Employment Situation in India: Challenges for Achieving SDG Goals

FRIEDRICH EBERT STIFTUNG

Special Reference to Disturbances Resulting from COVID-19

Saarthi Acharya & B.S. Mehta

Employment Situation in India: Challenges for Achieving SDG Goals

Special Reference to Disturbances Resulting from COVID-19

March, 2022

FRIEDRICH EBERT STIFTUNG

Contents

List of Abbreviations

BSC	Business Service Centres
COVID	Corona Virus Disease
CMT	Cutting, Machining and Tailoring
DD	Demographic Dividend
FT	Full time
GDP	Gross Domestic Product
IHD	Institute for Human Development
ISST	Institute of Social Studies Trust
M&E	Monitoring and Evaluation
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
NSS	National Sample Survey
NEET	Neither in Education, Employment or Training
PT	Part time
PLFS	Periodic Labour Force Survey
PMKVY	Pradhan Mantri Kaushal Vikas Yojana
R&D	Research and Development
RPL	Recognition Prior to Learning
SEWA	Self-employed Women's Association
SDG	Sustainable Development goals
TFR	Total Fertility Ratio

List of Tables, Figures and Boxes

Tables

Figures

Boxes

Part 1: Introduction

The Indian development process since the 1970s has been deeply committed to alleviating poverty and improving people's standards of living. While it is axiomatic that providing decent jobs is the surest route to eradicate poverty, paradoxically successive governments in India have believed in promoting capital intensive industries. For creating jobs, the belief has been that small-scale industries, construction and agriculture would provide the same and the residual could be taken care of by "food or cash for work" type programmes.

The country has witnessed relative fast economic growth since the 1980s, which was especially high through the period 2000 to 2018-2019, in the range 7+ per cent annually. The Gross Domestic Product (GDP) in 2020 was 2.87 trillion US dollars, rising from 476.8 billion US dollars in 2000, a more than five-fold increase. The optimism, however, is diminished by the fact that, the economy is not moving up the value chain and that the growth is not inclusive – it is jobless. While current data on poverty are not available, the stagnation and/or slow growth in wages of low-end workers speaks of the extant situation (Acharya, 2017).[1]

Some key issues that the Indian economy faces are: Inequality is high.

- There is a deep disjoint between the modern-growth/ high productivity economy and the vast swathes of labour, especially in the low-skill category and in the hinterlands, resulting in the aggregate labour productivity remaining low.
- Following from the above, a small segment of labour earns high incomes, and a large, low-skill unorganised labour earns low incomes, and this is worrisome.
- Of concern is also that efforts to scale up the quality of human capital, which could then be the prime mover for the above, have been very limited.
- The unabated population upsurge, especially in regions where the economic growth has been slow (the Indo-Gangetic plains), has only worsened matters.

It is often found in the literature and even in government documents that India needs to create as many as 8-10 million remunerative jobs annually over the next several years, if any semblance of decent work is to be achieved. This is also the requirement of Sustainable Development Goals (SDG-8), to which the country is committed.

Any paper aimed at describing and putting forth proposals for promoting decent work would have many dimensions, each seemingly quite independent though linked to the other. These would range from explaining the data trends and their implications, to identifying the structural (in) equalities in the labour force, and to proposing policies for promoting decent work. It is for this reason that this paper is presented in four parts.

Part one introduces the paper,

Part two lays out the configuration of the labour force,

Part three presents the fractures and inequalities in the labour force with real life examples of working conditions,

Part four presents the challenges posed by COVID-19 as seen from popular news items and rapid / phone interviews,

Part five presents the way forward in the form of policy options, and

Part six concludes the paper.

Part 2: Key Ratios Typifying the Labour Market – The Statistical Profile

Work Participation Ratios

This section examines some key ratios deployed in labour market analysis in a temporal framework. These help in determining the current status of the workers, the unemployment situation and the challenges ahead.

Table 2.1 shows data on the labour force, employment and unemployment for the period 1999-2000 to 2018-2019. The annual growth rate in the labour force over these 20 years works out at 1.07 per cent. This is against an annual population growth rate of about 1.2 per cent through these years. Over time there has been a progressive reduction in the additions to the labour force. The annual growth in the labour force during 2011-2012 to 2018-2019 works out to be near zero. Some authors find this to be negative. People are thus participating in the labour force in lesser proportions now compared to about two decades back.

Table 2.2 shows that the fall in male workers' participation was about 10 per cent through 1999-2019, while that in female workers it was about 32 per cent. Evidently, these reductions are the source of the slow or no growth in the labour force.

Table 2.1: Labour Force, Employment and Unemployment (age 15+) (in Million)

	1999-2000	2004-2005	2011-2012	2018-2019
(1)	(2)	(3)	(4)	(5)
Labour Force (FT + PT)	392.6	433.7	466.8	486.1
Employment	383.4	423.3	456.5	458.2
Growth rate in Labour Force	–	10.5	7.6	4.1
Growth rate in Employment	–	10.4	7.8	0.4

Note: The full-time (FT) workers are defined as those who work for or are available for ≥ 180 days, and part-time (PT) as those who work or are available for 30-180 days.

Source: Tables 1 and 6, in Ghose and Kumar (2021). Original data source: National Sample Surveys (NSS) and Periodic Labour Force Survey (PLFS) of 2018-2019

Table 2.2: Work Participation Rate (%, age 15+, FT+PT) by Gender, 1999-2019

(1)	(2)	(3)
1999-2000	Male	82.8
	Female	30.5
2004-2005	Male	82.7
	Female	31.8
2011-2012	Male	79.0
	Female	24.4
2018-2019	Male	74.6
	Female	20.8

Source: NSS and PLFS

What could explain this trend? There is a lot of global literature on labour participation, which suggests that in the earlier stages of development women's participation falls, but then it gradually rises. Thus, as incomes initially rise, women's participation falls but as incomes keep rising, it rises again: a U-shaped supply curve with time. The reasons postulated for such a trend is that when countries are poor, everybody works mainly in subsistence activities. When incomes rise many women withdraw from the labour force since they no longer wish to work in manual or difficult jobs, and they can afford this option. Many of them participate in education. At still higher income levels there are both demand and supply of female workers, this time in relatively high-end/ white-collar jobs and (now the relatively more educated and skilled) women re-join the labour force. Some countries like China, South Korea or Indonesia have seen a fall in labour participation rates in specific periods (Gaddis & Klasen, 2014; Chaudhary & Varick, 2014; Schaner & Das, 2016).

Back to data in this paper, two observations stand out:

1. The fall in female labour participation began more than two decades back and does not seem to have turned up in the form of a U, despite a rapid growth in the economy between 2000-2019.

2. There is also a fall in the male labour participation.

There are several rationales put forward, originating from rising participation of women and men in education; geographic immobility of women resulting in them not being able to access non-farm jobs outside their area of convenience [e.g., it is impractical to expect a high-school-pass young girl from rural Uttar Pradesh to seek a (middle-skill, low-paying) job in say, Karnataka]; increasing capital intensity in the economy including in agriculture; and very slow reduction in the Total Fertility Rate (TFR) (elsewhere, like in China, Thailand, Korea or Malaysia, TFR stabilised at ≤2, between 1985 and 2000, while in India it still was at 2.2 in 2020).[2] The fall in work participation suggests that the per capita income falls and at least a section of the population faces poverty. The situation is made worse by the unabated population growth, at least in some parts of the country.

Full-time and part-time workers

As stated in Table 2.1, the NSS and the PLFS define workers as Usual Principal Status Workers (full-time) and Subsidiary Status Workers (part-time). Table 2.3 shows the employment numbers at three time points between 2004 and 2019. While the numbers of full-time workers have risen at a small rate, the numbers of part-time workers have fallen sharply; suggesting that the structure of the labour force has been shifting towards it being less amorphous; those who work, do so for full time rather than move-in and move out seasonally or periodically at convenience. The sharp reduction in part-time workers also seems to be part of the reason for the fall in the overall participation of persons in the labour force.

Note: Part-time workers to an extent work at the time of sowing and harvesting when the demand for labour is large. Since the last few years, crops are being sown and harvested using tractors and harvesters, thereby drastically reducing the demand for human labour.

Workers classified by their work status

Table 2.4a presents data on the numbers of male and female workers engaged in different status categories in the labour force—own account workers, regular employees, and casual workers—for the years 2004-2005

Table 2.3: Full-time and part-time employment in numbers (age 15+)

	2004-05	2011-12	2018-19	Growth 2004/05-2018/19
	millions			
(1)	(2)	(3)	(4)	(5)
Full-time employment	389.9	421.4	441.7	13.3
Part-time employment	33.4	35.1	16.3	-51.2
Employment	423.3	456.5	458.2	8.2
Non-student population	656.4	741.2	841.2	28.2
Total	717.5	842.8	968	34.9

Source: Table 1, in Ghose and Kumar (2021); Generic source: NSS and PLFS

and 2018-2019. Table2.4b show the percentage distribution of workers engaged in the different status categories. Data for 2018-2019 show that the largest proportions and numbers of workers were the self-employed, followed by casual workers, then regular employees and finally unpaid family workers. In terms of change over time, the regular employees increased the most (42.3 million over 2004-2019, largely male), followed by the self-employed (35.1 million, fully male with female workers actually falling). On the flip side, the unpaid family workers drastically reduced among both male and female workers (34.7 million, combined male and female), while the casual labourers fell by some 7.5 million (mainly female). Seen proportionally, Table 2.4b points to the fact that wage and salaried workers are on the rise while there is reduction in unpaid family workers.

The population rose by about 23 per cent between 2004-2005 and 2018-2019, though the workers rose only by 8.3 per cent [male 17.3 per cent and female (-) 15.9 per cent]. A large fall is seen in the group "unpaid family workers", both male and female. These data complement the earlier findings in suggesting that the labour markets are moving away from a colloidal state to one which is more crystalline. Unpaid workers, who have few or no links with wages or earnings, are reducing while regular employees are increasing. Also, reduction in unpaid family workers is partly in line with the earlier observation that mechanisation of agriculture has reduced the demand for workers in it, and since female labour is geographically less mobile and relatively less qualified for taking up jobs elsewhere, they withdraw from the labour force.

Note: Farm mechanisation (implying deployment of machines to undertake farm work to replace draught animal power and human power) is about 40 per cent in India compared to earlier years when all operations were mainly driven by human and draught power (Sahani, Patel, Manoj Kumar, Thorat and Vijay Kumar, 2018; ICFA, 2017).

Workers classified in broad industrial groups

Deployment of workers in different industrial groups determine the quality of work they do. If large numbers of workers are engaged in low productivity/low skill work, they would add smaller value and earn at very modest levels, and the vice versa. In India, the agricultural sector on aggregate is of low (labour) productivity and is also lower paying compared to the non-farm sectors.

Table 2.4a: Employment Status of Workers (FT + PT), by Gender, 2004-05 and 2018-19 (age 15+)

			Self Employed + employer	Unpaid family worker	Regular employee	Casual Labour	Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
				Millions			
1	2004-05	Male	124.2	44.5	53.1	86.8	308.7
2		Female	19.8	50.4	9.5	34.6	114.3
3		Person	144.0	94.9	62.6	121.5	423.0
				Millions			
4	2018-19	Male	159.6	29.7	84.7	88.0	362.0
5		Female	19.4	30.5	20.2	26.0	96.1
6		Person	179.1	60.2	104.9	113.9	458.1
				Millions			
7	Difference (2018-19 minus 2004-05)	Male	35.4	-14.8	31.6	1.1	53.3
8		Female	-0.3	-19.9	10.7	-8.7	-18.2
9		Person	35.1	-34.7	42.3	-7.5	35.1
				Percentage			
10	% Difference	Male	28.5	-33.3	59.4	1.3	17.3
11		Female	-1.7	-39.5	113.0	-25.0	-15.9
12		Person	24.4	-36.6	67.5	-6.2	8.3

Source: Calculated from NSS and PLFS and population forecasts seen in Ghose and Kumar (2021)

Agriculture

Table 2.5 shows the distribution of workers across broad sectors: agriculture and allied activities, industry and manufacturing, construction and services for two points of time, 2004-2005 and 2018-2019. As in 2018-2019, the proportion of workers in agriculture was about 42 per cent [Column 6, i.e., about 194 million (Column 3)], whose contribution to the GDP was about 15 per cent in that year, suggesting that the other 58 per cent (non-farm) workers contributed 85 per cent of the GDP in that year. The labour productivity in farm jobs, thus, is four times less compared to that in non-farm jobs, a clear signal that many of those deployed in agriculture would fall short of what would qualify to be decent work. The deployment of workers in the agricultural sector through 2004-2005 to 2018-2019 has fallen in absolute terms by 38 million or 16.7 per cent, which is an achievement towards greater sectoral efficiency, but there is some way to go for reaching a semblance of sectoral parity in labour productivity.

Box 1: Indian Agriculture

The average land area per household in agriculture works out to about 1.1 hectares (2.7 acres) – this is small from any perspective. Small and marginal farms holdings of less than two hectares of arable land account for 86.2 per cent of all farms but own just 47.3 per cent of the crop area, according to data seen from the Agricultural Census of 2015-2016. The per capita land thus is small, and inequality is large. Only about 48 per cent of the land is irrigated; the rest is rainfed, making farmers especially in the semi-arid regions doubly vulnerable to the markets and the weather.

Source: https://www.thehindubusinessline.com/economy/agri-business/

Table 2.4b: Percentage Distribution of Employment (FT + PT) by Status (%, age 15+)

		Self-employed + employer	Unpaid family worker	Regular wage/salary	Casual labour	All
(1)		(2)	(3)	(4)	(5)	(6)
		2004-2005				
Rural	male	41.6	16.5	9.0	32.9	100
	female	16.0	47.6	3.7	32.6	100
	person	32.3	27.9	7.1	32.8	100
Urban	male	36.3	8.5	40.6	14.6	100
	female	24.4	23.3	35.6	16.7	100
	person	33.7	11.7	39.5	15.0	100
Rural + Urban	male	40.2	14.4	17.2	28.1	100
	female	17.3	44.1	8.3	30.3	100
	person	32.6	24.3	14.3	28.9	100
		2018-19				
Rural	male	48.0	9.8	14.0	28.2	100
	female	19.0	38.7	10.5	31.8	100
	person	41.0	16.9	13.1	29.1	100
Urban	male	34.9	4.3	45.7	15.1	100
	female	23.7	11.0	52.1	13.1	100
	person	32.6	5.7	47.0	14.7	100
Rural + Urban	male	44.1	8.2	23.4	24.3	100
	female	20.2	31.7	21.0	27.0	100
	person	38.4	13.2	22.8	24.7	100

Source: Calculated from NSS and PLFS and population forecasts seen in Ghose (2021)

PLFS data for 2017-2018 report that own account workers in agriculture earn a monthly average income of Rs. 8,500 to Rs. 9,700 (male) and about Rs. 3,900 to Rs. 4,300 (female). Independent estimates suggest that the average earnings of a farmer (i.e., own account worker in agriculture) in 2020 was at Rs. 10,591-12,335 per month. The regional variation is of course large – the green revolution states have an average exceeding Rs 16,000, but Uttar Pradesh, Tripura or Nagaland could have this average at less than Rs. 8,000.[3]

Table 2.6 shows that the numbers of workers in agriculture reduced by about 17 per cent through 2004-2019. Next, as in 2018-2019, almost three-quarters of the workers were in self-employment in agriculture, followed by a little less than a quarter of the workers as casual labourers. Reduction in casual labourers is a positive sign since this group has among the more distressed workers.

Since the year 2020 (continued in 2021), there was a farmers' agitation going on, demanding higher and more stable prices for their crops. This is despite that the cost of cultivation of many crops is steadily rising due to overuse of fertilisers, soils getting exhausted and water tables alarmingly sinking. The reason for distress is that demographic pressure has resulted in excessive land atomisation and farmers are forced to increasingly use their lands more intensively for eking out a living. Unless more people get jobs outside agriculture and land is consolidated, it is unlikely that solutions for decent work in agriculture can be found.

Non-farm Sectors

The non-farm sectors can be categorised into three broad groups: manufacturing and industry, construction, and services. Combined, they employed some 264 million workers in 2018-2019 compared to about 190 million in 2004-2005 (Table 2.7). This is a rise of about 38 per cent compared to a population rise of about 23 per cent in this period. Next, the largest numbers and proportions are in regular employment, which speaks of the fact that there

Table 2.5: Distribution of Workers by Broad Industrial Categories (age 15+ years)

Broad Industrial Category	2004-2005 (million)	2018-2019 (million)	% Change bet. 2004-05 and 2018-19	2004-2005 (vertical %)	2018-2019 (vertical %)
(1)	(2)	(3)	(4)	(5)	(6)
Agriculture and allied activities	233.1	194.2	-16.7	55.1	42.4
Manufacturing	52.2	55.8	6.9	12.3	12.2
Construction	25.8	55.6	115.5	6.1	12.1
Services	109.6	147.9	34.9	25.9	32.3
Others	2.3	4.6	100.0	0.5	1.0
Total	423	458.1	8.3	100	100

Source: NSS and PLFS

Table 2.6: Distribution of Workers in Agriculture by Status Categories (age 15+ years)

Work status	Number (million) 2004-2005	Percentage 2004-2005	Number (million) 2018-2019	Percentage 2018-2019
(2)	(3)	(4)	(5)	(6)
Regular wage/salaried employment	3.8	1.6	2.4	2.24
Self-employment	142.7	61.2	144	74.15
Casual Labour	86.6	37.2	47.8	24.61
Total (A+B+D+E)	233.1	100	194.2	100

Source: Same as Table 2.5

is movement from casual work towards regular work. This is a sign of improvement in the quality of jobs.

Implication: The non-farm sectors have been absorbing workers, at about 2.5-2.6 per cent each year, but this is still not sufficient to employ all those released from agriculture in addition to the natural growth in the labour force.

Educational Attainment of Labour

Education matters in employment and earnings, an aspect that needs no reiteration. Table 2.8 presents data on the distribution of workers by their educational attainments. The modal frequency is at the unlettered workers. At the other end, workers having secondary or more education are about 36 per cent.

This table also presents data on the distribution of workers by change in the educational composition of workers over 2004-2005 and 2018-2019. Employment of non-literate workers has consistently reduced through the period 2004-2005 to 2018-2019, and the trends suggest that there is progressively a larger employment growth as one moves up from the unlettered groups to the more educated ones. Of course, over time the labour force is increasingly getting educated, but employability of the educated as well seems to become higher over time.

Two observations emerge: One, that the "low or no education" groups are still very large in the workforce; and two, over time the employability of the educated has become higher.

Unemployment

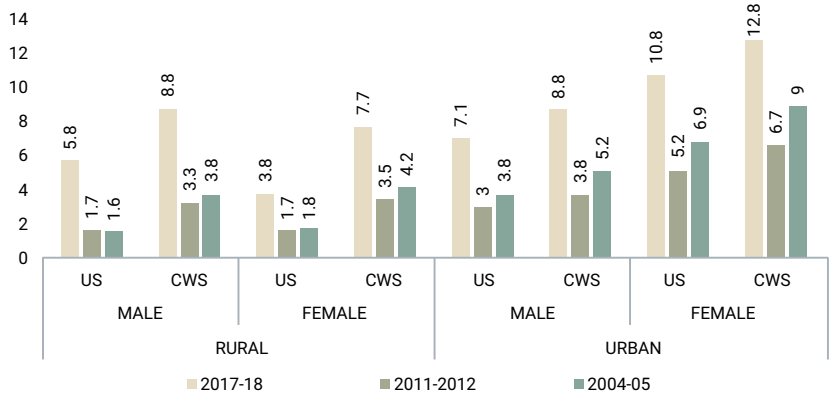
Open Unemployment Rates

Data on open unemployment rates for different years are presented in Figure 2.1. These numbers suggest that in 2018-19 the unemployment rate was higher compared to what it was in 2011-2012 or 2005-2006 among both male and female workers, by the usual status as well as the current weekly status.[4] Seen in numbers, there were a little over 10 million persons looking for jobs in 2011-2012 (about the same number as in 2004-2005), which rose to 27.9 million in 2018-2019 (Table 2.9). Next,

Table 2.7: Distribution of Workers in Non-Agriculture by Status Categories (age 15+ years)

Work status	Non-farm (million) 2004-2005	Non-farm % 2004-2005	Non-farm (million) 2018-2019	Non-farm % 2018-2019
(1)	(2)	(3)	(4)	(5)
Regular	65.9	34.6	106.7	40.4
Self-employed	86.2	45.3	94.2	35.7
Casual labour	39	20.5	63.1	23.9
Total	190.2	100	264	100.0

Figure 2.1: Unemployment rates (%) by usual status (FT + PT) and current weekly status, 2004-05 to 2017-18



Note: US and CWS refer to usual status and current weekly status. Source: NSS and PLFS

the educated (>5 years of education) unemployed were many more compared to less educated or uneducated (0-5 years education), despite that the employability of the educated is more than that of the less educated. Finally, youth unemployment rates, seen in Figure 2.2, suggest a much higher rate in both the years and as well as male and female workers, compared to the overall unemployment rate for the labour force in ages 15 years and above.

In short, high numbers of the unemployed, along with people withdrawing from the labour force (seen earlier), suggest a situation of labour redundancy in the country.

Wanting to Work More

The PLFS of 2018-2019 asked questions on whether workers were willing to work more than their present engagement. Table 2.10 presents data on the answers received. About 1-4.2 per cent of the workers across different work status categories stated that they were available /willing to work beyond their present days and hours of work: more male workers than female and more in rural areas than urban. This is despite that the number of hours worked per week were in the range 44-59 among both male workers (rural male: 50 hours; urban male: 58) and female workers (rural female: 40; urban female: 48).

Table 2.8: Distribution of workers (FT+PT) by levels on education, 2004-2005 and 2018-2019 (age 15+ years)

	2004-2005	2018-2019	% Change 2004 to 2019	% Distribution (vertical) 2004-05	% Distribution (vertical) 2018-19
(1)	(2)	(3)	(4)	(5)	(5)
Unlettered	158.9	111.3	-30.0	37.5	24.3
Below primary	46.4	27.2	-41.4	11.0	5.9
Primary	58.7	63.6	8.3	13.9	13.9
Middle	66.7	97.6	46.3	15.8	21.3
Secondary	38.1	55.6	45.9	9.0	12.1
Hr Sec	27.1	47.1	73.8	6.4	10.3
Graduate+	27.4	55.9	104.0	6.5	12.2
Total	423.3	458.2	8.2	100.0	100.0

Source: Ghose and Kumar (2021) and calculations made from raw data of NSS and PLFS

Table 2.9: Unemployment (numbers)

	2004-05	2011-12	2018-19
(1)	(2)	(3)	(4)
All unemployed (number in million)	10.4	10.3	27.9
Less educated (0-5 years of education)	1.9	1.6	3.2
More Educated (>5 years education)	8.5	8.7	24.7
Unemployment rate (All)	2.4	2.2	5.7
Less educated unemployment rate	0.7	0.7	1.6
More educated unemployment rate	5	3.9	8.8

Source: NSS and PLFS

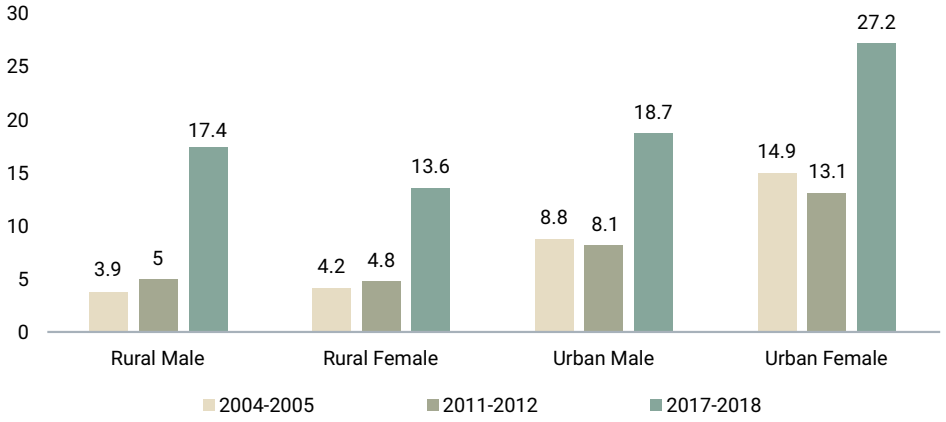
It appeals to logic that the levels of earnings being not too far from subsistence (at best, modest), people are willing to work more for earning some extra income.

Not in Employment, Education or Training (NEET)

NEET are those who are neither in labour force nor in education/training but are but are in the working age group (15+ years). Out of every 10 persons in the youth group (years 15-29) as in 2018-2019, three were NEET. Gender difference: About 13 per cent young men compared to more than half (55.3 per cent) young women were NEET. Youth in the NEET category increased from 27.2 per cent of the youth population in 2004-05 to 33.4 per cent in 2018-2019. In numbers, the NEET youth increased from 70 million in 2004-2005 to 125 million in 2018-2019. This is a huge potential economic and social loss.

If a significant portion of the NEET were to join the labour force, they could have pushed up the GDP a lot [the demographic dividend (DD) effect]. However, if there is no DD, then there would be a great deal of

Figure 2.2: Unemployment rate among youth (15-29 yrs.) in usual status (ft + pt.), 2004-2005, 2011-2012 and 2017-2018



Source: PLFS 2017-2018

Table 2.10: Percentage of workers in current weekly status available for additional work for workers in different statuses in employment, 2018-2019 (age 15+)

Status	Male	Female	Person
(1)	(2)	(3)	(4)
	RURAL		
Self-employment	4.2	3.5	4.0
Regular Employment	1.5	3.2	1.8
Casual Labour	2.3	1.8	2.2
All	3.3	3.0	3.0
	URBAN		
Self-employment	2.1	3.2	2.3
Regular Employment	1.0	3.0	1.5
Casual Labour	1.9	2.5	2.0
All	1.6	3.1	1.9

Source: PLFS 2018-2019

more unemployment. The reality could have been a combination of the two, though the probability is more towards the latter since the aggregate demand for workers has not kept up pace with the "potential working age population".

Summing up

- **Positive:** Reduction in the part-time workers and unpaid (family) workers suggests maturing of the labour markets. This, some believe, is an improvement in the quality of employment (Ghose & Kumar, 2021).
- **Worrisome:** Despite almost no growth in the labour force during 2011-2012 to 2018-2019, unemployment numbers rising to about 28 million is a sign of labour redundancy in the economy.
- **Worrisome:** There are a large number of persons who are NEET and this number is rising over time. It follows that there is raising economic dependency and hence, reduction in the per capita disposable income and economic vulnerability.
- **Looking forward 1:** The quality of work in segments of the unorganised sectors requires a serious relook.
- **Looking forward 2:** There is reduction in the workers engaged in agriculture both proportionally and in absolute terms, suggesting that agriculture does not have the capacity to absorb more workers. It implies that all additional jobs will require to be created outside this sector. Promoting labour intensive industrialisation and ensuring geographical mobility for especially female workers are huge challenges.

Box 2: Could Labour be a Source of Demographic Dividend?

Demographic dividend (DD) happens when majority of the people in the work force age-group are employed; there are fewer very young and old/retired people, meaning that there is little economic dependence and therefore the savings rate is high; and the labour force is skilled and offers high value-adding services. Yet another requirement of DD is that there are markets for the produce. If the economic inequality is high and the export markets are constrained for want of poor quality and high cost, then DD is likely to be throttled for want of demand.

Many feel that the country should be reaping the demographic dividend because of the young labour force. However, data show that almost a quarter of the workers are illiterate. Next, at the top-end, there are too many young and educated people moving abroad, and this leakage is resulting in expenditure on human capital being incurred here and the benefits being reaped overseas. Third, the savings rate at 18-20% of the GDP is below a required 30+% for effective investments. Fourth, the TFR is falling rather slowly, which is not conducive to reaping the DD. Finally, the inequality is high, and the economy is being throttled for want of demand. All these do not augur well with the requirements of DD.

Labour redundancy is a clear sign of not having a DD.

Part 3:
Structure of the Labour Force

This section examines the composition of the labour force in the country to reflect upon the quality and decency of the work.

Numbers: The size of the Indian labour force was about 486.1 million in 2019, out of which about 340.2 million were males and 145.8 million females. The average age of the population is about 29 years, making the labour force relatively young. About 65 per cent of the workers have attained education less than secondary (including about 24 per cent being unlettered).

Organised and Unorganised Labour Force

The organised sector labour force is not unambiguously defined but one of the most accepted definitions states that workers who come under the ambit of labour laws (of wages, working hours, occupational safety, social security, etc.) are organised workers. The others are unorganised workers. The latter do not necessarily work in a rule-based environment (as is the case with the organised workers) and are not necessarily protected by labour regulations, since the law sparsely reaches them.

- Most of the "organised industrial workers" (numbering about 9-10 million) are employed in large companies and factories.
- There are some 21 million employees and workers in various central and state government departments, public sector enterprises (both of central and state governments) and in the third tier of governance, who form a part of the organised workforce.
- Most bank employees, some segments of workers in the service sector, railways, road and airline sector

Box 3: The Unorganised Sectors and Unorganised Labour – Definitions

The Unorganised Sector "... consists of unincorporated private enterprises owned by individuals or households engaged in the sale or production of goods and services operated on a proprietary or partnership basis and directly engage less than ten total workers" (National Commission on the Unorganised Sector, India of of 2007. It includes activities which are not officially registered as normal income sources. They are often not monitored by governmental labour agencies on workers' earnings, working conditions, or occupational hazards. The unorganised sector(s) have self-employed workers, wage-paid workers, and paid and unpaid family workers.

The unorganised sector should not be confused with the unorganised labour market. The latter consists of workers in self-employment, regular employment, and casual work, engaged not necessarily always in unorganised sector enterprises. They could work on small or large worksites or enterprises on an intermittent basis (e.g., construction workers or agricultural labourers) or on regular basis (e.g., domestic workers), but are often outside the purview of the labour laws. Many organised sector enterprises employ workers from the unorganised labour markets in large numbers (often on a contract or daily-wage basis) to save on costs. This proportion has increased over time.

The term 'informal employment', often deployed in the literature, is more conceptual than empirical. In India, frequently informal labour and unorganised labour are interchangeable used.

The 17th International Conference of Labour Statisticians held by the International Labour Organisation in 2003 defines informal employment as those jobs where "…employment relation is, in law or in practice, not subject to national labour legislation, income taxation, social protection or entitlement to certain employment benefits (advance notice of dismissal, severance pay, paid annual or sick leave, etc.)".

employees, workers in utility services and all police personnel are included among the organised labour force.

These numbers cumulatively add up to a figure close to about 50 million, or about a little over 10 per cent of the total labour force. The workers herein are paid at least a living-plus wage and their earnings are often indexed with the inflation. Most also get periodic increments on their initial earnings. They further enjoy a sense of job security, social security and sickness or terminal benefits (including pension or lumpsum payment), though the benefits widely vary from one employer to another. The earnings and lifestyles of the top rungs in the organised labour force are not too dissimilar to their counterparts in upper-middle income countries. At the lower rungs too, the workers are not exactly poor, though their standards of living are more modest compared to those in the upper segments. There is large inequality within the organised labour force.

A few among the unorganised workers too are well-to-do self-employed workers in agriculture and non-agricultural work: large farmers, traders, skilled providers, small scale manufacturers, and the like. But not all are well-to-do: the low-end unorganised occupational groups include agricultural labourers and other casual labourers, contract workers, and a few are even bonded (despite the law). Some sub-sectors wherein the lower-rung workers are engaged are, brick-kilns, beedi (raw rolled cigarette) making, scavenging, construction work, manual loading and unloading (goods and cargo), tea gardens, artisanal mines, and the like. The three characteristic that are common to all of them are, low wage, repeated breaks in their engagement, and exposure to occupational hazards, especially women and children – e.g., brick kiln industry.[5]

About 30 million workers in India are migrants, many working in agriculture, construction work or other casual manual work, as stable employment is not available for them in their place of origin (Mishra, R Singh, R Hembram & U Garai, 2021). Another estimate, made in the Economic Survey of 2017, suggests that the magnitude of inter-state migration was close to nine million annually between 2011 and 2016. Yet another estimate suggests that about 21-22 million migrants are casual wage labourers (Kundu 2020). The Population Census of 2011 showed that the states of Uttar Pradesh and Bihar accounted for almost 36 per cent of the total migrants (Mishra, R Singh, R Hembram & U Garai, 2021). Increased numbers of workers—mainly unskilled, and low or semi-skilled hailing from the eastern states—travelling to other states for work implies that they become vulnerable due to lack of knowledge of the local language (at destination), low options to go back in the face of adversities and costs, and no political support despite the law regarding migrant workers protecting them.

Finally, child workers exist in spite of deployment of child labour being illegal. According to the Census of India 2011, the number of child workers was 10.1 million: 5.6 million boys and 4.5 million girls (i.e., about 3.9 per cent of the children in the age group 5-14 years). About 120,000 were estimated to be working in hazardous jobs. The reasons for their persistence are, caste-based traditions, poverty, parents being itinerant labourers, poor schooling facilities and high fertility (TFR), among others. Child workers are typically found in agriculture, carpet industries, silk industries, garment industries, brick kilns, construction, firework industries, beedi-rolling, and mining. It is also widespread in the service industry: cleaners, mechanics, domestic workers, construction workers and petty shop attendants, among others. In some cases, they are bonded through tradition combined with indebtedness (Glocal Research, Hyderabad and India Committee of the Netherlands, Utrecht, 2015; Reddy & Olsen, 2012); and Picherit, 2017). At times when both parents are migrant workers the children also become workers, reports the Global Slavery Index Report.

Work in any of the different lower rung, unregulated segments is characterised by:

(i) Long hours of work on a regular full-time basis (8-10+ hours in general, 6-8 hours children),

(ii) Hazards in working conditions (e.g., brick kilns, loading/unloading or construction work),

(iii) Abusive treatment by the employers, including serf-like treatment.

Labouring Groups – Select Description

In this section the working conditions of select low-end segments of workers from among the unorganised workers are presented, since these workers require maximum attention when seen from a decent work perspective.

Agricultural Labourers

Agricultural labourers numbered about 48 million as per the PLFS of 2018-2019. The wage rate earned by

agricultural labourers was about Rs. 283 per day (male) and Rs. 224 per day (female). These are not too different from the minimum wages that the government had fixed for that time. Actually, the wages paid to female workers are often below the set minimum. There are also variations in the wage rates across states as well as across social groups (castes): scheduled caste and tribe workers are reported to get less. STs live in areas where the wages are generally economically depressed (mainly Central India), but lower wages being paid to SC workers is inexplicable (IHD 2021). Agricultural labourers earn in the vicinity of Rs. 9,000-10,000 a month, based on calculations based on 26 days of engagement in a month. The wage rates have increased over time to keep up with inflation, but they have just about kept up, and the gender gap stays.

Brick Kiln Workers

It is estimated that the number of brick-making units in India is upwards of 125,000, employing an estimated 10-23 million workers, a portion of whom are bonded against debt. A survey of brick kilns in Punjab found that 53 per cent workers of all ages had taken a cash advance and worked on the brick kilns to pay back. Next, it is common practice to hire a "family unit" rather than individuals and pay them on piece-rate. This practice encourages child labour and deprives women workers on having cash at hand. In cases where advance payments were made, wages are set below the prevailing minimum wage. The working hours often exceeded 12-14 per day in the summers. Women workers are exposed to physically demanding tasks including during pregnancy, leading to significant health risks. (ASIVSJ 2017; Kara 2014)

Beedi Workers

The beedi industry in India employs an estimated five million workers, around 76-90 per cent of whom are women. These workers are largely home-based where work can be done without the time constraints of a factory environment. However, this implies that the working hours could extend to more than the stipulated numbers and occupational health is neglected. This industry is a classic case of the organised (formal) sector employing unorganised (informal) labour, e.g., among the primary employers are big brands like, Mangalore Ganesh Beedi Works and Bharat Beedi Works in Karnataka; Shyam Tobacco, Ceejay Tobacco and Pataka Beedis in West Bengal; Ceejay Tobacco and Sable Waghire in Maharashtra and Gujarat; and Prabhudas Beedis in Madhya Pradesh and Gujarat. Wages are paid on piece-rate. In 2014, the minimum wage was reported at Rs 92 to Rs. 140 per 1,000 beedis across states. In West Bengal, the notified wage was about Rs.190 per 1,000 beedis but workers got paid approximately 2/3rd of this (Rs.126 per 1,000 beedis).[6]

Construction Workers

The construction sector employs some 44 million workers. There is fungibility between jobs in the manual labour segments across industries and many agricultural labourers move to working in the construction industry, anticipating additional income in lean seasons. The labour hiring process is often controlled by intermediaries known as "labour contractors", who fetch workers from their catchment areas from within or outside the state. Wages are determined on time-rate but there is no uniformity across locations, work sites and cities. On large infrastructure projects the locally prevalent minimum wages are paid. However, there are cases where workers pay the labour contractors a commission for getting jobs, reducing the net quantity of money that they receive. (Narang A. 2019; IHD 2019; Ashok S. and Thomas N. 2014)

Carpet workers

There were some 135,717 carpet establishments (about 80% were home-based enterprises) in India, employing an estimated 273,866 total workers in the second decade of the current millennium. One study found about 5 per cent of the workers to be children (mainly in household industries). Workers are cramped into dilapidated structures, often having no labour standards in terms of safety and cleanliness. The workers work for 10-12 hours per day for at least six days a week and earn about 60-70 per cent of the minimum wage that the government has fixed. (Pablo DR and Hansen A 2014; Wani, Khan and Mamta 2015)

Mathadi workers

Mathadi workers are manual labourers (in Maharashtra), working in operations such as loading, unloading, stacking, carrying, weighing, etc. in wholesale markets, docks, railways, public transport, and so on. They are hired and work in groups, often through labour contractors, who collect wages from the employers to distribute them to the workers. There is a law protecting the Mathadi workers, which requires that they be provided for social security benefits. However,

workers at times do not get full wages since they do not report such irregularities for fear of losing their jobs. The peers in the group also discourage reporting against malpractices, lest the whole group gets into jeopardy. If workers are not able to complete their assigned work, the owner deduct monies from their wages. In some cases, owners do not allow them to leave until they finish work. Working as a Mathadi is hard labour and they wear out by the age of 40-45 years and retire. (Shende Pard V Nandgaye 2017)

Summing up

The above data illustrate that there is a great deal of heterogeneity in the labour force. The organised and privileged workers form a small segment while the unorganised workers form a large segment, wherein there are little or no regulations of minimum wages or earnings, paid leave, job continuation, and in some cases occupational safety. Also, there is a great deal of inequality within and between the two segments. The one defining factor of Indian labour markets, thus, is inequality.

Part 4: COVID-19 and its Impact[7]

India's lockdown for controlling the spread of COVID-19 began on 23 March 2020, curtailing the movement of the population and shutting down all establishments other than essential services (including health). This began to relax in three weeks and was eased in phases through the next whole year, and even in April 2021 there were restrictions, and the second wave of infections was setting in. The whole service sector including tourism, travel, hotels and the like have been severely hit. Also severely affected are migrant workers, casual workers, domestic workers, construction workers, and the like. This section presents data seen from select surveys conducted by different agencies and scholars in the earlier weeks and months of the pandemic on the affected workers.

- CMIE estimates that in March-April 2020, the unemployment rate rose to 23 per cent of the labour force. In April 2021 alone, some 7.3 million lost their jobs (K Bhaskar Kumar, 2001).
- CMIE further reports that in February 2021, employment was down by seven million of what it was in February 2020, and average household incomes fell by 12 per cent.
- One survey estimated that about 29 per cent of the population of megacities are daily wage-earners whose employment opportunities were severely affected (Sing S, Magazine A, 2020).
- Another survey stated that "…about 120 million people have been affected by the livelihood crisis and there has been only partial compliance with the government directive to pay wages without deduction and not demand rent" (Swan, 2020). This study found that 89 per cent of the migrant workers did not get their wages during the 21 days of the nationwide lockdown. It also reported food insecurity and virtually no cash at hand with the migrant workers on their journey back home. A few daily wage-earners, who had some land back home and were stranded at the workplace during the lockdown, were worried about the harvesting of the crop; if not attended to, it meant incomes lost. In yet other cases, the labour contractors vanished without paying the workers once the lockdown was announced.
- Yet another survey of industrial belts in Delhi indicated that a vast majority of the workers in these areas (91 per cent of the men) were completely out of work in March-April 2020 (the survey was conducted in May 2020) (Afridi & Dhillon, 2020). Around 85 per cent of the respondents who were employed before the lockdown did not earn any income from their main occupation, while over half (53 per cent) of those who were employed before March 24, 2020 did not receive their full salary for the month of March.
- Still another survey estimated that about 29 per cent of the population of megacities are daily wage-earners whose employment opportunities were severely affected ((Sing S, Magazine A, 2020).
- A study conducted by ISST in Delhi with female domestic workers showed that in March 2020, some 68 per cent of them did not receive wages (ISST, 2020).
- Findings of a study published in a newspaper found that many workers were quarantined back home and not permitted to work, which posed problems of livelihood (Kumar & Mohanty 2020).
- A study conducted by SEWA (2020) finds that livestock is proving to be an added burden, with limited access to fodder and grain and no opportunity to graze. This study also found that more than 3/4th of the shortfalls in expenditures were met from loans and borrowing, increasing the indebtedness.
- Finally, with increased numbers back home, the local (host) households faced an increased workload for fetching water, fuelwood, etc.[8]

Many workers lost their jobs at a notice of as little as four hours. A large number of those who were migrants returned back to their villages. Throughout April 2020, the highways witnessed thousands of migrants heading toward their homelands. Illness on the way or even death was not uncommon. A few months later several of them returned back to seek work, with some getting it while others not, as many construction sites were yet to reopen and domestic workers' employers reluctant to take them

back. Other than the job and income loss, there was the (difficult) travel cost and (expensive) return travel cost. All this has cut deeply into the livelihoods and savings of workers.

Summing Up

A Pew Research Centre Study estimates that the numbers below poverty line in India may have fallen from 340 million in 2011 to 78 million in 2019, and if there was no pandemic the numbers would have further fallen to 59 million. However, the pandemic seems to have pushed the figure up to 134 million (Kochhar, 2021). Governments, non-state agencies and communities have offered help to the workers, but this has been more through ad hoc measures like one-time cash transfers, random distribution of rations, making a few rail- and road-transport available, etc. All this has been insufficient, and the unorganised workers and casual labourers have faced the brunt.

Part 5:
Challenges and Issues in Meeting 2030 Agenda

As stated earlier, there is dire need for embarking upon a development process which would employ workers in large numbers. For this, firstly, workers should be adequately accomplished to contribute to modern forms of value addition, which requires investing in people. Next, the growth process should be inclusive of people, and which promotes non-farm sectors in a decentralised manner. Finally, there should be a prioritised slowdown in the growth of population.

To be realistic, there can be no short-term measures that would provide sustained remunerative employment. This would require a medium-term strategy. For immediate succour some short-term measures are proposed.

Medium-term Measures

Skills, Training and Transfer of Technology

Any form of training in modern skills, be it machine handling, repair or managing accounts, marketing, and such details, requires that a person possesses some basic literacy and numeracy. Strong school education thus becomes an essential pre-requisite for the growth of modern non-farm sectors.

Unlike in the Far East or many parts of South-east Asia where most people get past the 10-year education benchmark, it does not happen here. Thus, the low-educated trainees are not able to grasp modern technologies easily; particularly so, when mechanical technologies are rapidly giving way to electronic-control-based technologies. This is a major challenge and the school education must tighten up to ensure that most students get past at least 8-10 years of education. Next is the language issue. There are as many as 17 official languages in India but technical literature and instructors are available in English, French, Russian German, etc. There is thus no escape from translations of technical materials in different languages, in addition to training local instructors in English. The state governments need to take a call on this.

Next, it is important to teach and train technical skills to the younger lot of workers through a variety of means like establishing links with the formal training systems, community-based approaches, exposure tours and other similar means. Successive governments have committed to improving the skills of the larger masses, and latest version is the Pradhan Mantri Kaushal Vikas Yojana (PMKVY). The objective of this Skill Certification Scheme is to enable youth to take up industry-relevant skill-training, in turn which would help them secure better livelihoods. Individuals with prior learning experience or skills are also assessed and certified under Recognition of Prior Learning (RPL). Under this scheme, the fees for Training and Assessment are fully borne by the Government. However, absence of a standard syllabus and little M&E is not letting people getting adequately skilled. A more standardised syllabus and rigorous M&E are thus required here.

Third, there are presently few centralised product-development or R&D facilities for the kind of activities that, especially the rural non-farm sector undertakes. In several of these activities a little help can add considerable value. Business Service Centres (BSC) equipped with technical and business information could be junctions for transfer of technology. This is a new concept for especially the rural Indian conditions, and the *modus operandi* of BSCs would have to be devised according to the extant local conditions. The general prescriptions for their establishment are stakeholder partnership, no fee-free services and internal flexibility to match the demand.

Finally, there is no substitute for government-run institutions in education and training. The private sector in education and training, despite it being promoted in policy, is not suited in India since experience shows that most of the private institutions are rated far below compared to the public ones. The fees they charge are also high.

A Non-farm Sector Development Policy

Industrialisation Strategies

Almost all countries that have exhibited success in industrialisation, e.g., South Korea, Singapore, China,

Mauritius, Taiwan, China, Malaysia and to an extent Thailand, have had an export-oriented industrial development supported by an enabling policy to protect their industries. The industrialisation has been enabled by a steady absorption of labour in the non-farm sectors. This has been against the much-flaunted Washington Consensus, which has not succeeded anywhere; yet, to an extent followed in India after 1991 (Mehrotra and Acharya, 2017). India has not had an effective and pro-active industrial policy since the last three odd decades. After 1991 when the liberalisation process was rolled out a large number of industries where the country could have had a comparative advantage stagnated, namely, textiles, apparel and garments, furniture, leather products, agro-based industries, traditional industries, and the like. Leather and meat products have faced a further flak in the more recent years owing to religious beliefs of a community. These industries had/have the potential to not only grow rapidly in the export markets but also provide large-scale employment.

Some elements of a proactive industrial policy in today's context are:

- Implementing strategies that would enable enterprises to scale up their operations for reaping economies of scale (like in Bangladesh or Cambodia – at present there is too much fragmentation in India);
- Establishing functional industrial clusters;
- Investing heavily in Research and Development;
- Putting in place a predictable taxation structure to protect local industries for at least a decade or so for them to become competitive and produce high quality products and services in a cost-effective manner[9]; and
- Creating a regionally spread infrastructure (create jobs where people are).[10]

India has so far set up six major industrial clusters: Hooghly Industrial Belt; Mumbai-Pune Industrial Region; Ahmedabad-Vadodara Region; Madurai-Coimbatore-Bengaluru Region; Chota Nagpur Plateau Region; Agra-Mathura-Meerut-Saharanpur Industrial Area; and Faridabad-Gurgaon-Ambala Industrial Belt. There are Medium and Small Micro Enterprises Clusters that have come up as well: the government has recognised 388 such clusters. Some small enterprises clusters are so big that they account for 90% of India's total production of those products; e.g., the knitwear cluster of Ludhiana; the gems and jewellery exports are from the clusters of Surat and Mumbai; or leather clusters of Chennai, Agra and Kolkata. These clusters provide jobs and there is need to multiply such clusters across the country.

Next, India has over 10,000 recognised semi-urban centres within the vicinity of villages. One approach is to target a Development Block as a possible centre for decentralised industrialisation. Several kinds of industrial clusters are possible: a one-block-one-product type; a resource-based

Box 4: Private Sector in Education and Health

The private sector in education and health in India is not a homogenous entity. A few at the top function like modern corporates, e.g., Tata, Birla, Reliance, Godrej, and others similar to them. Many of the charitable or religious trusts are also very professional (like Holy Family Hospital, the Christian Medical Colleges, the Ramakrishna Mission Schools, Sikh community run organisations, etc.).

However, a number of technical training institutions, especially in districts or small towns, are owned by local politicians and/or traders who have little infrastructure and engage low-quality teachers, at very low salaries. The trainees from these are hardly employable. These institutions deploy a variety of ingenious methods to dodge the M&E process, including using their political clout. In some cases when students have refused to enrol and seats have gone empty, the owners have converted the premises for other purposes Many a time the lands on which these structures have been constructed are given to these institutions on concessional basis but now used for other purposes.

The extent and quality of provision of health by private health providers at the time of COVID-19 (other than a few) has been and is far less than satisfactory.

The need for governmental institutions to take full charge of education and health is the need of the hour.

type; skill-based if backed by local training institutes; or any other. The basic principle is to establish clusters in a 'growth centre' approach. Of course, the government will have to provide facilitations like credit, infrastructure and essential inputs.

Promoting Decentralised Industrialisation

Small or rural industries and similar economic activities require redefinition. They need not be "small units using local resources and simple technologies" and marketing their products locally or in niche markets only (like Khadi), which is the common understanding today. Instead, they could be renamed as industries in the decentralised sector and have the potential to engage a large number of workers.

a. **Final Product Makers:** The South-east Asian experience suggests that it is possible to establish larger enterprises in the hinterland to make garments, shoes and other cotton and leather products on large scale, employing hundreds of workers. If the scale component would be taken care of, and technologies introduced for improved quality, most handicaps of being 'rural' or being in the hinterland could be addressed.

b. **Ancillaries and Captive Units:** Decentralised industries could become a part of the backward (or forward) linkages of established industries. Some (could) get established as ancillaries, others through out-sourcing, yet others through setting up captive units, still others through assembly of parts, and a few through marketing or brand-sharing. Such a relationship can bring about economies of scale, efficiency, technological up-gradation and competitive strength in the decentralised sector. An example is of the automobile industry where each major company has a few hundred suppliers. Some of them are more sophisticated, like gearboxes, tyres, brakes, etc. But there are suppliers to the ancillary enterprises which make relatively simpler products, like nuts, bolts, tyre covers, and so on. Many of these (simpler product) units could be located in the hinterland not too far from the main manufacturing hub. These processes are possible in garment making as well: part of the Cutting, Machining and Tailoring (CMT) could be farmed out to specific locales. E.g., Usha International all-over North India has opened 20,000 schools for training women in different garment-making. The Lupin Human Welfare and Research Foundation in Bharatpur district has initiated a similar programme. Such initiatives also improve the work participation of women and increase their income.

c. **Service-providers:** These directly serve the service needs of the existing products, like tractors, two-wheelers, farm machinery (motors, pumps, diesel engines) and the like. Presently these needs are provided at the district centres. There is scope for a business model where smaller service providers could be dispersed through a number of semi-urban areas, which is now possible with the almost complete tractorisation of agriculture. Such efforts, though, require spreading of skills along with the wherewithal.

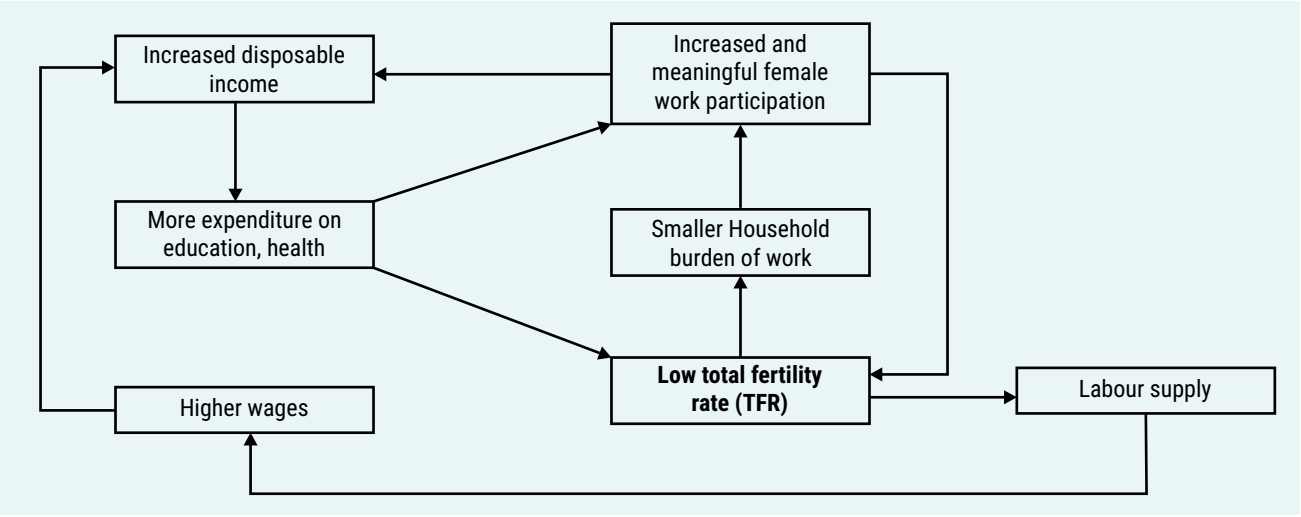
Box 5: Rural Industrialisation can help workers – Field observations

Field interviews were conducted in various parts of Northeast Rajasthan (mainly Bharatpur and Alwar districts). One of the complaints of large farmers in regard to labour was they cannot easily get female labour to undertake jobs like weeding, irrigating vegetable plants, plucking vegetables, watering milch animals and the like. These are jobs that have been traditionally assigned to women since the employers pay them lesser wages compared to those paid to male labour.

Interviews with workers' groups suggested that the older lot among the women workers have increasingly begun to stop work while the younger lot—who have on average obtained 7-15 years of education and have in some cases also learnt computers, or/and have completed a course in tailoring or fashion—are not attracted to these jobs. They have keener interest in clerical jobs, other desk jobs, skilled jobs, field jobs or jobs in (non-traditional) industries, where they could use their education and also enjoy greater prestige compared to working as farm labourers.

Presently, in these places there are options of such jobs only in the government (municipal or panchayat clerks and peons, Grade-3 teachers, Gram Sewikas, and the kind), and these are far too few. If rural industries come up, these women can be gainfully engaged in them.

Figure 5.1: TFR and its Attributes



Population Stabilisation

Lower TFR emerges as a key to employment and development. Figure 5.1 sums it all. Countries located in all of the Far East had reached a TFR at replacement level or lower at about the time they took-off in their industrialisation drive, i.e., 1980s and 1990s. Eastern Europe achieved a manageable TFR back in the 1960s and 1970s. In fact, TFR has been found to be closely associated with education and health status of the population, and female participation in the labour force, to which these countries had attached significant importance.

India is yet to reach the replacement TFR: it was 2.2, still shy by 0.1, in as late as 2019. This implies that population stabilisation would happen not earlier than another two decades from now. The problem is that the eastern parts of the country (especially UP and Bihar), still have a high TFR (Bihar: 3; UP: 2.7), and these are large states. Unless very serious efforts are made to address this issue there might be little leeway to move towards a path to achieve decent work.

Short-term Measures

The Government of India has initiated a number of programmes to revive the economy post the COVID-19 crisis. The main instrument is of offering loans through banks and financial institutions. The total stimulus has been estimated at about 8.6% of the GDP. In Germany this is about 39% and in Japan, 56%. The first proposal here thus is to raise the stimulus in such a way that money reaches the people who in turn will raise the demand and help revive the economy and jobs.

The other point relates to how the stimulus is rolled out. India has so far relied on monetary instruments: soft loans, sub-prime loans (though not at high interest rates), etc. However, since the banks in India are already under stress, they are reluctant lenders and this results in less than the desired effect. It would be more desirable to use fiscal means where, with accurate targeting, the monies would reach those really affected.

Different social security measures, emergent from the Labour Codes enacted recently, might also help. Liberally extending social security schemes for the unorganised sector workers, unconditional cash-transfer schemes (at least for a while), and the like can assist those adversely affected and also help raise aggregate demand and employment /livelihoods.

Schemes like MGNREGA can be extended to not just providing jobs but also building meaningful community assets like local markets, irrigation canals, water harvesting structures, roads, and also repairing dilapidated factories and other assets requiring repair. Each of these would provide multiple gains to different sections of the society.

Finally, there is no count of migrant workers in India on a real time basis. The Ministry of Labour, Government of India, is making some attempts at counting the numbers of migrant workers and domestic workers in the country, but such exercises have to be made at decentralised levels and frequently updated so that targeting populations in times of crisis or even for development programmes becomes more effective.

Summing up

There is a great deal that could be done to bring about decent work conditions on a sustained basis, though most of these could be effective only in the medium term of 5-10 years. The strategies range from upgrading skills, improving technologies, and expanding R&D, to promoting decentralised labour-intensive industrialisation. Further opening up of markets and expecting them to clear labour markets is a myth since the existing base of industrialisation is unlikely to change under "business as usual" conditions. Planning for development is a necessity, not by bringing back statist approaches but to make markets competitive and efficient. Regulating population growth and population movements are also high priorities. In the short term, transferring monies (through fiscal instruments) to those adversely affected and covering them through one or the other social security schemes are options that the state could exercise.

Part 6: Conclusion

This paper offers a panoramic view of labour in India, with dis-aggregation by key defining factors. There is also some discussion on the impact of COVID-19 on especially the vulnerable labour groups. Finally, a way forward has been presented.

The labour force has been growing at a pace slower than the population growth in the recent times; in fact, between 2011 and 2019, there seems to have been no growth in the size of the labour force. The structure of the labour force is also changing with mainly women withdrawing from the labour market. Seen in detail, the unpaid family workers, who traditionally worked in own agriculture and allied activities have withdrawn from the labour force in large numbers. Commercialisation of agriculture and introduction of tractors on a large scale (implying that it is shedding workers), and high capital intensity in industry have important roles in defining this trend. Unemployment too is high at almost 28 million seeking work, with the youth particularly affected. Overall, there is labour redundancy, low skills, and inequality in the economy.

The Indian economy has a major disjoint between its modern economic sectors (and the people it deploys) on the one hand; and the vast swathes of labour, especially in the low-skill category and in the hinterlands, on the other. The aggregate labour productivity is growing at a very slow pace owing to a large segment of the economy and labour force stuck in the unorganised segments. It is classic case of dualism. There is also high inequality within and between each of the segments.

The country needs to create many new and remunerative jobs on priority for employing the growing numbers of the new entrants into the labour force and the back log. This is not only the requirement of SDG-8 to which the country is committed, but it is also the ground reality.

For the medium term the paper proposes three broad areas as policy thrusts for creating more jobs and achieving better quality jobs.

- There is need for scaling up the quality of the labour force, for which there is need to address the training system as well as the school system. It is not just scaling-up but also, who imparts the training matters – the government has to take charge, since the private sector is unable to meet the challenge.
- Industrialisation of the hinterland and use of labour-intensive technologies is an important initiative for creating jobs where people are.
- There is utmost necessity for regulating the population: A lower TFR is fundamental for people—especially women—to find time to undertake productive work and improve their skills.

In the short term, liberal economic stimulant packages implemented through fiscal instruments targeted at those who deserve the most can help. Also, judicious implementation of an extended social security scheme to cover all workers and putting in place cash-transfer schemes for a while would be helpful. Finally, the MGNREGA could be revamped to create more jobs through greater multiplier effects.

Endnotes

[1] Data sources: https://www.statista.com/statistics/263771/statisticsinIndia; and knoema.com

[2] Reduction in TFR is essential for freeing women from their excessive involvement with childcare.

[3] https://in.indeed.com/career/farmer/salaries

[4] Usual Status unemployed is a person unemployed over a relatively long period. Current status refers to the week preceding the survey.

[5] http://labour.nic.in/annrep/tiles2k1/labs.pdf

[6] Beedi workers in India (Thozhilalar koodam) https://tnlabour.in

[7] This section draws heavily on Mishra M, R Singh, R Hembram and U Garai (2021); Agarwal (2021); Sing and Magazine (2020; and Bhaskar Kumar (2021)

[8] https://ruralindiaonline.org/library/resource/covid-19-induced-lock-how_is_the-hinduland-coping/

[9] Note that a suggestion to have protection here is not to go back to the pre-1991 era, where inefficient monopolies produced and sold products in captive local markets.

[10] A majority of the Indian population hails from rural areas. It would be meaningful, therefore, to examine options in decentralised industrialisation.

References

Acharya S (2017). Wages of Manual Workers – A Comparison Across States and Industries, Indian Journal of Labour Economics, https://doi.org/10.1007/s41027-018-0104-9

Afridi F and A Dhillon (2020). How has Covid-19 crisis affected the urban poor? Findings from a phone survey – I, https://www.ideasforindia.in/topics/poverty-inequality/how-has-covid-19-crisis-affected-the-urban-poor-findings-from-a-phone-survey.htm

Agarwal B (2021). Livelihoods in Covid Times: Gendered Parils and New Pathways in India, World Development 39.

Bhaskar Kumar K (2021). A Job Crisis in the Second Wave, Hindu Newspaer (May 23).

ASIVSJ (Anti-Slavery International Volunteers for Social Justice) (2017). Brick Kilns and the Payment System - Way Forward in the Fight for Fair Wages, Decent Work and Eradication of Slavery, Phillaur (Punjab), September.

Ashok S and N Thomas (2014). A study on issues of inter - state migrant labourers in India, International Journal of Scientific & Engineering Research, Volume 5, Issue 7, July-2014, pg. 91-94

Chaudhary R and Sher Varick (2014). Female labour force participation in India and beyond, New Delhi: ILO Asia-Pacific Working Paper Series

Datta, R. C., and M Sil (2007). Contemporary Issues on Labour Law Reform in India. An Overview, Discussion Paper No. 5/2007, Mumbai: Tata Institute of Social Sciences

Gaddis I and S Klasen (2014). Economic development, structural change, and women's labour force participation, Journal of Population Economics, European Society for Population Economics, Vol. 27(3), pages 639-681, July (DOI:10.1007/S00148-013-0488-2 (Corpus ID: 54037449)

Ghose AK and A Kumar (2021). India's Deepening Employment Crisis in the Time of Rapid Economic Growth, Working Paper 01/2021, New Delhi: Institute for Human Development.

Glocal Research (Hyderabad) and India Committee of the Netherlands (Utrecht) (2015). Modern Slavery and Child Labour in South Indian Granite Quarries, India Committee of the Netherlands (ICN)

Government of India (2021). Women and Men in India, New Delhi: National Statistical Office Ministry of Statistics and Programme Implementation.

India, Ministry of Labour (2009). Unorganised Labour. Available at http://labour.nic.in/annrep/files2k1/lab8.pdf

India, National Statistical Office Ministry of Statistics and Programme Implementation (2021). Women and Men in India. New Delhi

Indian Council of Food and Agriculture (2017). Farm Mechanisation, at https://www.icfa.org.in/assets/doc/reports/9318591-farm-mechanization.pdf

Institute for Human Development (2019). An Assessment of Labour Management Systems (Restricted)

Institute for Human Development (2021). Tribal Human Development Report (forth coming)

Institute of Social Studies Trust (2020). Impact of COVID 19 National Lockdown on Women Domestic Workers in Delhi, https://www.isstindia.org/publications/1590124768_pub_ISST_-_Domestic_Workers_Final_compressed.pdf

Kara, S. (2014). Bonded labour: Tackling the System of Slavery in South Asia, New York: Columbia University Press

Kochhar T. (2021).In the pandemic, India's middle class shrinks and poverty spreads while China sees smaller changes. FACTANK – News in Numbers, 18 March.

Kumar C and D Mohanty (2020). Migrant Workers Battle Stigma, Bias Back Home, Hindustan Times (May 11).

Kundu I (2020). No end to migrant woes: after arduous journey, social stigma hits them at home. India Today

Mehrotra S and S Acharya. (2017). Planning for Human Development – Experiences in Asia, Theoretical Economics Letters, No. 7 (online journal) http://www.scirp.org/journal/tel

Mehrotra, S. and Parida, J. K. (2017). Why is the labour force participation of women declining in India? World Development, 98, 360-380.

Mishra M, R Singh, R Hembram and U Garai. (2021). Inter-state Labour Migration in India: The Normal and Reverse Phase, at https://europepmc.org/article/PMC/PMC7981502

Narang Aastha (2019). People Who Build Our Cities: The Plight of Construction Workers in India, https://www.swaniti.com/people-who-build-our-cities-the-plight-of-construction-workers-in-india, May 2019;

Pablo DR and A Hansen (2021). Children Working in Carpet Industry in India: Prevalence and Condition, Report Submitted to US Department of Labor and Human Trafficking, Washington.

Picherit, David (2017). Formes contemporaines de la servitude pour dette et continuum déformés de travail en Inde du sud : le cas du système Palamau. Anthropologie et Sociétés (in French), vol.41, No.(1): 51–68. doi: 10.7202/1040267ar. ISSN 0702-8997.

Puri P (2020). Beedi Workers in India, https://pulitzercenter.org/projects/beedi-workers-india

Reddy, B, and WK Olsen. (2012). Adaptation of the Rural Working Class in India: A Case Study of Migrant Workers, In Poverty and Development: The Dynamics of Subjective Well-Being, D Clark, ed. Palgrave Macmillan

Sahani RK, A Patel, Manoj Kumar, DS Thorat and Vijay Kumar (2018). Status of Farm Mechanization in Indian Agriculture, Biotech Articles, Category: Agriculture | https://www.biotecharticles.com/Category-5/0/Agriculture.html

Schaner S and S Das (2016). Female Labour Force Participation In ASIA: Indonesia Country Study, ADB Economics Working Paper Series No. 474, Asian Development Bank, Manila

SEWA Bharat (2020). Gendered Precarity in the Lockdown, at, http://www.sewabharatresearch.org/wp-content/uploads/2020/05/Gendered_Precarity_SB_Lockdown-1.pdf.

Shende Pant V Nandgaye (2017). Situation Analysis of Mathadi Workers in Maharashtra. A Case Study of Nagpur and Parbhani Districts, http://www.ticijournals.org/situation-analysis-of-mathadi-workers-in-Maharashtra-a-case-study-of-nagpur-and-parbhani-districts/

Singh S and A Magazine (2020). Explained: Indian Migrants Across India, Indian Express (April 6).

Srivastava RS (2005). Bonded labour in India: Its incidence and Pattern, Working Paper 43, Geneva: ILO

SWAN (Stranded Workers Action Network) (2020). Why migrant workers are protesting: No money to buy essentials, limited access to cooked food, at, https://www.thehindubusinessline.com/news/why-migrant-workers-are-protesting-no-money-to-buy-essentials-limited-access-to-cooked-food/article31352912.ece

Wani KH, R Khan and Mamta (2015). Evaluation of Occupational Exposure of Carpet Weaving in North Indian Province of Madhya Pradesh (India) During Different Seasons. Indian J Occup Environ Med 19 (2).

About the authors:

Dr. Sarthi Acharya is a Professor (Delhi Chair) at the Institute for Human Development, New Delhi. He is an Economist with four decades of experience in formulating public economic policies, providing academic/ professional consultancy, undertaking and managing research programmes, organising seminars and training programmes, and advising Governments in India and abroad. He has authored over 50 research papers and four books.

Dr. Balwant Singh Mehta has worked extensively in the areas of Information and Communication technology for development, labour, employment and child well being. He has contributed several papers on these themes to various reputed National & International journals and books. His contributions to social research is acknowledged by several international organizations.

The views expressed in this publication are not necessarily those of Friedrich-Ebert-Stiftung India Office.

Imprint

© 2022 Friedrich-Ebert-Stiftung India Office
K-70-B, Hauz Khas Enclave | New Delhi-110016
India

Responsible:
Ulrich Storck | Country Director
Anup Srivastava | Program Adviser

T: + 91 11 26561361-64
https://india.fes.de/
FriedrichEbertStiftungIndia

To order publication:
info@fes-india.org

Friedrich-Ebert-Stiftung (FES) is the oldest political foundation in Germany. The foundation is named after Friedrich Ebert, the first democratically elected president of Germany. FES is committed to the advancement of both socio-political and economic development in the spirit of social democracy, through civic education, research, and international cooperation.

https://asia.fes.de/

EFQM Committed to excellence