

## CHAPTER 32

### LABOUR & EMPLOYMENT

#### Employment Trends In India

32.1 Post independence, the issue of employment has had different resonance during different Plan periods. In the initial years of development planning, unemployment was not expected to emerge as a major problem. It was assumed that reasonable growth rate and labour intensive sectors would prevent any increase in unemployment and this expectation continued from one Five Year Plan to another during the 1950's and 1960's. However, the economy grew at a slower pace (around 3.5 as against the planned rate of 5 per cent per annum) and the labour force grew more rapidly than the increase in employment, doubling the unemployment figures during 1956-1972, from around 5 to 10 million and increasing the unemployment rate from 2.6 to 3.8 per cent (Papola, 1992).

32.2 The above figures were however estimates in absence of any comprehensive survey or records. The availability of detailed information vis a vis the earlier estimates, from 1972-73 (NSSO Quinquennial Surveys) changed the official approach to employment in mid 1970's. It was increasingly realised that economic growth alone could not be relied upon to tackle the issue of unemployment any more. Therefore, a number of employment generation & poverty alleviation programs were started since fifth five year plan (1974-79). Summary of unemployment rates over NSS rounds is given below:

#### Unemployment rates ( per 1000 persons in labour force )

round (year)	all-India								
	unemployment rate								
	male				female				
	usual status (ps)	us (adj.)	cws	cds	usual status (ps)	us (adj.)	cws	cds	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
			<b>rural</b>						
66 <sup>th</sup> (2009-10)	19	16	32	64	24	16	37	80	
61 <sup>st</sup> (2004-05)	21	16	38	80	31	18	42	87	
55 <sup>th</sup> (1999-00)	21	17	39	72	15	10	37	70	
50 <sup>th</sup> (1993-94)	20	14	31	56	13	9	29	56	
43 <sup>rd</sup> (1987-88)	28	18	42	46	35	24	44	67	
38 <sup>th</sup> (1983)	21	14	37	75	14	7	43	90	
32 <sup>nd</sup> (1977-78)	22	13	36	71	55	20	41	92	
27 <sup>th</sup> (1972-73)	-	12	30	68	-	5	55	112	
			<b>urban</b>						
66 <sup>th</sup> (2009-10)	30	28	36	51	70	57	72	91	
61 (2004-05)	44	38	52	75	91	69	90	116	
55 (1999-00)	48	45	56	73	71	57	73	94	
50 (1993-94)	54	41	52	67	83	61	79	104	
43 (1987-88)	61	52	66	88	85	62	92	120	
38 (1983)	59	51	67	92	69	49	75	110	
32 (1977-78)	65	54	71	94	178	124	109	145	
27 (1972-73)	-	48	60	80	-	60	92	137	

32.3 During 2009-10, urban unemployment was higher under both the UPSS and CWS but rural unemployment was higher under the CDS approach. This possibly indicates higher intermittent or seasonal unemployment in rural than urban areas, something that employment generation schemes like the MGNREGA need to pay attention to. However, overall unemployment rates were lower in 2009-10 under each approach vis-a-vis 2004-5. This may be explained on account of expansion in labour force by only 11.7 million vis a vis about 18 million increase in work opportunities under the current daily status (CDS) between 2004-5 and 2009-10, as per NSSO quinquennial survey. (The Eleventh Five Year Plan (2007-12) had aimed at generation of 58 million work opportunities). The increase in labour force was considerably lower than in comparable periods earlier, and can be attributed to the much larger retention of youth in education and also because of lower labour force participation among working-age women. As a result, unemployment in absolute terms came down by 6.3 million.

32.4 As per NSS results, unemployment rate as per weekly status (CWS) is uniformly higher than that as per Usual Status (adj). This occurs because some persons usually employed might not have worked throughout the year due to seasonality of work or otherwise. This is termed as visible **underemployment**. The NSS measures the visible underemployment by cross classifying persons by different statuses. For eg. Underemployment rate among the usually employed may be defined as the proportion of usually employed who were found not employed during the week preceding the date of the survey. As compared to 2004-05, this rate has decreased in 2009-10 for both males and females in both urban and rural regions.

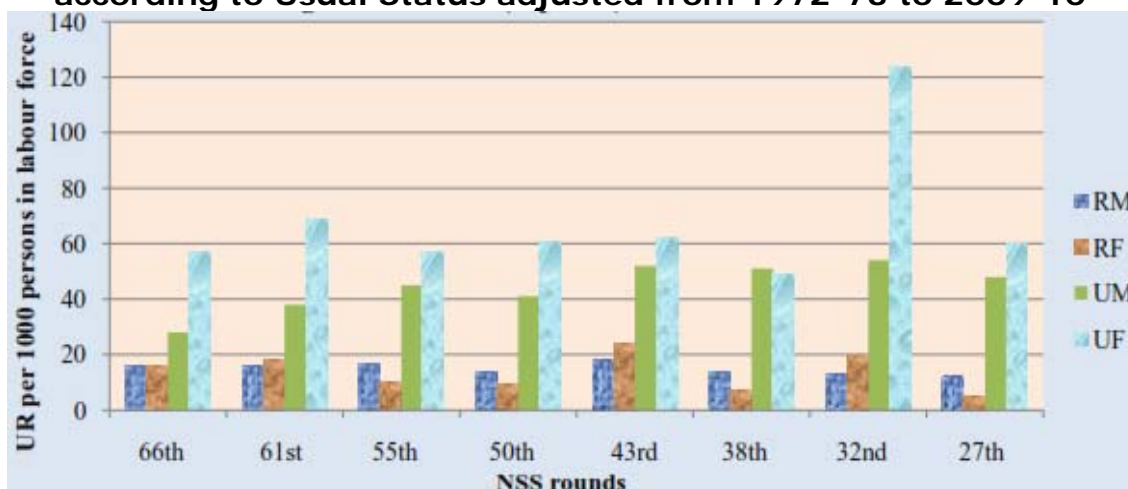
32.5 The phenomenon of comparatively higher economic growth rate during last decade has not translated into similar reduction in unemployment rate. High population growth rate, in fact, has reduced **worker population ratio** in Urban areas and amongst females in rural areas whereas it remains same in case of rural males in 2009-10 as compared to 2004-05.

32.6 As per UNESCAP database, world unemployment rate (as per cent of labour force) has been hovering around 6 per cent since 1991 while in case of ESCAP region it has been around 4-5 per cent, with India & China both having unemployment rates around 2-4 per cent in the duration.

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*The concept of employment /unemployment is applicable only on people within **labour force** i.e. person who are either working, seeking work or available for the same. Persons who, owing to lack of work, had not worked but either sought work or were available for work comprise the **unemployed** category. Employment & unemployment indicators are measured in three different approaches, viz **usual status (US)** with a reference period of one year, **current weekly status (CWS)** with one week reference period and **current daily status (CDS)** based on the daily activity pursued during each day of the reference week. Usually unemployed excluding the subsidiary status workers is referred to as **Usual status (adjusted)**.*

**All India Unemployment rate ( per 1000 persons in labour force )  
according to Usual Status adjusted from 1972-73 to 2009-10**



32.7 **Labour force participation rates** (LFPR) under all three approaches declined in 2009-10 compared to 2004-5. However, the decline in female LFPRs was larger under each measure in comparison with male LFPRs which either declined marginally (UPSS), remained constant (CWS), or increased marginally (CDS).

**Table 13.8 : All-India Employment and Unemployment Indicators (per 1000)**

Indicator	NSS 66th round(2009-2010)			NSS 61st round(2004-2005)		
	Total male	Total female	Total person	Total male	Total female	Total person
<b>UPSS</b>						
LFPR	557	233	400	559	294	430
Work Participation Rate	546	228	392	547	287	420
Unemployment Rate	20	23	20	22	26	23
<b>CWS</b>						
LFPR	550	207	384	550	257	407
Work Participation Rate	532	198	370	527	244	389
Unemployment Rate	33	43	36	42	50	44
<b>CDS</b>						
LFPR	540	179	365	538	215	381
Work Participation Rate	507	164	341	496	195	350
Unemployment Rate	61	82	66	78	92	82

Source : Key Indicators of Employment and Unemployment in India, 2009-10, NSSO.

**Structure of Employment :**

32.8 An aspect of employment trends and structure that is of interest in a developmental context is the distribution of workers by employment category in terms of self-employed, regular wage and salaried workers and casual wage earners. Till 2004-05 India

witnessed predominance of self-employment and increase in the share of the casual category of workers (except for Urban females). The latter was generally referred to as increasing '**casualisation**' of workforce .NSS results reveal that the trend of increasing casualisation continues from 2004-05 to 2009-10 across all the sections (Urban/Rural & sex wise ).

**Per 1000 distribution of usually employed by category of employment during 1983 to 2009-10 - All India**

NSS round (survey period)	category of employment					
	usual status (ps)			usual status (ps+ss)		
	self- employed	regular/wage salaried employees	casual labour	self- employed	regular/wage salaried employees	casual labour
(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>rural males</b>						
66 <sup>th</sup> (2009-10)	530	87	383	535	85	380
61 <sup>st</sup> (2004-05)	576	91	333	581	90	329
55 <sup>th</sup> (1999-00)	544	90	366	550	88	362
50 <sup>th</sup> (1993-94)	567	87	346	577	85	338
43 <sup>rd</sup> (1987-88)	575	104	321	586	100	314
38 <sup>th</sup> (1983)	595	106	299	605	103	292
<b>rural females</b>						
66 <sup>th</sup> (2009-10)	503	55	442	557	44	399
61 <sup>st</sup> (2004-05)	564	48	389	637	37	326
55 <sup>th</sup> (1999-00)	500	39	461	573	31	396
50 <sup>th</sup> (1993-94)	513	34	453	586	27	387
43 <sup>rd</sup> (1987-88)	549	49	402	608	37	355
38 <sup>th</sup> (1983)	541	37	422	619	28	353
<b>urban males</b>						
66 <sup>th</sup> (2009-10)	409	420	171	411	419	170
61 <sup>st</sup> (2004-05)	446	408	146	448	406	146
55 <sup>th</sup> (1999-00)	412	419	169	415	417	168
50 <sup>th</sup> (1993-94)	411	427	162	417	420	163
43 <sup>rd</sup> (1987-88)	410	444	146	417	437	146
38 <sup>th</sup> (1983)	402	445	153	409	437	154
<b>urban females</b>						
66 <sup>th</sup> (2009-10)	354	444	202	411	393	196
61 <sup>st</sup> (2004-05)	404	422	174	477	356	167
55 <sup>th</sup> (1999-00)	384	385	231	453	333	214
50 <sup>th</sup> (1993-94)	372	355	273	458	284	258
43 <sup>rd</sup> (1987-88)	393	342	265	471	275	254
38 <sup>th</sup> (1983)	373	318	309	458	258	284

32.9 Only 15.6 per cent of the total workforce had regular wage employment/ salaried work during 2009-10 while 33.5 per cent was casual labour and 51 per cent was self-employed.

32.10 Over the years, a shift is seen from self-employed to casual workers category and most of it has taken place in rural

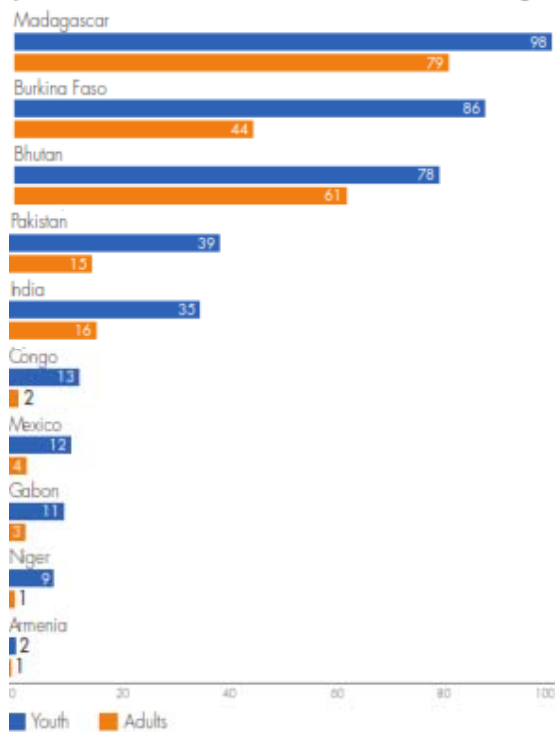
areas, from agriculture to non-agricultural activities, such as construction, trade and services. To some extent, it is distress-driven, the small and marginal landholders and the landless not finding gainful work in agriculture and taking up whatever work they find in the non-agricultural activities, irrespective of earnings from them. But there is evidence to suggest that many are opting for non-farm work due to more regular employment and better earnings. This has been possible partly on account of various state sponsored employment programmes, and partly because of an increase in the demand for labour in expanding construction, trade and service activities in rural areas. In other words, 'casualisation' of the nature observed does not necessarily imply a deterioration in the quality of employment. A small part of the real casualisation, however, that has taken place due to displacement of regular workers from large enterprise in the urban areas, no doubt, indicates such a deterioration.

32.11 Most of the regular salaried/ wage job openings have been in Urban areas where the proportion of regular wage /salaried employees is considerably higher. But even in case of male workers in urban areas, the share of casual employment has increased.

32.12 As per reports of 2004-05 about 86 per cent of total jobs in India are in **informal sector** (*All household enterprises having less than equal to five workers are treated as informal sector. The informal sector is taken to be a subset of household sector, in accordance with the concepts of 15<sup>th</sup> ICLS* ) whereas informal jobs account for about 95 per cent of all jobs. Preponderance of the workforce in the sector with symptoms of informality such as deprived job- security, tenurial security, guard against arbitrary dismissal, safety in work-profile, social security benefits etc calls for putting adequate safety measures for workers in place but according to some the rigidity of many of these regulations are to be blamed for poor organised employment in the first place.

32.13 "To achieve full & productive employment & decent work for all , including women and young people" is one of the Millennium Development Goals (MDGs) targets . Informal sector leading to **vulnerable employment** (sum of percentage of unpaid family workers and own account workers in the total employment ) has been a cause of concern not only in India but in other developing countries also & the **World MDG Report 2012** indicates that the progress in reducing vulnerable employment has been slow. As per the Report, youths in country like India tend to find themselves in low opportunity family based work situations. Many young people start their family by supporting informal family businesses or farms.

Share of contributing family workers in total employment, youth and adults, selected countries, 2003/2006 (Percentage)



32.14 As per the estimated employment in public and private sector (DGE &T), the share of private sector has increased from about 31 per cent to about 38 per cent during the last decade .

### Employment in the Organized Sector

32.15 Employment growth in the organized sector, public and private combined, has increased by 1.9 per cent in 2010, which is lower than the annual growth for the previous year .The annual growth rate for the private sector was much higher than that for the public sector. However, in respect of both sectors, annual increase in employment had slowed down in 2010 vis-à-vis 2009. The share of women in organized-sector employment was 20.4 per cent in 2010 March end and has remained nearly constant in recent years.

### Employment Situation in 2010-11 as Per Quarterly Survey Reports

32.16 The Labour Bureau conducted twelve quarterly quick employment surveys to assess the impact of the economic slowdown on employment in India. These surveys indicate that the upward trend in employment since July 2009 has been maintained.

**Table 13.9 : Overall Employment In Public and Private Sectors**

Sector	Employment (in lakh) as on 31 March			Percentage change 2009/2008	Percentage change 2010/2009
	2008	2009	2010		
Public	176.74	177.95	178.62	0.7	0.4
Private	98.75	103.77	108.46	5.1	4.5
<b>Total (Women)</b>	<b>275.48</b> <b>(55.12)</b>	<b>281.72*</b> <b>(55.80)</b>	<b>287.08</b> <b>(58.59)</b>	<b>2.3</b>	<b>1.9</b>

Source : Annual Employment Review 2010 & 2009, Directorate General of Employment and Training, Ministry of Labour and Employment.

### Sectoral (Industry wise) distribution of usually employed :

32.17 Even though the share of employment in agriculture has been decreasing in rural areas, it continues to be major source of employment there with about 63 per cent of males and about 79 per cent of females employed in the sector. In urban areas share of trade, hotel & restaurant in employment has been increasing and presently it accounts for about 27 per cent of employed males and 12 per cent of employed females contrary to share of manufacturing which has shown a decline with present levels of 22 & 28 per cent for urban males & females respectively.

### Per 1000 distribution of usually employed persons by broad industry divisions

broad industry division	NSS round (survey period)	rural male		rural female		urban male		urban female	
		ps	all	ps	all	ps	all	ps	all
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
agriculture	66 <sup>th</sup> (2009-10)	625	628	789	794	59	60	118	139
	61 <sup>st</sup> (2004-05)	662	665	814	833	60	61	147	181
	55 <sup>th</sup> (1999-00)	712	714	841	854	65	66	146	177
	50 <sup>th</sup> (1993-94)	737	741	847	862	87	90	193	247
	43 <sup>rd</sup> (1987-88)	739	745	825	847	85	91	218	294
	38 <sup>th</sup> (1983)	772	775	862	875	97	103	255	310
	32 <sup>nd</sup> (1977-78)	804	806	868	881	102	106	251	319
mining & quarrying	66 <sup>th</sup> (2009-10)	8	8	3	3	7	7	3	3
	61 <sup>st</sup> (2004-05)	6	6	4	3	9	9	2	2
	55 <sup>th</sup> (1999-00)	6	6	4	3	9	9	4	4
	50 <sup>th</sup> (1993-94)	7	7	5	4	13	13	7	6
	43 <sup>rd</sup> (1987-88)	7	7	5	4	13	13	9	8
	38 <sup>th</sup> (1983)	6	6	4	3	12	12	8	6
	32 <sup>nd</sup> (1977-78)	5	5	3	2	9	9	6	5
manufacturing	66 <sup>th</sup> (2009-10)	71	70	76	75	219	218	258	279
	61 <sup>st</sup> (2004-05)	80	79	87	84	236	235	254	282
	55 <sup>th</sup> (1999-00)	73	73	77	76	225	224	232	240
	50 <sup>th</sup> (1993-94)	70	70	75	70	236	235	236	241
	43 <sup>rd</sup> (1987-88)	76	74	75	69	260	257	269	270
	38 <sup>th</sup> (1983)	71	70	65	64	270	268	260	267
	32 <sup>nd</sup> (1977-78)	65	64	61	59	276	276	294	296
electricity, water, etc.	66 <sup>th</sup> (2009-10)	2	2	0	0	7	7	4	4
	61 <sup>st</sup> (2004-05)	2	2	0	0	8	8	2	2
	55 <sup>th</sup> (1999-00)	2	2	-	-	8	8	2	2
	50 <sup>th</sup> (1993-94)	3	3	-	-	12	12	3	3
	43 <sup>rd</sup> (1987-88)	3	3	-	-	12	12	3	2
	38 <sup>th</sup> (1983)	2	2	-	-	11	11	2	2
	32 <sup>nd</sup> (1977-78)	2	2	-	-	11	11	1	1

<b>construction</b>	66 <sup>th</sup> (2009-10)	114	113	42	52	115	114	51	47
	61 <sup>st</sup> (2004-05)	69	68	17	15	93	92	45	38
	55 <sup>th</sup> (1999-00)	45	45	12	11	88	87	55	48
	50 <sup>th</sup> (1993-94)	33	32	11	9	70	69	49	41
	43 <sup>rd</sup> (1987-88)	27	37	32	27	58	58	43	37
	38 <sup>th</sup> (1983)	23	22	9	7	51	51	37	31
	32 <sup>nd</sup> (1977-78)	17	17	7	6	42	42	26	22
<b>trade, hotel &amp; restaurant</b>	66 <sup>th</sup> (2009-10)	82	82	31	28	270	270	124	121
	61 <sup>st</sup> (2004-05)	83	83	28	25	281	280	131	122
	55 <sup>th</sup> (1999-00)	68	68	23	20	293	294	164	169
	50 <sup>th</sup> (1993-94)	55	55	22	21	219	219	107	100
	43 <sup>rd</sup> (1987-88)	52	51	24	21	215	215	109	98
	38 <sup>th</sup> (1983)	44	44	22	19	202	203	99	95
	32 <sup>nd</sup> (1977-78)	40	40	23	20	216	216	98	87
<b>transport, storage &amp; communications</b>	66 <sup>th</sup> (2009-10)	42	41	3	2	105	104	15	14
	61 <sup>st</sup> (2004-05)	39	38	2	2	107	107	16	14
	55 <sup>th</sup> (1999-00)	32	32	1	1	104	104	20	18
	50 <sup>th</sup> (1993-94)	22	22	1	1	98	97	15	13
	43 <sup>rd</sup> (1987-88)	21	20	1	1	98	97	12	9
	38 <sup>th</sup> (1983)	17	17	1	1	101	99	17	15
	32 <sup>nd</sup> (1977-78)	13	12	1	1	98	98	12	10
<b>other services</b>	66 <sup>th</sup> (2009-10)	56	55	57	46	218	219	427	393
	61 <sup>st</sup> (2004-05)	59	59	46	39	207	208	402	359
	55 <sup>th</sup> (1999-00)	61	61	43	37	209	210	378	342
	50 <sup>th</sup> (1993-94)	71	70	40	34	264	264	388	350
	43 <sup>rd</sup> (1987-88)	64	62	37	30	253	252	336	278
	38 <sup>th</sup> (1983)	62	61	34	28	248	248	314	266
	32 <sup>nd</sup> (1977-78)	54	53	37	30	245	243	311	260
<b>all</b>	X	1000	1000	1000	1000	1000	1000	1000	1000

32.18 During 2010, share of agriculture , industry & services in employment ( as per cent of total employment ) is about 51.1, 22.4 & 26.5 in case of India whereas the world average is about 34.1, 22.1 & 43.8 in the world. The change in share of employment in case of India is in tune with the development trends elsewhere according to which in the process of development economies increasingly move away from agriculture to industry & services sector, in terms of relative share in employment and income.

### Earnings From Employment :

32.19 A large part of the employed people work at very low levels of income. This is indicated by much higher incidence of (HCR of 29.8% during 2009-10 ) poverty than the rate of unemployment. Thus the employment challenge in India consists not only of creating jobs for the unemployed, and providing additional work to the underemployed , but, to a much larger extent, of enhancing productivity and income levels of a large mass of the 'working poor'. In both rural & urban areas, proportion of casual labourers is found to be higher in lower MPCE decile classes whereas proportion of salaried/wage employee increases as we move up the MPCE decile classes.

32.20 As per Annual Survey of Industries (ASI) data, during the last thirty years, ratio of total emoluments to output in organised manufacturing has gone down from 8.75 in 1981-91 to 3.95 in 2009-10



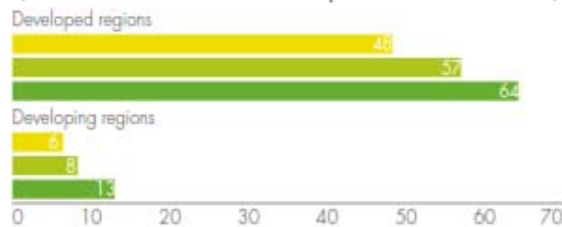
even though the number of persons engaged in organized manufacturing has increased from an average of 7.95 million in 1981-91 to an average of 8.98 million during 1991-2001 and further to 11.79 million in 2009-10

**Per 1000 distribution of usually employed (ps+ss) by status of employment for each decile classes on monthly per capita consumer expenditure**

all-India								
decile classes on MPCE	male				female			
	self-employed	regular salaried/wage employee	casual labour	all worker	self-employed	regular salaried/wage employee	casual labour	all worker
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>rural</b>								
0-10	376	32	592	1000	403	17	580	1000
10-20	435	46	519	1000	433	21	546	1000
20-30	465	46	489	1000	500	23	477	1000
30-40	498	50	452	1000	502	27	471	1000
40-50	520	61	419	1000	538	28	434	1000
50-60	549	66	385	1000	567	38	395	1000
60-70	599	70	331	1000	570	40	390	1000
70-80	599	102	299	1000	638	50	312	1000
80-90	616	125	259	1000	657	59	284	1000
90-100	617	219	164	1000	695	113	192	1000
all classes	535	85	380	1000	557	44	399	1000
<b>urban</b>								
0-10	408	155	437	1000	420	140	441	1000
10-20	432	235	333	1000	460	207	333	1000
20-30	447	280	273	1000	462	228	310	1000
30-40	434	338	228	1000	479	282	239	1000
40-50	461	357	182	1000	465	349	186	1000
50-60	415	453	131	1000	421	400	179	1000
60-70	397	498	105	1000	442	460	97	1000
70-80	400	543	57	1000	388	543	70	1000
80-90	373	599	28	1000	317	658	25	1000
90-100	351	638	11	1000	253	741	6	1000
all classes	411	419	170	1000	411	393	196	1000

**32.21 Labour Productivity** : Some attribute lower income levels of a large segment of labour in developing countries like India to its lower productivity . Developing regions, in fact , lag far behind the developed world in labour productivity.

Output per worker, 1991, 2001 and 2011  
(Thousands of constant 2005 PPP-adjusted international dollars)



Source : World MDG Report 2012

32.22 But significant progress is being made in improvements of labour productivity in developing asian countries in contrast to African countries which still lag far behind. India's Labour productivity (in Thousands of 2005 PPP dollars) has increased from about 3.8 in 1990 to 5.5 in 2000 and about 9.7 in 2011. China was at similar level till about 2000 (5.5, starting from 3.0 in 1990) but its output per worker increased rapidly thereafter to about 16.8 in 2011. This has led to significant reduction in poverty amongst the working poors in china , in fact Eastern Asia has set the pace for worldwide progress on working poverty.

32.23 **Future prospects** : The lower growth in the labour force accounted for a decline in unemployment during 2009-10 . But the same is unlikely to continue as educated youth are expected to join the labour force in increasing numbers during the Twelfth Plan and in the years beyond. This means that the pace of job/ livelihood creation must be greatly accelerated. The Twelfth Plan Approach Paper therefore lays greater stress on skill building which can be viewed as an instrument for improving the effectiveness and contribution of labour to overall production. This will push the production possibility frontier outward and take the economy on to a higher growth trajectory and can also be viewed as a means of empowerment.

#### **Govt schemes for employment generation :**

32.24 **Prime Ministers Employment Generation Programme (PMEGP):** Prime Ministers Employment Generation Programme will be a Central Sector Scheme to be administered by the Ministry of Micro, Small and Medium Enterprises, MoMSME. At the State level, the Scheme will be implemented through State KVIC Directorates, State Khadi and Village Industries Boards and District Industries Centres and banks. The objectives of this scheme are, I. To generate employment opportunities in rural as well as urban areas of the country through setting up of new selfemployment ventures or projects or micro enterprises. II. To bring together widely dispersed traditional artisans or rural and urban unemployed youth and give them selfemployment opportunities to the extent possible, at their place. III. To provide continuous and sustainable employment to a large segment of traditional and prospective artisans and rural and urban unemployed youth in the country, so as to help arrest migration of rural youth to urban areas. IV. To increase the wage earning capacity of artisans and contribute to increase in the growth rate of rural and urban employment. The assistance is to be provided in the form of material/subsidy.

32.25 The **Mahatma Gandhi National Rural Employment Guarantee Act** aims at enhancing the livelihood security of people in rural areas by guaranteeing hundred days of wage-employment in a financial year to a rural household whose adult members volunteer to do unskilled manual work.

32.26 **Swaranjayanti Gram Swarozgar Yojana (SGSY)** is an integrated scheme for providing opportunities of self employment to the rural poor. The assisted families (Swarozgaris) may be individuals or Groups (Self Help Groups). However, the emphasis is on Group approach and also with particular emphasis on group formation by women and the weaker sections. Swarnjayanti Gram Swarozgar Yojana (SGSY) has been restructured as **National Rural Livelihoods Mission (NRLM)** to implement it in a mission mode in a phased manner for targeted and time bound delivery of results.

32.27 **Swarna Jayanti Shahari Rojgar Yojana (SJSRY)** launched by the Government of India in December 1997, has been revamped with effect from April 2009. the scheme provides gainful employment to the urban unemployed and underemployed through encouraging the setting up of self-employment ventures or provision of wage employment. The revamped scheme has the following five components : i) Urban Self employment Programme (USEP) ii) Urban Women Self-help Programmed (UWSP) iii) Skill Training for Employment Promotion amongst Urban Poor (STEPUP) iv) Urban Wage Employment Programme (UWEP) and v) Urban Community Development Network (UCDN).

### **Labour Laws:**

32.28 India has numerous labor laws such as those prohibiting discrimination and child labor, those that aim to guarantee fair and humane conditions of work, those that provide social security, minimum wage, right to organize, form trade unions and enforce collective bargaining. India also has numerous regulations which are considered rigid, requiring much paperwork, bureaucratic processes & government approvals. For years, the government debated amendments to the Contract Labour Act and the Industrial Disputes Act but the proposals have been put in deep freeze fearing protests from trade unions India is considered to be a highly regulated and amongst most rigid labor law countries in the world. Rigid labor laws in India have been criticized as the cause of low employment growth, large unorganized sector, underground economy, use of casual labor and low per capita income. These have led many to demand reforms for labor flexibility in India.

**Some of the labour laws are given below:**

**(i) Workmen's Compensation Act of 1923**

The Workmen's Compensation Act compensates a workman for any injury suffered during the course of his employment or to his dependents in the case of his death. The Act provides for the rate at which compensation shall be paid to an employee. This is one of many social security laws in India.

**(ii) Trade Unions Act of 1926**

This Act enacted the rules and protections granted to Trade Unions in India. This law was amended in 2001.

**(iii) Payment of Wages Act of 1936**

The Payment of Wages Act regulates by when wages shall be distributed to employees by the employers. The law also provides the tax withholdings the employer must deduct and pay to the central or state government before distributing the wages.

**(iv) Industrial Employment (Standing orders) Act of 1946**

This Act requires employers in industrial establishments to define and post the conditions of employment by issuing so-called standing orders. These standing orders must be approved by the government and duly certified. These orders aim to remove flexibility from the employer in terms of job, hours, timing, leave grant, productivity measures and other matters. The standing orders mandate that the employer classify its employees, state the shifts, payment of wages, rules for vacation, rules for sick leave, holidays, rules for termination amongst others.

**(v) Industrial Disputes Act of 1947**

The Industrial Disputes act 1947 regulates how employers may address industrial disputes such as lockouts, layoffs, retrenchment etc. It controls the lawful processes for reconciliation, adjudication of labour disputes.

The Act also regulates what rules and conditions employers must comply before the termination or layoff of a workman who has been in continuous service for more than one year with the employer. The employer is required to give notice of termination to the employee with a copy of the notice to appropriate government office seeking government's permission, explain valid reasons for termination, and wait for one month before the employment can be lawfully terminated. The employer may pay full compensation for one month in lieu of the notice. Furthermore, employer must pay an equivalent to 15 days average pay for each completed year of employees continuous service. Thus, an employee who has worked for 4 years in addition to various notices and due process, must be paid a minimum of the employee's wage equivalent to 60 days before retrenchment, if the government grants the employer a permission to layoff.

#### **(vi) Minimum Wages Act of 1948**

The Minimum Wages Act prescribes minimum wages in all enterprises, and in some cases those working at home per the schedule of the Act. Central and State Governments can and do revise minimum wages at their discretion. The minimum wage is further classified by nature of work, location and numerous other factors at the discretion of the government. The minimum wage ranges between ₹ 143 to 1120 per day for work in the so-called central sphere. State governments have their own minimum wage schedules

#### **(vii) Industries (Regulation and Development) Act of 1951**

This law declared numerous key manufacturing industries under its so-called First Schedule. It placed many industries under common central government regulations in addition to whatever laws state government enact. It also reserved over 600 products that can only be manufactured in small scale enterprises, thereby regulating who can enter in these businesses, and above all placing a limit on the number of employees per company for the listed products. The list included all key technology and industrial products in early 1950s, including products ranging from certain iron and steel products, fuel derivatives, motors, certain machinery, machine tools, to ceramics and scientific equipment.

#### **(viii) Employees Provident Fund and Miscellaneous Provisions Act of 1952**

This Act seeks to ensure the financial security of the employees in an establishment by providing for a system of compulsory savings. The Act provides for establishments of a contributory Provident Fund in which employees' contribution shall be at least equal to the contribution payable by the employer. Minimum contribution by the employees shall be 10-12% of the wages. This amount is payable to the employee after retirement and could also be withdrawn partly for certain specified purposes.

#### **(ix) Maternity Benefit Act of 1961**

The Maternity Benefit Act regulates the employment of the women and maternity benefits mandated by law. Any woman employee who worked in any establishment for a period of at least 80 days during the 12 months immediately preceding the date of her expected delivery, is entitled to receive maternity benefits under the Act. The employer is required to pay maternity benefits, medical allowance, maternity leave and nursing breaks.

#### **(x) Payment of Bonus Act of 1965**

This Act, applies to an enterprise employing 20 or more persons. The Act requires employer to pay a bonus to persons on the basis of profits or on the basis of production or productivity. The Act was modified to require companies to pay a minimum bonus, even if the employer suffers losses

during the accounting year. This minimum is currently 8.33 percent of the salary.

#### **(xi) Payment of Gratuity Act of 1972**

This law applies to all establishments employing 10 or more workers. Gratuity is payable to the employee if he or she resigns or retires. The Indian government mandates that this payment be at the rate of 15 days salary of the employee for each completed year of service subject to a maximum of ₹ 350,000 (US\$ 6350).

32.29 Scholars suggest India's rigid labor laws and excessive regulations assumed to protect the labor are the cause of slow employment growth in high paying, organized sector. India's labor-related acts and regulations have led to labour market rigidity. This encourages shadow economy for entrepreneurs, an economy that prefers to employ informal labor to avoid the complicated and opaque laws

#### **32.30 Sources of Information of Labour & Employment Statistics :**

**(i) Ministry of Labour & Employment (MOL&E):** Various offices / organisations of Ministry of Labour & Employment maintain information on employment and other labour related issues . Labour Bureau, Chandigarh & Directorate General of Employment & Training, Delhi are the main sources of information on labour & Employment within the Ministry , besides, National Sample Surveys (NSS) conducted by Ministry of Statistics & PI.

**(A) Labor Bureau:** Labour Bureau is responsible for the collation, collection and publication of statistics and related information on wages, earnings, productivity, absenteeism, labour turn-over, industrial relations, working and living conditions and evaluation of working of various labour enactments etc. It is a storehouse of important economic indicators like Consumer Price Index Numbers for Industrial, Agricultural and Rural Labourers; wage rate indices and data on industrial relations, socio-economic conditions in the organised and unorganised sector of industry etc. The functions/activities of Labour Bureau can be classified under three major heads :

1. Labour Intelligence
2. Labour Research
3. Monitoring and evaluation studies under the Minimum Wages Act 1948.

Presently, following Reports/Publications are brought out by Labour Bureau :

Annual Employment & Unemployment Survey Reports based on the annual Surveys started by the Bureau in recent past .Quarterly report on effect of economic slowdown on employment in india. Report on employment and labor cost, absenteeism & labor turnover based on Annual Survey of Industries. Consumer Price Indices for Industrial workers & Agricultural and rural labourers. Reports based on Rural Labour Enquiry, Pocket Book of Labor Statistics, Trade Unions in India, Statistics of Factories, Reports based on Occupational Wage Survey, Minimum Wages Act, Indian Labour Statistics, Wage rates in rural India, Industrial Disputes Act etc.

**(B) Directorate General of Employment & Training (DGET):** It maintains information on organised sector of the economy covering all establishments in public sector and non agricultural establishments in private sector employing 10 or more persons ( 25 or more persons through Employment Exchanges on basis of Compulsory Notification of Vacancies Act 1959 and establishments employing 10-24 persons on voluntary basis). However, the Employment Market Information excludes unorganised sector, self employment, part time employment, employment in defence, embassies abroad etc. Further, the frame of establishments maintained by local employment exchanges may not be comprehensive & there is always an element of estimation in case of non responding units. The publications brought out by the Directorate are :

- Quick estimates of employment in organized sector.
- Quarterly Employment Review.
- Annual Employment Review
- Occupational - Educational profile of employees in India.

**(C) Directorate General of Mines Safety (DGMS) :** DGMS is the regulatory agency of MOL& E regarding safety in mines . It maintains information on accidents , injuries etc in the mines.

**(ii) National Sample Survey Office(NSSO):** National Sample Surveys (NSS) conducted by NSSO, Ministry of Statistics & PI are the primary source of data on various indicators of labour force at National & State Levels. Survey conducted during 2009-10 is the latest quinquennial surveys of Employment & Unemployment conducted by NSSO. Employment & Unemployment indicators are measured in three different approaches , viz usual status (US)with a reference period of one year , current weekly status (CWS) with one week reference period and current daily status (CDS) based on the daily activity pursued during each day of

the reference week. The surveys also provide information on underemployment, labour mobility etc .

(iii) Besides the above agencies, labour & employment figures are also available from several establishments like railways, ports etc as a by product of their own administrative exercises.

**References :**

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- Employment Trends in India T S Papola.
- Economic Survey, India 2012, World MDG Report 2012 , UNESCAP database , websites of Ministry of Labour & Employment and organisations related to it.