unemployment situation aggravates for class II and class III as compared to class I cities. It is important to note that the proportion of urban persons who are not in labour force category is highest for class I (48.30) cities followed by class II (47.70) cities and class III (44.3) cities.

Chapter 10

Employment in Organised Sector: Evidence from Primary Data

10.1 Introduction

In this chapter the analysis of the primary data collected for the report is presented. The main purpose of this field survey was to understand the industry perspectives on important employment related issues within the firm. The main themes, covered in this survey, include the composition of the workforce by gender, age and occupation, status of employment of the workforce in terms of full time or part time or consultant, levels of educational attainments of the workforce, employability status by looking at number and type of trainings within the firms, exposure of the workforce to various communication technologies and functional composition of current and projected workforce. Table 10.1 gives the sample profile. The majority of sampled firms were established before 1990s and majority among them are manufacturing companies. Majority of the sampled firms had a workforce that ranged between less than 250 and between 251 to 500 employees. Firms across nine sectors were covered.

10.2 Sampling Methodology

The main criteria used for selecting firms were number of employees and the volume of sales revenue. A sample of 300 firms was chosen. The databases used for sampling the firm were PROWESS and NSS 62nd round. The steps followed in drawing the sample are enumerated below.

- Fixed the target of covering 300 firms
- Used NIC one digit code to identify economic activity
- Share of employment of the economic activity used as the indicator to decide the number of firms to be covered for that activity out of the total target of 300 firms
- Used NIC 2 digit employment code to identify specific industry and the same process described in steps 1-3 above used to arrive at number of firms to be covered for the NIC 2 digit activity
- Activities with very less or nil employment were ignored
- PROWESS database was used to select specific companies
- Companies were ranked by the sales turnover and sales turnover was used as the indicator to select firms

Out of 300 firms, which were contacted, 299 firms, across various sectors responded to the survey. HR managers/HR heads of these selected firms were interviewed. The entire data

collection was carried out by QED, a Market research firm with head office in Mumbai (see Appendix III for schedule).

Table 10.1: Sample Profile-Year of Establishment, Economic Activity and Number of Employees

Year of Establishment	Economic Activity (NIC 1 Digit)	Number of Employees					Total
		250 and below	251-500	501-750	751-1000	1001 and above	
Pre 1990	Mining and Quarrying	2	0	0	0	0	2
	Manufacturing	19	64	10	14	9	116
	Electricity, Gas and Water	1	1	0	1	0	3
	Construction	3	2	2	0	1	8
	Wholesale & Retail Trade	3	2	0	0	1	6
	Hotel & Restaurant	5	4	1	1	2	13
	Transport, Storage & Communication	9	2	0	1	2	14
	Financial Intermediation	9	3	0	0	1	13
	Real Estate and Business Activity*	9	2	0	0	1	12
	Total	60	80	13	17	17	187
1990-1999	Mining and Quarrying	1	0	0	0	0	1
	Manufacturing	17	25	3	3	5	53
	Electricity, Gas and Water	1	1	0	1	0	3
	Construction	1	0	0	0	0	1
	Wholesale & Retail Trade	1	0	0	1	1	3
	Hotel & Restaurant	5	1	0	0	0	6
	Transport, Storage & Communication	4	1	0	0	1	6
	Financial Intermediation	9	1	0	0	0	10
	Real Estate and Business Activity*	9	2	0	1	1	13
	Total	48	31	3	6	8	96
2000-08	Manufacturing	2	1			2	5
	Electricity, Gas and Water	1	0			0	1
	Wholesale & Retail Trade	1	1			0	2
	Transport, Storage & Communication	1	1			1	3
	Financial Intermediation	3	0			0	3
	Real Estate and Business Activity*	2	0			0	2
	Total	10	3			3	16
N							299

N= Number of Firms. *Information Technology (IT) and IT enabled services belong to the category of Real Estate and Business Activity. Source: ATLMRI-QED Primary Data

10.3 Main Findings

In this section, the findings from the survey data are presented. The data and the findings are presented under following categories: composition of the workforce by gender, age, status of employment, occupation, status of employment of the workforce in terms of full time or part time or consultant, levels of educational attainments of the workforce, employability status by looking at number and type of trainings within the firms, exposure of the workforce to various communication technologies and functional composition of current and projected workforce.

Table 10.2 below gives the percentage of women in total workforce. As it can be seen, in majority of the firms (2/3rd), the percentage share of women employed in the total workforce varies from 11 to 30. This indicates that men continue to constitute the larger proportion of the workforce. Very few firms (0.7 %) have equal gender representation in their workforce composition.

Table 10.2 describes percentage of firms employing percentage of women labour. Percentage of women employed is categorized into 6 classes that range from below 10 to above 50.

Table 10.2: Percentage of Women in Employment: Distribution of Firms

Percentage of Women in Employment	Percentage of firms
Below 10	13.6
11-20	33.8
21-30	39
31-40	11.1
41-50	1.7
Above 50	0.7
Total (N=287)	100

N= Number of Firms

Source: ATLMRI-QED Primary Data

Table 10.3 comprises percentage distribution of firms with employment for different age groups such as 15 to 20, 21 to 30, 31 to 40, 41 to 50, and 51 to 60. As shown by Table 3, approximately in a half of firms, 21-30 % of workforce is in the age group of 21-30 while,

for one third of firms, the age category 31-40 forms 31-40 % of employment. Quite clearly, as shown in the Table given below, work participation is highest for the age group of 31-40.

Table 10.3: Share in Employment by Age Interval

Share in Employment (%)	Age Interval				
	15-20	21-30	31-40	41-50	51-60
	Percentage distribution of firms				
below 10	87.2	10.1	2.4	9.3	67
11-20	12.8	28.3	18.4	23.4	27.1
21-30		50.3	44.4	45.5	3.9
31-40		8.7	31.6	17.6	1.5
41-50		1.4	2.8	3.1	0.5
Above 50		1	0.3	1	
Total	100	100	100	100	100
	(N=196)	(N=286)	(N=288)	(N=290)	(N=203)

N= Number of Firm

Source: ATLMRI-QED Primary Data

Table 10.4 includes the status of employment in the sample firms. It is interesting to see that majority of the firms have a high composition of regular employment in their workforce. The distribution of firms with regard to temporary employment is quite spread and many firms have temporary staff in their pay rolls and the composition is between 41-50 % of the total workforce. Some 132 firms had some proportion of consultants/self employment also as part of its workforce; however, majority of these firms had this employment below 10 %. One important aspect that emerges from this Table is that temporary staff is well spread. Two third of 208 firms have temporary staff ranging from 21 to 50 % of employment. It appears from the data that, for majority of firms, temporary staffing is common practice albeit at varying degrees across the firms. This trend indicates that firms prefer labour market flexibility, which is reflected in the distribution of form of employment.

Table 10.4: Percentage of Employment by Forms of Employment: Distribution of Firms

Percentage of Employment	Regular Employment	Consultants/ Self-employment	Temporary Employment
Percentage distribution of Firms			
below 10	1	65.9	15.9
11-20	0	19.7	17.8
21-30	0.7	12.9	20.7
31-40	5.1	0.8	19.2
41-50	29	0	24.5
Above 50	64.3	0.8	1.9
Total	100 (N=297)	100 (N=132)	100 (N=208)

N= Number of Firms

Source: ATLMRI-QED Primary Data

In Table 10.5 below the spread of temporary staffing across NIC 1 digit economic activities is included. The purpose is to further disaggregate the composition of temporary staff in different economic activities and see if there is any pattern emerging. It appears that high temping in employment is seen in economic activities such as hotel and restaurant, transport, storage & communication and wholesale and retail trade. Moreover, in manufacturing around 2/3rd of firms have 21-50 % of temp staff in their workforce.

Table 10.6 explores the occupational composition of firms under two categories i.e. managerial and non-managerial. This is further divided into technical, administration, sales, finance and other activities. It appears that more number of firms is in requirement of human resources in the non-managerial category than the managerial category. Within non managerial functions, technical, sales and the category -others- are expected to absorb more work-force. Among the managerial cadre, technical and sales seems to have more demand for workers. The current composition of workforce reveals that across all the functions, the demand for non managerial staff is substantially more than managerial staff.

Table 10.5: Percentage of Temporary Employment by Economic Activity: Distribution of Firms

Economic Activity (NIC 1 Digit)	Percentage of Temporary Employment						Total	
	(Percentage distribution of firms)							
	Below 10	11-20	21-30	31-40	41-50	Above 50		
Mining and Quarrying		33.30	66.70				100 (N=3)	
Manufacturing	14.10	17.20	20.30	25.00	21.90	1.60	100 (N=128)	
Electricity, Gas and Water	16.70	16.70	16.70	16.70	33.30		100 (N=6)	
Construction	20.00	40.00	20.00	20.00			100 (N=5)	
Wholesale & Retail Trade	20.00		40.00		20.00	20.00	100 (N=5)	
Hotel & Restaurant	11.10	11.10		5.60	72.20		100 (N=18)	
Transport, Storage & Communication	35.30	5.90	17.60	17.60	23.50		100 (N=17)	
Financial Intermediation	18.20	36.40	27.30	9.10	9.10		100 (N=11)	
Real Estate and Business Activity	13.30	26.70	33.30	6.70	13.30	6.70	100(N=15)	

N= Number of Firms

Source: ATLMRI-QED Primary Data

Table 10.6: Share in Employment by Occupation (Managerial and Non Managerial)

Share in Employment (%)	Functions in Firm									
	Technical		Administration		Sales		Finance		Others	
	Current	To be Recruited	Current	To be Recruited	Current	To be Recruited	Current	To be Recruited	Current	To be Recruited
Managerial Occupation										
Below 10	42.3	20.4	43	21.4	33.9	13.4	64.7	38.7	49.8	28
11-20	16.1	25.9	30.2	25.8	16.3	22.4	13.7	28.3	19.5	28
21-30	11.5	13.7	8.6	28.4	20.1	19.4	4.8	11.9	11.6	16
31-40	7.7	10	6.9	5.5	11.7	19	8.6	5.9	9.4	10
41-50	11.2	10	6.9	8.5	11.3	8.2	3.1	7.8	6.7	10.4
Above 50	11.2	20	4.5	10.3	6.7	17.5	5.1	7.4	3	7.6
Total	100	100	100	100	100	100	100	100	100	100
	(N=286)	(N=270)	(N=291)	(N=271)	(N=283)	-268	(N=292)	(N=269)	(N=267)	(N=250)
Non-Managerial Occupation										
Below 10	14.7	6.7	16.6	7.8	6.9	3.6	28.9	12.7	19.5	6.9
11-20	7.3	10.5	21.3	13.5	8.1	4.8	20.6	20.5	9.4	15.5
21-30	14.3	10.5	24.9	26.1	20.8	9.6	25.4	22.3	9	7.8
31-40	9.8	9.2	9.1	14.3	16.5	22.8	8.8	21.4	7.4	9
41-50	21.2	10.9	16.2	11.4	17.3	18	11.4	9.1	16.4	9.8
Above 50	32.7	52.1	11.9	26.9	30.4	41.2	4.8	14.1	38.3	51
Total	100	100	100	100	100	100	100	100	100	100
	(N=245)	(N=238)	(N=253)	(N=245)	(N=260)	(N=250)	(N=228)	(N=220)	(N=256)	(N=245)

N= Number of Firms

Source: ATLMRI-QED Primary Data

Table 10.7 shows the employment for different level of educational attainment. People with upper-primary and secondary/higher secondary are more spread in employment and have higher proportion of employment. However, the tertiary occupation covering graduation and post-graduation, forms not more than 10 % in the employment.

Table 10.8 shows the average number of various training programmes conducted annually across different functions. As it can be seen induction and job training are more prevalent in the firms than academic and cross functional trainings. Academic and cross function trainings are virtually absent across most sectors and functions. This indicates an interesting fact that the idea of developing employable staff through cross functional training is not much popular among firms.

The distribution in Table 10.9 depicts the use of technology in firms. As it can be seen, the most commonly used technologies are email followed by internet. On the other hand, applications such as word processing and spreadsheet and technologies such as web 2, convergence technologies and Computer Aided Designing appear to have low usage by employees within the firms. Interestingly, more than half of employees in two third of firms use email while only less than one tenth of firms have more than half of employees using spreadsheets. Moreover, similar low usage is prevalent for web 2 technologies as well.

Table 10.7: Share in Employment by Educational Attainment

Educational Attainment	Share in Employment (%)				
	below 10	11-20	21-30	31-40	All
	Percentage distribution of firms				
Illiterate	100	0	0	0	100 (N=16)
Up to Primary	76.8	21.6	1.6	0	100 (N=125)
Upper Primary & Secondary	34.5	42.9	20.6	2	100 (N=252)
Higher Secondary	26.5	35.1	32.4	5.9	100 (N=185)
Diploma	100	0	0	0	100 (N=282)
Graduation	100	0	0	0	100 (N=284)
Post graduation	100	0	0	0	100 (N=265)

N= Number of Firms

Source: ATLMRI-QED Primary Data

Table 10.8: Type of Training by Sector and Function

Type of Training	Manufacturing	Electricity, Gas and Water	Construction	Wholesale & Retail Trade	Hotel & Restaurant	Transport, Storage and Communication	Financial Intermediation	Real Estate and Business Activity	Total
Average Count									
Technical									
Induction	2.4	0	1.7	5	2.3	3.4	2	1.5	2.4
On Job	4.5	4.7	2	4	3.5	4.3	6	5.9	4.5
Cross Function	0	0	0	0	0		0	0	0
Academic	0.5	0	0	0	0	0	0	0	0.4
Administration									
Induction	2.7	0	3	4	2	3.2	0.5	1	2.6
On Job	4.2	3.5	3.5	5	3.5	3.7	2.3	2.6	3.8
Cross Function	0.1	0	0	0	0	0	0	0	0.1
Academic	0.2	0	0	0	0	0	0	0	0.1
Sales/Marketing									
Induction	2.3	0	5	5	2.5	2.8	0.5	1	2.3
On Job	5.8	4.7	6	6	5	5.2	2.7	3.3	5.4
Cross Function	0	0	0	0	0	0	0	0	0
Academic	0.2	0	0	0	0	0	0	0	0.1
Finance									
Induction	2.6	0	3	4	1.2	2.2	0	1	2.3
On Job	3.9	4	1	5	2.8	3.7	3.5	2	3.7
Cross Function	0.8	0	0	0	0	0	0	0	0.6
Academic	0.2	0	0	0	0	0	0	0	0.1

Type of Training	Manufacturing	Electricity, Gas and Water	Construction	Wholesale & Retail Trade	Hotel & Restaurant	Transport, Storage and Communication	Financial Intermediation	Real Estate and Business Activity	Total
Average Count									
Other									
Induction	2.3	0	6	5	1	2.4	1.5	2	2.3
On Job	5	4	3	6	2.7	5.2	4	4	4.7
Cross Function	0.2	0	0	0	0	0	0	0	0.2
Academic	0.4	0	0	0	0	0	0	0	0.3

Source: ATLMRI-QED Primary Data

Table 10.9: Use of Technology in the Firm

Type of Technology	Share in Employment (%)						Total
	below 10	11-20	21-30	31-40	41-50	Above 50	
Percentage Distribution of Firms							
Computer	3.7	5.4	11.6	20.4	25.5	33.3	100 (N=294)
Laptop	12.6	12.3	16.8	20	20	18.2	100 (N=285)
Internet	1.7	7.1	9.2	22.4	15.3	44.2	100 (N=294)
Spreadsheets	36.4	14.7	9.1	27.3	4.9	7.7	100 (N=286)
Word Processing	40.4	9	9.4	16.2	5.8	19.1	100 (N=277)
Email	1.4	2.7	3.1	6.5	24.3	62	100 (N=292)
Computer Aided Designing	48.5	5.8	7.3	7.3	4.9	26.2	100 (N=206)
Web 2 Technologies	60.1	8.9	8	8.5	2.3	12.2	100 (N=213)
Convergent Technologies	61.6	5.4	5.9	8.9	3	15.3	100 (N=203)

N= Number of Firms

Source: ATLMRI-QED Primary Data

It is important to note that 11-20% of employees, distributed in eighty five firms, have more than fifteen years of experience in the firm while same percent of employees, spread in 100 firms, joined in less than a year's time (Table 10.10). Interestingly, for a sample of 284 firms, 21-30% of employees have 3-5 years experience. It appears that tenure between 3 to 10 years is the most prevalent in the industry.

As revealed by table 10.11, except administration and others, rest of the functions, including technology, sales/marketing, finance and operation show significantly divergent patterns for current and projected recruitment. However, these figures represent just one fifth of the sample size of this study. N varies from 54 to 67. Among figure representing different functions, operations present an interesting change. In near future, approximately 12 firms are going to recruit 21-30 % more employees for operations against just 2 firms have same incremental current recruitment.

Table 10.10: Share in Employment by Duration of Employment

Duration of Employment	Share in Employment (%)						Total
	Below 10	11-20	21-30	31-40	41-50	above 50	
	Percentage distribution of firms						
Less than one year	36.6	49	11.9	1.5	1	0	100 (N=200)
One to three years	33.3	43.4	16.8	3.9	1.4	1.1	100 (N=279)
Three to five years	16.5	39.1	34.2	8.8	1.1	0.4	100 (N=284)
Five to ten years	21.9	31.5	29	15.1	1.8	0.7	100 (N=279)
Ten to fifteen years	33.6	36.8	25.2	4.4	0	0	100 (N=250)
Fifteen and above	38.8	47.2	9.6	4.5	0	0	100 (N=178)

N= Number of Firms, Source: ATLMRI-QED Primary Data

Table 10.11: Share in Employment: Current vs. Projected

Year	Share in Employment (%)						Total
	Below 10	11-20	21-30	31-40	41-50	Above 50	
	Percentage Distribution of Firms						
Technology							
2007-08	100	0	0	0	0	0	100 (N=59)
2008-09	57.4	16.7	5.6	9.3	7.4	3.7	100 (N=54)
Administration							
2007-08	71.4	9.5	7.9	7.9	3.2	0	100 (N=63)
2008-09	72.3	7.7	6.2	4.6	4.6	4.6	100 (N=65)
Sales/Marketing							
2007-08	47.7	24.6	16.9	6.2	4.6	0	100 (N=65)
2008-09	52.2	16.4	9	11.9	6	4.5	100 (N=67)
Finance							
2007-08	63.8	15.5	12.1	3.4	1.7	3.4	100 (N=58)
2008-09	57.1	20.6	9.5	4.8	4.8	3.2	100 (N=63)
Operations							
2007-08	62.9	32.3	3.2	0	1.6	0	100 (N=62)
2008-09	63.3	11.7	23.3	1.7	0	0	100 (N=60)
Others							
2007-08	66.7	23.3	8.3	1.7	0	0	100 (N=60)
2008-09	68.3	25.4	1.6	4.8	0	0	100 (N=63)

2008-09 is the projected, N= Number of Firms, Source: ATLMRI-QED Primary Data

In summary, as shown by the evidence presented here, there is a visible preference by Indian firms to choose temping as a mode of employment. Quite visibly, this is quite consistent with the responses from manufacturing and some of emerging sectors. As far as age is concerned, organized sector, as revealed by the study, is in conformity with the work participation rates for the country. Moreover, similarity between national labour market and organized sector employment is evident in gender composition as well. It seems, going by the data on training and development, transforming organization into a learning unit, requires far serious initiatives by organizations. In fact, training and development is understood as on the job training, rather than an innovation enabler. Further, it is doubtful if sample firms realize the relevance of effective diffusion of information and communication technologies, which leads to higher usage of technologies by employees.

Appendix I: Composition of Indian Population and Labour Force

Table 1.1: Distribution of Indian Labour as per Employment Status (rural+ urban male)

Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	55.30(1.36)	53.5
Not in Labour Force	44.70(0.28)	46.5
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	56.20(1.43)	54
Not in Labour Force	43.80(0.17)	46
Population	100	100
Current Weekly Status		
Labour Force	55.10(1.34)	53.3
Not in Labour Force	44.90(0.28)	46.7
Population	100	100
Current Daily Status		
Labour Force	54.10(1.49)	51.8
Not in Labour Force	45.90(0.17)	48.2
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.2: Distribution of Indian Labour as per Employment Status (rural + urban female)

Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	20.60(0.65)	20.80
Not in Labour Force	79.40(0.82)	79.20
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	27.60(1.44)	26.30
Not in Labour Force	72.40(0.55)	73.70
Population	100	100
Current Weekly Status		
Labour Force	23.60(1.08)	23.10
Not in Labour Force	76.40(0.70)	76.90
Population	100	100
Current Daily Status		
Labour Force	19.8-(0.97)	19.60
Not in Labour Force	80.20(0.74)	80.40
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.3: Distribution of Indian labour as per Employment Status (rural male + female)

Rural (Male +Female)		
Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	39.40(1.32)	38.70
Not in Labour Force	60.60(0.91)	61.30
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	44(1.64)	42.30
Not in Labour Force	56(0.64)	57.70
Population	100	100
Current Weekly Status		
Labour Force	41(1.45)	40
Not in Labour Force	59(0.81)	60
Population	100	100
Current Daily Status		
Labour Force	38.10(1.49)	37
Not in Labour Force	61.90(0.81)	63
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.4: Distribution of Indian Population as per Employment Status (rural male)

Rural (Male)		
Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	55.10(1.60)	53.30
Not in Labour Force	44.90(0.58)	46.70
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	56.10(1.67)	54
Not in Labour Force	43.90(0.46)	46
Population	100	100
Current Weekly Status		
Labour Force	54.80(1.59)	53.10
Not in Labour Force	45.20(0.59)	46.90
Population	100	100
Current Daily Status		
Labour Force	53.60(1.71)	51.50
Not in Labour Force	46.40(0.49)	48.50
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.5: Distribution of Indian Population as per Employment Status (rural female)

Rural (Female)		
Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	22.90 (0.65)	23.50
Not in Labour Force	77.10 1.11)	76.50
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	31.40 (1.58)	30.20
Not in Labour Force	68.60 0.75)	69.80
Population	100	100
Current Weekly Status		
Labour Force	26.50 (1.15)	26.30
Not in Labour Force	73.50 (0.96)	73.70
Population	100	100
Current Daily Status		
Labour Force	21.90 0.96)	22
Not in Labour Force	78.10 (1.06)	78
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.6: Distribution of Indian Population as per Employment Status (Urban male+female)

Rural (Female)		
Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	35.60 (0.66)	34.20
Not in Labour Force	64.40 (0.21)	65.80
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	36.80 (0.66)	35.40
Not in Labour Force	63.20 (-0.23)	64.60
Population	100	100
Current Weekly Status		
Labour Force	36.10 (0.67)	34.70
Not in Labour Force	63.90 (-0.22)	65.30
Population	100	100
Current Daily Status		
Labour Force	35.30 (0.87)	33.50
Not in Labour Force	64.70 (-0.31)	63.50
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.7: Distribution of Indian Population as per Employment Status (urban male)

Urban (Male)		
Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	56.10(0.67)	53.90
Not in Labour Force	43.90(-0.63)	46.10
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	56.60 (0.70)	54.20
Not in Labour Force	43.40 (-0.67)	45.80
Population	100	100
Current Weekly Status		
Labour Force	56.20 (0.67)	53.90
Not in Labour Force	43.80 (-0.63)	46.10
Population	100	100
Current Daily Status		
Labour Force	55.70 (0.84)	52.80
Not in Labour Force	44.30 (-0.80)	47.20
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.8: Distribution of Indian Population as per Employment Status (urban female)

Urban (Female)		
Segments	NSSO 62nd	NSSO 55 th
Usual Principal Status		
Labour Force	13.10(0.63)	12.60
Not in Labour Force	86.90(0.02)	87.40
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	15.20(0.54)	14.70
Not in Labour Force	84.80(0.03)	84.30
Population	100	100
Current Weekly Status		
Labour Force	14.30(0.65)	13.80
Not in Labour Force	85.70(0.01)	86.20
Population	100	100
Current Daily Status		
Labour Force	13.10(1.01)	12.30
Not in Labour Force	86.90(-0.02)	87.70
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.9: Composition of Indian Labour Force as per Employment Status: Rural +Urban male

Rural +Urban male		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	96.90(1.31)	97.19
Not in Labour Force	3.07(2.84)	2.80
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	97.33(1.40)	97.59
Not in Labour Force	2.67(2.40)	2.40
Population	100	100
Current Weekly Status		
Labour Force	95.28(1.30)	95.68
Not in Labour Force	4.71(2.45)	4.31
Population	100	100
Current Daily Status		
Labour Force	91.86(1.33)	92.85
Not in Labour Force	8.14(3.30)	7.15
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.10: Composition of Indian labour force as per Employment Status (rural + urban female)

Rural +Urban Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	96.6(0.55)	97.59
Not in Labour Force	2.93(4.50)	2.41
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	97.82(1.41)	98.47
Not in Labour Force	1.82(2.98)	1.53
Population	100	100
Current Weekly Status		
Labour Force	96.18(1.12)	96.1
Not in Labour Force	3.81(0.012)	3.89
Population	100	100
Current Daily Status		
Labour Force	91.91(0.88)	92.34
Not in Labour Force	8.08(2.02)	7.65
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.11: Composition of Indian Labour Force as per Employment Status (rural male)

Rural Male		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	97.45(1.53)	97.93
Not in Labour Force	2.54(4.39)	2.06
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	97.86(1.63)	98.33
Not in Labour Force	1.96(3.83)	1.66
Population	100	100
Current Weekly Status		
Labour Force	95.62(1.52)	96.04
Not in Labour Force	4.38(3.09)	3.95
Population	100	100
Current Daily Status		
Labour Force	91.6(1.54)	92.81
Not in Labour Force	8.22(3.75)	7.18
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.12: Composition of Indian Labour Force as per Employment Status (rural female)

Rural Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	97.81(0.55)	98.29
Not in Labour Force	2.18(6.24)	1.7
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	98.72(1.55)	99
Not in Labour Force	1.27(3.85)	1
Population	100	100
Current Weekly Status		
Labour Force	96.98(1.21)	96.19
Not in Labour Force	3.40(-0.49)	3.80
Population	100	100
Current Daily Status		
Labour Force	92.69(0.88)	92.72
Not in Labour Force	7.31(1.99)	7.27
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.13: Composition of Indian Population as per Employment Status (rural male + female)

Rural Male + Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	97.46(1.24)	98.19
Not in Labour Force	2.60(4.84)	1.80
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	98.4(1.60)	98.50
Not in Labour Force	1.81(3.83)	1.41
Population	100	100
Current Weekly Status		
Labour Force	96.09(1.42)	96
Not in Labour Force	3.90(2.07)	4
Population	100	100
Current Daily Status		
Labour Force	92.12(1.35)	92.97
Not in Labour Force	8.12(3.27)	7.02
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.14: Composition of Indian Labour Force as per Employment Status (urban male)

Urban Male		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	95.18(0.67)	95.17
Not in Labour Force	4.81(0.72)	4.82
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	95.4(0.70)	95.57
Not in Labour Force	4.42(0.65)	4.42
Population	100	100
Current Weekly Status		
Labour Force	94.12(0.65)	94.43
Not in Labour Force	5.70(1.10)	5.56
Population	100	100
Current Daily Status		
Labour Force	92.1(0.75)	92.8
Not in Labour Force	7.90(2.01)	7.19
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.15: Composition of Indian Labour Force as per Employment Status (urban female)

Urban Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	92.36	92.85
Not in Labour Force	7.63	7.14
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	94.07(0.45)	94.55
Not in Labour Force	6.54(1.92)	5.44
Population	100	100
Current Weekly Status		
Labour Force	92.3(0.60)	92.75
Not in Labour Force	7.7(1.33)	7.24
Population	100	100
Current Daily Status		
Labour Force	90.07(0.89)	90.24
Not in Labour Force	9.92(2.11)	9.75
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.16: Composition of the Indian Labour Force as per Employment Status (urban male + female)

Urban Male + Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Labour Force	94.38(0.64)	94.73
Not in Labour Force	5.34(1.08)	5.26
Population	100	100
Principal Status +Subsidiary Status		
Labour Force	95.1(0.65)	95.19
Not in Labour Force	4.89(0.96)	4.8
Population	100	100
Current Weekly Status		
Labour Force	93.9(0.64)	94.23
Not in Labour Force	6.09(1.16)	5.76
Population	100	100
Current Daily Status		
Labour Force	91.78(0.77)	92.23
Not in Labour Force	8.22(2.03)	7.76
Population	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.17: Disaggregated Picture of Indian Employment as per Employment status (rural + urban male)

Rural + Urban Male		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	52.79(1.77)	50.96
Regular salaried	18.09(1.85)	17.3
Casual Labour	29.29(0.23)	31.73
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	53.2(1.88)	51.42
Regular salaried	17.73(1.87)	17.26
Casual Labour	29.06(0.30)	31.31
Total	100	100
Current Weekly Status		
Self- employed	54.86(1.65)	53.53
Regular salaried	18.47(1.77)	17.84
Casual Labour	26.66(0.32)	28.63
Total	100	100
Current Daily Status		
Self- employed	56.74(1.71)	55.3
Regular salaried	19.51(1.83)	18.91
Casual Labour	23.61(0.09)	25.78
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.18: Disaggregated Picture of Indian Employment as per Employment Status (rural +urban female)

Rural + Urban Male		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	52.26(1.58)	48.27
Regular salaried	11.05(3.75)	8.86
Casual Labour	37.18(-1.51)	42.85
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	60(2.46)	55.59
Regular salaried	8.51(3.82)	6.94
Casual Labour	31.85(-0.85)	37.45
Total	100	100
Current Weekly Status		
Self- employed	61.23(2.07)	57.2
Regular salaried	10.13(3.18)	8.55
Casual Labour	29.07(-1.22)	34.23
Total	100	100
Current Daily Status		
Self- employed	60.43(1.60)	55.97
Regular salaried	12.63(3.67)	10.49
Casual Labour	27.47(-1.51)	33.52
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.19: Disaggregated Picture of Indian Employment as per Employment Status (rural male)

Rural Male		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	56.05(1.97)	54.4
Regular salaried	10.24(3.45)	9
Casual Labour	33.70(0.33)	36.59
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	56.64(2.09)	54.8
Regular salaried	10.01(3.47)	8.85
Casual Labour	33.33(0.49)	36.34
Total	100	100
Current Weekly Status		
Self- employed	58.96(1.83)	57.64
Regular salaried	10.49(3.16)	9.41
Casual Labour	30.53(0.45)	32.94
Total	100	100
Current Daily Status		
Self- employed	61.03(1.86)	58.72
Regular salaried	11.20(3.14)	10.04
Casual Labour	27.74(0.26)	31.23
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.20: Disaggregated Picture of Indian Employment as per Employment Status (rural female)

Rural Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	54.46(1.76)	50.21
Regular salaried	5.35(5.12)	3.89
Casual Labour	40.17(-1.34)	45.88
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	62.25(2.75)	57.19
Regular salaried	3.87(5.09)	3.01
Casual Labour	33.87(-0.62)	39.79
Total	100	100
Current Weekly Status		
Self- employed	63.81(2.29)	59.68
Regular salaried	4.66(3.65)	3.95
Casual Labour	31.51(-1.04)	36.36
Total	100	100
Current Daily Status		
Self- employed	63.54(1.77)	60.29
Regular salaried	5.91(4.10)	4.90
Casual Labour	30.04(-1.28)	34.8
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.21: Disaggregated Picture of Indian Employment as per Employment Status (rural male + female)

Rural Male + Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	55.72(1.91)	53.15
Regular salaried	8.85(3.72)	7.36
Casual Labour	35.67(-0.23)	39.47
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	58.66(2.33)	55.87
Regular salaried	7.85(3.73)	6.71
Casual Labour	33.48(0.08)	37.41
Total	100	100
Current Weekly Status		
Self- employed	60.4(1.98)	58.33
Regular salaried	8.62(3.24)	7.81
Casual Labour	30.71(-0.04)	33.85
Total	100	100
Current Daily Status		
Self- employed	61.82(1.84)	59.88
Regular salaried	9.68(3.30)	8.43
Casual Labour	28.20(-0.50)	31.68
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.22: Disaggregated Picture of Indian Employment as per Employment Status (urban male)

Urban Male		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	42.13(0.99)	41.13
Regular salaried	42.13(0.76)	41.91
Casual Labour	15.73(-0.38)	16.95
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	42.4(1.01)	41.5
Regular salaried	42.03(0.79)	41.69
Casual Labour	15.74(-0.10)	16.79
Total	100	100
Current Weekly Status		
Self- employed	42.53(0.91)	41.65
Regular salaried	42.72(0.80)	42.23
Casual Labour	14.93(-0.48)	16.11
Total	100	100
Current Daily Status		
Self- employed	43.07(1.11)	42.24
Regular salaried	44.05(0.92)	43.46
Casual Labour	12.67(-1.11)	14.28
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.23: Disaggregated Picture of Indian Employment as per Employment Status (urban female)

Urban Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	37.19(0.15)	38.46
Regular salaried	45.45(2.87)	38.46
Casual Labour	17.35(-3.60)	23.07
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	43.35(-0.03)	45.32
Regular salaried	39.86(3.01)	33.09
Casual Labour	16.78(-2.97)	21.58
Total	100	100
Current Weekly Status		
Self- employed	42.42(0.22)	43.75
Regular salaried	42.42(2.85)	35.93
Casual Labour	15.15(-3.40)	20.31
Total	100	100
Current Daily Status		
Self- employed	39.83(0.24)	41.44
Regular salaried	47.57(3.37)	40.54
Casual Labour	12.67(-4.15)	18.01
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Table 1.24: Disaggregated Picture of Indian Employment as per Employment Status (urban male + female)

Urban Male + Female		
Segments	NSSO 62nd	NSSO 55th
Usual Principal Status		
Self- employed	41.36(0.86)	40.74
Regular salaried	42.85(1.12)	41.35
Casual Labour	16.07(-0.82)	17.90
Total	100	100
Principal Status + Subsidiary Status		
Self- employed	42.57(0.80)	42.13
Regular salaried	41.42(1.17)	40.05
Casual Labour	15.71(-0.74)	17.8
Total	100	100
Current Weekly Status		
Self- employed	42.47(0.78)	41.89
Regular salaried	42.77(1.16)	40.97
Casual Labour	14.74(-1.09)	17.12
Total	100	100
Current Daily Status		
Self- employed	42.59(0.96)	42.07
Regular salaried	44.75(1.34)	43.04
Casual Labour	12.65(-1.57)	14.88
Total	100	100

Source: NSSO 62nd round, NSSO 55th round, 2005-06, *Figures in parenthesis indicate compound growth rate.

Appendix: II Composition of Indian Labour Force by Age and Education²¹

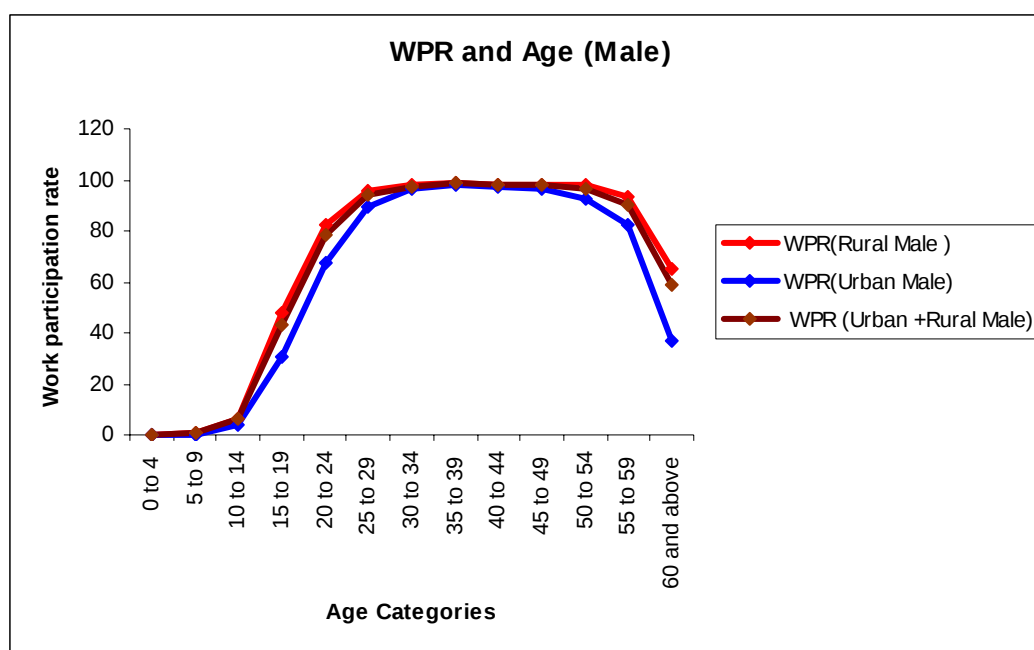


Figure 2.1: Work Participation Rate and Age (male) for the PS +SS category

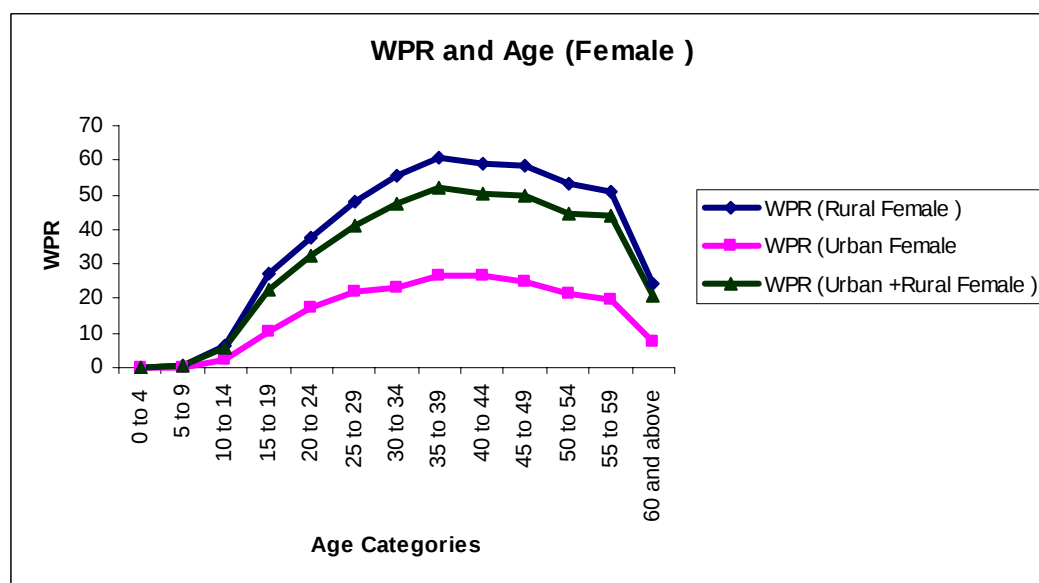


Figure 2.2: Work Participation Rate and Age (female) for the PS + SS category

²¹ All figures are plotted by authors based on NSSO 62nd round, Employment and Unemployment Situation in India, Report no. 522, 2005- 06

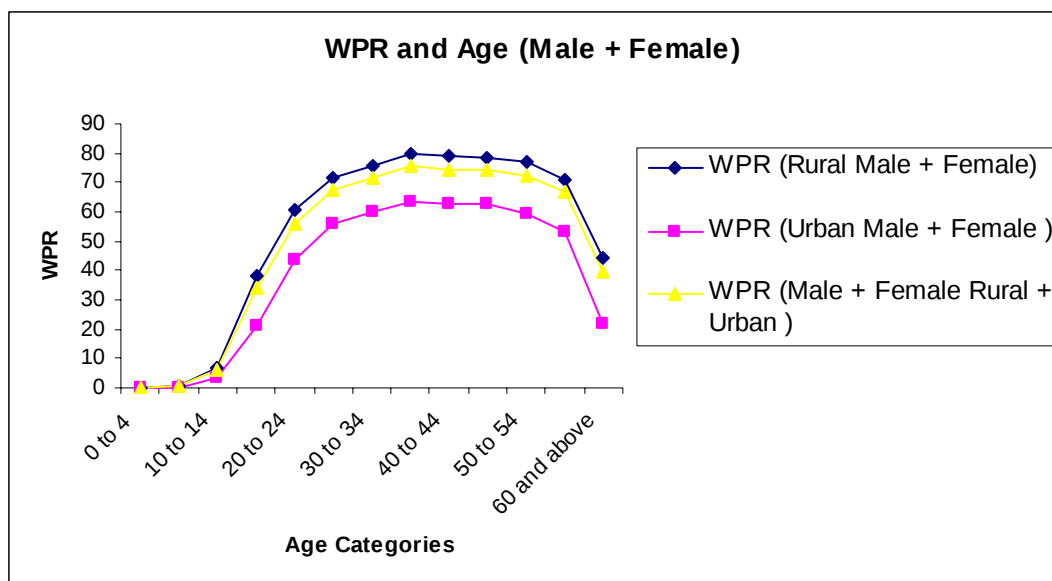


Figure 2.3: Work Participation Rate and Age (male + female) for the PS + SS category

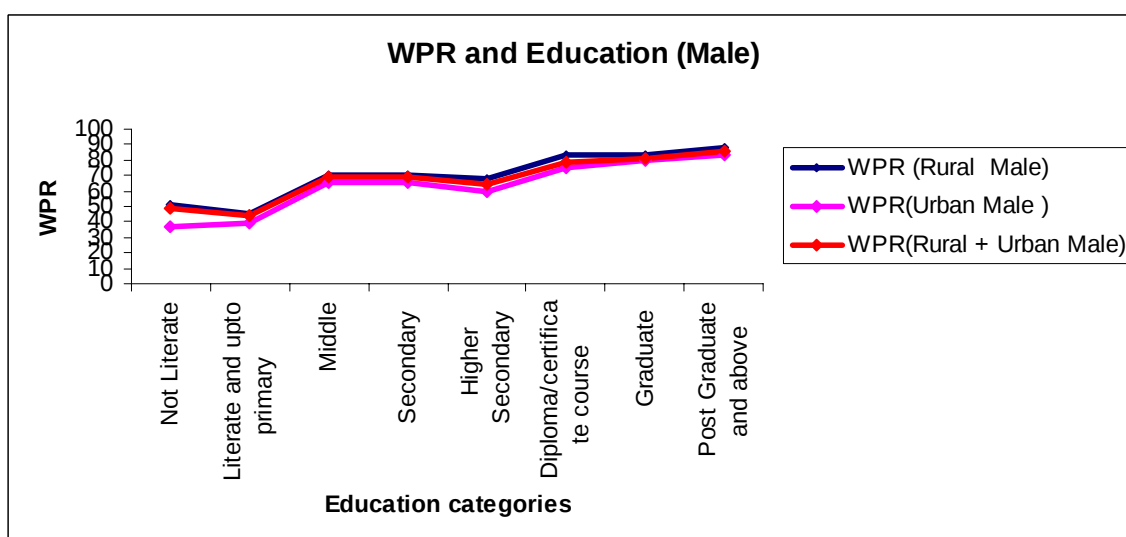


Figure 2.4: Work Participation Rate and Education (male) for the PS + SS category

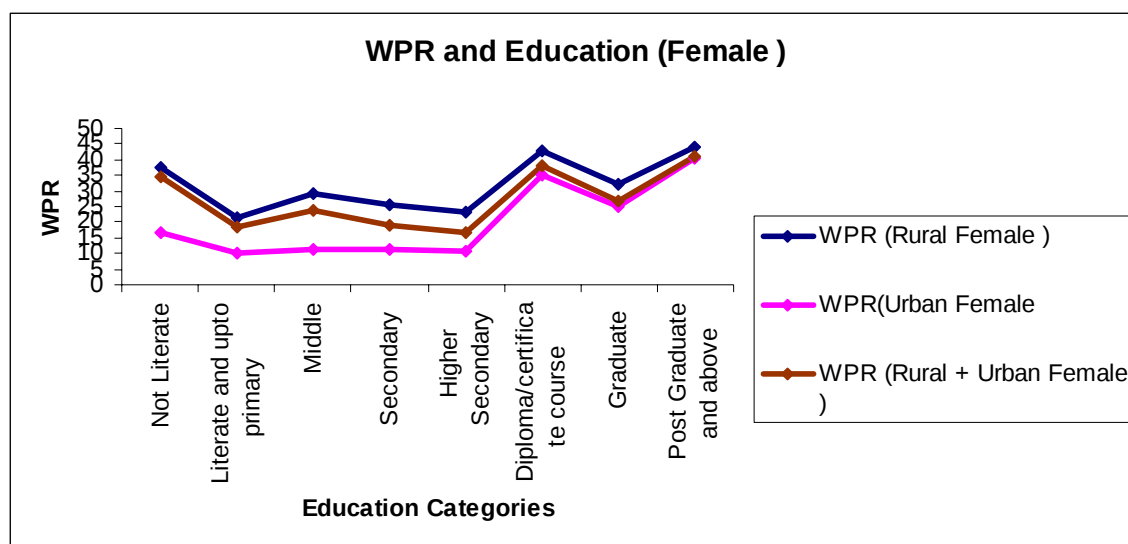


Figure 2.5: Work Participation Rate and Education (female) for the PS + SS category

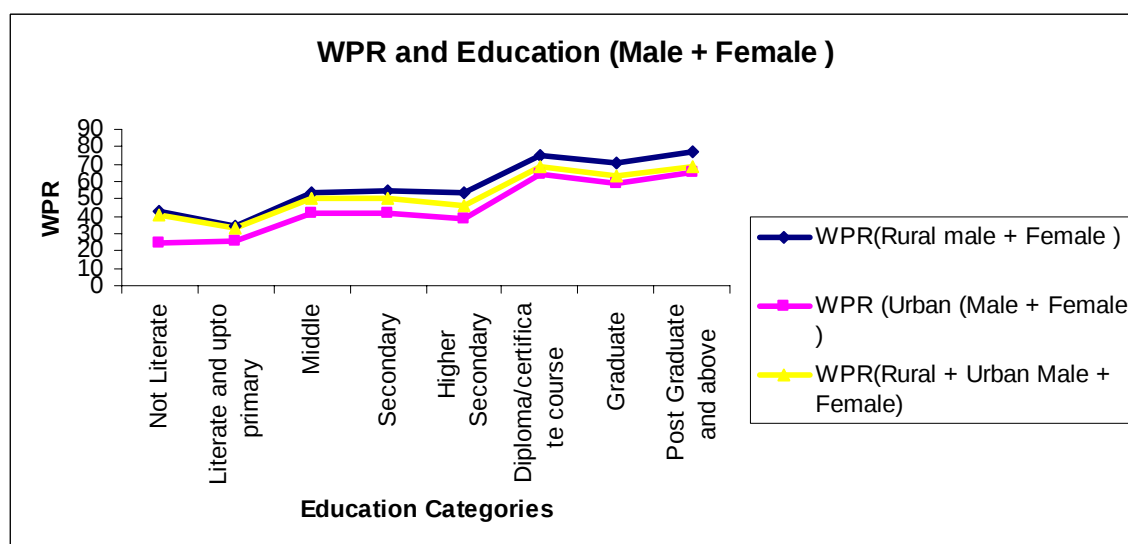


Figure 2.6: Work Participation Rate and Education (Male + Female) for the PS + SS category

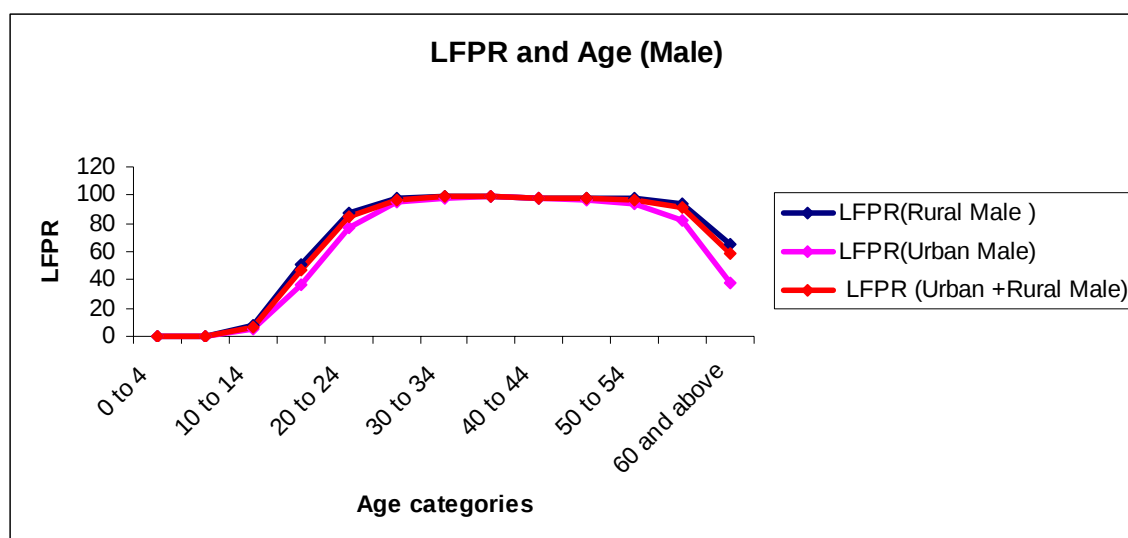


Figure 2.7: Labour Force Participation Rate and Age (male) for the PS + SS category

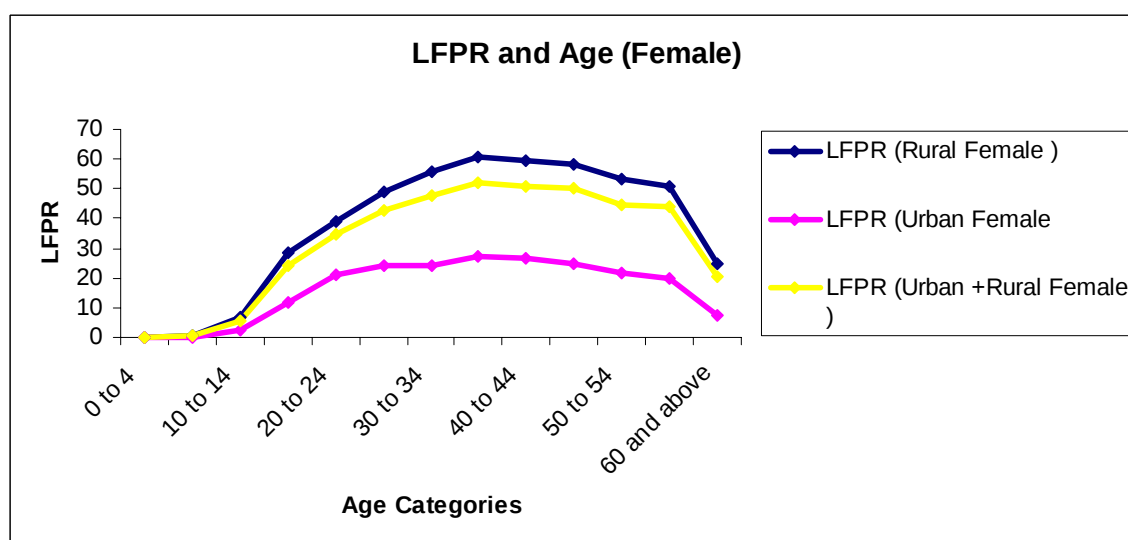


Figure 2.8: Labour Force Participation Rate and Age (female) for the PS + SS category

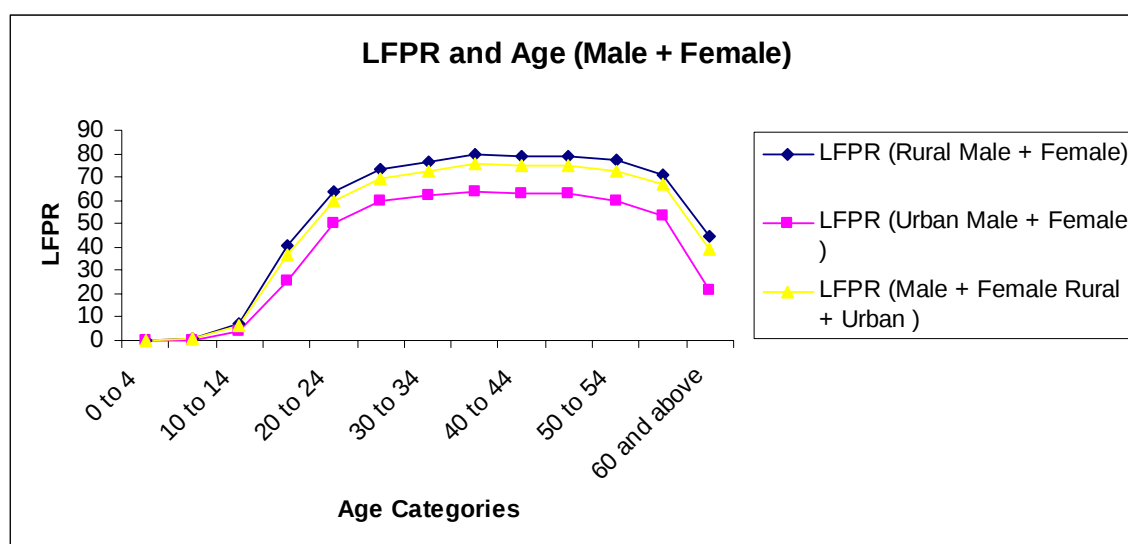


Figure 2.9: Labour Force Participation Rate and Age (male + female) for the PS + SS category

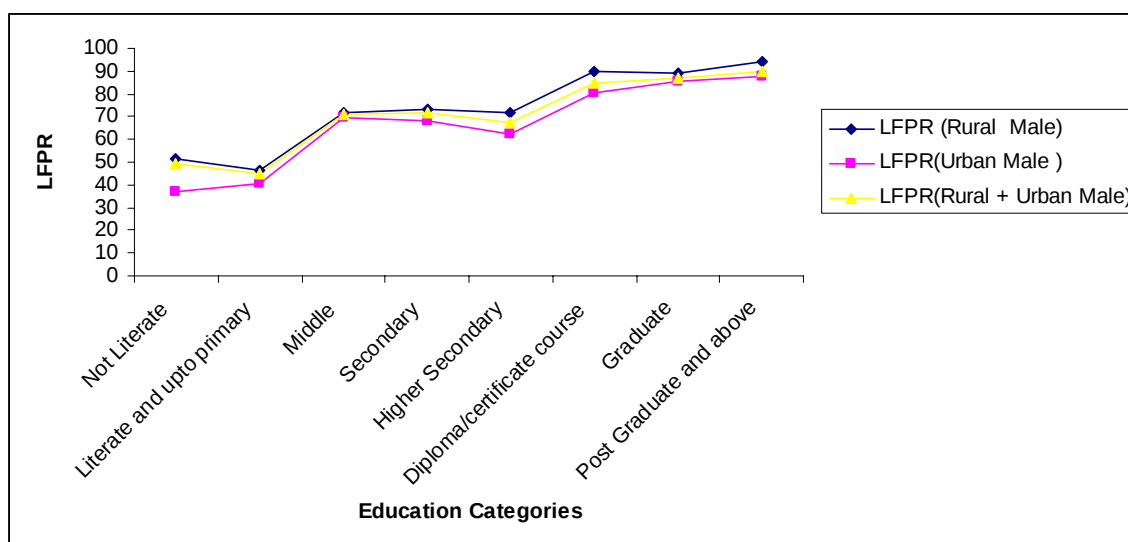


Figure 2.10: Labour Force Participation Rate and education (male) for the PS + SS category

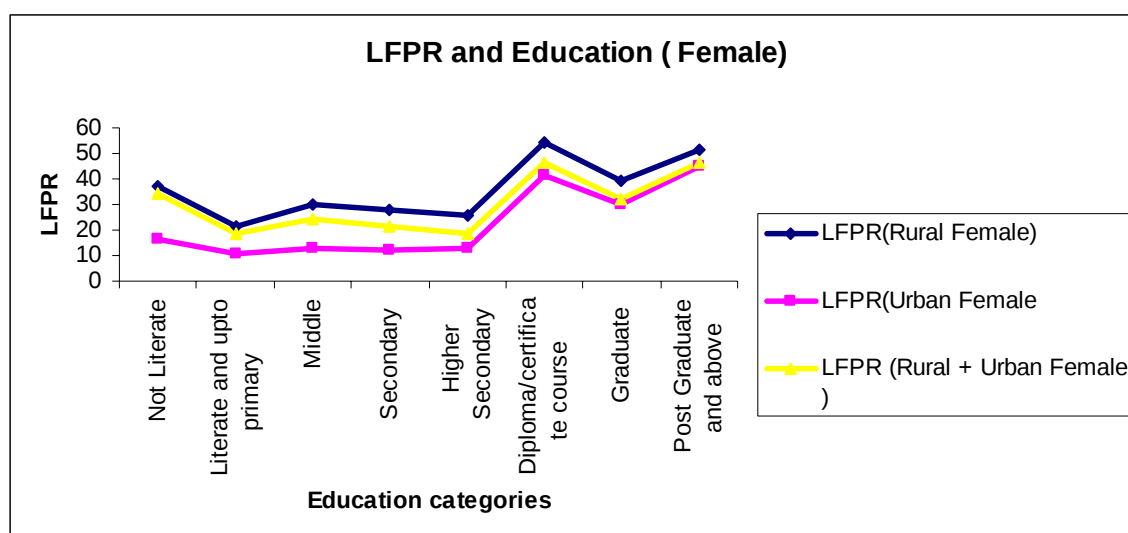


Figure 2.11: Labour Force Participation Rate and Education (female) for the PS + SS category

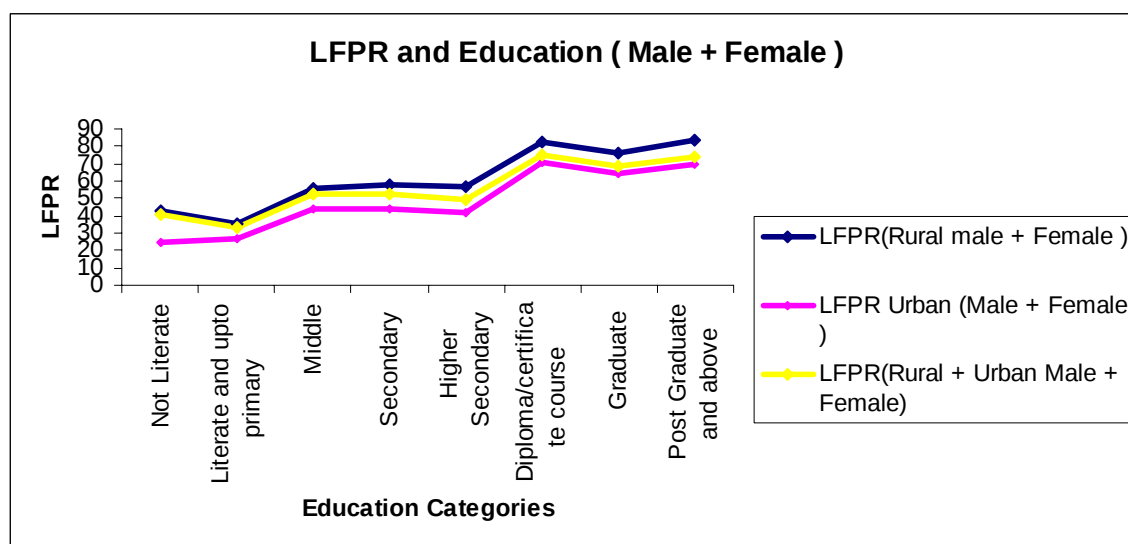


Figure 2.12: Labour Force Participation Rate and Education (male + female) for the PS + SS category.

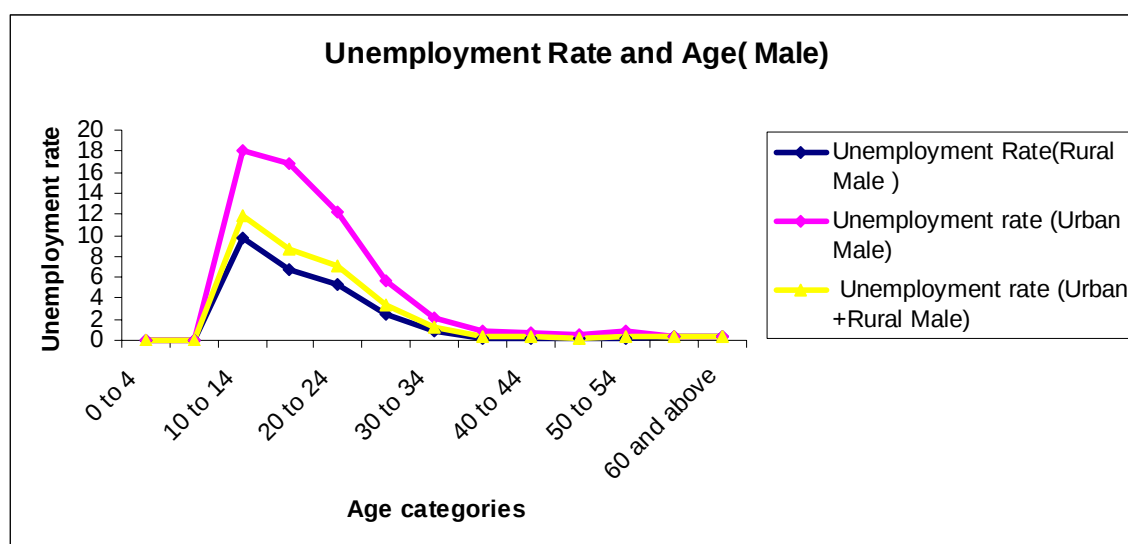


Figure 2.13: Unemployment Rate and Age (male) for the PS + SS category

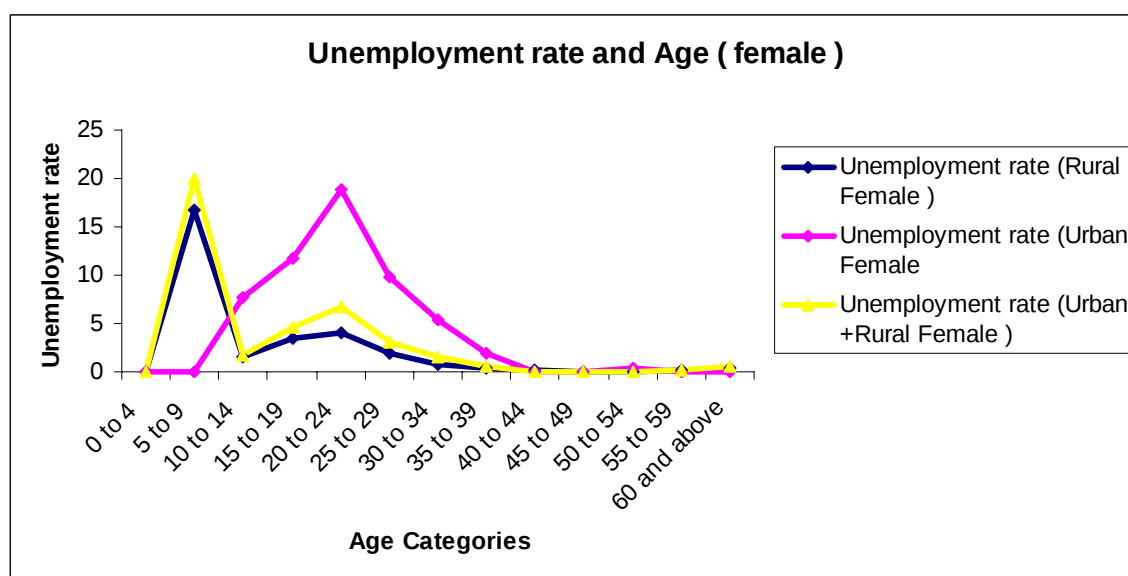


Figure 2.14: Unemployment Rate and Age (female) for the PS + SS



Figure 2.15: Unemployment Rate and Age (male + female) for the PS + SS category

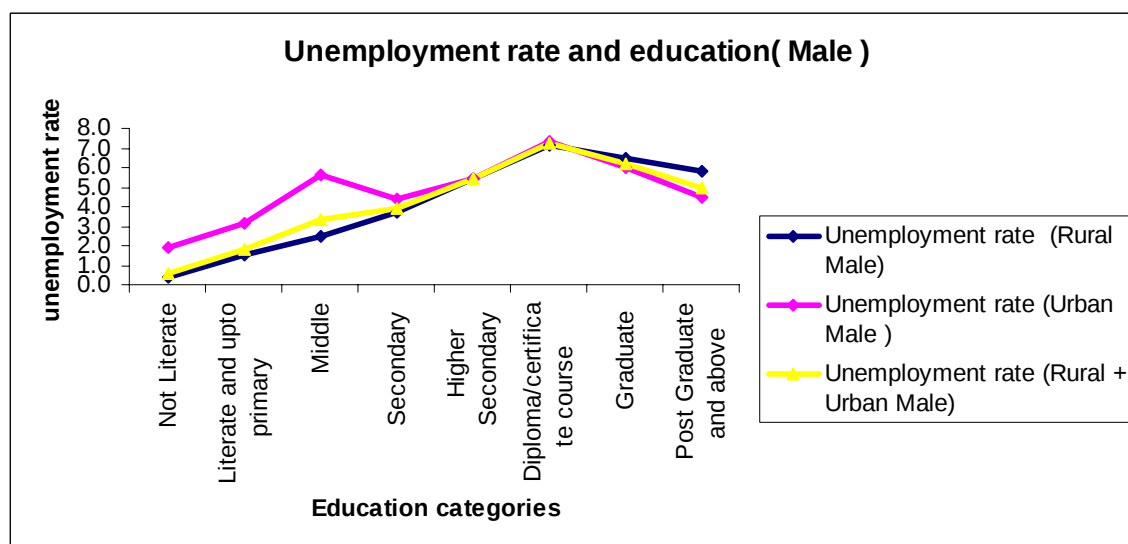


Figure 2.16: Unemployment Rate and Education (male) for the PS + SS category

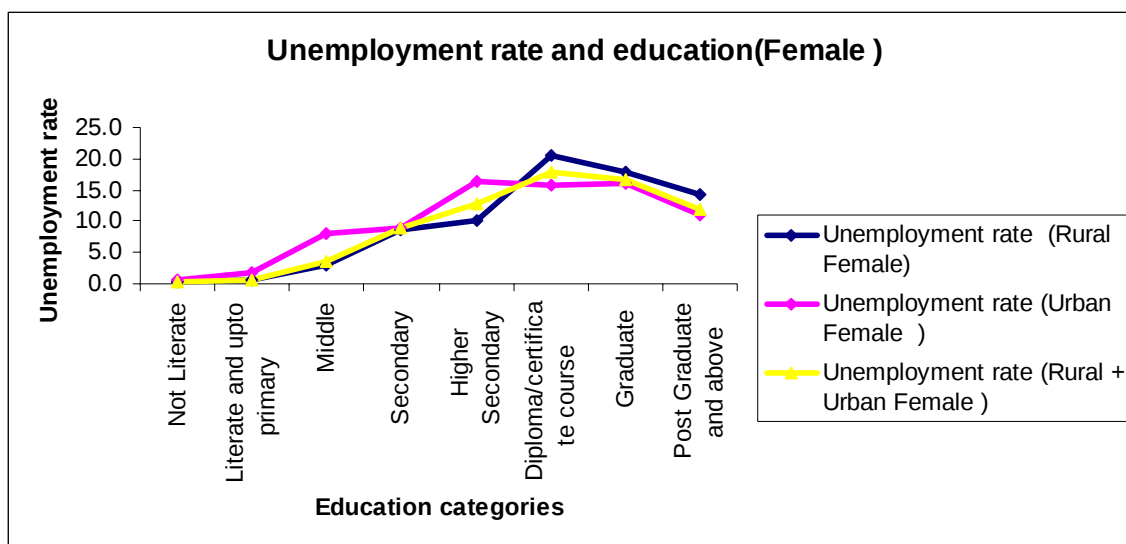


Figure 2.17: Unemployment Rate and Education (Female) for the PS + SS category

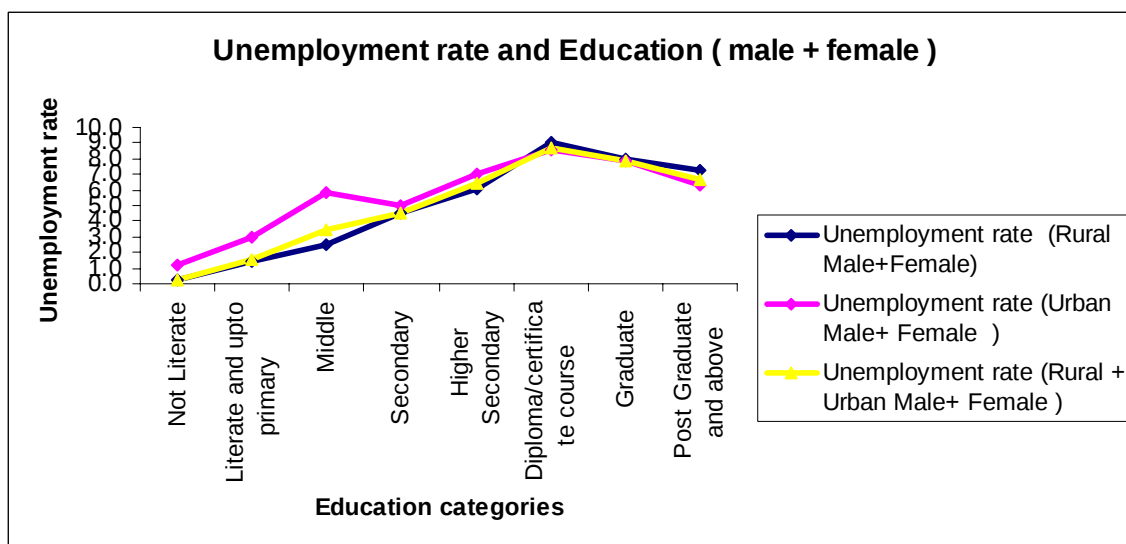


Figure 2.18: Unemployment Rate and Education (male + female) for the PS + SS category

Appendix III

Table 3.1: State-wise Distribution of Regular Employed in Top Five Economic Activities according to NIC-2004 (5 digit classification)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Jammu & Kashmir	State Public Service (19.6)	Food Grain Crops(10.9)	State public order and safety activities(7.9)	Secondary Education(7.3)	Transport by Motor Vehicle(4.8)
Himachal Pradesh	Secondary Education(9.1)	Construction and Maintenance of Infrastructure(6.1)	Primary Education(6)	Growing of fruits(5.9)	State Public Service(5.6)
Punjab	Food grain crops(12.7)	manufacture of knitted and crocheted woolen textile products(5.3)	Transport by Motor Vehicles(5.1)	State Public Service(4.7)	intermediation of commercial banks, saving banks and discount houses(3.5)
Chandigarh	State Public Service(26.4)	Manufacture of agricultural and forestry equipments(6.4)	Manufacture of analog data processing machine(4.3)	Wholesale of waste and scrap and materials for re-cycling(4.3)	Telecom Services(3.8)
Uttaranchal	State Public Service(9.2)	Secondary Education(8.6)	Hydro-electric power plants(7.3)	Primary Education(6.8)	Manufacture of optical elements of glass(6.6)
Haryana	Transport by Motor Vehicles(11)	Food Grain Crops(7.9)	Distribution of electric energy(5.4)	Hospital Activities(4.7)	Secondary Education(3.6)
Delhi	Telecom Services(12.8)	Union Public Services(8.4)	National Post Activities(5.6)	Domestic Duties(4.7)	Manufacture of Textile garments and Clothing accessories(4.5)
Rajasthan	State Public Service(8)	Food Grain Crops(7.9)	Primary Education(7.6)	General Construction(6.2)	Transport by Motor Vehicles(5.2)
Uttar Pradesh	Food Grain Crops(10.8)	Primary Education(7.7)	Transport by Motor Vehicles(5.6)	State Public Service(4.8)	Growing of Sugarcane(3.6)
Bihar	State Public Service(16.1)	Food Grain Crops(15.8)	Primary Education (8.7)	non-scheduled passenger land transport by motor vehicles(7.1)	Transport by Motor Vehicles(5.8)
Sikkim	Primary Education(15.5)	State Public Service(13.1)	non-scheduled passenger land transport by motor vehicles(12.4)	public order and safety of the State(5.6)	Hospital Activities(5.1)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Arunachal Pradesh	State Public Service(44)	Growing tea leaves and its processing(12.5)	Primary Education(5.6)	Hospital Activities(5.4)	Secondary Education(4.5)
Nagaland	State Public Service(28.2)	Primary Education(23)	public order and safety of the State(6.9)	Construction and Maintenance of Infrastructure(4.3)	Food Grain Crops(4.1)
Manipur	State Public Service(38.2)	Primary Education(11.2)	public order and safety of the State(10.2)	Secondary Education(10)	Union Public Services(6.8)
Mizoram	State Public Service(53.2)	Primary Education(10)	public order and safety of the State(8.5)	Technical and vocational education(3)	non-scheduled passenger land transport by motor vehicles(2.7)
Tripura	State Public Service(30.2)	Primary Education(9.6)	Food Grain Crops(6.4)	General Construction(6.4)	General higher education(3.5)
Meghalaya	State Public Service(24.7)	Primary Education(18.5)	non-scheduled passenger land transport by motor vehicles(7.7)	Food Grain Crops(7.7)	Transport by Motor Vehicles(4.2)
Assam	Growing tea leaves and its processing(33.6)	Primary Education(11.4)	State Public Service(9.7)	Secondary Education(3.4)	Primary Education(3.1)
West Bengal	Food Grain Crops(6.2)	Growing tea leaves and its processing(5.2)	State Public Service(4.6)	Secondary Education(3.4)	Primary Education(3.1)
Jharkhand	State Public Service(7.6)	Primary Education(6.8)	non-scheduled passenger land transport by motor vehicles(6.2)	underground mining of coal(5.9)	Open Cut mining of coal(5.7)
Orissa	Food Grain Crops(9.4)	State Public Service(9.1)	Primary Education(7)	Transport by Motor Vehicles(6.1)	Secondary Education(5.8)
Chhattisgarh	Food Grain Crops(11.7)	Hospital Activities(8.4)	Primary Education(7.3)	Manufacture of alloy-steel(4.7)	Domestic Duties(4.2)
Madhya Pradesh	Food Grain Crops(13.6)	State Public Service(11)	Primary Education(7)	General Construction(4.9)	Secondary Education(2.9)
Gujarat	Diamond cutting and polishing(5.7)	State Public Service(5.3)	non-scheduled passenger land transport by motor vehicles(4.5)	Food Grain Crops(3.7)	Transport by Motor Vehicles(3.6)
Daman and Diu	Manufacture of Textile garments and Clothing accessories(18.7)	Fishing on commercial basis(12.4)	Manufacture of packing plastic products(8.2)	retail sale of paan, bidi, cigarette, opium etc(7.2)	Hair dressing and beauty treatment(6.6)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Dadra & Nagar Haveli	Manufacturing of stainless steel wires(23.1)	Manufacture of sanitary-ware(11.2)	Manufacture of alloy-steel(9.4)	Preparation and spanning of cotton fiber(6.8)	Manufacture of Mineral water(5.8)
Maharashtra	Food Grain Crops(5.3)	General Construction(5.1)	Primary Education(4)	public services of local government(3.5)	Hospital Activities(2.4)
Andhra Pradesh	Food Grain Crops(7.4)	State Public Service(5.4)	Primary Education(5.3)	Transport by Motor Vehicles(5.2)	non-scheduled passenger land transport by motor vehicles(4.3)
Karnataka	Food Grain Crops(7.7)	Membership Organizations(4.4)	non-scheduled passenger land transport by motor vehicles(4.4)	Manufacture of Textile garments and Clothing accessories(4.1)	Transport by Motor Vehicles(3.1)
Goa	intermediation of commercial banks, saving banks and discount houses(6.4)	public order and safety of the State(6.3)	Hotels and motels(5.2)	Making and repairing of ships(5.1)	Restaurants without bar(4.6)
Lakshadweep	Union Public Services(16.7)	manufacture of coir rope and cordage(15)	Primary Education(7.5)	Secondary Education(6.3)	Adult education primary level(6.2)
Kerala	Growing of rubber trees and harvesting of latex(4.4)	Primary Education(4.1)	State Public Service(3.6)	General Construction(3.1)	Processing of edible Nuts(3)
Tamil Nadu	Manufacture of Textile garments and Clothing accessories(6)	Transport by Motor Vehicles(3.9)	Food Grain Crops(3.8)	Secondary Education(3.3)	public order and safety of the State(3.1)
Pondicherry	Food Grain Crops(12.8)	Custom tailoring(6.7)	Manufacture of computer peripherals(4.2)	State Public Service(4.2)	Preparation and spanning of cotton fiber(3.5)
Andaman & Nicobar	Secondary Education(9.5)	Growing of standing timber(8)	Union Regulatory agencies(7.8)	General Construction(6.4)	Union Public Services(5.8)

(Note- Figures in parenthesis represent the percentage share of regular employment)

Source: Unit Level Data from NSSO 62nd Round, 2005-06

Table: 3.2: State-wise Distribution of Regular employed in Top five Occupations (NCO-1968 3 digit classification)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Jammu & Kashmir	Cultivators(owners)(11.3)	Office Attendants(8.7)	Clerks, General(7.9)	Tram car and Motor Vehicle Drivers(6.9)	Policemen and Detectives(6.9)
Himachal Pradesh	Labourers, others(6.2)	Electric Linemen and Cable Jointers(5.4)	Cultivators(owners)(5.1)	Teachers, Higher secondary and secondary(5.4)	Teachers, Primary(4.6)
Punjab	Tram car and Motor Vehicle Drivers(8.9)	Cultivators(owners)(7)	Agricultural labourers(5.7)	Office Attendants(5.3)	Salesmen, shop assistants and demonstrators(3.2)
Chandigarh	Ministerial and office assistants(13.4)	Sweepers, cleaners and related workers(10.6)	Labourers, others(7)	Supervisors and foremen, painting(15.2)	book binders and related workers(4.2)
Uttaranchal	Teachers, Higher secondary and secondary(5.8)	Machine tool operators(6.5)	Office Attendants(5.6)	Salesmen, shop assistants and demonstrators(5.2)	Tram car and Motor Vehicle Drivers(5)
Haryana	Tram car and Motor Vehicle Drivers(11.1)	Salesmen, shop assistants and demonstrators(5.8)	Clerks, General(5.5)	Cultivators(owners)(5.1)	Labourers, others(4.8)
Delhi	Working proprietors, managers, directors and related executives; Transport, storage and communication (5.8)	Directors, managers and related executives; Communication(5.6)	Clerks, General(5.2)	Maids, and related housekeeping services(4.3)	Salesmen, shop assistants and demonstrators(4.3)
Rajasthan	Cultivators(owners)(6.7)	Tram car and Motor Vehicle Drivers(6.3)	Teachers, Primary(5.6)	Salesmen, shop assistants and demonstrators(5.1)	Construction workers(4.3)
Uttar Pradesh	Cultivators(owners)(11.2)	Tram car and Motor Vehicle Drivers(8.2)	Teachers, Primary(6.2)	Clerks, General(5)	Production and related workers(4.6)
Bihar	Tram car and Motor Vehicle Drivers(11.3)	Cultivators(owners)(10.1)	Teachers, Primary(8.6)	Office Attendants(7.8)	Agricultural labourers(5.5)
Sikkim	Teachers, Primary(14.5)	Tram car and Motor Vehicle Drivers(14.3)	Clerks, General(5.9)	Clerical Supervisors(5.2)	Office Attendants(5.1)
Arunachal Pradesh	Plantation Labourers(12.4)	Clerks, General(6.8)	Ministerial and office assistants(6.2)	Vaccinators, Inoculators, and Medical assistants(5.4)	Teachers, Primary(4.7)
Nagaland	Teachers, Primary(22.3)	Office Attendants(9.4)	Ministerial and office assistants(7.5)	Clerks, General(7.1)	Policemen and Detectives(6.4)
Manipur	Policemen and Detectives(17.6)	Clerks, General(13.3)	Teachers, Middle School(8.9)	Teachers, Primary(8.8)	Office Attendants(5.7)
Mizoram	Office Attendants(16.4)	Policemen and	Teachers, Primary(8.9)	Teachers, Middle	Clerks, General(6.5)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
		Detectives(10.1)		School(6.7)	
Tripura	Office Attendants(13.6)	Teachers, Primary(8.3)	Clerks, General(8.2)	Teachers, Higher secondary and secondary(6.8)	Cultivators(owners)(5.6)
Meghalaya	Teachers, Primary(16.1)	Tram car and Motor Vehicle Drivers(15.9)	Cultivators(owners)(7.7)	Clerks, General(6.9)	Farm managers and Supervisors, Crop Production(3.7)
Assam	Plantation Labourers(20.3)	Agricultural labourers(10.9)	Teachers, Primary(9.4)	Clerks, General(5.6)	Teachers, Middle School(4.8)
West Bengal	Plantation Labourers(5.1)	Clerks, General(4.8)	Tram car and Motor Vehicle Drivers(4.2)	Salesmen, shop assistants and demonstrators(3.5)	Cultivators(owners)(2.9)
Jharkhand	Tram car and Motor Vehicle Drivers(10.5)	Teachers, Primary(6.2)	Cultivators(owners)(5.1)	Clerks, General(3.8)	Office Attendants(3.7)
Orissa	Tram car and Motor Vehicle Drivers(9.8)	Cultivators(owners)(6.9)	Office Attendants(5.9)	Teachers, Primary(5)	Teachers, Higher secondary and secondary(4.6)
Chattisgarh	Cultivators(owners)(7.4)	Nursing, Sanitary and Other Medical health technicians(6.9)	Teachers, Primary(6.7)	Agricultural labourers(4.3)	Domestic Servants(4.2)
Madhya Pradesh	Agricultural labourers(9.3)	Cultivators(owners)(6.8)	Labourers, others(6.6)	Office Attendants(5.4)	Clerks, General(3.4)
Gujarat	Tram car and Motor Vehicle Drivers(6)	Cultivators(owners)(5.6)	Jewellers, goldsmiths, silversmiths(4.6)	Machine tool operators(4.2)	Clerks, General(3.4)
Daman and Diu	Supervisors and Foremen, Tailoring, dress making etc(13.2)	Fisherman and Related workers(11)	Plastics product Makers(9.6)	Rubber and Plastics product Makers(9.5)	Merchants and Shopkeepers, Retail Trade(7.2)
Dadra & Nagar Haveli	Machine tool operators(35.5)	Material Handling equipment operators(11.2)	Crane and Hoist Operators(10.2)	Labourers, others(6)	Warpers and Sizers(3.7)
Maharashtra	Tram car and Motor Vehicle Drivers(5.2)	Clerks, General(4.6)	Agricultural labourers(5.7)	Teachers, Primary(3.2)	Production and related workers(3)
Andhra Pradesh	Tram car and Motor Vehicle Drivers(7.6)	Salesmen, shop assistants and demonstrators(6.1)	Agricultural labourers(5.7)	Clerks, General(4)	Office Attendants(3.7)
Karnataka	Tram car and Motor Vehicle Drivers(7.6)	Cultivators, (owners)(5.7)	Sweepers, cleaners and related workers(5.4)	Clerks, General(4)	Salesmen, shop assistants and demonstrators(2.7)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Goa	Clerks, General(7.3)	Electrician, Electrical Fitters and related workers(6.3)	Tram car and Motor Vehicle Drivers(5.6)	Policemen and Detectives(4.9)	Production and related workers(4.7)
Lakshdweep	House keepers, matrons and stewards(10.2)	Supervisors and Foremen, Spinning, weaving and dyeing related(9.7)	Teachers, Middle School(9.1)	Teachers, Higher secondary and secondary(5.9)	Spinners and Winders(5.3)
Kerala	Salesmen, shop assistants and demonstrators(6.6)	Tram car and Motor Vehicle Drivers(5.2)	Plantation Labourers(3.9)	Clerks, General(3.4)	Planters(3.1)
Tamil Nadu	Tram car and Motor Vehicle Drivers(7.3)	Tailors and Dress Makers(7.1)	Salesmen, shop assistants and demonstrators(6.5)	Clerks, General(3.5)	Agricultural labourers(2.8)
Pondicherry	Cultivators(owners)(12.6)	Salesmen, shop assistants and demonstrators(7.4)	Clerks, General(5.8)	Spinners and Winders(5.4)	Production and related workers(5.2)
Anademan & Nicobar	Labourers, others(11.5)	Teachers, Higher secondary and secondary(7.6)	Teachers, Higher secondary and secondary(7.3)	Teachers, Primary(4.3)	Tram car and Motor Vehicle Drivers(3.8)

(Note- Figures in parenthesis represent the percentage share of regular employment)

Source: Unit Level Data from NSSO 62nd Round, 2005-06

Table 3.3: State-wise Distribution of Self Employed in Top Five Economic Activities according to NIC-2004 (5 digit classification)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Jammu Kashmir	growing of food grain crops (41.5)	growing of fruit (10.9)	General construction (3.7)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (3.4)	Manufacture of silk carpets (2.7)
Himachal Pradesh	growing of food grain crops (40.40)	growing of fruit (12.70)	General construction (7.3)	growing of vegetables (7.20)	Construction and maintenance of roads (2.70)
Punjab	growing of food grain crops (37.7)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (4.00)	General construction (2.90)	cattle breeding, rearing and ranching (2.70)	other non-scheduled passenger land transport other than by motor vehicles (2.40)
Chandigarh	Other sanitation activities (6.60)	Activities of private households as employers of domestic staff (6.60)	real estate activities on a fee or contract basis (6.30)	freight transport by motor vehicles (6)	retail sale of leather goods and travel accessories (5.80)
Uttaranchal	growing of food grain crops (64.60)	General construction (4.10)	primary education (2.80)	flour milling (2.30)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (1.80)
Haryana	growing of food grain crops (37.8)	growing of oilseeds including peanuts and soya beans (10.30)	General construction (4.60)	freight transport by motor vehicles (4.00)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (3.60)
Delhi	General construction (8.10)	retail sale of jewellery (6.10)	other non-scheduled passenger land transport by motor vehicles (5.60)	retail sale of second hand goods in stores (4.30)	National post activities (4.20)
Rajasthan	growing of food grain crops (64.50)	General construction (5.90)	growing of oilseeds including peanuts and soya beans (2.70)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (1.40)	other non-scheduled passenger land transport by motor vehicles (1.30)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Uttar Pradesh	growing of food grain crops (56.80)	growing of sugarcane or sugar beet (6.10)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (2.20)	retail sale of fresh fruits and vegetables (1.50)	General construction (1.48)
Bihar	growing of food grain crops (64.90)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (4.40)	hair dressing and other beauty treatment (2.60)	manufacture of beedi (2.40)	General construction (1.30)
Sikkim	growing of food grain crops (70.50)	other non-scheduled passenger land transport by motor vehicles (3.40)	primary education (3.10)	restaurants with bars (3.00)	Restaurants without bars (2.30)
Arunachal Pradesh	growing of food grain crops (89.60)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (1.30)	retail sale in non-specialized stores (1.100)	general public service activities of the state government (0.80)	Manufacture of gold jewellery (0.80)
Nagaland	growing of food grain crops (68.10)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (4.20)	general public service activities of the state government (3.50)	primary education (2.90)	growing of fruit (2.70)
Manipur	growing of food grain crops (66.70)	General construction (4.900)	general public service activities of the state government (2.10)	fish farming breeding and rearing (2.00)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (1.90)
Mizoram	growing of food grain crops (81.70)	general public service activities of the state government (5.00)	retail sale in non-specialized stores (1.90)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (1.80)	Primary education (1.20)
Tripura	growing of food grain crops (44.70)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (8.10)	General construction (4.20)	gathering of other wild growing forest material (2.90)	retail sale of meat, fish and poultry (2.90)
Meghalaya	growing of food grain crops (58.80)	growing of edible nuts and coconuts (6.20)	restaurants without bars (3.70)	growing of vegetables (3.40)	growing of spice crops (3.40)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Assam	growing of food grain crops (60.90)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (5.10)	retail sale of fresh fruits and vegetables (4.10)	freight transport other than by motor vehicles (2.40)	retail sale of meat, fish and poultry (2.30)
West Bengal	growing of food grain crops (37.20)	freight transport other than by motor vehicles (3.60)	other non-scheduled passenger land transport other than by motor vehicles (3.60)	gathering of other wild growing forest material (2.60)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (2.50)
Jharkhand	growing of food grain crops (58.70)	General construction (3.20)	manufacture of beedi (2.80)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (2.50)	manufacture of market basketry (1.50)
Orissa	growing of food grain crops (52.80)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (3.00)	manufacture of other wooden containers and products (2.90)	General construction (2.30)	retail sale of firewood, coal, and kerosene oil and cooking gas (1.90)
Chhattisgarh	growing of food grain crops (79.90)	retail sale of readymade garments including hosiery (2.10)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (2.00)	retail sale of fresh fruits and vegetables (1.50)	weaving ,manufacture of silk, and silk mixture fabrics (1.00)
Madhya Pradesh	growing of food grain crops (66.80)	growing of oilseeds including peanuts and soya beans (4.00)	manufacture of beedi (3.00)	growing of cotton and vegetable textile fibre plants (2.10)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (1.20)
Gujarat	growing of food grain crops (42.00)	growing of cotton and vegetable textile fibre plants (8.40)	growing of oilseeds including peanuts and soya beans (4.00)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (3.60)	General construction (2.80)
Daman and Diu	hair dressing and other beauty treatment (21.50)	fishing on commercial basis in ocean, sea and coastal areas (14.30)	restaurants with bars (9.10)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (7.80)	other non-scheduled passenger land transport by motor vehicles (7.70)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Dadra & Nagar Haveli	growing of food grain crops (57.80)	growing of sugarcane or sugar beet (20.40)	other non-scheduled passenger land transport by motor vehicles (10.60)	manufacture of allopathic pharmaceutical preparations (4.80)	maintenance and repair of motor vehicles (1.20)
Maharashtra	growing of food grain crops (39.90)	growing of cotton and vegetable textile fibre plants (9.20)	growing of sugarcane or sugar beet (7.40)	other non-scheduled passenger land transport by motor vehicles (3.60)	growing of vegetables (2.90)
Andhra Pradesh	growing of food grain crops (33.90)	growing of cotton and vegetable textile fibre plants (5.70)	growing of oilseeds including peanuts and soya beans (5.10)	washing and dry cleaning of textile products (4.40)	custom tailoring (2.50)
Karnataka	growing of food grain crops (46.00)	growing of sugarcane or sugar beet (4.30)	growing of tobacco including its preliminary processing (2.40)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (2.40)	hair dressing and other beauty treatment (2.00)
Goa	growing of food grain crops (10.70)	other non-scheduled passenger land transport by motor vehicles (10.40)	growing of edible nuts and coconuts (6.50)	restaurants, bars and canteens (6.20)	cattle breeding, rearing and ranching (5.00)
Lakshdweep	fishing on commercial basis in ocean, sea and coastal areas (32.70)	growing of edible nuts and coconuts (28.20)	freight transport by motor vehicles (14.70)	adult education primary level (8.50)	printing but not publishing of periodicals (2.20)
Kerala	growing of rubber trees (11.90)	growing of edible nuts and coconuts (7.30)	other non-scheduled passenger land transport by motor vehicles (5.80)	growing of food grain crops (4.20)	growing of spice crops (3.70)
Tamil Nadu	growing of food grain crops (32.00)	General construction (3.30)	custom tailoring (2.90)	retail sale of cereals and pulses, tea, coffee, spices, flour, and other basic food items (2.70)	washing and dry cleaning of textile products (2.60)
Pondicherry	growing of food grain crops (34.70)	cattle breeding, rearing and ranching (9.40)	other non-scheduled passenger land transport by motor vehicles (6.00)	washing and dry cleaning of textile products (3.80)	manufacture of structural wooden goods (3.30)
Anadaman & Nicobar	growing of food grain crops (31.20)	growing of edible nuts and coconuts (14.00)	52207 (7.80)	growing of vegetables (6.10)	other retail sale in non-specialized stores (3.40)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Total	growing of food grain crops (49.80)	retail sale of cereals and pulses (2.50)	general construction (2.20)	growing of sugarcane or sugarbeet (2.20)	growing of cotton and other vegetable textile fibre plants (2.00)

(Note- Figures in parenthesis represent the percentage share of self employed)

Source: Unit Level Data from NSSO 62nd Round, 2005-06

Table 3.4: State-wise Distribution of Self Employed in Top Five Occupations (NCO-1968 3 digit classification)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Jammu & Kashmir	Cultivators (50.30)	Merchants and Shopkeepers, Retail Trade (9.90)	Carpet Makers and Finishers (2.20)	Labourers, Other (2.00)	Sewers and Embroiders(1.90)
Himachal Pradesh	Cultivators (46.80)	Orchard, Vineyard and Related Workers (12.30)	Labourers, Other (6.10)	Merchants and Shopkeepers, Retail Trade (3.20)	Construction Workers, n.e.c. (2.40)
Punjab	Cultivators (36.20)	Merchants and Shopkeepers, Retail Trade (9.40)	Working Proprietors, Directors & Managers, Manufacturing (7.50)	Working Proprietors, Directors & Managers, Retail Trade (4.90)	Street Vendors, Canvassers and News Vendors (3.20)
Chandigarh	Merchants and Shopkeepers, Retail Trade (34.70)	Sweepers, Cleaners and Related Workers (13.30)	Working Proprietors, Directors, Managers & Related Executives, Transport (6.00)	Agents, Brokers & Salesmen, Advertising & Other Business Services (5.70)	Agents, Brokers & Salesmen, Real Estate (4.30)
Uttaranchal	Cultivators (64.90)	Merchants and Shopkeepers, Retail Trade (3.60)	Working Proprietors, Directors & Managers, Retail Trade (3.50)	Labourers, Other (3.30)	Working Proprietors, Directors, Managers & Related Executives, Other Services (3.20)
Haryana	Cultivators (44.60)	Merchants and Shopkeepers, Retail Trade (7.10)	Tram Car and Motor Vehicle Drivers (3.90)	Street Vendors, Canvassers and News Vendors (3.20)	Cultivators (Tenants) (3.20)
Delhi	Working Proprietors, Directors & Managers, Retail Trade (15.20)	Merchants and Shopkeepers, Retail Trade (13.40)	Working Proprietors, Directors & Managers, Manufacturing (7.90)	Bricklayers, Stone Masons and Tile Settlers (7.70)	Jewellers, Goldsmiths & Silversmiths (6.10)
Rajasthan	Cultivators (65.90)	Merchants and Shopkeepers, Retail Trade (4.00)	Labourers, Other (3.20)	Bricklayers, Stone Masons and Tile Settlers (2.20)	Livestock Farmers (1.90)
Uttar Pradesh	Cultivators (58.30)	Merchants and Shopkeepers, Retail Trade (6.50)	Cultivators (Tenants) (3.40)	Agricultural Labourers (2.30)	Street Vendors, Canvassers and News Vendors (2.10)
Bihar	Cultivators (52.8)	Merchants and Shopkeepers, Retail Trade (9.6)	Agricultural Labourers (7.70)	Cultivators (Tenants) (4.60)	Bidi Makers (2.4)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Sikkim	Cultivators (65.3)	Hotel and Restaurant Keepers (7.2)	Cultivators (Tenants) (5.50)	Merchants and Shopkeepers, Retail Trade (5.00)	Teachers, Primary (3.10)
Arunachal Pradesh	Cultivators (85.00)	Labourers, Other (5.60)	Merchants and Shopkeepers, Retail Trade (3.50)	Hotel and Restaurant Keepers (0.80)	Jewellers, Goldsmiths & Silversmiths (0.80)
Nagaland	Cultivators (68.5)	Merchants and Shopkeepers, Retail Trade (10.30)	Teachers, Primary (2.80)	Orchard, Vineyard and Related Workers (2.70)	Tram Car and Motor Vehicle Drivers (1.90)
Manipur	Cultivators (64.4)	Merchants and Shopkeepers, Retail Trade (5.10)	Bricklayers, Stone Masons and Tile Settlers (2.80)	Farm Workers, Animal, Birds and Insect Rearing (2.40)	Labourers, Other (2.30)
Mizoram	Cultivators (82.90)	Merchants and Shopkeepers, Retail Trade (5.30)	Office Attendants (Peons, Daftries, etc) (1.80)	Teachers, Middle School (1.40)	Tram Car and Motor Vehicle Drivers (0.80)
Tripura	Cultivators (38.90)	Merchants and Shopkeepers, Retail Trade (24.00)	Cultivators (Tenants) (5.30)	Cycle Rickshaw Drivers and Rickshaw Pullers (2.80)	Construction Workers, n.e.c. (2.50)
Meghalaya	Cultivators (65.30)	Planters (10.30)	Merchants and Shopkeepers, Retail Trade (3.50)	Hotel and Restaurant Keepers (3.00)	Tram Car and Motor Vehicle Drivers (2.20)
Assam	Cultivators (58.30)	Merchants and Shopkeepers, Retail Trade (15.90)	Cultivators (Tenants) (2.60)	Cycle Rickshaw Drivers and Rickshaw Pullers (1.80)	Transport Equipment Operators and Drivers, n.e.c. (1.80)
West Bengal	Cultivators (34.4)	Merchants and Shopkeepers, Retail Trade (7.80)	Cycle Rickshaw Drivers and Rickshaw Pullers (7.10)	Working Proprietors, Directors & Managers, Manufacturing (5.30)	Agricultural Labourers (3.30)
Jharkhand	Cultivators (59.00)	Merchants and Shopkeepers, Retail Trade (5.1)	Bidi Makers (2.80)	Blacksmiths, Hammersmiths & Forging Press Operators (2.70)	Bricklayers, Stone Masons and Tile Settlers (2.30)
Orissa	Cultivators (46.90)	Merchants and Shopkeepers, Retail Trade (14.20)	Agricultural Labourers (3.30)	Cultivators (Tenants) (3.30)	Weavers and Related Workers (2.40)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Chhattisgarh	Cultivators (75.60)	Merchants and Shopkeepers, Retail Trade (7.70)	Agricultural Labourers (3.20)	Working Proprietors, Directors & Managers, Retail Trade (1.10)	Cultivators, n.e.c (1.10)
Madhya Pradesh	Cultivators (68.80)	Merchants and Shopkeepers, Retail Trade (4.20)	Bidi Makers (2.90)	Cultivators (Tenants) (2.80)	Agricultural Labourers (2.20)
Gujarat	Cultivators (54.60)	Merchants and Shopkeepers, Retail Trade (8.20)	Working Proprietors, Directors & Managers, Manufacturing (2.80)	Tram Car and Motor Vehicle Drivers (2.70)	Street Vendors, Canvassers and News Vendors (2.60)
Daman and Diu	Hair Dressers, Barbers, Beauticians & Related Workers (21.50)	Working Proprietors, Directors, Managers & Related Executives, Other Services (13.80)	Working Proprietors, Directors & Managers, Retail Trade (13.30)	Fishermen, Inland and Coastal Waters (9.60)	Working Proprietors, Directors and Managers Wholesale & Retail Trade n.e.c. (7.00)
Dadra & Nagar Haveli	Cultivators (78.20)	Working Proprietors, Directors, Managers & Related Executives, Transport (10.0)	Machine Tool Operators (4.50)	Working Proprietors, Directors, Managers & Related Executives, Other Services (2.50)	Working Proprietors, Directors & Managers, Retail Trade (1.40)
Maharashtra	Cultivators (58.60)	Merchants and Shopkeepers, Retail Trade (5.00)	Tram Car and Motor Vehicle Drivers (3.70)	Working Proprietors, Directors & Managers, Manufacturing (3.40)	Agricultural Labourers (2.70)
Andhra Pradesh	Cultivators (43.70)	Merchants and Shopkeepers, Retail Trade (5.70)	Laundrymen, Washermen and Dhobis (4.30)	Agricultural Labourers (3.30)	Street Vendors, Canvassers and News Vendors (2.40)
Karnataka	Cultivators (52.90)	Merchants and Shopkeepers, Retail Trade (5.70)	Planters (3.00)	Agricultural Labourers (2.90)	Working Proprietors, Directors & Managers, Manufacturing (2.90)
Goa	Street Vendors, Canvassers and News Vendors (15.00)	Cultivators (12.40)	Tram Car and Motor Vehicle Drivers (11.90)	Orchard, Vineyard and Related Workers (5.20)	Merchants and Shopkeepers, Retail Trade (5.10)
Lakshdweep	Fishermen, Deep Sea (32.70)	Cultivators (20.90)	Storage and Communication, n.e.c. (14.70)	Teachers, Middle School (9.00)	Planters (6.00)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Kerala	Planters (21.30)	Merchants and Shopkeepers, Retail Trade (9.60)	Tram Car and Motor Vehicle Drivers (6.50)	Cultivators (6.20)	Fishermen, Deep Sea (2.70)
Tamil Nadu	Cultivators (31.30)	Merchants and Shopkeepers, Retail Trade (7.90)	Street Vendors, Canvassers and News Vendors (3.80)	Weavers and Related Workers (3.70)	Agricultural Labourers (3.20)
Pondicherry	Cultivators (27.40)	Livestock Farmers (9.40)	Working Proprietors, Directors & Managers, Retail Trade (6.80)	Merchants and Shopkeepers, Retail Trade (6.70)	Tram Car and Motor Vehicle Drivers (6.60)
Anademan & Nicobar	Cultivators (33.70)	Planters (16.10)	Merchants and Shopkeepers, Retail Trade (8.70)	Working Proprietors, Directors & Managers, Retail Trade (7.80)	Working Proprietors, Directors & Managers, Manufacturing (3.30)
Total	Cultivators (52.60)	Merchants and shopkeepers, retail trade (7.00)	Agricultural labourers (2.60)	Working proprietors , directors and managers , manufacturing (2.00)	Cultivators and tenants (1.90)

(Note- Figures in parenthesis represent the percentage share of self employed)

Source: Unit Level Data from NSSO 62nd Round, 2005-06

Table: 3.5: State-wise Distribution of Casual Labour in Top Five Economic Activities according to NIC-2004 (5 digit classification)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Jammu & Kashmir	General construction (42.8)	Growing of food grain crops (24.6)	Manufacture of silk carpets (5.1)	Growing of fruit (3.0)	Construction and maintenance of Infrastructure (3.0)
Himachal Pradesh	General construction (51.9)	Growing of fruit (10.5)	Growing of food grain crops (9.5)	Construction and maintenance of Infrastructure (7.7)	Freight transport other than by motor vehicles (3.6)
Punjab	Growing of food grain crops (44.1)	General construction (26)	Manufacture of bricks (3.9)	Manufacture of refractory bricks (2.8)	Freight transport by motor vehicles (1.4)
Chandigarh	General construction (21.9)	Glazing, plastering, painting and decorating (17.9)	Repair and maintenance of machine-tools (14.1)	Manufacture of sawing, contour sawing, filling and cut-off machines(14.1)	Other sanitation activities n.e.c. such as outdoor sweeping and watering of streets etc. (12.7)
Uttaranchal	General construction (43.9)	Freight transport other than by motor vehicles (25.9)	Growing of food grain crops (19.3)	Manufacture of sanitary ware (3.7)	Freight transport by motor vehicles (1.7)
Haryana	Growing of food grain crops (38)	General construction (27)	Manufacture of bricks (4)	General construction (3.1)	Manufacture of furniture & fixtures (2.2)
Delhi	Other financial intermediation (44.9)	Manufacture of bricks (15.2)	Manufacture of all types of textile garments and clothing accessories (9.2)	Manufacture of articles used in buildings (6.9)	Manufacture of umbrellas, sun umbrellas, walking sticks, seat sticks, whips, riding crops, buttons, press fasteners, snap fasteners, press studs and slide fasteners (6.3)
Rajasthan	General construction (46.1)	Growing of food grain crops (22.2)	Manufacture of bricks (4)	Manufacture of refractory bricks (3.5)	Operation of sand or gravel pits (2.8)
Uttar Pradesh	Growing of food grain crops (50.8)	Manufacture of bricks (23.6)	Growing of sugarcane or sugar beet (4.1)	Manufacture of bricks (3.2)	Quarrying of slate and building and monumental stone(1.3)
Bihar	Growing of food grain crops (82.9)	Manufacture of bricks (9.3)	Activities for establishing a crop, promoting it and horticultural and nursery services (1.6)	Manufacture of bathing tubs, wash basins etc. (0.90)	Sawing and planing of wood (0.60)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Sikkim	Manufacture of bricks (46.4)	Growing of food grain crops (31.2)	Construction and maintenance of Infrastructure (13.6)	Growing of spice crops including: spice leaves (3.1)	Finish carpentry (2.6)
Arunachal Pradesh	Growing of tea or mate leaves (65.1)	General public service activities of the State Governments (11.9)	Growing of food grain crops (6.3)	General construction (6.2)	Construction and maintenance of Infrastructure (3.3)
Nagaland	Growing of food grain crops (37.7)	Manufacture of bricks (37.6)	Operation of sand or gravel pits (10.4)	Finish carpentry (7.2)	Restaurants with bars (5.2)
Manipur	Manufacture of bricks (28.3)	Growing of food grain crops (13.2)	Fish farming (8.5)	Manufacture of bricks (7.8)	General household maintenance activities (5.9)
Mizoram	Manufacture of bricks (27.8)	General public service activities of the State Governments (23.60)	General construction (7.2)	Canteens (5.70)	Social activities such as marriage bureaus (4.10)
Meghalaya	Growing of food grain crops (52.7)	Manufacture of bricks (6.5)	Operation of sand or gravel pits (5.5)	Restaurants without bars (4.8)	Activities relating to saw milling and planning of wood (4.7)
Assam	Growing of food grain crops (35.9)	Growing of tea or mate leaves (31.70)	Part of brick layers and other construction workers (17.40)	General construction (3.80)	Other non-scheduled passenger (i.e. by bullock carts, tongas and cycle rickshaws etc.) (1.00)
West Bengal	Growing of food grain crops (60.20)	Manufacture of bricks (9.1)	Activities to establishing a crop, promoting and horticultural and nursery services (2.3)	Retail sale of readymade garments (1.4)	Growing of tea or mate leaves (1.1)
Jharkhand	Growing of food grain crops (37)	General construction (24.5)	Construction n.e.c. including special trade construction (5.8)	Freight transport by motor vehicles (4.40)	Manufacture of bricks (4.20)
Orissa	Growing of food grain crops (76.7)	Manufacture of bricks (5.4)	Operation of sand or gravel pits (2.20)	Freight transport by motor vehicles (1.90)	Cutting, shaping and finishing of stone (1.80)
Chattisgarh	Growing of food grain crops (84.8)	Manufacture of bricks (4.8)	General construction (2.5)	Manufacture of bricks (1.1)	Cutting, shaping and finishing of stone (0.90)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Madhya Pradesh	Growing of food grain crops (73)	General construction (9.9)	Growing of cotton and other vegetable textile fibre plants (4.1)	Growing of oilseeds including peanuts or soya beans (2.9)	Other sanitation activities n.e.c. such as outdoor sweeping and watering of streets etc. (1.4)
Gujarat	Growing of food grain crops (35.1)	Growing of edible nuts including coconuts (11.7)	General construction (9)	Diamond/Jem cutting and polishing (6.9)	Growing of sugarcane or sugar beet (5.1)
Daman and Diu	Fishing on commercial basis (68.2)	Manufacture of other electronic components etc (11.5)	Maintenance and repair of motor cycles, scooters and three wheelers (8.5)	Poultry and other slaughtering, preparation (4.3)	General construction (4.2)
Dadra & Nagar Haveli	NA	NA	Growing of food grain crops (71.9)	Other non-scheduled passenger land transport by motor vehicles (22.9)	General construction (5.2)
Maharashtra	Growing of food grain crops (56.4)	Growing of cotton and other vegetable textile fibre plants (8.5)	General construction (8.2)	Growing of oilseeds including peanuts or soya beans (2.5)	Growing of fruit (2.1)
Andhra Pradesh	Growing of food grain crops (53.6)	Manufacture of bricks (7.6)	Growing of oilseeds including peanuts or soya beans (6.8)	Growing of cotton and other vegetable textile fibre plants (4.6)	Growing of sugarcane or sugar beet (2.3)
Karnataka	Growing of food grain crops (60.2)	Manufacture of bricks (9.7)	Growing of sugarcane or sugar beet (3.7)	Growing of edible nuts including coconuts (2.9)	Growing of coffee or cocoa beans (2.5)
Goa	Manufacture of bricks (31.8)	Growing of food grain crops (27.9)	General construction (6.1)	Growing of edible nuts including coconuts (3.8)	Fishing on commercial basis (3.6)
Lakshdweep	Manufacture of bricks (53.3)	Fishing on commercial basis in ocean, sea and coastal areas (20.1)	Growing of edible nuts including coconuts (9.1)	Retail sale in non-specialized stores (4.7)	Primary education, including pre-primary & upper-primary education (3.5)
Kerala	Manufacture of bricks (19.6)	Growing of edible nuts including coconuts (12.9)	Growing of food grain crops (5.8)	Growing of rubber trees (5.6)	Freight transport by motor vehicles (5.2)

States	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Tamil Nadu	Growing of food grain crops (53.7)	Manufacture of bricks (9.8)	Freight transport by motor vehicles (3)	Glazing, plastering, painting and decorating (1.7)	Quarrying of slate and building and monumental stone (1.3)
Pondicherry	Growing of food grain crops (26.4)	General construction (16.4)	Commission agents dealing in agricultural raw material, etc. (8.6)	Growing of cotton and other vegetable textile fibre plants (6.2)	Growing of sugarcane or sugar beet (5.1)
Anademan & Nicobar	Manufacture of bricks (22.6)	Construction and maintenance of infrastructure (20.8)	Timber related activities (growing, planting, replanting, transplanting, etc. (10.9)	Growing of food grain crops (6.7)	General construction (5.8)
Total	Growing of food grain crops (54.9)	General construction (12.6)	Growing of cotton and other vegetable textile fibre plants (2.5)	Growing of oilseeds including peanuts or soya beans (1.8)	Growing of sugarcane or sugar beet (1.5)

(Note- Figures in parenthesis represent the percentage share of casual employment)

Source: Unit Level Data from NSSO 62nd Round, 2005-06

Table 3.6: State-wise Distribution of Casual Labour in Top Five Occupations (NCO-1968 3 digit classification)

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
Jammu & Kashmir	Labourers, Other (46.1)	Cultivators (Owners) (13.3)	Agricultural labourers (12.3)	Construction Workers, n.e.c.(7.1)	Weavers and Related Workers(2.7)
Punjab	Agricultural labourers (44.4)	Labourers, Other(21.9)	Construction Workers, n.e.c.(5.7)	Bricklayers, Stone Masons and Tile Setters(4.2)	Loaders and Unloaders (3.7)
Uttaranchal	Labourers, Other (55.7)	Cycle Rickshaw Drivers and Rickshaw Pullers (19.3)	Agricultural labourers (17)	Cultivators (Owners) (2.2)	Loaders and Unloaders (1.7)
Delhi	Blacksmiths, Hammer smiths & Forging Press Operators (2.0)	Carpenters (2.0)	Stone Cutter and Carvers (1.6)	Livestock Farmers (1.5)	Cycle Rickshaw Drivers and Rickshaw Pullers (1.1)
Uttar Pradesh	Agricultural labourers (48.4)	Labourers, Other (15.1)	Construction Workers, n.e.c. (12.1)	Cultivators (Owners) (5.8)	Bricklayers, Stone Masons and Tile Setters (1.9)
Sikkim	Agricultural labourers (26.2)	Bricklayers, Stone Masons and Tile Setters (25.1)	Labourers, Other (24.8)	Construction Workers, n.e.c. (12.2)	Cultivators (Owners) (8.1)
Nagaland	Agricultural labourers (36.4)	Labourers, Other (24.0)	Bricklayers, Stone Masons and Tile Setters (12.7)	Watchmen, Chowkidars and Gate Keepers (7.2)	Carpenters (5.9)
Mizoram	Labourers, Other (36.6)	Tram Car and Motor Vehicle Drivers (14.0)	Carpenters (8.5)	Policemen and Detectives (7.2)	Merchants and Shopkeepers, Retail Trade (6.5)
Meghalaya	Agricultural labourers (56.2)	Cultivators (Owners) (6.8)	Labourers, Other (5.9)	Quarrymen (5.5)	carpenters (5.0)
West Bengal	Agricultural labourers (59.5)	Labourers, Other (6.1)	Construction Workers, n.e.c. (3.5)	Bricklayers, Stone Masons and Tile Setters (3.1)	Cultivators (Owners) (2.4)
Orissa	Agricultural labourers (76.7)	Labourers, Other(8.4)	Construction Workers, n.e.c. (3.4)	Quarrymen (1.3)	Cultivators (Owners) (1.2)
Madhya Pradesh	Agricultural labourers (76.2)	Labourers, Other (8.6)	Construction Workers, n.e.c. (3.9)	Cultivators (Owners) (3.8)	Sweepers, Cleaners and Related Workers (1.4)
Daman and Diu	Fishermen, Inland and Coastal Waters (66.8)	Spinners and Winders (11.5)	Mechanics, Repairmen, Other (8.5)	Labourers, Other (4.3)	Construction Workers, n.e.c. (4.2)
Maharashtra	Agricultural labourers (67.1)	Construction Workers,	Cultivators (Owners)	Labourers, Other (2.2)	Bricklayers, Stone Masons and

State	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5
		n.e.c.(7.6)	(4.0)		Tile Setters(2.1)
Karnataka	Agricultural labourers (64.0)	Plantation Labourers (5.1)	Bricklayers, Stone Masons and Tile Setters(5.0)	Cultivators (Owners) (3.6)	Construction Workers, n.e.c. (3.1)
Lakshdweep	Construction Workers, n.e.c. (29.0)	Bricklayers, Stone Masons and Tile Setters (24.7)	Fishermen, Deep Sea (20.9)	Plantation Labourers (5.1)	Salesmen, Shop Assistants and Demonstrators (4.6)
Tamil Nadu	Agricultural labourers (58.3)	Bricklayers, Stone Masons and Tile Setters (4.9)	Construction Workers, n.e.c. (3.8)	Tram Car and Motor Vehicle Drivers (2.6)	Painters, Construction (1.9)
Anadaman & Nicobar	Labourers, Other (44.9)	Gardeners and Nursery Workers (8.2)	Loaders and Unloaders (4.9)	Agricultural labourers (4.5)	Tram Car and Motor Vehicle Drivers (3.6)

(Note- Figures in parenthesis represent the percentage share of casual employment) Source: Unit Level Data from NSSO 62nd Round, 2005-06

Appendix IV

Survey Schedule

Firstly thank you for agreeing to take part in this survey on behalf of Tata Institute of Social Sciences and QED Research. This survey has important implications in planning and policy and your inputs are extremely valuable in this. Thank you and your organisation once again

- a Name of the Organisation _____
- b Respondent name _____
- c Designation _____

Q1 Can we start with a few questions regarding your organisation. Could you please tell me

a When was it established?

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b Which sector of the industry would describe it to be in

c What is the total employee strength of this organisation?

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d Could you please give me the approximate split of this by

Male	<table><tr><td></td><td></td></tr><tr><td></td><td></td></tr></table>					%	Physically challenged	<table><tr><td></td><td></td></tr><tr><td></td><td></td></tr></table>					%
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Total	100%												

Criterion for recruitment

(Weightage to be assigned out of 10)

Level	Technical	Administration	Sales/Marketing	Finance	Others
Academic/Technical					
Process Skills					
Personal Qualities					
Work Experience					
Reference					
Cross Functional Abilities					

Q2 Could you please tell me out of the total employees that you have, how many are full time employees, how many are consultants and how many are casual or temporary employees

Full time/On pay roll employees

Consultants

Casual/ Temporary

		%
		%
		%

Total 100%

Q3 For each of three categories of employees and for overall, what would be the age profile?

	Overall	Full time	Consultants	Temp.s																																				
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Total	100%	100%	100%	100%																																				

Q4 a And what would be their educational profile? Out of 100, how many would have studied to each level mentioned

		Overall		Full time		Consultants		Temp.s									
Illiterate	General	<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %			
Up to Primary (4th standard)		<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %			
Secondary Up to HSC (5th-12 th std/Jr College/Pre Degree)	<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				
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PG Professional/Ph D	<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				<table><tr><td></td><td></td></tr></table> %				
									100%								
		100%		100%		100%											

Q4b And what would be the average number of years that your current work force would have spent

in this company. If it is difficult to give a very accurate response, please give an approximation

	Overall			Full time			Consultants			Temps		
Less than 1 yr			%			%			%			%
1.1-3 yrs			%			%			%			%
3.1-5 yrs			%			%			%			%
5.1-10 yrs			%			%			%			%
10.1-15 yrs			%			%			%			%
15 yrs +			%			%			%			%
	100%			100%			100%			100%		

Q5a Can you please tell me the approximate number of employees in your company in each of the following occupational categories

Q5 b And how many would have been in a different category when recruited (**EXPLAIN CONCEPT**)

Managerial

Technical/

Administration

Sales/Marketing

5 A Current

5 b At Rectmt

Finance	<table border="1"><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>							<table border="1"><tr><td></td><td></td><td></td></tr><tr><td></td><td></td><td></td></tr></table>																														
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Administration																																						
Sales/Marketing																																						
Finance																																						
Other																																						

- Q6 a Many organisation undertake training programmes to either retrain employees in new skills or to enhance their existing skills. Have you undertaken any such training programmes in last one year?

Yes	<table border="1"><tr><td>1</td></tr></table>	1
1		
No	<table border="1"><tr><td>2</td></tr></table>	2
2		

Go to Q 7.SKIP SUBSECTIONS OF 6

- Q 6 b How many such training programmes have you done in the last one year, including all levels and types

	Induction	On Job	Cross fn	Academic								
Technical/	<table border="1"><tr><td></td><td></td></tr></table>			<table border="1"><tr><td></td><td></td></tr></table>			<table border="1"><tr><td></td><td></td></tr></table>			<table border="1"><tr><td></td><td></td></tr></table>		

Administration

Sales/Marketing

Finance

Other

ADD UP ALL AND CONFIRM:

So, in all there were _____ of training programmes

- Q 6 c Could you please tell us how many of these were in the area of technical and how many were in area of soft skills like communications or interpersonal skills. Please give an approximate % if you are unable to provide exact numbers

Technical skill programmes

t

%

Soft skill programme

%

- Q 6 d Are all the programmes done in-house or do you out source also?

All are in-house

1

All are outsourced

2

Both

3

- Q 6 e Is there any person or department which identifies, decides and co-ordinates all the training? If yes could you please tell us which department and the concerned person. We would like to interview him as well

No, there is no centralized planning on this

1

Yes, there is

2

Department:

Person

Contact

Details

Q 6 (f) TO BE ANSWERED ONLY BY THOSE CODING 2 or 3 in Q 6 (d)

- Q 6 f Could you tell me some details of programmes that were out sourced? In all how many programmes were outsourced?

--	--	--

- Q 6 g Do you have any tieup with any institution on this? IF YES, The details

<u>Institute name</u>	<u>Function</u>	<u>Nature of tie up</u>

Q 7 We would now like to know what percentage of your workforce use some of the new technologies in their daily working lives. Could you please tell us what percentage use daily

	% using	
Computers		
Laptops		
Internet		
Spreadsheets		
Word processing		
e mail		
Comp. Aided designing		
Web 2 technologies		
Convergent technologies		

8 Finally could you tell us something about your company's international exposure? Companies may have International exposure because of foreign ownership, their holding in a foreign co, etc. We would like you to rate on a scale of 10 the exposure that you feel this company has to international exposure. On this scale, 1 ,earns that there is no exposure and 10 means there is 100% exposure, if there is such a thing, to international markets

Exposure due to

Foreign holding in the company

Exposure due to your ownership in foreign companies

Percentage of exports in your sales

Percentage of imports in your inputs

Extent of foreign currency borrowings

Rating out of 10

Q 9 Please tell us what percentage of employee force did you recruited in each of the function and projections for next year

	2007-08	2008-09
Technical		
Administration		
Sales/Marketing		
Finance		
Operations		
Others		

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