

ECONOMIC REFORMS IN INDIA: WHERE INCREMENTAL WORKERS ARE HEADING?

Presentation by

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Introduction

- Post reform years markedly stand out in terms of policy changes and growth momentum.
- Shift from an inward-looking to outward-looking strategy
- Mixed effect on employment market
- Change in investment priority
- Change in policy perceptions

Objective of Study

- Effect of economic reforms on the deployment of incremental labour among different sectors and sub-sectors.
- Analyze the pattern of expansion as well as contraction of different sectors in terms of labour force deployment.
- Most of the empirical studies put their emphasis on investigating the relationship between economic growth of the country and different characteristics of the labour market (like employment rate, wages, wage gaps etc.) in both pre and post reform period.
- Prominent aspects which has not been studied in that much detail is, the effect of economic reforms on the deployment of incremental labour among different sectors and sub sectors.
- Instead of taking sector-wise percentage growth rate , actual number of deployment of labour force is taken

Data and Methodology

- Data that is used for this analysis are from 50th, 55th and 61st rounds of NSS covering three points of time, 1993-94, 1999-2000 and 2004-05 respectively.
- Post reform period into two sub-periods viz. 1993-94 to 1999-2000 and 1999-2000 to 2004-05 and Sundaram methodology has been used to obtain the estimates and growth rate.
- Analysis uses the usual (principal+subsidiary) status data
- Differentiated by gender and rural-urban location and also status of workers during the entire period.

Deployment of workers in rural areas

in percentage

Incremental workers sector wise in the time period 1993-94/2004-05

	Rural Workers					
	Male		Female		Persons	
Sectors	1993-94/1999-2000	1999-2000/2004-05	1993-94/1999-2000	1999-2000/2004-05	1993-94/1999-2000	1999-2000/2004-05
Total Agriculture	46.27	8.09	76.81	62.95	60.57	25.06
Mining & Quarrying	-0.40	0.61	-0.63	0.31	-0.45	0.55
Total Manufacturing	12.60	16.54	15.27	13.20	9.96	17.85
Utilities	-0.81	0.20	0.00	0.00	-0.52	1.11
Construction	17.83	34.64	2.97	6.25	11.56	25.81
Trade	7.91	25.39	0.96	8.35	6.22	18.81
Transport, Storage and	13.44	11.09	0.10	1.38	8.54	7.86
Communication						
Finance, Insurance &	1.53	3.12	0.10	0.10	1.32	1.83
Real Estate						
Community, Social and	1.62	0.33	4.43	7.46	2.79	1.13
Personal Services						
Non-Agriculture	53.73	91.91	23.19	37.05	39.43	74.94

Deployment of workers in rural areas

- Agriculture declined in second period.
- Mining & Quarrying and Manufacturing is increasing.
- Boom in Construction related works.
- Trade has also increased.
- Services all taken together has increased steadily.
- Non-agriculture is taking away more of incremental workers.

Deployment of workers in urban areas

in percentage

Incremental workers sector wise in the time period 1993-94/2004-05

	Urban Workers					
	Male		Female		Persons	
Sectors	1993-94/1999-2000	1999-2000/2004-05	1993-94/1999-2000	1999-2000/2004-05	1993-94/1999-2000	1999-2000/2004-05
Total Agriculture	-8.77	3.81	-18.94	22.42	-11.87	8.46
Mining & Quarrying	-1.56	1.04	-0.62	-1.16	-1.58	0.84
Total Manufacturing	14.36	29.10	16.31	82.65	13.69	48.00
Utilities	-1.67	0.92	-0.31	0.20	-1.08	0.74
Construction	21.22	14.66	7.50	-3.00	18.98	8.44
Trade	40.08	26.67	44.31	-24.32	40.98	9.28
Transport, Storage and Communication	16.07	14.77	3.95	-1.32	14.25	8.35
Finance, Insurance & Real Estate	9.50	18.11	5.04	8.00	7.97	15.04
Community, Social and Personal Services	10.76	-9.09	42.74	16.54	18.67	0.84
Non-Agriculture	108.77	96.19	118.94	77.58	111.87	91.54

Deployment of workers in urban areas

- Agriculture declined in first period but increased in second.
- Manufacturing is adding more workers.
- Construction related works is not performing as rural counterparts.
- Trade especially wholesale trade has declined a little bit.
- Services all taken together are showing much rise in incremental labours.

Sub-sector analysis of Incremental workers

Rural Areas

Major gainers

Plantation, Livestock
Textile Products
Agro-based Manufacturing
Retail Trade

Major Losers

Field Crop production
Metal Products
Public Admin, Defence etc.
Personal Services

Urban Areas

Major gainers

Cotton, Wool, Jute etc.
Textile Products
Wholesale Trade
Personal Services

Major Losers

Agricultural Services
Food Products
Machine Tools and elect. Machinery
Retail Trade
Public Admin, Defence etc.

Status of workers

- Self Employment is increasing in Agriculture in both rural and urban areas.
- Self Employment is on rise in Trade.
- More number of Salaried people in Services sector.
- Utilities comprised mostly of Salaried people.
- Casual Works in Public works is declining across almost all sectors.
- Casual Works in Construction is increasing rapidly.
- Growing demand of Skilled Workers.

Measures

- Location specific plans for accelerated and diversified growth of agriculture.
- Ensuring dynamic, demand driven and quality conscious technical education to all sections of the society within reasonable cost
- Generating local employment for every level of citizens
- Special emphasis should be given to train lowest strata of the labour force, especially among females .
- Industrial Development and adopting new technologies at the earliest
- Cultivating concept of self employment as one of the career options
- To encourage technical institutions in government sector, under public-private-partnership scheme and in private sector

In Brief....

- Agriculture still accounts for largest employment of about 57 per cent.
- Non Agriculture sectors are performing better.
- Services sector has grown tremendously in respect to other sectors.
- Agriculture has more weight than services and services has better prospects so measures taken should be well balanced.
- Need of proper planning activities, creation of necessary infrastructure, institution and policy support.

Thank you

* Views expressed are personal.