

A return to stronger employment growth in India? Insights from the 68th NSS Round 2011-12

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Summary

In recent years, the release of data from the National Sample Survey (NSS) rounds has led to considerable surprise and debate in India surrounding the trends that emerged. Most notably, figures from the 66th Round (2009-10) revealed sluggish growth in employment (see table 1) and a substantial fall in female labour force participation from 2004-05 to 2009-10, especially in rural areas (see also figure 1). These trends were puzzling because annual GDP growth averaged 8.5 per cent from 2004-05 to 2009-10.¹

The findings of the NSS 68th Round (2011-12), however, indicate a return to stronger employment growth, but a continuation in the decline of women working in rural areas. The transformation of the labour market, nonetheless, progressed with a fall in the share of workers in agriculture and a rise in the share of workers in regular employment (though the majority of new jobs are informal)

Table 1: Employment trends, usual status, all ages, 1999-2000 to 2011-12 (millions)

	1999-2000	2004-05	2009-10	2011-12
Total	397.9	457.9	459.0	472.9
Male	274.0	309.3	331.7	343.8
Female	123.9	148.6	127.3	129.1

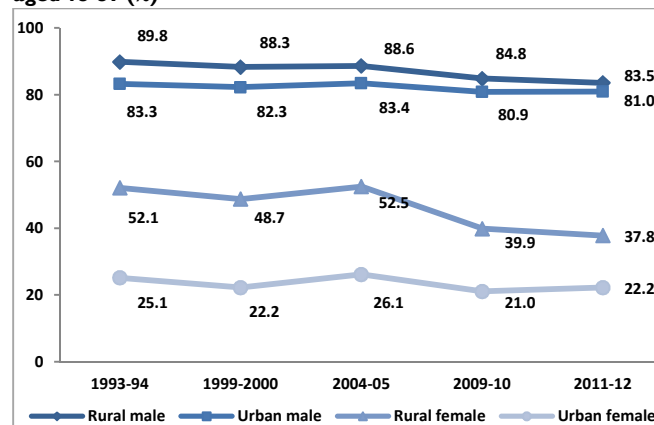
Source: India National Sample Survey, various rounds.

As per the latest round of the NSS (68th Round), the total workforce in the country increased from 459 million in 2009-10 to 472.9 million in 2011-12. In comparison, the increase in employment from 2004-05 to 2009-10 was just 1.1 million (see table 1). Consequently, the employment elasticity increased from an average of 0.02 for 2004-05 – 2009-10 to 0.4 for the two-year period up to 2011-12.

Taking a longer-term perspective, employment growth has been, in general, higher for men and in urban areas. In this regard, male employment grew by 1.9 per cent per annum (CAGR) from 1999-00 to 2011-12, while female employment increased by just 0.3 per cent. Over this period, urban areas accounted for 57.2 per cent of the growth in employment, though only 31 per cent of

the population live in urban areas (as per the 2011 Population Census).

Figure 1: Falling labour force participation rate among women, aged 15-59 (%)



Source: India National Sample Survey, various rounds.

Looking at informal employment, the share of workers in the unorganized sector has fallen from 86.3 per cent in 2004-5 to 82.2 per cent in 2011-12. However, most of the new jobs in the organized sector are informal in the sense that they do not provide access to employment benefits and social security. In fact, from 2009-10 to 2011-12, employment in the organized sector grew by 17.2 million; however, 14.6 million of these jobs were informal since they did not provide access to benefits and social security (84.9 per cent).

Looking at the pace of structural transformation, the share of the primary sector in total employment has dipped below the halfway mark (approximately 49 per cent) for the first time, down from 61.7 per cent in 1999-2000 (see table 2). At the same time, the shares of industry and services sectors have witnessed an increase. Though the share of the manufacturing sector in employment has been relatively stagnant in the past, it has since grown strongly, reaching 12.6 per cent in 2011-12 compared with 11.0 per cent in 2009-10.

Another significant trend in the labour market is the increasing share of regular wage and salaried workers, who now constitute 17.9 per cent of total employment, up from 14.0 per cent in 1999-2000. Interestingly, the

gender gap in urban areas has narrowed considerably: by 2011-12, the share of women workers in regular employment increased to 42.9 per cent (albeit still representing only 11.7 million working women) compared to a share of 43.4 per cent for men. In 1993-94, the female and male shares (in urban areas) stood at 28.5 per cent and 42.0 per cent, respectively.

Table 2: Changes in sectoral distribution and employment status, all ages, 1999-2000 and 2011-12 (%)

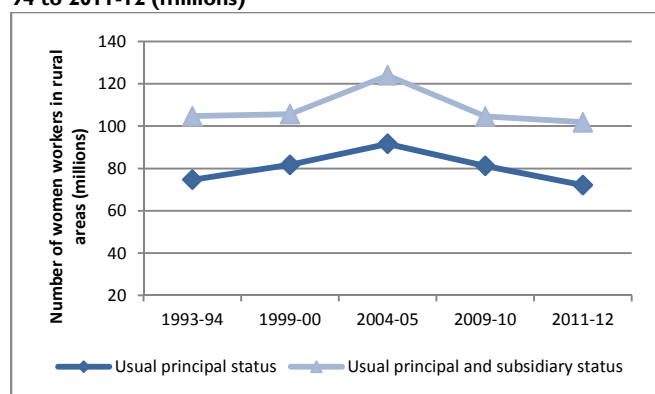
	Sector			Status		
	Ag	Ind	Ser	SE	RS	CL
1999-2000						
Total	61.7	15.8	22.5	52.8	14.0	33.2
Male	54.9	17.7	27.3	51.5	17.2	31.3
Female	76.3	11.7	12.0	76.3	7.1	37.1
2011-12						
Total	48.9	24.3	26.8	52.2	17.9	29.9
Male	43.6	25.9	30.5	50.7	19.8	29.4
Female	62.8	20.0	17.2	56.1	12.7	31.2

Notes: Ag=agriculture; Ind=industry; Ser=services; SE=self-employment; RS=regular wage and salaried workers; CL=casual labourer.

Source: India National Sample Survey, 68th round.

One of the most intense debates in recent years has centred on the decline in the labour force participation rates (LFPR) of women in India revealed by, in particular, the 66th Round of the NSS (2009-10). Evidence from the 68th Round (2011-12) indicates no overall reversal in the female LFPR, which is estimated to be 22.5 per cent (for all ages), a further decline from the 23.3 per cent reported in 2009-10. However, this aggregate trend masks a decline in the LFPR for rural women in contrast to an increase in urban areas (see figure 1).

Figure 2: Decline of women workers in rural areas, all ages, 1993-94 to 2011-12 (millions)



Source: India National Sample Survey, various rounds.

Overall, from 2004-05 to 2009-10, the number of women workers in India dropped by 21.3 million, of which 19.5 million were in rural areas. Based on ILO's research, explanations for this surprising trend include increasing educational enrolment, a shift to domestic

duties, and the lack of employment opportunities at certain levels of skills and qualifications, discouraging women to seek work (especially in rural areas). Surprisingly, the most recent figures show that even fewer women were working in rural areas in 2011-12 (a fall of 9.1 million based on the usual principal status). At the same time, the number of subsidiary women workers has increased in rural areas, reflected by the increasing gap between the figures based on the UPS and UPSS (includes subsidiary workers) definitions (see figure 2).

The changes in female labour force participation rates noted above were largely driven by movements in employment. For this reason, the unemployment rate has remained relatively stable (see table 3).

Table 3: Unemployment rate, current weekly status, 2004-05 to 2011-12 (%)

	Male		Female	
	Rural	Urban	Rural	Urban
2004-05	3.8	5.2	4.2	9.0
2009-10	3.2	3.6	3.7	7.2
2011-12	3.3	3.8	3.5	6.7

Source: India National Sample Survey, various rounds.

Key messages

This research brief has presented a number of important findings from the 68th NSS Round 2011-12. Though employment growth has strengthened from 2009-10 to 2011-12, employment has fallen among women in rural areas. The transformation of the labour market continues with a rise in regular work (mostly in urban areas) and a fall in the share of workers in agriculture. However, most of the new jobs created in the organized sector are informal because they do not provide access to employment benefits and social security. Moreover, the current economic downturn will have a negative impact on the labour market as a consequence of depressed investment and consumer spending.

¹ All data is sourced from the National Sample Survey unless otherwise indicated; see <http://www.mospi.gov.in/>.

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