



DETERIORATION IN QUALITY OF EMPLOYMENT IN INDIA DURING POST-LIBERALISATION ERA

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Improvement in the quality of labour is quintessential for the growth of the economy. All efforts towards improvement in quality of life through quality of employment is therefore to be sought. In India, in the post-liberalization era, government has transformed itself from an employment provider to an employment facilitator. As such, there has been a growth of employment opportunities in the private sector. However, post-liberalization era has witnessed a casualisation of labour, both in the public and private sectors. This has led to uncertainty in job and loss in social security benefits.

The present article makes an attempt to quantify the extent of informalization of labour in the country in the post-liberalization period. It discusses the various aspects of labour employment in the last twenty five years, with a special focus on the qualitative dimensions of employment.

Keywords: Qualitative Employment; Labour In formalization; Casual Labour; Organized and Unorganized Sectors.

INTRODUCTION

Economic growth of a nation remains half-hearted if it is not accompanied by an equivalent increase in quality employment generation. In a growing economy therefore, employment growth and increase in labour productivity are of paramount importance. This would ensure active participation of the poor in the country's growth process, help in reducing income inequalities and raise their standard of living.

When India initiated the process of industrialization in 1950's, employment was not taken as a major determining factor. The five year plans were expected to generate employment, particularly, in industrial sector so as to accommodate the increasing labour force of the period. Rather than making provisions for increasing employment opportunities, the plans laid prime focus on ensuring a regular and adequate supply of suitable skilled workforce to the industries. The plans however laid emphasis on improving the quality of employment and ensuring a minimum measure of social security against the common risk of work and life. The public sector was regarded as 'model employer' that ensured quality, quantity and security of labour till the beginning of 1990s.

Economic reforms, introduced in 1991, involved the deregulation of Indian market and introduction of liberalization measures. The role of public sector transformed from an employment provider to an employment facilitator. With this change of role, the country witnessed two major shifts in employment scenario:

- a. There has been a quantitative increase in the level of employment in the country.
- b. There has been a gradual decrease in qualitative employment in the country.

THE EMPLOYMENT CHALLENGE: QUALITATIVE DIMENSION

A qualitative analysis of the nature of employment can be revealed through an introspection of the structural dimensions of employment. These dimensions are expected to define and determine the

exact nature of employment. For the above analysis, we have chosen several important indicators which are as follows:

- I. Proportion of workers engaged in self-employment, regular salaried employees and casual labour.
- II. Wages received by Workers.
- III. Number of days during the year for which workers were employed.
- IV. Distribution of work opportunities among primary, secondary and tertiary sector.
- V. Share of workers engaged in organized and unorganized sector.

I. Employment Categories

In terms of quality of employment, regular wage/salary earners have stability of employment, relatively better earnings and social security. Casual labour category is the worst in these terms. Self-employed category is a mixed bag since it includes several labourers who work in their own large firms and enterprises with high income; whereas others work in tiny farms and enterprises often resulting in earning even lower than the poverty line income. In 2004-05, 32 per cent of those working as casual labour in the country were earning less than a poverty line income, the corresponding figure of the self employment was 17.5 per cent. (Planning Commission, 2008, Vol. I, p. 85).

Another noteworthy feature of employment is that major part of it consists of self-employment even though the share of this category in total employment has been declining. It has declined continuously from 61.4 per cent in 1972-73 to 52.6 per cent in 1999-2000. There was a marginal increase in 2004-05 when it stood at 56.5 per cent which again went down to 50.6 per cent of the total employed persons in 2009-10.

Table -1 : Distribution of UPSS workers by category of Employment (%)

Year	Self-Employed	Regular Employees	Casual Labour
1972-73	61.37	15.37	23.26
1977-78	58.89	13.94	27.18
1983	57.31	13.82	28.87
1987-88	55.98	14.44	29.58
1993-94	54.70	13.53	31.77
1999-2000	52.61	14.65	32.75
2004-05	56.38	15.35	28.27
2009-10	50.58	16.63	32.79

Source: Various rounds of NSS data on employment and unemployment

Above table shows that in 1977-78 about 59 per cent were self-employed, 14 per cent were regular salaried worker and 27 per cent were casual labour. This situation changed by the year 2009-10 and 50.58 per cent were self- employed, 16.63 per cent were regular salaried workers and 32.79 per cent were casual labourers. The data further shows that, regular salaried workers' proportion has remained constant for more than two decades and there is a gradual decline in self-employment which has got converted into casual labour.

We know that casual labour is not associated with job security and other associated benefits. Increase in the proportion of casual labour is generally treated as the index of deterioration in the quality of employment.

II. Wage Received by Workers

Report on Fifth Annual Employment-Unemployment Survey (2015-16) classified the various categories of employed persons according to average monthly earnings. At the all India level, a majority 67.5 per cent of the self employed workers has average monthly earning up to Rs. 7500. Detailed data are presented in Table 2.

**TABLE -2 : Self Employed / Regular Wage salaried/Contract/Casual Workers
According to Average Monthly Earnings (in %) (All India)**

	Self Employed	Regular Wage/ salaried	Contract Workers	Casual Labour
Person in labour force	46.6	17.0	3.7	32.8
Up to Rs. 5,000	41.3	18.7	38.5	59.3
Rs. 5,001 to Rs. 7,500	26.2	19.5	27.9	25.0
Rs. 7,501 to Rs. 10,000	17.4	19.0	20.3	12.0
Rs. 10,001 to Rs. 20,000	11.1	23.6	11.0	3.5
Rs. 20,001 to Rs. 50,000	3.5	17.7	2.1	0.3
Rs. 50,001 to Rs. 1,00,000	0.4	1.4	0.1	0.0
Above Rs. 1,00,000	0.1	0.2	0.0	0.0

Source: Fifth Annual Employment - Unemployment Survey (2015-16)

It is clear from the table that only 0.1 per cent of self employed were estimated to have earnings above Rs. 1 Lakh. At the all India level, 57.2 percent i.e. more than half of the regular wage/salaried workers earned monthly average earnings of up to Rs. 10,000; whereas, 23.6 percent of regular wage workers fall in the monthly average earnings bracket Rs. 10,001 to Rs. 20,000 followed by 19.5 per cent in Rs. 5,001 to Rs.7,500 and 19.5 per cent in Rs. 7,501 to 10,000. Contract workers and casual workers were predominantly in the low earnings bracket of up to Rs. 7500. 66.4 percent of the contract workers and 84.3 per cent of the casual labour had average monthly earnings of up to Rs. 7500.

It is thus revealed from the above that apart from the regular wage/salaried class, maximum labour earns a meager amount of money income. It is causing a deterioration in the standard of living of majority of labourers and fall in their quality.

III. Under- Employment

One of the main reasons for low income of workers is that they do not have full time work. This negatively affects the income of the labourer and forces them to search for alternative employment. Fifth Annual Employment - Unemployment Survey (2015-16) generated special table in order to find out whether the person available for 12 months during the reference period are fully employed or partially employed. The persons who were available for 12 months during reference period were categorized into four groups based on Usual Principal & Subsidiary Status (UPSS) approach. This data is presented in Table 3.

Table- 03 : Percentage Distribution of Person Available for 12 months based on UPSS Approach All India (in %)

Group	Rural	Urban	Rural+Urban
Worked for 12 months	52.7	82.1	60.6
Worked for 6-11 months	42.1	13.2	34.4
Worked for 1 -5 months	1.4	0.4	1.1
Did not get any work	3.8	4.3	3.9

Source: Fifth Annual Employment - Unemployment Survey (2015-16)

The survey result reveals that 60.6 per cent of the persons who were available for 12 months were able to get the work throughout the year at the All India level. However, in rural areas, only 52.7 per cent of the persons who were available for 12 months were able to get work. 3.9 per cent of the person who were available for work throughout the year could not get any work.

It is thus evidenced that quality of labour employment is deteriorating, especially in the rural areas where there is massive seasonal unemployment.

IV. Share of Employment in Different Sectors

From sector-wise share of employment, by Current Daily Status (CDS), as provided by 66th Round NSSO, it is clear that, agriculture is a major source of employment. Even then, its importance has come down from 65.42 per cent in 1983 to only 53.2 per cent in 2009-10. Major non-agricultural employment provider has been the tertiary sector, including, trade, hotel and restaurant with about 10.8 per cent employment coming from this sector in 2009-10, up from 6.98 per cent in 1983. Another sector which has gained significantly in terms of its share is construction, rising from 2.56 per cent in 1983 to 9.6 per cent in 2009-10. Manufacturing and financial, insurance, real estate and business services have also shown a gain in employment in post-liberalization era.

We have grouped the data into primary, secondary and tertiary sectors. In the primary sector, there is a deceleration of growth rate of employment during post liberalization period (1994-2000). In the secondary sector, the combined effect of manufacturing and construction resulted in a modest improvement in the growth rate from 2.90 per cent in the pre-liberalization decade to 3.14 per cent in the post-liberalization period. However, in the tertiary sector, there is deceleration in growth rate of employment to 2.42 percent in the post-liberalization period as against 3.53 per cent in the pre-liberalization decade. The following table explains this:

Table -4 : Share of Different Sectors in Increase of Employment (in million)

Sector	1983	1993-94	1999-2000	Increase during 1983-93	Share in increase (in %)	Increase during 1994-00	Share in increase (in %)
Primary	208.99	245.16	239.83	36.17	50.5	- 5.33	- 23.6
Secondary	41.66	55.53	66.91	13.87	19.3	11.38	50.4
Tertiary	52.11	73.76	90.26	21.65	30.2	16.50	73.2
Total	302.76	374.45	397.00	71.69	100.0	22.55	100.0

Source: Compiled and computed from the data given in Task Force Report on Employment.

From Table 4, two patterns in employment generation may be noticed. The first pattern pertains to the period 1983 to 1993-94. In this pattern, nearly 51 per cent of additional employment came from the primary sector, 19 per cent from secondary sector and 30 per cent from tertiary sector. In the second pattern that developed during 1993-94 to 1999-2000, nearly 50 per cent of the additional employment was generated in the secondary sector and 73 per cent in the tertiary sector. However, in the primary sector there was a fall in employment by nearly 24 per cent.

The post-liberalization period neglected agriculture. The virtual stagnation of the agriculture sector in terms of output and deceleration in terms of employment are distinguishing features of this period.

V. Organized versus Unorganized Sector Employment

Organized or formal sector is defined to consist of the entire public sector and the private sector enterprises employing 10 or more workers. It is commonly believe that wage in the organized sector are much higher than unorganized sector. Moreover, the organized sector, being regulated, also provides greater job security and other benefits. The National Commission for Enterprises in the Unorganized Sector (NUEUS), set up by the government of India in September 2004, defined the unorganized sector in the following words,

"The unorganized sector consists of all unincorporated private enterprises owned by individuals or households engaged in the sale and production of goods and services operated on a proprietary or partnership basis and with less than ten total workers."

Employment in the organized sector has been hardly 8.34 per cent in total employment out of which public sector accounts for 5.77 per cent and private sector only for 2.57 per cent in the total employment generated during 1999-2000. The organized sector dominated by the public sector which accounted for 70 percent of total employment in this sector. This was distributed, mainly, in (a) mining; (b) electricity and water; (c) community and social services. These three collectively constituted 60 per cent of the public sector employment figures. Annual employment growth in organized sector (public and private) decelerated from 1.20 percent during 1983-94 to -0.30 per cent per annum during 1999-2004. The public sector annual employment growth declined to -0.60 per cent during 1994-2004 from 1.52 per cent during 1983-94. It remained negative even during 2004-09 at -0.56 per cent. Table 5 clearly shows this phenomena.

Table - 5 : Annual Employment Growth in Organised Sector (in %)

Organized Sector	1983-1994	1994-2004	2004-2009
Public Sector	1.52	-0.60	-0.56
Private Sector	0.45	+0.36	+3.58
Total Organized Sector	1.20	-0.30	+0.82

Source: Report of the Employment Market Information System of Ministry of Labour Govt. of India

While it was expected that the private sector would compensate for the losing employment in the public sector, by pushing up private sector employment growth, but the expectations were not fulfilled. Data reveals that actual employment growth in private sector marginally declined from 0.45 per cent during 1983-94 to just 0.36 per cent during 1994-2004. This was due to the increasing capital intensity in the organized private sector instead of being labour-intensive.

National Commission for Enterprises in the Unorganized sector (NCEUS) prepared estimates of employment in the organized sector. As on January 2005, the total employment (principal and subsidiary) in the Indian economy was 458 million, of which the organized sector accounted for 395 million, i.e. 86 per cent of the total workers in 2004-05.

However, a distinction has been made by the NCEUS in organized sector/unorganized sector employment and organized and unorganized worker. The unorganized sector refers to enterprises which employ less than 10 workers. But the unorganized workers refer to workers who are employed in the organized sector but are not covered for social security benefits.

The status of organized as well as unorganized labour in organized and unorganized sectors in the country is clearly revealed from Table 6:

Table - 6 : Total Employment Sector -wise (million)

Figures in brackets are percentage.

	Informal/ Unorganised worker	Formal/ Organised workers	Total
1999-2000			
Unorganized Sector	341.3 (99.6)	1.4 (0.4)	342.7 (100)
Organized Sector	20.5 (37.5)	33.6 (62.2)	54.1(100)
Total	361.8 (91.2)	35.0 (8.8)	396.8 (100)
2004-2005			
Unorganized Sector	393.5 (99.6)	1.4 (0.4)	394.9 (100)
Organized Sector	29.1 (46.6)	33.45 (53.4)	62.6 (100)
Total	422.6 (92.4)	34.9 (7.6)	457.5 (100)

Source: NSS 61st Round (2004-05) and NSS 55th round (1999-00), Employment-Unemployment Survey: Computed by NCEUS.

It is evident that out of 62.6 million employed in the organized sector, 29.1 million are unorganized workers applying the criterion of social security benefits, similarly out of 395 million workers employed in the unorganized sector, 1.4 million workers avail of social security benefits and are, therefore, classified as organized workers. After applying the two criteria, out of a total employment of 457.5 million workers, only 34.9 million are entitled for social security benefits i.e. 7.6 per cent of the total workers in 2004-05 and are remaining 422.6 million (92.4 per cent) are treated as unorganized workers. Comparing this, with 1999-00, it is revealed that though during 1999-00 and 2004-05, total employment in the economy increased from 397 million to 458 million, i.e. an increase by 61 million during the 5th year period, the number of organized workers remained stagnant at 35 million and the entire increase of employment was in the category of unorganized workers.

In the organized sector, about half of workers are in informal category. They do not have any job security, neither do they have any social security. The more depressing fact remains that their proportion has been steadily rising: informally employed workers constituted 37.5 per cent of those employed in the organized sector in 1999-2000, the figure increase to 46.6 per cent in 2004-05. Thus, we find that in the post-liberalization era, there is a continuous increase in informal labour in the organized sector. This has led to informalization of the formal sector.

CONCLUSION

With the concerted efforts of government over the plan period, there has been a general increase in overall employment in the country. However, there has been a major shift in the nature of employment and its quality in the post-liberalization era. Although there has been an increase in formal sector in this period, new labour employment has been mostly informal. Since informal labour is deprived of job security and other social security benefits, informalization of labour has led to deterioration in the quality of employment. Informalization has also led to lowering of income of a large number of workforce which has caused a fall in their standard of living. Inspite of all planned efforts by the government to provide gainful rural employment, perennial sources of employment are still not available. Much is needed to be done to bring qualitative employment in the country.

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