

Employment Trends in India

An Overview of NSSO's 68th Round

ABHISHEK SHAW

The findings of the Employment and Unemployment Survey 2011-12 (68th round) reveal that over nine million persons found employment between 2009-10 and 2011-12. This was characterised by some sections of the media as a “rebound” from the stagnancy between 2004-05 and 2009-10. However, our analysis shows that the average growth in employment between 2004-05 and 2011-12 remains low at 2.5 million per year. The findings also reveal that a growing proportion of the workforce is moving to non-farm activities, and a falling proportion is engaged on a casual wage.

The author would like to thank Himanshu for valuable comments on an earlier draft, Jayan Jose Thomas for clarifications, and Bhim Reddy for discussing this article in detail.

Email: abhishek@epw.in

The National Sample Survey Office (NSSO) released the findings of the *Employment and Unemployment Survey (EUS) 2011-12* (68th round) in June this year. These surveys are usually conducted every five years, but the EUS 2011-12 was carried out two years after the EUS 2009-10 (66th round). The EUS 2009-10 had shown that employment growth by various indicators was far below expectations. It has been speculated but never officially admitted that this unusual decision to have a second survey, in 2011-12, within two years of the previous one was because 2009-10 was a drought year and that this may have affected the results of the survey, which painted a less than positive picture of the economy. This note presents a brief summary of the EUS 2011-12.

Key Features

Data in the EUS report is presented according to various measures – usual principal status (UPS), usual status (UPSS), current weekly status (CWS), and current daily status (CDS) of the population.¹ For the purpose of this note, UPS is used (the others will be mentioned where relevant). UPSS of the population is widely used while discussing employment trends, but it includes the subsidiary status of the labour force, which makes it a more liberal measure of employment. Subsidiary employment is

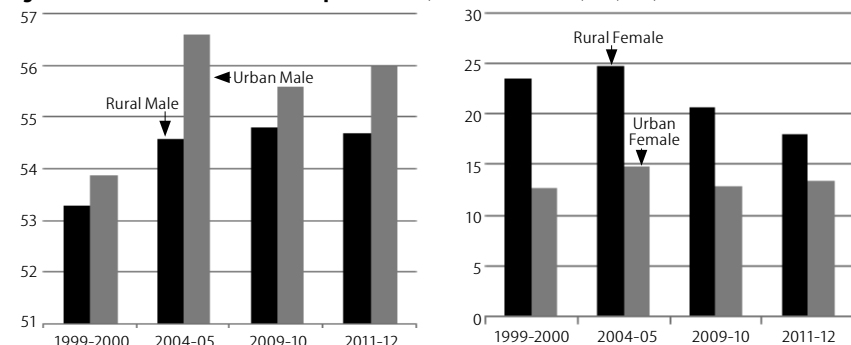
measured mainly to capture the various kinds of informal and short-term employment (at least 30 days in a year) opportunities that provide supplementary employment. However, the focus here will be on UPS employment, that is, workers who are employed for a major part of the year.

In 2011-12, 36.4% of the Indian population was active in the labour force, that is, either working or actively seeking work according to the UPS.² Of the total population, 35.4% was employed and 2.7% was unemployed (or 5.6% according to CDS).³ About 45% of Indian workers were engaged in agriculture and related activities, whereas in 2009-10 it was just about 50%. This is the first time that less than half the working population is engaged in agriculture and related activities. The proportion of the working population engaged in the secondary and tertiary sectors is growing, with 24% of them in the secondary sector and about 30% in the service sector in 2011-12.

In terms of type of employment, 50% of Indian workers were self-employed, 20% were employed on a regular wage or salary, and 29% were on a casual wage. Since 1999-2000 the proportion of self-employed workers has been around 50% (except in 2004-05, when it was 52%). However, between 1999-2000 and 2011-12, workers employed on regular wages increased, while those on casual wages declined.

In terms of participation in the labour force, the proportion of males in both rural and urban areas was much higher than that of females (Figure 1, p 24; the scales of the graphs are not the same).⁴ Further, rural female participation in the labour force fell in 2011-12, just as it had between 2004-05 and 2009-10.

Figure 1: Trend of Labour Force Participation Rate (1999-2000 to 2011-12, UPS, in %)



Source: National Sample Survey Office, *Employment and Unemployment Surveys*, various rounds.

Growth of employment between 2009-10 and 2011-12, according to NSSO's press release, was 13.9 million in terms of UPSS (which means employment growth of nearly seven million per year). This growth of employment was hailed as a "rebound". However, it was later found that owing to an error in estimation, the growth of employment was in fact just over nine million during this period (Shaw 2013). On a yearly basis the growth in employment in terms of UPSS works out to 4.68 million per year between 2009-10 and 2011-12. But in terms of UPS it was much lower, only 1.73 million per year (Table 1).

Between 2004-05 and 2009-10 employment growth was, however, lower, at 0.8 million per year in terms of UPSS, and was higher at 2.93 million per year according to UPS. Given that employment growth slowed between 2009-10 and 2011-12 according to one measure (UPS), and showed faster growth according to another (UPSS), it would not be entirely correct to characterise the growth in employment as a "rebound". Further, the longer term average growth in employment between 2004-05 and 2011-12 continues to be low at 2.59 million per year (UPS) and even lower at 1.91 million per year (UPSS).

The trends for disaggregated categories (rural, urban, male, and female) show that there was higher growth in employment (all indicators) between 1999-2000 and 2004-05. This was followed by a slowdown or negligible change in most categories after 2004-05, except rural females, where there was a decline.

Female Participation

The trend for rural female participation, which has been discussed by Himanshu (2011) and Abraham (2013), saw a drastic

fall after an increase in 2004-05. Urban female participation, which also increased in 2004-05, fell in 2009-10 and then increased marginally in 2011-12, but to a level lower than that in 2004-05. In general, female participation in the labour force has been low and is falling. This decline in participation of females in the labour force, especially in rural areas, has been dubbed "de-feminisation" (Abraham 2013).

Reduced female participation is also reflected in an absolute decrease in the number of rural female workers, as seen in Table 1. In the case of urban female

workers, the average yearly growth between 2004-05 and 2011-12 was higher than that recorded between 2004-05 and 2009-10 (mainly due to a higher growth in number of female workers between 2009-10 and 2011-12). However, the growth was still at a lower level than that recorded between 1999-2000 and 2004-05.

Rural female workers engaged in agriculture as a proportion of total workers has declined since 1999-2000, but the fall was more drastic between 2004-05 and 2009-10, and continued till 2011-12 (Table 2). Further, no significant increase in the proportion of female workers was seen in either secondary sector or tertiary sector employment in rural areas. This is in keeping with the trend of fewer women in work, especially in rural India. Urban female workers in the secondary and tertiary sectors have grown as a proportion of total workers in the last decade or so, but this increase is meagre relative to the number of women leaving the labour force in rural areas (Table 3).

The rural female self-employed category fell marginally from about 11% in

Table 1: Comparison of Number of Workers (in million, 1999-2000 to 2011-12, UPS)

Categories/Survey Years	1999-2000	2004-05	2009-10	2011-12	Average Yearly Change between 1999-2000 and 2004-05	Average Yearly Change between 2004-05 and 2009-10	Average Yearly Change between 2009-10 and 2011-12	Average Yearly Change between 2004-05 and 2011-12
Rural male	199.53	213.6	226.75	230.97	2.81	2.63	2.11	2.48
Rural female	83.06	91.5	80.92	72.13	1.69	-2.12	-4.4	-2.77
Urban male	78.65	90.76	102.54	108.28	2.42	2.36	2.87	2.50
Urban female	16.52	20.68	20.97	23.26	0.83	0.06	1.15	0.37
Total workers	377.76	416.54	431.18	434.64				
Net change in employed persons per year					7.76	2.93	1.73	2.59

Source: National Sample Survey Office, *Employment and Unemployment Surveys*, various rounds; figures calculated according to the method outlined in Shaw (2013).

Table 2: Sector-wise Workers as a Percentage of Total Workers (UPS)

Sectors	Primary				Secondary				Tertiary			
	1999-2000	2004-05	2009-10	2011-12	1999-2000	2004-05	2009-10	2011-12	1999-2000	2004-05	2009-10	2011-12
Rural male	37.91	33.15	33.11	31.69	6.73	9.99	9.95	11.43	8.56	9.53	9.56	9.93
Rural female	18.67	17.33	14.86	12.47	2.12	2.3	2.06	2.29	1.54	1.59	1.78	1.71
Urban male	1.31	1.26	1.38	1.39	6.67	7.34	8.21	8.77	12.31	12.64	14.16	14.9
Urban female	0.64	0.75	0.58	0.43	1.21	1.47	1.56	1.77	2.32	2.65	2.8	3.2
Total workers	58.53	52.5	49.92	45.99	16.73	21.09	21.78	24.26	24.74	26.41	28.29	29.74

Source: National Sample Survey Office, *Employment and Unemployment Surveys*, various rounds.

Table 3: Workers in Different Sectors (in million; UPS)

Categories	Primary				Secondary				Tertiary			
	1999-2000	2004-05	2009-10	2011-12	1999-2000	2004-05	2009-10	2011-12	1999-2000	2004-05	2009-10	2011-12
Rural male	139.26	141.73	141.88	136.42	24.71	42.72	42.65	49.22	31.44	40.72	40.96	42.74
Rural female	68.57	74.11	63.69	53.69	7.78	9.83	8.81	9.84	5.66	6.81	7.61	7.38
Urban male	4.82	5.37	5.90	5.99	24.51	31.37	35.19	37.76	45.23	54.02	60.69	64.13
Urban female	2.36	3.22	2.47	1.86	4.46	6.28	6.70	7.63	8.52	11.34	11.98	13.77
Total workers	215.01	224.43	213.94	197.96	61.46	90.2	93.35	104.45	90.85	112.89	121.24	128.02

Source: National Sample Survey Office, *Employment and Unemployment Surveys*, various rounds; figures calculated according to the method outlined in Shaw (2013).

1999-2000 to 9% in 2011-12 (except in 2004-05 when it was 12%). The proportion of rural females engaged on casual wages declined all through this period (Table 4). This was once again in keeping with the general fall in female participation in work. In urban areas, however, there was a marginal rise in the proportion of female regular wage employees.

Table 4: Each Category of Employment as a Percentage of Total Workers (UPS)

Type of Employment Survey Years	Self-employed				Regular Wage				Casual Wage			
	1999-2000	2004-05	2009-10	2011-12	1999-2000	2004-05	2009-10	2011-12	1999-2000	2004-05	2009-10	2011-12
Rural male	28.99	28.86	28.35	28.99	4.80	4.58	4.68	5.42	19.40	19.24	20.09	18.66
Rural female	11.18	12.03	9.62	8.95	0.87	0.97	1.04	1.24	10.22	8.22	7.26	6.28
Urban male	8.40	9.46	9.81	10.49	8.55	8.71	10.13	10.95	3.42	3.06	4.03	3.62
Urban female	1.61	1.97	1.74	1.99	1.61	2.04	2.20	2.64	0.97	0.86	1.04	0.78
All persons	50.17	52.31	49.53	50.42	15.83	16.30	18.04	20.25	34.00	31.38	32.43	29.34

Source: National Sample Survey Office, *Employment and Unemployment Surveys*, various rounds.

Disaggregated figures for casual wage work show that the proportion of rural males went up marginally between 1999-2000 and 2009-10, and then declined in 2011-12 to a level lower than that in 1999-2000 (Table 4). In the case of urban males, the proportion of those employed on casual wages increased between 2004-05 and 2009-10, followed by a decline in 2011-12, but to a level higher than in 1999-2000 and 2004-05. The proportion of the working population engaged in casual wage work decreased over the decade.

The proportion of rural male workers engaged in primary sector activities dropped in the last decade, with a noticeable shift between 1999-2000 and 2004-05 (Table 2). During the same time, there was an increase in rural males (as a proportion of the total worker population) engaged in secondary sector activities, which has continued to rise. The proportion of rural males working in the tertiary sector also increased, but this shift has been more gradual than that from agriculture to the secondary sector.

Unemployment Trends

The unemployment rate indicates the proportion of people in the labour force seeking work but unable to find any. Overall, the unemployment rates in all categories (Table 5) fell in the last decade, going by the more comprehensive CDS measure. In the case of rural females, it declined more rapidly after 2004-05

because fewer and fewer rural females were seeking work. For urban males, the unemployment rate fell to 5.1% in 2009-10 compared to 7.5% in 2004-05, and dropped further to 4.9% in 2011-12. The labour force participation of urban males fell marginally in 2009-10 and then rose in 2011-12. This is significant because when participation rates rise,

unemployment could also rise as more people are seeking work. But in this case unemployment fell. In the case of rural males, the unemployment rate rose in 2004-05 but has been declining since, and was 5.5% in 2011-12.

The unemployment rate for females in urban areas has been higher compared to all other categories since 1999-2000. In 2011-12, after a marginal increase in the proportion of urban women seeking work (indicated by the LFPR in Figure 1) and a marginal rise in the number of urban female workers, the unemployment rate went down marginally, which means that many found jobs.

Table 5: Unemployment Rate (CDS)

Categories/Survey Years	1999-2000	2004-05	2009-10	2011-12
Rural male (%)	7.2	8.0	6.4	5.5
Rural female (%)	7.0	8.7	8.0	6.2
Urban male (%)	7.3	7.5	5.1	4.9
Urban female (%)	9.4	11.6	9.1	8.0

Source: National Sample Survey Office, *Employment and Unemployment Surveys*, various rounds.

Overview

A quick comparison with other countries will help put Indian employment figures in perspective. According to International Labour Organisation (ILO) data, labour force participation for persons aged 15 years and above in India was 55.6% in 2011, while it was 69.9% in Brazil, and 74.1% in China.⁵ In the same year, the worker (15 years and above) to population ratio was 53.6% in India, while it was 64.8% in Brazil and 70.9% in China.⁶ Clearly, the Indian economy is nowhere near the labour participation

levels seen in other developing countries. The high growth rates at the end of the last decade created few new employment opportunities for the Indian population.

However, there are changes taking place in the labour force. More and more people are finding employment in non-farm activities, both in the secondary and tertiary sectors. An increasing number of workers have been able to find regular/salaried employment, but a high percentage (29%) continues to be employed on a casual wage, while 50% are self-employed. Unemployment rates have been declining over the last decade in all categories, but rural women have been leaving the labour force and continue to do so.

NOTES

- UPS measures those engaged in work for the largest part of the 365 days before the date of the survey; UPSS measures those employed under UPS and also includes those that are employed for at least 30 days during the 365 days prior to the date of survey; CWS measures employment status in the week preceding the date of survey; and CDS measures the status of employment in each day of the week preceding the date of survey.
- An alternative measure of labour participation is for the working-age population (age 15-59 years), which is 55.1% in 2011-12 according to UPS.
- According to UPSS, CWS and CDS, it is 39.5%, 37.7%, and 35.9%, respectively.
- LFPR represents the proportion of people in the population who are employed and also those who are actively seeking work.
- "Labour Participation Rate, Total (% of total population ages 15+)", World Bank, <http://data.worldbank.org/indicator/SL.TLF.CACT.ZS/countries/IN-CN-BR?display=graph>, viewed on 13 September 2013.
- "Employment to Population Ratio, 15+, Total (%)", World Bank, <http://data.worldbank.org/indicator/SL.EMP.TOTL.SP.ZS/countries/IN-CN-BR?display=graph>, viewed on 13 September 2013.

REFERENCES

- Abraham, V (2013): "Missing Labour or Consistent 'De-Feminisation'?", *Economic & Political Weekly*, 48 (31), pp 99-108.
- Himanshu (2011): "Employment Trend in India: A Re-examination", *Economic & Political Weekly*, 46 (37), pp 43-59.
- National Sample Survey Office (2006a): *Employment and Unemployment Situation in India 2004-05*, Part 1, 61st Round.
- (2006b): *Employment and Unemployment Situation in India 2004-05* (Parts 1 and 2), 61st Round.
- (2011): *Key Indicators of Employment and Unemployment in India 2009-10*, 66th Round.
- (2013): *Key Indicators of Employment and Unemployment in India 2011-12*, 68th Round.
- Shaw, Abhishek (2013): "Comparing NSSO's Employment Surveys – A Methodological Note", *Economic & Political Weekly*, 48 (30).