

# WHO CARES FOR LABOUR?

## AN ASSESSMENT OF PUBLIC EXPENDITURE ACROSS MAJOR STATES IN INDIA: 1980-2015

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*During the era of neo liberal reforms public expenditure in general has been a major casualty in India. This has hit hard in particular committed to labour and labour welfare. This requires examine the relevant trends and patterns of public expenditure since the early 1980s, at the all India level and across major states in the country.*

**Keywords:** Labour Welfare, Employment, Training , Social Sector, Social Security

### INTRODUCTION

India has witnessed a relatively higher economic growth rate during the last two and half decades as compared to the 1980s, but not all have equally benefited from this growth. Rising inequality and worsening of several development indicators indicate that occurred economic growth has no human face. During the era of neo-liberal reforms public expenditure in general and social sector in particular has been major casualty in India. The expenditure on the social sector includes expenditure on health, education, family welfare, and several other social services.. The expenditure on LLW plays a very crucial role in sustainable economic and social development to achieve various development goals. So, it is essential that the government spends substantial amount on the sector.

The ILO (2010) defines labour welfare as “means such services, facilities, and amenities which may be established in, or in the vicinity or undertaking to enable persons employed there in to perform their work in healthy and congenial surroundings and to provide them with amenities conducive to good health and good morals.” In other word, labour welfare includes “such services which ensure the minimum standard of living under certain minimum acceptable conditions of existence in both biological and social terms. In terms of necessity, the components of welfare include; health, food, clothing, housing, medical assistance, insurance and so on”. The concept of labour and welfare differs at both interstate and intrastate level. Further it also depends on various factors such as the age group, sex, social-economic status and educational level of the employees in various industries. In India, labour and labour welfare are crucial as millions of people are vulnerable and unemployed. Moreover, those are employed, the majority of them are working in an unorganised sector. In India, 97 percent of the workforce works in the unorganised sector without having any social security benefits. These workers are highly vulnerable in terms of job security and social protection, unlike their counterparts who work in the organised sector as a formal worker. The insecurities and vulnerability of these informal workers are on the rise on the rise with more liberalisation and privatisation of the Indian industry. Thus, essential challenges raised by the swallowing informal economy are the need for ensuring adequate social security and welfare measures to provide at least minimal social security to these unorganised sector’s workers.

The Indian constitution levies responsibility on both the Union and the States to provide social security, including social security provisions mentioned in the LLW to all citizens of the country. The LLW has three major heads; labour, employment services, and training. Each major head has several

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subheads<sup>1</sup>. Article 41, 42, and 43 of the Indian constitution do talk about the same. Article 41 of the constitution of India laid down that “the state shall, within the limit of its capacity and development, make effective provision for securing the right to public assistance in case of unemployment, old age, sickness and disablement and in case of undeserved want” Article 42 talks about the humane condition of work and maternity relief. The article states that “The State shall make provision for securing just and humane conditions of work and for maternity relief.” Article 43 mentioned about the Living wage, etc, for workers. The article states that “The State shall endeavour to secure, by suitable legislation or economic organisation or in any other way, to all workers, agricultural, industrial or otherwise, work, a living wage, conditions of work ensuring a decent standard of life and full enjoyment of leisure and social and cultural opportunities (Constitution of India, pg. 22-23)”. So, in the light of above discussion, it is pertinent to examine the trends and patterns of public expenditure on labour and labour welfare.

In the literature, there are not many studies that have been done on labour and labour welfare. There are some studies which are on some minor heads of the labour and labour welfare, such as welfare board, social security of labour and employment services (Guha, 1980; Kannan, 2002; Jain, 2004). However, there are ample studies on aggregate social sector expenditures, focusing on health, education, nutrition, and rural development aspects (Dev, 2002; Prabhu, 1998). The studies have revealed that social sector expenditure is essential for human development. In the literature, there is a debate on the relationship between economic growth and social sector expenditure, and what precedes what. One strand of literature argued that social sector expenditure is needed to boost productivity, which enhances economic growth while the other strand believes that growth should happen prior to investing in social schemes (Business line, 2013). The various empirical studies have found that public spending, particularly on health, housing and other welfare programs have a positive impact on economic growth (Diamond, 1989; Harillal, 1986). The recent literature on endogenous growth theories have looked on the effect of government spending on investment in human capital, innovation, and knowledge, and have found that the spending has significant positive impact on the economic growth (Romer, 1986; Lucas, 1988; Rebelo, 1991; Barro and Sala-i-Martin, 1992).

In India, labour welfare policies are closely interrelated with promotional and anti-poverty strategies. This is probably because of the presence of high unemployment make workers challenging to escape from vulnerability and poverty. Labour welfare enhance productivity and efficiency (Gupta 2000). Hirwya and Shah (2011) study in case of Gujarat has found that fruits of economic growth have not been shared with labour, and the same is reflecting into fall in target of poverty reduction, social attainments, and hunger removal in the state. The studies done by C. P Jain (2004) and Kannan (2002) on the activities of welfare board and construction workers at micro level have shown that the sustainability of the Welfare Fund is crucially dependent on the state of its receipts and expenditures. The ever-increasing demand for Welfare Funds from each sector of the informal economy may be viewed as a desperate need of workers for social security measures.

Hence, a primary objective of this paper is to analyse the trends and patterns of public spending on labour and labour welfare by Union, States, and then by both Union and States together. Therefore the paper is divided into four sections. The next section deals with the method and data source. The third section focuses on inter-state variations of aggregate public spending on the LLW. The fourth section deals with the per capita real public spending on some major components on the LLW. The final section concludes with the finding of this paper.

1 The list is given in Appendix

## METHOD AND DATA SOURCE

The time period of the study ranged from 1980-2015. The whole time period is divided into seven five year intervals i.e. 1980-85, 1985-90, 1990-95, 1995-2000, 2000-05, 2005-10, and 2010-15. For each interval, we have calculated average figures of all relevant variables considered in this paper. Once the average figures were calculated the analysis has been done in term of percentage share of public expenditure on labour and labour welfare in Gross Domestic Product (GDP), Net State Domestic Product (NSDP), Aggregated Public Expenditure (APE), Total Social Sector Expenditure (TSSE), and in Real per capita terms..

Data of Gross Domestic Product at current market prices (base year =2004-05), both at all India and States level are taken from handbook of Indian economy, RBI. Decadal Data of Indian population are taken from the Census of India. The data of the decadal population of year 1971, 1981, 1991, 2001 and 2011 are used to estimate the year-wise population between 1980-81 & 2014-15. The year-wise population estimates are used to calculate the expenditures on their per capita terms. The data of other variables such as expenditure on the LLW, Aggregate expenditure, Total social sector, Total public expenditure are extracted from various State Finance Reports of RBI, Handbook of Public Finance Statistics, and the Comptroller and Auditor General (CAG), Government of India.

## TREND AND PATTERN OF PUBLIC EXPENDITURE ON LABOUR AND LABOUR WELFARE

By examining the public expenditure on labour and labour welfare by both Union and State government as a percentage of GDP, it can be seen from Table 1 that the expenditure has declining trend since beginning of 1980 till year 2010. It is only after 2010, and it has risen a bit, by one percentage point. During 1980-85 on average government was spending 0.17 percent of GDP on labour and labour welfare, but due to gradual withdrawal of government from providing services under the head the public expenditure on the sector has started decline gradually. In period 2005-10, the combined expenditure on the head has declined to 0.08 percent of GDP, which was the lowest since 1980s. A very similar trend we can see in term of its share in Total social sector expenditure (TSSE). During 1980-85, the share of public expenditure on labour and labour welfare was 3.46 percent of TSSE, but by year 2010-15 it has declined to 1.14 percent.

**Table 1 : Combined Public Expenditure on Labour and Labour Welfare by Union and States in India: 1980-2015.**

Union + All States				
year	% of GDP	% of APE	Real Per capita expenditure (in rupees)	% share in total social sector expenditure
1980-85	0.17	0.69	29	3.36
1985-90	0.14	0.52	29	2.26
1990-95	0.11	0.44	23	1.78
1995-2000	0.1	0.41	23	1.59
2000-2005	0.09	0.34	23	1.39
2005-2010	0.08	0.31	31	1.13
2010-2015	0.09	0.34	42	1.14

Source: State Finance Report, RBI & Handbook of Public Finance Statistics, GoI,

Bifurcating the expenditure between Union and States and considering Union expenditure first, it can be seen from Table 2 that the expenditure on labour and employment as a percentage of GDP as like in case of above, has a declining trend since the 1980s. For example, during 1980-85, the government on average was spending 0.05 percent of GDP on labour and employment, which has come down to 0.04 percent in year 2010-14. A similar declined we can observe the expenditure share in TSSE. The share of TSSE has declined from 7.11 percent to 2.24 percent in 2010-15.

**Table 2 : Union Government Expenditure on Labour and Labour Welfare: 1980-2015**

Year	% of GDP	% share in Total social sector expenditure
1980-85	0.05	7.11
1985-90	0.06	5.16
1990-95	0.04	4.28
1995-2000	0.04	3.24
2000-2005	0.04	2.77
2005-2010	0.03	1.61
2010-2015	0.03	2.24

Source: State Finance Report, RBI ; Handbook of Public Finance Statistics, GoI. , Various Issues.

**Table 3 : Combined (all Sates level) Public Expenditure of Labour And Labour Welfare: 1980-2015.**

Year	% of APE	% of NSDP	Real Per capita expenditure on labour and Employment (in rupees).	% share in total social sector expenditure
1980-85	0.7	0.13	18	2.29
1985-90	0.56	0.11	18 (2)	1.48
1990-95	0.45	0.09	14 (-21)	1.23
1995-2000	0.41	0.07	13 (-7)	1.12
2000-2005	0.3	0.06	13 (-2)	0.92
2005-2010	0.33	0.06	18 (43)	0.92
2010-2015	0.37	0.07	25 (35)	0.93

Note: Figure in brackets are the growth rate in from the previous year.

Source: State Finance Report, RBI & Handbook of Public Finance Statistics, GoI

The state-level trend is not different from what we have seen at Union and Union and States levels. Again, the public expenditure on labour and labour welfare has a declining trend since the 1980s, and the same is reflecting irrespective of whether we look it in terms of its percentage share in NSDP, TSSE, or aggregate public expenditure (APE). For example, during the 1980-85 period, the total expenditure on the component was on average 0.13 percent of NSDP, which has declined to 0.06 percent of NSDP in the year 2005-10. A percentage point improvement has been seen for later period 2010-2015 (see Table 3).

Across states, we can see from Table 4, almost all states in India have experienced a declining trend of expenditure despite their level of expenditure on the sector. During 1980-85, Kerala was spending around 0.20 percent of its NSDP on labour and welfare which was the highest expenditure among all states, while the Madhya Pradesh was spending lowest, just 0.07 percent of its NSDP, during the same period. However, in 2010-15, though Kerala still spending the highest (0.18) proportion of its NSDP, but lower than 1980-85 level on the sector. The other states have experienced far more drastic decline in their level of expenditure as compared to 1980s level. For example, states like Bihar, Orissa, Rajasthan, West Bengal, and Gujarat have experienced almost two-third of its level of expenditure in year 2010-15 as compared to 1980-85 period. In year 2010-15, West Bengal is spending lowest amount (0.03%), while there are many states which are spending around 0.06-0.07 percent of NSDP on the sector (see Table 4).

**Table 4 : Expenditure on Labour and Labour Welfare as a Percentage of NSDP across States in India: 1980-2015 .**

States	1980-85	1985-90	1990-95	1995-2000	2000-2005	2005-2010	2010-2015
Andhra Pradesh	0.14	0.14	0.15	0.09	0.08	0.08	0.06
Gujarat	0.16	0.24	0.11	0.09	0.09	0.07	0.09
Haryana	0.11	0.13	0.11	0.11	0.09	0.09	0.08
Karnataka	0.13	0.10	0.06	0.05	0.06	0.06	0.06
Kerala	0.20	0.23	0.14	0.13	0.11	0.12	0.18
Maharashtra	0.09	0.09	0.08	0.09	0.07	0.07	0.06
Punjab	0.11	0.11	0.09	0.09	0.07	0.05	0.06
Tamil Nadu	0.08	0.11	0.11	0.08	0.07	0.05	0.05
Rajasthan	0.16	0.05	0.05	0.04	0.04	0.04	0.06
Madhya Pradesh	0.07	0.08	0.07	0.08	0.06	0.06	0.06
Orissa	0.18	0.13	0.07	0.06	0.04	0.05	0.06
Bihar	0.21	0.11	0.12	0.07	0.08	0.20	0.04
Uttar Pradesh	0.19	0.11	0.09	0.07	0.05	0.08	0.14
West Bengal	0.10	0.07	0.07	0.05	0.03	0.03	0.03
Chhattisgarh					0.06	0.05	0.08
Uttarakhand					0.09	0.08	0.08
Jharkhand					0.15	0.15	0.10
All States	0.13	0.11	0.09	0.07	0.06	0.06	0.07

Source: State Finance Report, RBI & Handbook of Public Finance Statistics, GoI

However, looking on the data more closely, it has been found that states such as Andhra Pradesh, Gujarat, Haryana, Karnataka have a continuous declining trend till 2010-2014. However, the states Kerala, Maharashtra, Punjab, and Tamil Nadu have improved their spending in the last five years

(2010-2014). Bifurcating states into low income and high-income states (LYS & HYS respectively)<sup>2</sup>, it has seen from Table 5 that both categories of states having a declining trend of public expenditure on labour, welfare, and employment during the period. It is also seen from the table that five years' average spending of high-income states remains all-time higher the sector as compared to the low-income states except in year 2005-2010. Among low-income states, it is seen from Table 4 that states such as West Bengal and Uttar Pradesh on average spending higher percentage of their income on the sector throughout the period as compared to other low-income states (LYS). Similarly, among high-income states (HYS). Gujarat, Haryana, Kerala are spending higher proportion of their income on the sector as compared to the other states within category.

**Table 5 : Public Expenditure on Labour and Labour Welfare as a Percentage of NSDP  
Among High and Low-Income States in India: 1980-2015**

States	1980-85	1985-90	1990-95	1995-2000	2000-2005	2005-2010	2010-2014
HYS	0.13	0.14	0.11	0.09	0.08	0.07	0.08
LYS	0.15	0.09	0.08	0.06	0.07	0.08	0.07
All India	0.13	0.11	0.09	0.07	0.06	0.06	0.07

Source: Computed by the author.

Considering the public expenditure on the sector in proportion of total public expenditure, it can be seen from Table 6 that there is a wide variation of the expenditure across the states, some states on average spending higher proportion of their expenditures on the sector as compared to the other states, but none of the states are spending more than one percent ( with few exceptions for some years only ) of their total expenditure on the sector in year all years. Comparing the average expenditure between 1980-85 & 2010-15, it is seen in the Table 6 that almost all states in India are spending far less amount on the sector in the year 2014-15 as compared to what they were spending in 1980-85. In term of the rate of decline in expenditure between the periods, we have found that Gujarat, Rajasthan, Odisha, Bihar, and Uttar Pradesh had a sharp declining in spending during the period. Moreover, these are the states which were having the lowest expenditure on the sector in year 2000-05. Although Kerala, Maharashtra, Punjab, Tamil Nadu also have an overall declining trend, but the rate of decline was not that as sharp as the states mentioned above.

Among the low-income states, Bihar, Uttar Pradesh, West Bengal, Rajasthan, and Orissa on average used to spend relatively higher proportion of aggregate expenditure on the LLW during 1980-85, but had experienced sudden decline in their expenditure between 1985-90 & 2000-05. After 2000-05 there was slight improvement in expenditure in case of West Bengal, Uttar Pradesh, Rajasthan, and Bihar, but it remains constant thereafter for Uttar Pradesh, Rajasthan and West Bengal, and registered decline in case of Bihar. Comparing the expenditure between low and high-income states, it can be seen from Table 7 that low-income category states on average spend lower proportion of their aggregate expenditure on the LLW than the high income categories states. It is despite the fact that both categories states have declining trends of expenditure on labour and labour welfare in their ratio of aggregate public spending.

2 LYS are Rajasthan, Bihar, Orissa, Uttar Pradesh, Madhya Pradesh, Jharkhand, Chhattisgarh, Uttarakhand and West Bengal. The HYS are, Haryana, Punjab, Tamil Nadu, Gujarat, Andhra Pradesh, Kerala, Karnataka, & Maharashtra.

**Table 6 : Expenditure On Labour And Labour Welfare as Percentage of Aggregate Public Spending: 1980-2015.**

States	1980-85	1985-90	1990-95	1995-2000	2000-2005	2005-2010	2010-2015
Andhra Pradesh	0.46	0.38	0.48	0.30	0.22	0.21	0.19
Gujarat	0.92	1.25	0.59	0.54	0.40	0.44	0.56
Haryana	0.57	0.66	0.62	0.54	0.50	0.56	0.53
Karnataka	0.67	0.51	0.35	0.29	0.27	0.30	0.30
Kerala	1.23	1.14	0.77	0.75	0.57	0.66	0.94
Maharashtra	0.50	0.50	0.52	0.64	0.39	0.47	0.45
Punjab	0.62	0.57	0.47	0.47	0.31	0.27	0.34
Tamil Nadu	0.40	0.62	0.57	0.48	0.38	0.29	0.26
Rajasthan	0.84	0.22	0.25	0.22	0.17	0.19	0.30
Madhya Pradesh	0.34	0.35	0.32	0.38	0.28	0.23	0.24
Odisha	0.90	0.64	0.30	0.26	0.17	0.22	0.25
Bihar	1.11	0.59	0.59	0.37	0.35	0.66	0.14
Uttar Pradesh	1.14	0.59	0.43	0.38	0.23	0.30	0.52
West Bengal	0.71	0.48	0.44	0.29	0.18	0.16	0.20
Chhattisgarh					0.32	0.25	0.30
Uttarakhand					0.37	0.31	0.39
Jharkhand					0.31	0.55	0.45
All States	0.70	0.56	0.45	0.41	0.30	0.33	0.37

Source: State Finance Report, RBI & Handbook of Public Finance Statistics, GoI

**Table 7 : Public Expenditure on Labour and Labour Welfare as a Percentage of APE Among High and Low-Income States in India: 1980-2015**

States	1980-85	1985-90	1990-95	1995-2000	2000-2005	2005-2010	2010-2015
HYS	0.67	0.71	0.54	0.50	0.38	0.40	0.45
LYS	0.84	0.48	0.39	0.32	0.26	0.32	0.31
All States	0.70	0.56	0.45	0.41	0.30	0.33	0.37

Source: Computed by author

Considering the share of public expenditure on the LLW in total social sector expenditure, again we can see from Table 8 that there is declining trends of the expenditure for all states during the period. However, in between 2005 -2015, there are some states such as Kerala, Gujarat, Rajasthan, Uttar Pradesh, Chhattisgarh, and Uttarakhand experienced increases expenditure share of the LLW in total social expenditure. The increases in share of expenditure in the TSSE is probably because of high economic growth experienced by these states during the period. Kerala spends the highest proportion of TSSE on the LLW in all years during the study period.

**Table 8 : Expenditure on Labour and Labour Welfare as a Percentage of Total Social Sector Expenditure: 1980-2015.**

States	1980-85	1985-90	1990-95	1995-2000	2000-2005	2005-2010	2010-2015
Andhra Pradesh	1.28	0.89	1.23	0.76	0.67	0.60	0.48
Gujarat	2.89	3.32	1.74	1.60	1.28	1.26	1.42
Haryana	2.29	2.25	2.22	2.08	1.85	1.66	1.35
Karnataka	2.50	1.39	0.93	0.76	0.83	0.81	0.78
Kerala	2.89	2.62	1.87	1.80	1.59	2.01	2.71
Maharashtra	1.76	1.39	1.41	1.73	1.18	1.26	1.08
Punjab	2.32	1.94	1.91	2.08	1.53	1.30	1.26
Tamil Nadu	1.24	1.46	1.40	1.19	1.09	0.79	0.67
Rajasthan	2.56	0.56	0.66	0.58	0.46	0.44	0.69
Madhya Pradesh	1.20	0.91	0.80	0.91	0.83	0.65	0.63
Orrisa	2.96	1.68	0.81	0.65	0.52	0.62	0.57
Bihar	3.58	1.48	1.43	0.88	1.00	1.59	0.33
Uttar Pradesh	4.07	1.70	1.27	1.15	0.80	0.88	1.38
West Bengal	1.78	1.13	1.02	0.75	0.58	0.47	0.47
Chhattisgarh					0.75	0.51	0.60
Uttarakhand					1.04	0.82	0.92
Jharkhand					0.68	1.20	1.08
All States	2.29	1.48	1.23	1.12	0.92	0.92	0.93

Source: State Finance Report, RBI & Handbook of Public Finance Statistics, GoI

Between the High and Low-income categories states, we can see from the table 9 that high-income categories states on average spend higher proportion of TSSE on the LLW as compared to low-income states in all year during the study period.

**Table 9 : Public Expenditure on Labour and Labour Welfare as a Percentage of TSSE Among High and Low-Income States in India: 1980-2015**

States	1980-85	1985-90	1990-95	1995-2000	2000-2005	2005-2010	2010-2015
HYS	2.15	1.91	1.59	1.50	1.25	1.21	1.22
LYS	2.69	1.24	1.00	0.82	0.74	0.80	0.74
All States	2.29	1.48	1.23	1.12	0.92	0.92	0.93

Source: computed by author



## THE PUBLIC SPENDING ON LABOUR, EMPLOYMENT, AND TRAINING: 2005-2015

The labour and labour welfare has three major components, i.e. Labour, Employment, and Training. Each major head has several subheads. The expenditure on labour includes expenditure on industrial relation, general labour welfare, social security for labour etc. Similarly, the expenditure on employment includes employment services, assistance to the urban poor, etc and training includes industrial training institutes, apprenticeship training etc. (list of all subheads are given in the appendix). As paucity of space this section deals with the only aggregate spending on the labour, employment, and training.

**Table 10: Real Per Capita Expenditure on Labour by States and Union Government in India.**

All figures are in rupees)

States/year	2005-06	2006-07	2007-08	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Union Government	26	37	29	32	28	33	33	32	35	30
Andhra Pradesh	9	9	15	18	12	10	9	9	8	4
Bihar	5	6	6	6	7	6	6	5	4	5
Chhattisgarh	3	3	4	4	5	6	8	13	17	12
Gujarat	14	15	19	25	20	21	20	25	24	NA
Haryana	10	11	10	12	15	16	15	16	16	18
Jharkhand	12	14	14	22	20	30	26	22	19	18
Karnataka	6	9	9	9	10	10	11	10	10	17
Kerala	19	28	46	49	109	156	126	225	197	NA
Madhya Pradesh	5	4	5	4	6	6	6	6	6	5
Maharashtra	12	12	12	18	16	15	17	15	17	16
Odisha	5	5	8	7	11	10	9	11	11	41
Punjab	10	10	9	8	9	10	11	10	10	10
Tamil Nadu	24	25	20	29	29	33	22	25	25	23
Rajasthan	4	4	4	5	5	5	6	42	32	45
Uttar Pradesh	6	6	6	6	10	16	7	6	13	7
Uttarakhand	9	11	8	10	12	13	11	12	12	13
West Bengal	7	7	9	10	16	14	NA	NA	NA	NA
All states	9	9	11	13	16	17	14	18	18	25
Grand Total(Union +States)	35	46	40	45	44	50	47	50	53	55

Source: CAG, GoI.

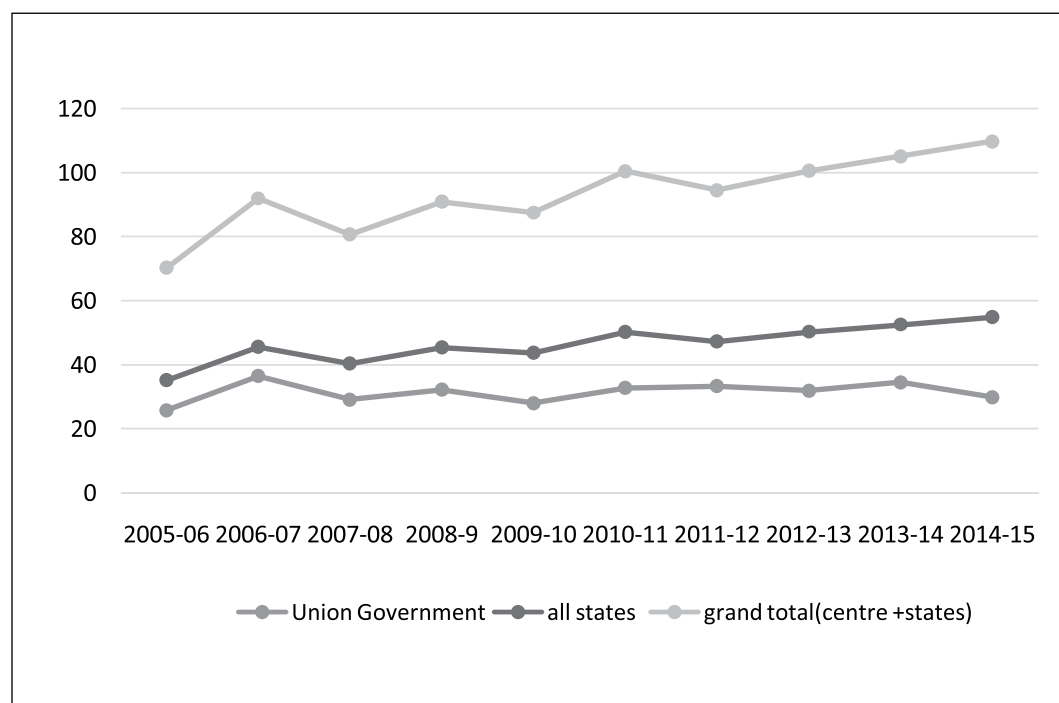
## Expenditure on Labour

Examine the aggregate spending on the labour, it can be seen from Table 10 that the government (Union +States) spending on labour on per worker basis in real term ( base year=2004-05) has gone up from Rs. 35 in year 2005-06 to Rs. 55 in year 2014-15. However, the increases in spending are not constant across states. Poor states on average experienced less increase in spending on labour on per worker basis as compared to rich states. It can be seen from the table that the rich states on average spend higher amount on the labour as compared to the poor states. Among rich states Kerala spends the highest, followed by Gujarat, Tamil Nadu. Among poor states, Bihar, Uttar Pradesh spend the lowest followed by the Madhya Pradesh. Rajasthan spends the highest amount on the labour followed by Orissa.

By the Union and all States level expenditure, it can be seen from the table 10 and fig -1, that the real per capita expenditure on labour has a mixed trend at Union level, but has an increasing trend at all states level. The Union government expenditure remain in the vicinity of 26 rupees per worker to 35 rupees per worker, whereas all states level expenditure has gone from Rs. 9 per worker in year 2005-06 to Rs. 25 in year 2014-15. That implies states government expenditure increase faster than Union government during the period.

However, not all states have experienced the increasing trends of expenditure , there are several states such as Bihar, Madhya Pradesh, Utter Pradesh and Andhra Pradesh which expenditures remain constant during the period. Across states, it varied widely. Kerala is on the top , spending Rs. 197 rupees per worker on labour followed by Rajasthan ( Rs. 32), Tamil Nadu ( Rs. 25) in 2013-14. Bihar & Madhya Pradesh have the lowest real per capita spending on labour throughout the period.

**Figure 1 : Real per capita expenditure on labour:2005-2015**



## Expenditure on Employment

Employment is a second major component of labour and welfare expenditure. Examine, the aggregate expenditure (Union + States) has quite a mix trend during the period. For example, in year 2005-06, the aggregate expenditure was Rs. 10 per worker which has got doubled (Rs. 22) in next year, after that in immediate next year it fell dramatically to Rs. 12, and since then it remains in the vicinity of Rs.10 till 2011-12. It is only after 2011-12 the expenditure started rising again and reached to Rs. 21 in 2013-14 and fall again in Rs.18 in 2014-15.

**Table 11 : Total Real Per Capita Expenditure On Employment Across the Major States And Union Government.**

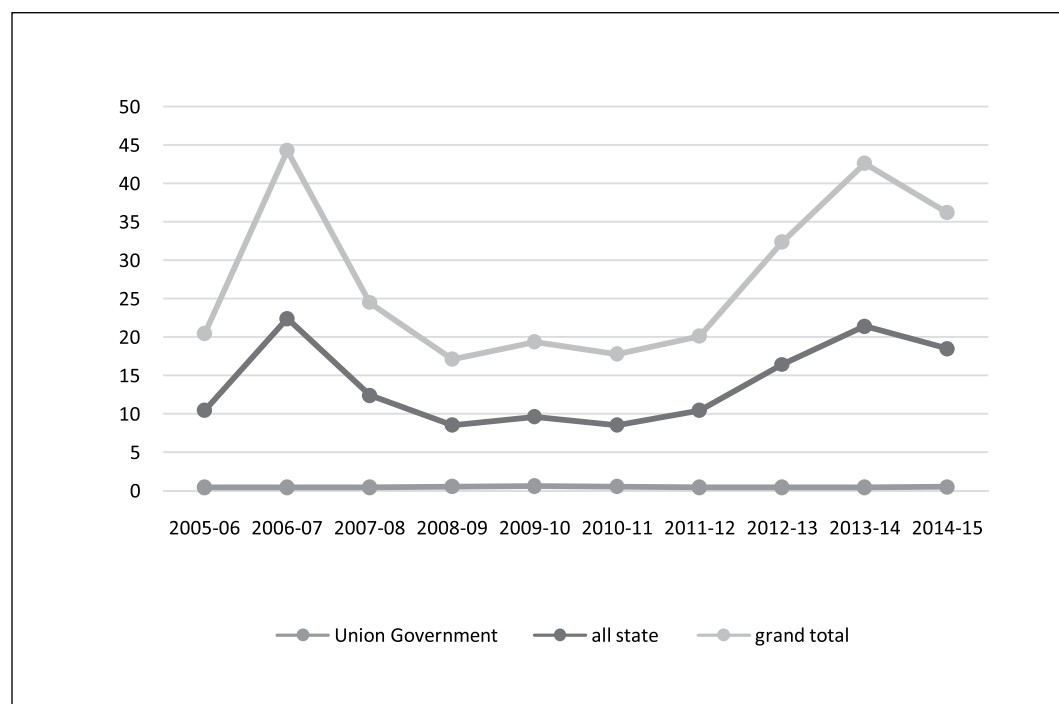
(All figures are in rupees)

States/year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Union Government	0	0	0	1	1	1	0	0	0	0
Andhra Pradesh	4	5	11	14	9	5	8	12	3	6
Bihar	33	102	62	1	1	1	1	1	1	1
Chhattisgarh	4	7	6	5	6	6	6	6	7	11
Gujarat	3	3	4	4	5	6	7	7	6	NA
Haryana	28	19	19	20	48	46	46	36	29	29
Jharkhand	4	5	5	6	7	5	4	5	4	4
Karnataka	3	2	2	2	2	2	2	2	3	7
Kerala	89	53	53	49	47	44	39	41	34	NA
Madhya Pradesh	3	2	2	2	3	3	3	3	3	3
Maharashtra	7	7	8	9	10	9	16	8	6	25
Odisha	3	3	3	4	4	4	3	3	17	15
Punjab	8	7	7	8	11	11	14	13	13	11
Tamil Nadu	4	4	5	4	4	5	4	4	4	4
Rajasthan	2	2	4	6	6	4	3	2	4	6
Uttar Pradesh	5	61	6	7	6	7	8	38	68	26
Uttarakhand	11	9	9	9	11	10	10	12	30	57
West Bengal	5	4	5	6	7	8	NA	NA	NA	NA
All States	10	22	12	8	9	8	10	16	21	18
Grand total(Union +States)	10	22	12	9	10	9	10	16	21	18

Source: CAG, GoI.

At Union government level, it is seen from Table 11 and Fig- 2 that the Union government spends less than a rupee per worker on the employment related activities during the entire period of study. Across states, the expenditure varied widely. Kerala and Haryana on average spend higher amount on the sector throughout the entire period. However, the Bihar, Tamil Nadu, Rajasthan, Gujarat, Chhattisgarh, on average spend low amount on the labour during the period.

**Figure 2 : Real per capita Expenditure on Employment:2005-2015**



## Expenditure on Training

Expenditure on training is the third major head of labour and welfare. The total expenditure on training (Union +States) has an increasing trend during the period. The expenditure has gone up from Rs. 20 per worker in year 2005-06 to Rs. 37 in year 2014-15. Comparing the expenditure by the Union and states it can be seen from table 12 that there is a wide gap in expenditure, and the gap has widened during the period. The Union government spend substantially lower amount on the training as compared to the states government (see Fig 3) The wider variation in expenditure has been observed across states during the period. The Haryana spends the highest (Rs. 107) followed by Uttarakhand (Rs. 93), and Punjab (Rs.67)in year 2014-15. Andhra Pradesh spends the lowest (Rs. 8) in the year. Other low spending states are Bihar & Orissa (Rs.8), Uttar Pradesh (Rs.15).

Considering the aggregate expenditure on labour, employment and training and by Union and States governments, it can be seen from the table 13 the expenditure has an increasing trend with a bit of fluctuation during the study period. A very similar trend can be seen at all states level too, while at Union level it seems a quite mixed trend. Also, the Union government spends far lower amount as compared to the all states level (see Fig 4) Across states the expenditure varied widely. Kerala

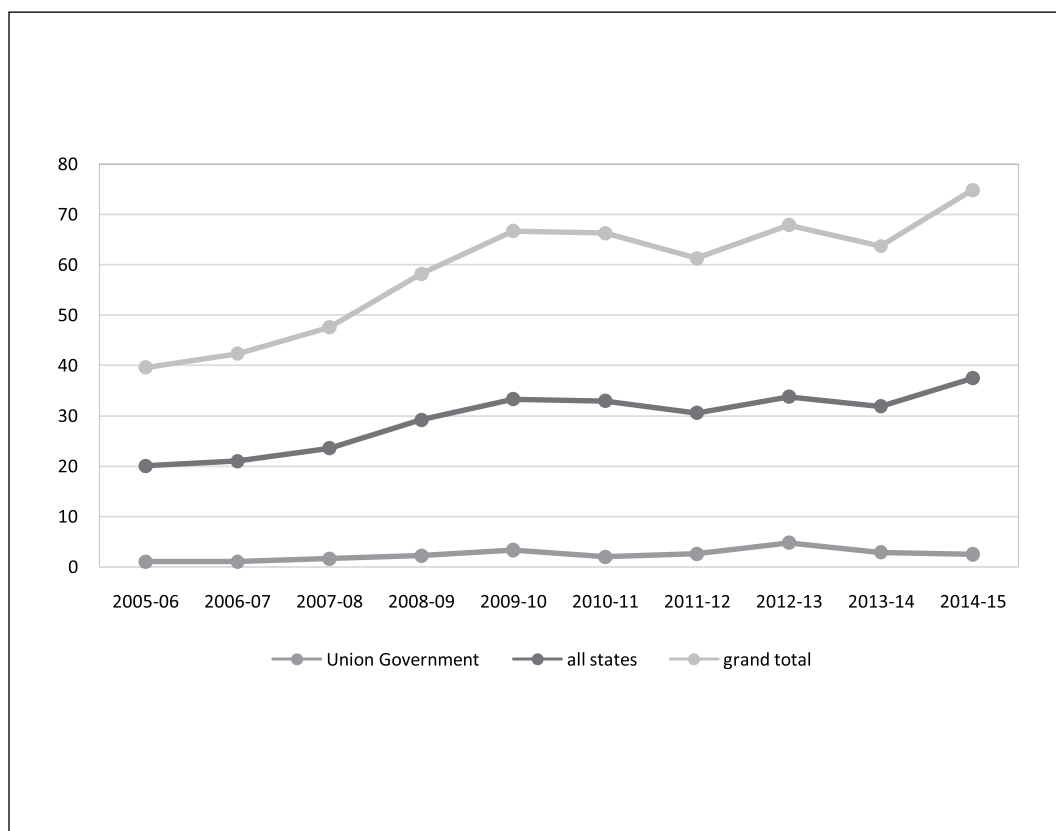
spends the highest amount (Rs. 298) followed by Uttarakhand(Rs. 139) and Haryana (Rs. 1120), while Bihar spends the lowest amount (Rs. 14) in year 2013-14.. Other low spending are , Andhra Pradesh (Rs. 25), Madhya Pradesh ( Rs. 33) and Orissa(Rs. 40) in year 2013-14.

**Table 12 : Real per Capita Expenditure on Training across the Major States and Union Government**

(In Rupees, Per Worker)

States/year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Union Government	1	1	2	2	3	2	3	5	3	2
Andhra Pradesh	11	11	12	15	13	16	23	16	14	7
Bihar	3	3	4	8	6	7	8	7	8	8
Chhattisgarh	16	13	16	15	21	21	21	20	32	41
Gujarat	39	43	49	52	68	89	83	96	90	NA
Haryana	74	79	72	91	79	87	79	88	86	107
Jharkhand	7	9	10	47	43	38	37	49	31	15
Karnataka	17	22	35	43	61	47	44	46	40	39
Kerala	25	30	37	45	46	48	70	77	66	NA
Madhya Pradesh	12	15	17	19	20	23	25	25	25	36
Maharashtra	40	45	55	64	71	69	62	67	64	52
Odisha	16	18	15	9	15	10	15	12	12	8
Punjab	41	41	41	41	45	51	63	67	63	67
Tamil Nadu	14	16	15	18	18	23	20	25	32	33
Rajasthan	11	11	11	14	14	12	12	11	12	12
Uttar Pradesh	10	11	10	10	13	14	10	10	11	11
Uttarakhand	55	55	37	47	59	74	65	84	97	93
West Bengal	5	5	5	6	8	8	NA	NA	NA	NA
All States	19	20	22	27	30	31	28	29	29	35
Grand total (Union +States)	20	21	24	29	33	33	31	34	32	37

Source: CAG, GoI.

**Figure 3 : Real per capita expenditure on training:2005-2015**

### **Expenditure on Social Security on Labour**

Social security for labour is one of the subhead of labour expenditure. Workers who work in unorganised sector hardly have any social security against the contingencies like sickness, maternity, invalidity, employment injuries, unemployment, old age, death, and other emergency expenses. These contingencies impaired the ability of the workers to support themselves and their dependents. In 1952, ILO convention on “social security minimum standard divided social security into nine components: Sickness benefit, Maternity benefit, Survivors’ benefit, Family benefit, Medical care benefit, Unemployment benefit, Employment injury benefit, Old age benefit, Individualism benefit”. Hence, it is very crucial that government ensures these security benefits to labour at time of sickness and in case of disability.

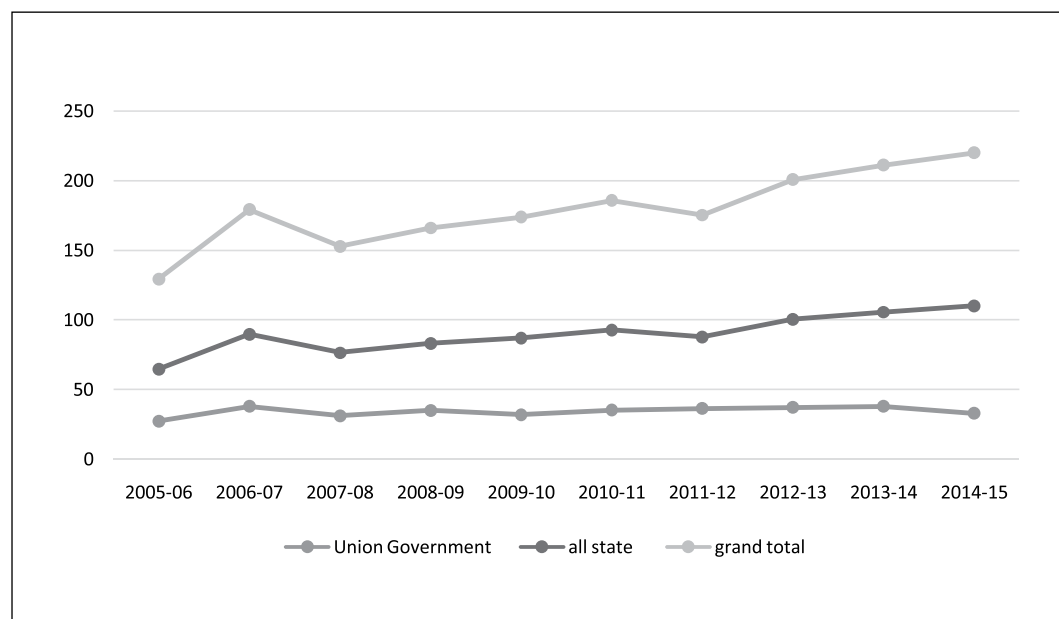
Examine the combined expenditure by the Union and State government, it can be seen Table 14 that there in 2005-06, the expenditure on social security on labour (in real term) was Rs. 18 per worker per year, which has gone up to Rs. 31 per worker in 2015-16. The table reveals that almost entire expenditure on social security welfare was borne by the Union government. The State government hardly spends anything on it. Almost all states, with the exception of Gujarat, Maharashtra and Tamil Nadu, spend less than a rupee on social security provisions during the study period.

**Table 13 : Combined Real Per Worker Expenditure on Labour, Employment and Training  
by States and Union Government in India: 2005-2015.**

(In Rupees, Per Worker)

States/year	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Union Government	27	38	31	35	32	35	36	37	38	33
Andhra Pradesh	24	25	38	48	34	32	40	37	25	17
Bihar	3	112	73	16	14	15	15	13	14	14
Chhattisgarh	16	24	25	23	33	32	35	39	56	64
Gujarat	57	61	71	80	94	116	110	128	120	NA
Haryana	112	109	100	123	142	149	140	139	132	154
Jharkhand	23	29	28	75	70	73	67	75	54	37
Karnataka	25	33	46	54	73	59	57	58	52	63
Kerala	133	110	136	143	201	248	234	344	298	NA
Madhya Pradesh	19	22	24	26	29	31	33	34	33	44
Maharashtra	60	65	76	91	98	93	96	90	86	93
Odisha	24	27	26	19	30	24	27	26	40	64
Punjab	58	58	57	57	65	72	87	90	86	88
Tamil Nadu	42	44	39	52	51	61	47	62	60	61
Rajasthan	17	17	18	25	26	21	21	49	47	64
Uttar Pradesh	21	78	22	23	29	37	24	54	92	44
Uttarakhand	75	74	54	67	82	97	86	108	139	163
West Bengal	17	16	19	22	31	30	NA	NA	NA	NA
All States	38	52	45	48	55	58	52	63	68	77
Grand total(Union +States)	65	90	76	83	87	93	88	100	106	110

Source: CAG, GoI.

**Figure 4 : Real per capita expenditure on labour and employment and training: 2005-2015**

## CONCLUSION

An assessment of public expenditure on the LLW for the study period 1980-2015, the paper has found that overall the public expenditure on the sector has declining trend till year 2005-10. After 2005-10, there is a slight increase in expenditure at both Union and all States levels, but still both governments, on average spend substantially lower proportion of their Gross Domestic Product in the year 2010-15 as compared to what they spent in 1980-85. A very similar picture emerged when we study the trend of its share in aggregate public expenditure and also in its share in total social sector expenditure. Across states the expenditure varied widely. High-income states on average spend higher proportion of their income on the LLW as compared to the low-income states. Among low-income states Madhya Pradesh, Uttar Pradesh on average spend higher proportion of their income as compared to any other low-income states. Among rich states, Kerala spends the most followed by Gujarat. On per worker basis, in real term, public expenditure on the LLW (Union plus States) has an increasing trend for period 2005-2015. A very similar trend has been found at all states level too.

The study reveals that our finding consistent with finding of the other studies which have shown that the most of the funds which were earlier used for employment-generation activities now have been diverted to other sectors such as the rural road-construction, urban development, etc. The reallocation of funds from employment to the other sectors, say road constructions, likely not generate adequate employment because of its nature to be more capita-intensive. Our findings suggest that in neo-liberal era, government priorities have diverted from providing basic social services to the other sectors.

Hence, needless to say that if government's primary objective is inclusive or pro-poor growth, the government should spend more on the social sector including labour and labour welfare, along with focusing on implementation qualities. The expenditure on the labour and labour welfare is critical as



it tends to benefit the poor relatively more than the rich, and enhances overall human capital of the economy. The higher human capital has direct benefits on economic growth and indirect spillover benefits for the rest of the economy.

**Table 14 : Real Per Capita Public expenditure on Social Security for Labour by Union and States in India: 2005-6 to 2014-15.**

(Figures are in rupees, per worker)

States/year	2005-06	2006-07	2007-08	2008-9	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Union Government	17	28	20	22	20	26	24	22	26	27
Andhra Pradesh	0	0	0	0	0	0	0	0	0	0
Bihar	0	0	0	0	0	0	0	0	0	0
Chhattisgarh	0	0	0	0	0	0	0	0	0	0
Gujarat	2	2	3	9	4	3	2	3	5	NA
Haryana	0	0	0	0	0	0	0	0	0	0
Jharkhand	0	0	0	0	0	3	0	0	0	0
Karnataka	0	0	0	0	0	0	0	0	0	0
Kerala	0	0	0	0	0	0	0	0	0	NA
Madhya Pradesh	0	0	0	0	0	0	0	0	0	0
Maharashtra	0	0	0	2	3	2	4	2	4	2
Odisha	0	0	0	0	0	0	0	0	0	0
Punjab	0	0	0	0	0	0	0	0	0	0
Tamil nadu	0	2	4	12	15	13	12	11	10	8
Rajasthan	0	0	0	0	0	0	0	0	0	0
Uttar Pradesh	0	0	0	0	0	0	0	0	8	0
Uttarakhand	0	0	0	0	0	0	0	0	0	0
West Bengal	0	0	0	0	0	0	0	0	0	0
All States	1	1	0	2	2	1	1	1	3	4
Total(Union +States)	18	29	20	24	22	27	25	23	29	31

\* Zero value means per capita real expenditure is less than one rupee.

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## APPENDIX

### (f) Labour and Labour Welfare

MAJOR/SUB-MAJOR HEADS	MINOR HEADS
2230 Labour and Employment	
01 Labour(1)	001 Direction and Administration (2)
	004 Research and Statistics
	101 Industrial Relations (3)
	102 Working Conditions and Safety (4)
	103 General Labour Welfare (5)
	104 Coal-Mines Labour Welfare
	105 Mica Mines Labour Welfare
	106 Iron/Manganese/Chrome Ore Mines Labour Welfare
	107 Limestone and Dolomite Mines Labour Welfare
	108 Dock Labour Welfare
	109 Beedi Workers Welfare
	110 Cine Workers Welfare
	111 Social Security for labour (6)
	112 Rehabilitation of Bonded labour
	113 Improvements in Working Conditions of Child Women labour
	114 Welfare of emigrant labour (9)
	115 Rural Labour (8)
	116 Welfare schemes for Fishermen
	195 Assistance to Labour Cooperatives
	277 Education (7)
	798 International Cooperation
	800 Other expenditure
02 Employment Service (10)	
	001 Direction and Administration (11)
	004 Research, Survey and Statistics
	101 Employment Services
	102 Assistance to the Urban poor
	800 Other expenditure
03 Training	
	001 Direction and Administration
	003 Training of Craftsmen & Supervisors
	004 Research and Statistics
	101 Industrial Training Institutes
	102 Apprenticeship Training
	800 Other expenditure