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Employment: Unemployment situation in India: Some results from NSS rounds

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Abstract
In India, increase in employment opportunities, both in urban and rural areas to solve the problem of unemployment has been recognized as an important objective of economic planning. For formulation and monitoring of plans to solve the unemployment problem in the country, the importance of up-to-date and reliable statistics on various aspects of unemployment needs to be emphasized. However, an over emphasis on employment generation without any regard to productivity and incomes of workers is also not desirable particularly in India where productivity and income levels are low and increasing the number of 'working poor'.
Accordingly, the emphasis should be placed not only on increasing employment levels but on increasing high-quality, productive employment and improving the productivity of the labour through skill-development efforts. The present study presents the estimates pertaining to employment – unemployment situation in India since 1980s along with various characteristics associated with them. Study also goes beyond this and measured the employment elasticity to analyse the relationship between growth and employment. For the level of aggregation, the author has considered separately the four segments differentiated by gender and rural-urban location: rural males; rural females; urban males and urban females.
The study concludes that the demand for skills has been rapidly changing over the past decades. Understanding the extent of "mismatch" between the qualifications held by workers or their skills proficiency, and the qualifications or the skills required in the jobs is crucial for policy makers. There is thus a need to ensure the development of improved vocational and technical education system. It not only requires the strengthening of public educational institutions but also the private educational and training institutions needs to be monitored closely for the quality of teaching they offer and the fee structure they have.

Keywords: Productive Employment, Working Poor, Workforce Participation Rate, Worker population Ratios.

1. Introduction
In India, increase in employment opportunities, both in urban and rural areas to solve the problem of unemployment has been recognized as an important objective of economic planning. Large expansion in employment opportunities, utilizing fully the manpower resources of the country and ensuring a substantial expansion in employment opportunities and expansion of productive employment have been pronounced as important objectives in various Five Year Plans (Panagariya, 2004). There is general consensus that GDP growth in India in the post 1990 period has not been accompanied by commensurate growth in employment; led to a generation of a term called "jobless growth". The policy debate emphasizes that jobless growth has been responsible for the disappointing results in achieving inclusive growth. No doubt, jobless growth is a concern but on the other hand, we should also focus on not to have growth less jobs. Expanding productive employment is central for sustainable economic growth. High output elasticity of employment (i.e. the percentage change in employment in response to 1 percent change in output) ensures that growth is egalitarian.
For formulation and monitoring of plans to solve the unemployment problem in the country, the importance of up-to-date and reliable statistics on various aspects of unemployment needs to be emphasized. Keeping in view this need, such types of statistics are already being collected by various agencies in the country. The National Sample Survey Office (NSSO) in India, carries out an all-India household survey on the subject to generate a nation-wide (i.e. at national as well as state level) estimates of various characteristics pertaining to employment, unemployment and labour force characteristics.
According to an emerging economic thinking, emphasis should be placed not only on increasing employment levels but on increasing high-quality, productive employment and improving the productivity of the labour through skill-development efforts. This view emphasis that job creation linked to increased productivity are central mechanisms those can translate economic growth into increased incomes and improved social well-being of households. While contributing to this line of literature, the present study presents the estimates pertaining to employment – unemployment situation in India since 1980s along with various characteristics associated with them. Study also goes beyond this and measured the employment elasticity to analyse the relationship between growth and employment. For the level of aggregation, the author has considered separately the four segments differentiated by gender and rural-urban location: rural males; rural females; urban males and urban females.

2. Size of Workforce
For the country as a whole we have in place table 1 showing per 1,000 distribution of population by the age groups during different NSS rounds. The distribution of population by age-group and sex (as the two being the important demographic characteristic) could improve the understanding of the results on employment-unemployment. In table 1, the distribution of

rural and urban population by 5-year age-groups is presented for males and females separately.

During these years documented via four different rounds, a shift among the younger groups in the population is visible. A slight decline in the share of youngest age-group (0-4 years) as well as of the children aged 5-9 years in both rural and urban areas are noticeable for all categories of persons. This implies a rise in the share of workforce in total population which further implies the increased demand for employment opportunities due to increase in number of people seeking employment or increasing ratio of independent population over dependent group of people.

3. Workforce Participation Rate

Table 2 presents worker-population ratios (WPRs) for two categories of usual status workers viz.

(a) usual principal status workers i.e. workers according to usual status (ps) and

(b) usual subsidiary status workers i.e. persons working only in a subsidiary status (ss). In table 2, WPRs are presented for the years 1993-94, 1999-00, 2004-05 and 2009-10 separately for usual principal status (ps) and usual subsidiary status (ss). The two categories together i.e. (ps+ss) constitute the total usually employed (or 'all' workers) i.e. workers according to the usual status (ps+ss). The first category pertains to those with more or less stable employment. WPR figures corresponding to 'all' workers in table2 show that 55 per cent of the males and 23 per cent of the females were workers.

Table 1: Distribution of population by Age Groups (1993-94, 1999-2000, 2004-05 and 2009-10, at five year interval)

	Male				Female			
Age Group (years)	**50th round (1993-94)**	**55th round (1999-2000)**	**61st round (2004-05)**	**66th round (2009-10)**	**50th round (1993-94)**	**55th round (1999-2000)**	**61st round (2004-05)**	**66th round (2009-10)**
Rural								
0-4	129	117	111	93	127	119	110	95
5-9	132	137	126	117	126	129	120	106
10-14	120	128	127	124	107	117	113	111
15-19	102	99	101	109	90	88	91	91
20-24	81	77	80	79	91	86	88	88
25-29	74	75	72	72	85	84	79	84
30-34	68	66	66	70	74	75	79	79
35-39	64	66	68	70	62	67	73	77
40-44	50	54	57	60	52	52	56	61
45-49	45	46	51	54	48	45	48	52
50-54	38	37	38	41	37	36	37	40
55-59	29	28	30	34	32	30	31	35
60 & above	68	70	73	77	69	72	75	81
all	1000	1000	1000	1000	1000	1000	1000	1000
Urban								
0-4	105	93	87	77	106	92	85	77
5-9	112	109	96	91	111	109	95	84
10-14	115	116	104	103	114	114	108	93
15-19	112	110	109	107	103	102	98	96
20-24	96	96	103	98	98	94	99	99
25-29	84	85	88	89	90	90	87	94
30-34	77	75	78	80	78	81	83	86
35-39	70	74	75	78	73	78	79	84
40-44	60	66	65	66	54	57	65	64
45-49	50	52	56	60	45	49	55	62
50-54	36	39	42	46	35	36	41	40
55-59	28	27	33	32	29	28	31	35
60 & above	55	58	64	73	64	70	74	86
all	1000	1000	1000	1000	1000	1000	1000	1000

Source: NSS Employment and Unemployment Reports (relevant Rounds)

Table 2: Number of persons employed (i.e., WFPR) according to usual status (1993-94, 1999-2000, 2004-05 and 2009-10, at five year interval)

		Usually employed								
	Category of workers	**Rural**			**Urban**			**All**		
Round (year)		**male**	**female**	**person**	**male**	**female**	**person**	**male**	**female**	**person**
66th (2009-10)	ps	537	202	374	539	119	339	538	180	365
	ss only	10	59	34	4	19	11	8	48	27
	all (ps+ss)	547	261	408	543	138	350	546	228	392
61st (2004-05)	ps	535	242	391	541	135	346	536	215	380
	ss only	11	85	48	8	31	19	11	72	40
	all (ps+ss)	546	327	439	549	166	365	547	287	420
55th (1999-00)	ps	522	231	380	513	117	324	520	203	365
	ss only	9	68	37	5	22	13	7	56	32
	all (ps+ss)	531	299	417	518	139	337	527	259	397
50th (1993-94)	ps	538	234	390	513	121	327	532	206	375
	ss only	15	94	54	8	34	20	13	80	45
	all (ps+ss)	553	328	444	521	155	347	545	286	420

Source: NSS Employment and Unemployment Reports (relevant rounds)

Table 3: Age-Specific WPRs by Location and Gender in India, 1993-94, 1999-2000, 2004-05 and 2009-10 per 1,000 Workforce Participation Rates on the Usual Status (ps+ss)

Age Group	50th round (1993-94)				55th round (1999-2000)				61st round (2004-05)				66th round (2009-10)			
	RM	RF	UM	UF	RM	RF	UM	UF	RM	RF	UM	UF	RM	RF	UM	UF
05-09	11	14	5	5	6	7	3	2	3	3	2	2	4	4	1	1
10-14	138	141	66	45	91	96	49	36	68	74	48	36	44	35	28	12
15-19	577	364	356	123	503	304	314	105	497	319	335	105	358	186	231	76
20-24	859	456	674	183	844	409	658	155	849	410	684	155	768	295	617	160
25-29	957	525	904	224	950	491	883	194	966	513	909	194	957	391	906	196
30-34	983	585	964	272	979	555	960	235	981	584	969	235	988	430	973	231
35-39	989	608	983	301	984	579	975	285	989	639	977	285	991	496	984	273
40-44	987	606	981	320	983	586	974	283	983	625	980	283	993	498	984	253
45-49	983	594	973	317	980	566	969	267	981	615	968	267	984	492	977	229
50-54	970	542	942	286	953	515	935	262	963	561	931	262	967	485	946	227
55-59	942	467	856	226	929	450	809	207	930	509	830	207	933	411	848	191
60 & above	699	247	442	113	639	218	402	94	644	253	366	94	646	226	341	70
all	553	328	521	155	531	299	518	139	546	327	549	139	547	261	543	138

Source: Various Summary Reports of NSS Rounds

A striking result is the near-stagnation in the number of male workers in the country as a whole from 38th round to 66th round and an absolute reduction in the number of women workers in both rural India and urban India between 2004-05 and 2009-10. The above is a consequence of a sharp reduction in the WPRs between 1993-94 and 1999-2000 for both rural and urban women. This decline in WPRs is, however, not confined to women only. It is in fact present in each and all the four population-segments although affecting male population number less than the female population number. This has an implication that, in every segment, the rate of growth of work force over six-year period was lower than the rate of growth of population over the same period. Thus, in the country as a whole, while the population is projected to have grown at a little over 1.75 per cent per annum (pcpa) between 1994 and 2000, over the same period, the total (rural plus urban and males plus females) work force would have grown by just 0.81 pcpa. As per the estimates for female workers in 2000, it implies virtually no growth in the aggregate and negative growth for women workers in rural India. Even in urban India, the rate of growth of women workers, at 1.30 pcpa is much lower than the rate of growth of the population of women in urban India which is projected to have grown at 3.05 pcpa.

Following points need to be noted in connection with the decline in the (crude) worker-population ratios noted above.

First, the decline in WPRs is not offset by any significant rise in the ratio of unemployed in the population on the usual status (ps+ss) categorisation. For rural females this ratio is unchanged at 3 per 1,000, while for urban females there is a arginal decline from 10 per 1,000 in 1993-94 to 8 per 1,000 in 1999-2000. Increase in this ratio for rural males (from 8 per 1,000 to 9 per 1,000) and for urban males (from 22 to 24 per 1,000) are also marginal. So that, crude labour force participation rates (WPRs) would also show a decline between 1993-94 and 1999-2000 in all the four population segments.

Secondly we can say that the observed decline in crude worker-population ratios is not merely due to shifts in the age-structure of the population as it was observed from the results of table 3 that for "all" worker during year 2009-10, more than two-third of the usually employed were in the age group of 15-44. And further, during this period, about one fifth of the usually employed belongs to age group 45-59.

Third, to a significant extent, the reduction in worker-population ratios reflects a beneficial rise in the student-population ratios - not only in the 5-9 and the 10-14 age-groups covering the primary and middle-school system, but also in the 15-19 and 20-24 age-groups indicating a rising participation in secondary and higher-level education.

4. Employment and Growth

Table 4 presents employment statistics based on different NSS rounds undertaken. We have applied usual principal status (ps) based worker population, labour participation and unemployment rates to the population census data the population estimates are based on the compound annual population growth rates. To even out the fluctuations in the quinquennial rounds, we have presented the decadal analysis.

Table 4: Population and Employment Indicators: 38th to 66th NSS Round

As on 1st March	% Population			Absolute levels in Millions			Absolute Increment in Millions			Annual Compound Growth Rates (%)			Employment Elasticity
	WPR	LPR	UEMP	EMP	LF	UEMP	EMP	LF	UEMP	EMP	LF	UEMP	
38th (1983)	41.3	41.98	1.6	236.3	240.2	3.9	-	-	-	-	-	-	-
43rd (1987-88)	42.0	42.8	1.9	299.5	305.3	5.8	6.3	6.5	1.9	2.4	2.4	4.0	0.52
50th (1993-94)	42.0	42.8	1.9	376.9	384.2	7.4	7.0	7.2	1.6	2.1	2.1	2.2	0.47
61st (2004-05)	42.0	43.0	2.3	461.1	472.1	11.0	7.7	8.0	3.6	1.8	1.9	3.7	0.30
66th (2009-10)	38.6	39.5	2.2	474.8	485.9	11.1	2.0	2.0	0.1	0.4	0.4	0.1	0.05

Source: Aggarwal, A. (2014)

Note: WPR: Worforce Participation Rate, LPR: Labour Force Participation Rate, UEMP: Unemploymnet, EMP: Employmnet, LF: Labour Force

The major employment growth patterns are as follows

Over the NSS rounds from 80s to 2009-10 the annual compound growth rate of employment has recorded a decrease from 2.4 to the least at 0.4 percentage.

In 1991-92, India entered the globalization regime. From 1994 to 2000, there was a decline in the rate at which employment grew, but during 2000-2005 employment grew sharply and over 60 million jobs were added to the existing stock. Consequently, during 1993-94 and 2004-05 the annual growth rate was maintained at around 1.8%. A record 84.2 million jobs were added over this decade.

What is worrisome is the fact that in the high economic growth phase of 2004-05 to 2009-10, employment growth rate declined sharply to 0.4%. Just 5.7 million jobs could be added.

Thus, the most disturbing years from the employment perspective appear to be from 2004 onwards. This is even more disturbing considering the fact that this was the period of highest average annual growth rate in India's growth history. Per capita income rose at the rate of above 6% during this period.

Further, it is also worrisome that there has been a continuous decline in employment elasticity. It declined sharply from 0.3 during 2004-05 to 0.05 during 2009-10. Theoretically, acceleration in GDP growth of a labour –abundant country characterised by the market regime should push employment growth rate also. This is because greater trade openness in a market regime should propel labour abundant countries to specialize in the production and export of goods that intensively utilize labour (Fosu, 2002). Empirical evidence however suggests that the impact of most studies analysing the growth of employment point out to drastic employment elasticity over time. Our study is no exception. From the perspective of the workforce data, therefore, there is indeed a concern over the delinking of growth and employment ("jobless growth") in the Indian Economy.

In what follows, we explore this issue further by examining the unemployment situation and labour force growth. During the high growth phase, the slow growth in employment was accompanied by low unemployment rates. This means that the employment rate (workforce to labour force ratio) actually increased. This does not fully substantiate the hypothesis of "jobless growth".

5. Conclusions and Policy Issues

In a county like India with surplus labour, importance of an employment oriented growth is documented and proved empirically above. However, an over emphasis on employment generation without any regard to productivity and incomes of workers is also not desirable particularly in India where productivity and income levels are low and increasing the number of 'working poor'.

The challenge, therefore, is to create a large number of remunerative employment opportunities with adequate social security. This would necessitate an increase in investment in the labour – intensive sectors, especially in the industrially backward and remote areas. All the three sectors of the economy i.e. agriculture, industry and services can contribute to the growth of productive employment. Agriculture growth is one of the important components for productive inclusion as agro processing and allied activities can absorb some of the growing labour force. Also Labour intensity of the organized manufacturing sector has to be improved because of its stronger backward linkages.

Further the demand for skills has been rapidly changing over the past decades. Understanding the extent of "mismatch" between the qualifications held by workers or their skills proficiency, and the qualifications or the skills required in the jobs is crucial for policy makers. There is thus a need to ensure the development of improved vocational and technical education system. It not only requires the strengthening of public educational institutions but also the private educational and training institutions needs to be monitored closely for the quality of teaching they offer and the fee structure they have. The current measures of skill development under the National Skill Development Mission need to be pegged up in a big way in order to address the skill shortages being faced by the Indian Industry.

Politicians and policy makers must, therefore, come forward in a big way to facilitate the overall development of working class and to ensure decent employment opportunities for them. Inclusive growth does not only mean to create employment opportunities rather there should be productive inclusion by generating productive or quality employment. Hence, expenditures undertaken on social protection programmes such as wage employment (MGNREGS) and self-employment programme (National Rural Livelihood Mission) schemes, should aim at generating productive employment.

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