

Revisiting Employment and Growth

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Abstract

The latest and seventh quinquennial survey by the National Sample Survey Organisation (NSSO) (61st Round) throws new light on the employment and unemployment scenario. It shows a reversal of the declining trend in employment growth rate which increased from an annual 0.98 per cent in the period 1993-94 to 1999-00 to 2.89 per cent in the period 1999-2000 to 2004-05. Interestingly there was also a sharp acceleration in the rate of growth of labour force from 1.03 per cent to 2.93 per cent. This unprecedented growth in labour force which was above the population growth rate could have had serious implications for the unemployment scenario, had it not been for the sharp increase in the workforce.

The unadjusted employment elasticity for the latest period is 0.48. Even after adjusting the sectoral elasticities to lower figures, it is seen that with a GDP growth rate of 9.1 per cent, by 2009 the workforce will become equal to the labour force. Economic growth has been a major driving force in achieving a higher level of employment. However the Survey and the projections indicate that a large proportion of the increase in employment is happening in the informal sector and agriculture. This trend is a cause for concern as the relatively low wages and lack of social security here translate into the phenomenon of 'working poor' i.e. workers in the BPL households. The new challenge is one of improving the total factor productivity in the informal sector and in agriculture so that there is a significant improvement in the emoluments of those who are employed, that is, in the quality of employment.

This paper is divided into four sections. Section I deals with the employment scenario in the country especially with reference to the NSSO's 61st Round results. Section II analyses the sectoral employment elasticities and their implications for employment growth. Section III makes projections regarding the growth rates and their implications for clearing the backlog of unemployed. Section IV makes concluding remarks on these trends and projections.

Employment and Unemployment Scenario

The National Sample Surveys are the major source of data on the employment-unemployment situation in the country. The results of

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Labour Force and Workforce

The compound annual growth rate of labour force¹ was at an all time high of 2.93 per cent (*Table 1*) in the past two and a half decades. This increase is unprecedented in the sense that not only has labour force growth rate outstripped the population growth rate but also exceeded it by almost two times. An increase in Labour Force Participation Rate (LFPR)² was seen across all segments (*Table 2*) with the most significant increase being in the case of female participation rates.

There was a distinct upswing in employment growth³ from an annual 0.98 per cent (1993-94 to 1999-00) to 2.89 per cent (1999-2000 to 2004-05), with 60 million jobs having been added in the five-year period

TABLE 1
Employment and Unemployment (UPSS)

	1993-94	1999-00	2004-05	1993-94 to 1999-00	1999-00 to 2004-05
	In million			Point to Point Annualised Growth Rate (CAGR)	
Labour Force	381.94	406.05	469.06	1.03	2.93
Workforce	374.45	397.00	457.82	0.98	2.89
Number of Unemployed	7.49	9.05	11.24		
<i>As a proportion of labour force in per cent</i>					
Unemployment Rate	1.96	2.23	2.39		
<i>Note:</i> 1. Figures for 2004-05 are derived from 61 st Round survey on the basis of data provided by NSSO. 2. Employment in 1993-94 and 1999-00 is as per Report of the Task Force on Employment Opportunities (Planning Commission).					

TABLE 2
Labour Force Participation Rate by Gender and Rural-Urban Location (UPSS)
Unit: per cent

NSS Round	Rural		Urban	
	Male	Female	Male	Female
1983 to 1993-94 50 th Round	56.1	33.0	54.3	16.5
1993-94 to 1999-00 55 th Round	54.0	30.2	54.2	14.7
1999-00 to 2004-05 61 st Round	55.5	33.3	57.0	17.8
<i>Source:</i> Statement 4.1 of NSS Report No. 515.				

¹ People who are either 'working' (employed) or 'seeking or available for work' (or unemployed) constitute the labour force.

² LFPR is the number of persons in the labour force per 1000 persons.

³ All figures of workforce pertain to the usual principal and subsidiary status (UPSS).

(Table 1). These figures have also been confirmed by others [Unni and Ravindran (2006)]. The signals of this rising trend were also seen in the results of the Fifth Economic Census and NSS 60th Round (thin round).

In contrast to these results, the NSSO 55th Round had shown a deceleration in the growth of employment from 2 per cent per annum in the period 1983 to 1993-94 to less than 1 per cent per annum in the period 1993-94 to 1999-00 and also an economy-wide decrease in employment elasticity from 0.41 to 0.15. The results led to major concerns about the phenomenon of “jobless growth” and scepticism on the ability of economic growth to tackle the problem of unemployment. This period was however marked by an improvement in real earnings across majority of rural and urban occupational groups. The rapid economic growth had a greater impact on the quality dimension of employment than on the quantum of employment [Rangarajan: 2006].

Sectoral Distribution of Employment

A sectoral disaggregation of the workforce shows (Table 3) that as expected, there has been a decline in the share of agriculture in employment from 59.8 per cent to 58.4 per cent between the 55th and 61st NSS Round. In terms of absolute figures, the number of workers in this sector has increased with agriculture and allied sectors absorbing almost 30 million of the incremental workforce. These figures are based on data provided by NSS but in an alternative estimate [Sundaram: 2007] the incremental workforce in agriculture is only 18 million in the period 1999-00 to 2004-05. As per this estimate the share of agriculture in total employment is 56.48 per cent as against 58.4 per cent as per NSS data.

As per NSS data the share of the manufacturing sector in employment has marginally declined from 12.1 per cent to 11.7 per cent though in absolute terms the workforce in the sector increased by

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TABLE 3
Employment (UPSS)—Sectoral Shares

Sectors	1993-94		1999-00		2004-05	
	million	per cent	million	per cent	million	per cent
Agriculture, forestry & fishing	242.46	64.8	237.56	59.8	267.57	58.4
Mining & quarrying	2.70	0.7	2.27	0.6	2.74	0.6
Manufacturing	42.50	11.3	48.01	12.1	53.51	11.7
Elect., gas & water supply	1.35	0.4	1.28	0.3	1.37	0.3
Construction	11.68	3.1	17.62	4.4	25.61	5.6
Trade, hotels & restaurant	27.78	7.4	37.32	9.4	47.11	10.3
Transport, storage & communication	10.33	2.8	14.69	3.7	17.38	3.8
Financing, insurance, real estate & business services	3.52	0.9	5.05	1.3	6.86	1.5
Community, social & personal services	32.13	8.6	33.2	8.4	35.67	7.8
Total employment	374.45	100	397.00	100	457.82	100

Note: 1. Figures for 2004-05 are provided by NSSO based on their 61st Round survey.
2. Employment in 1993-94 and 1999-00 is as per Report of the *Task Force on Employment Opportunities* (Planning Commission).

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5.5 million. The services sector improved its share from 22.7 per cent to 23.4 per cent adding 16.8 million workers in the five-year period. Within this sector Trade, Hotels & Restaurant was the largest gainer and accounted for 10 million of the incremental workforce. The most striking feature of the growth in workforce is that across all sectors of the economy, in 2004-05, the absolute number of workers has increased from the 1999-00 levels.

Occupational Status of Workforce

The survey also throws up some interesting features when we look at the activity status distribution of the workforce (*Table 4*). In the self-employed category the previous trend of decline has now been reversed. Cutting across the rural-urban divide the share of self-employed workers has increased sharply with an offsetting decline in the share of casual labourers. As per our estimate there are about 260 million people who are self-employed. This rise in self-employment has been viewed by some as an indicator of the deterioration in the quality of employment based on the argument that the rise in jobs in this category has been mainly in the unorganised sector where the wage rates are low.

Another dimension of the quality of employment is the number of jobs created in the organised sector. Organised employment as measured by DGE&T (Director General of Employment and Training) declined in the first four years of this decade reaching a figure of 26.44

Population/Segment	1999-2000			2004-05		
	SE	RWS	CL	SE	RWS	CL
Rural Male	55.0	8.8	36.2	58.1	9.0	32.9
Rural Female	57.3	3.1	39.6	63.7	3.7	32.6
Urban Males	41.5	41.7	16.8	44.8	40.6	14.6
Urban Female	45.3	33.3	21.4	47.7	35.6	16.7

Notes: SE—Self-Employed; RWS—Regular Wage/Salaried; CL—Casual Labour.
Source: Statement 5.7 of NSS Report No. 515.

Year	Public	Private	Total
1999	194.15	86.98	281.13
2000	193.14	86.46	279.60
2001	191.38	86.52	277.89
2002	187.73	84.32	272.06
2003	185.80	84.21	270.00
2004	181.97	82.46	264.43
2005	180.07	84.52	264.58

Source: Ministry of Labour & Employment (DGE&T).

million in 2004 and then increased slightly by 0.1 per cent to 26.46 million in 2005. A closer scrutiny reveals that in the period 2004-05 the public sector employment decreased by 1 per cent while the private sector recorded an increase of 2.5 per cent (Table 5). As per some studies, the DGE&T data understates the organised sector workers and a better measure would be the NSS data on the regular wage salary workers. The shares of the RWS workers have risen marginally in rural India while they show a slight decline in urban India. However in terms of absolute numbers the total regular/wage salary workers have increased by a little over 10.7 million in this five-year period (2000-05) i.e. an annual increment of 2.14 million per annum (Table 6). In contrast the average annual increment in the period from 1993-94 to 1999-00 was lower at 1.46 million [Sundaram: 2007].

Population/ Segment	1993-94 to 1999-00			1999-00 to 2004-05		
	SE	RWS	CL	SE	RWS	CL
Rural Person	169,194	20,010	115,191	206,183	24,260	112,395
Urban Person	40,105	38,056	17,237	52,244	45,059	17,308
Males	141,468	49,518	86,279	167,750	56,405	85,155
Females	67,831	9,468	46,149	90,677	13,364	44,548
Person	209,299	59,066	132,428	258,427	69,769	129,703

Source: Sundaram (2007) Employment and Poverty in India: 2000-05.

Elasticity of Employment

The elasticity of employment measures the sensitivity of employment growth to the GDP growth. The relationship however is not simple and straightforward as factors other than GDP like wage rate, technology and improvements in infrastructure also impact employment growth rates. Notwithstanding this qualification, employment elasticities are commonly used to track sectoral potential for generating employment and in forecasting future growth in employment.

The period from 1993-94 to 1999-00 was marked by a sharp decline in employment elasticity across all sectors reflecting a deceleration in employment growth rate. This trend has been reversed in the period 1999-00 to 2004-05. Using the data on sectoral employment growth rate and the sectoral growth rates of GDP it is possible to calculate the sector-wise elasticity for the period 1999-00 to 2004-05 (Table 7). A quick comparison with the previous period (1993-94 to 1999-00) reveals that the aggregate elasticity of employment has practically tripled from a low of 0.15 to a figure of 0.48. This increase in elasticity is seen in all sectors except for Construction and Transport Storage & Communication where the elasticity has declined. At an aggregate level, this increase though very sharp does not seem improb-

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able especially when we compare it to the elasticities in the periods before the 55th NSS Round (*Table 7*). At a disaggregated level, agriculture seems to have done a complete about turn with the elasticity moving from 0 to 1.52, a figure which is higher than the earlier trends even if we ignore the 55th Round as an exception. The other surprise is the mining sector where elasticity grew from 0 to 0.82, between the 55th and the 61st Round, completely contrary to the projections made by the *Task Force on Employment Opportunities*. This rise however appears to be sustainable. The rising international prices of metals and the resurgence in the steel and aluminium sector have led to addition in production capacities in iron ore, manganese and bauxite. In addition the housing boom may have added to increase in quarrying activities. In the other sectors (if we accept the 55th NSS Round as an outlier) the elasticities moved roughly in line with the past trends.

In calculating the elasticities the critical factor is the employment levels at the beginning and end of the period for the various sectors. We have relied on the sectoral employment data provided to us by the NSSO. Sundaram (2007) has however independently estimated the employment levels for the various sectors for 2004-05, which differ from the estimates based on NSSO. While there is not much difference in the aggregate level of employment, the critical difference is with regard to agriculture. He estimates the employment in agriculture at 258.66 million in 2004-05 whereas the estimate based on NSSO is 267.57 million. Consequently the employment elasticity calculated using Sundaram's data is 0.78 and is different from the figure of 1.52 calculated using NSSO data.

In order to project employment growth it is necessary to make some assumptions about how employment elasticity will move in the future. This is inherently difficult as much depends on technological

TABLE 7
Elasticity of Employment

Sector	Elasticity			
	1977-78 to 1983	1983 to 1993-94	1993-94 to 1999-00	1999-00* to 2004-05
Agriculture, forestry & fishing	0.45	0.50	0.00	1.52
Mining & quarrying	0.80	0.69	0.00	0.82
Manufacturing	0.67	0.33	0.26	0.34
Elect., gas & water supply	0.73	0.52	0.00	0.33
Construction	1.00	1.00	1.00	0.88
Trade, hotels & restaurant	0.78	0.63	0.55	0.59
Transport, storage & communication	1.00	0.49	0.69	0.27
Financing, insurance, real estate & business services	1.00	0.92	0.73	0.94
Community, social & personal services	0.83	0.50	0.07	0.28
Total employment	0.53	0.41	0.15	0.48

Note: * Figures for 2004-05 are derived from *Table 3* based on 61st Round survey. All other elasticities are as per Report of the Task Force on Employment Opportunities.

change which is difficult to predict. In general one would expect that the employment elasticity would continue to fall in sectors where productivity is currently low and is expected to improve and also where technological change is likely to be labour saving. However predicting such changes will be judgmental.

Employment Projections

The Report of the Task Force on Employment Opportunities (2001) had projected, based on certain assumptions, that the economy would be able to achieve the level where the employment will be equal to the labour force in the year 2012.⁴ The assumptions were: a 9 per cent GDP growth rate since 1999-00, 1.5 per cent growth rate of labour force and an aggregate elasticity of employment at 0.22. However the actual growth rate between 1999-00 and 2004-05 was lower at 6 per cent. Hence in an earlier study the projections were reassessed [Rangarajan: 2006]. Assuming an overall elasticity of 0.22 and corresponding sectoral elasticities, the projections showed that with an annual growth rate of 8 per cent in GDP and a labour force growth of 1.5 per cent per annum, it will take up to 2017 to reach the point when workforce equals labour force. However, with a 9 per cent rate of growth of GDP and under the same assumptions of growth in labour force and sectoral elasticities, this point will be reached by 2012. If the GDP growth rate was lower at 8.5 per cent it will take up to 2015 to reach this point.

In addition to GDP growth rate the other important variable for unemployment projections is the labour force. As mentioned earlier the period 1999-00 to 2004-05 witnessed an unprecedented high growth rate of labour force at 2.93 per cent (CAGR). A substantial contribution to this came from the increase in female participation in the labour force (Table 2). The growth rate of labour force for the future will not only be impacted by the increased participation by women but also by the increase in school enrolments. While the former will pull up the labour force growth rate, the latter will have a dampening effect. However with the major emphasis of the government on primary education, the younger age groups are likely to move out of the labour force. Thus the labour force growth is likely to remain at the current level or even marginally reduce in the future.

Actual data on labour force, workforce and unemployment are now available in the NSS 61st Round. We now make fresh projections based on the new data available. In order to do this we are making three sets of assumptions regarding the movement of elasticities⁵ in the future. This gives us three alternative employment scenarios.

⁴ The Task Force had made multiple projections based on different assumptions for growth rate of GDP and labour force, but only one, relevant to the current context has been used.

⁵ The employment figures for Trade, Hotels and Restaurants and Transport, Storage and Communication have been clubbed together for making projections since the GDP figures from 2005-06 onwards are not available separately for these two sectors.

In order to project employment growth it is necessary to make some assumptions about how employment elasticity will move in the future. This is inherently difficult as much depends on technological change which is difficult to predict.

*Alternative Employment Projections**Scenario 1*

Under this scenario we presume that the elasticities calculated as per the industry-wise data on employment provided by the NSSO for the period for 1999-00 to 2004-05, will prevail for the next few years at the same level. These sets of elasticities are shown in *Table 7*. Using an employment elasticity of 0.48 and a labour force growth rate of 2.93 per cent, if GDP growth rate is 9.13 per cent, the projections (*Table 8*) show that the economy has already achieved a level where labour force equals the workforce! This conclusion is unrealistic and hence there is a need for a modification in our assumptions which brings us to *Scenario 2*.

TABLE 8
Employment Projection—Scenario 1

Sector	Employment in 2004-05	Projected Elasticity	Projected GDP growth rate	Employment growth rate	Projected Employment in 2006
	In million	ratio	per cent		In million
Agriculture, forestry & fishing	267.57	1.52	3.73	5.67	282.74
Mining & quarrying	2.74	0.82	4.73	3.88	2.85
Manufacturing	53.51	0.34	10.90	3.71	55.5
Elect., gas & water supply	1.37	0.33	6.90	2.28	1.4
Construction	25.61	0.88	12.07	10.62	28.33
Trade, hotels & restaurant and Transport, storage & communication	64.49	0.45	11.97	5.39	67.97
Financing, insurance, real estate & business services	6.86	0.94	10.33	9.71	7.53
Community, social & personal services	35.67	0.28	7.60	2.13	36.43
Total	457.82	0.48	9.13	3.29	482.75
Labour Force	469.06				482.80
<i>Memo Item in per cent</i>					
Unemployment rate	2.39				
Labour Force growth rate	2.93				
Employment growth rate	2.89				

Note: The GDP figures are as per Q/E for 2005-06.

Scenario 2

A closer look at the employment elasticities reveals that the elasticity for agriculture and allied sectors is very high as compared to the earlier trend. Such a high elasticity of 1.52 does not appear to be sustainable and is likely to come down, in line with the past trends. Accordingly the elasticity of agriculture has been moderated to a lower figure of 0.7 for projections. This is also consistent with the elasticity calculated using Sundaram's estimates of workforce in agriculture for 2004-05. We assume that for the other sectors the actual elasticities calculated as per NSSO data will continue to hold good. Keeping the labour force growth rate at 2.93 per cent and GDP growth rate at 9.1 per cent, our projections show that it will take up to 2009 to reach the

point where labour force will equal the workforce (*Table 9*). In the terminal year the total labour force would have grown to 526.50 million while the employment figure would be higher at 529.87 million.

Given the elasticity of employment, the crucial factor in determining the convergence of labour force with workforce, will be the growth rate and its composition. Our estimates show that with an overall growth rate of 8.5 per cent and an agricultural growth rate of 3 per cent, labour force will equal workforce only in 2012. If we keep the overall growth rate at the same level and reduce the agricultural rate to 2 per cent, it will take up to 2017 for the convergence to occur.

TABLE 9
Employment Projection—Scenario 2

Sector	Employment in 2004-05	Projected Elasticity	Projected GDP growth rate	Employment growth rate	Projected Employment in 2009
	In million	ratio	per cent		In million
Agriculture, forestry & fishing	267.57	0.70	3.73	2.61	296.62
Mining & quarrying	2.74	0.82	4.73	3.88	3.19
Manufacturing	53.51	0.34	10.90	3.71	61.9
Elect., gas & water supply	1.37	0.33	6.90	2.28	1.5
Construction	25.61	0.88	12.07	10.62	38.35
Trade, hotels & restaurant and Transport, storage & communication	64.49	0.45	11.97	5.39	79.56
Financing, insurance, real estate & business services	6.86	0.94	10.33	9.71	9.94
Community, social & personal services	35.67	0.28	7.60	2.13	38.81
Total	457.82	0.36	9.13	3.29	529.87
Labour Force	469.06				526.50
<i>Memo Item in per cent</i>					
Unemployment rate	2.39				
Labour Force growth rate	2.93				
Employment growth rate	2.89				

Scenario 3

The elasticities calculated above are based on a comparison between the 55th and the 61st Round. It has been suggested by some [Unni and Ravindran:2006] that the sharp growth of employment in the recent period may be reflecting a statistical phenomenon of a low base in 1999-2000 and to get a more accurate picture of employment growth, a longer-term period should be considered. Accordingly, we have computed the growth rates of labour force and sectoral employment elasticities using a longer period—1993-94 to 2004-05—and the results are laid out in *Table 10*. Over the longer period the aggregate elasticity drops to 0.29 as compared to 0.48, a figure we calculated for the five-year period between 1999-00 and 2004-05. Notably, this drop is the sharpest in agriculture and mining with the other sectors showing a moderate decrease. Exceptions to this decrease are the Construction

and Transport, Storage & Communication sectors where over the longer period the elasticity goes up instead of falling as in the case of other sectors.

In making a forecast, an alternative will be to use these elasticities derived from the longer period. A theoretical objection to this could be that, it does not give proper weight to recent experience but the

TABLE 10
Elasticity of Employment 1993-94 to 2004-05

Sectors	1993-94*	2004-05**	Rate of growth of employment	Elasticity of employment	
				1993-94 to 2004-05	1999-00 to 2004-05
Agriculture, forestry & fishing	242.46	267.57	0.90	0.39	1.52
Mining & quarrying	2.70	2.74	0.13	0.03	0.82
Manufacturing	42.50	53.51	2.12	0.31	0.34
Elect., gas & water supply	1.35	1.37	0.13	0.02	0.33
Construction	11.68	25.61	7.40	0.99	0.88
Trade, hotels & restaurant	27.78	47.11	4.92	0.57	0.59
Transport, storage & communication	10.33	17.38	4.84	0.45	0.27
Financing, insurance, real estate & business services	3.52	6.86	6.25	0.82	0.94
Community, social & personal services	32.13	35.67	0.95	0.13	0.28
Total	374.45	457.82	1.84	0.29	0.48

Source: * Report of the Task Force on Employment Opportunities. ** Table 3 above.

TABLE 11
Employment Projection—Scenario 3

Sector	Employment in 2004-05	Projected Elasticity	Projected GDP growth rate	Employment growth rate	Projected Employment in 2008
	In million	ratio	per cent		In million
Agriculture, forestry & fishing	267.57	0.39	3.73	1.46	279.46
Mining & quarrying	2.74	0.03	4.73	0.14	2.75
Manufacturing	53.51	0.31	10.90	3.38	59.12
Elect., gas & water supply	1.37	0.02	6.90	0.14	1.38
Construction	25.61	0.99	12.07	11.95	35.93
Trade, hotels & restaurant and Transport, storage & communication	64.49	0.51	11.97	6.10	77.03
Financing, insurance, real estate & business services	6.86	0.82	10.33	8.47	8.75
Community, social & personal services	35.67	0.13	7.60	0.99	36.74
Total	457.82	0.29	9.13	2.65	501.16
Labour Force	469.06				496.16
<i>Memo Item in per cent</i>					
Unemployment rate	2.39				
Labour Force growth rate	1.89				
Employment growth rate	1.84				

advantage is that it enables us to check the consistency of our earlier projections over the longer period also. Notably for this long period both labour force growth rate and employment growth rate came down to 1.88 per cent and 1.84 per cent respectively. These are much lower than the growth rates of 2.93 per cent and 2.89 per cent experienced in the recent period. Using the elasticities and the labour force growth derived from the longer period, a 9.1 per cent growth rate of GDP would enable the economy to reach the point where labour force will equal the workforce by 2008 (*Table 11*). Surprisingly, this result is only marginally different from the one arrived at as per *Scenario 2*.

The critical factor that will determine the point where the labour force will be equal to the workforce will be the assumptions made about the labour force growth rate. In fact if we use a labour force growth rate of 2.93 per cent for projection this point will be reached in 2013. On the other hand if we assume an alternative figure of labour force growth rate of 2.4 per cent then this point will be reached in 2009.

The above analysis indicates that at 9.1 per cent GDP growth rate, even under very conservative assumptions, the economy will reach a level where workforce will match labour force within a one-year time frame.

These projections have two obvious limitations. Firstly, that they do not take into account the impact of technological changes. These changes can however alter the capital-labour ratio and impact the sectoral elasticity and employment growth. Secondly, the demand for labour is projected independent of the supply leaving no scope for accounting for adjustments by way of changes in real wages and productivity. Despite this, the projections provide some useful insights that are summarised below:

- i. Agriculture will still account for more than half of the total workforce in the country in the terminal year irrespective of the scenario we choose. Its share declines from 60 per cent in 1999-00 to 58 per cent in 2004-05 and to 56 per cent in 2008 (*Scenario 3*).⁶ While this decline *per se* is desirable, its slow pace raises important questions on the productivity and remunerations in this sector.
- ii. The secondary sector has a share of 18 to 20 per cent in the terminal year, and as expected manufacturing leads with an employment share between 11 and 12 per cent with construction coming second with 6 to 8 per cent employment share.
- iii. The employment share of the services sector is 23 to 24 per cent and within the sector, Trade, Hotels, Transport & Communication is the largest employment provider, accounting for 14 to 16 per cent of the total workforce. The second largest

⁶ Even as per *Scenario 2* the share of agriculture in the terminal year remains at 56 per cent.

Agriculture will still account for more than half of the total workforce in the country in the terminal year irrespective of the scenario we choose.

The unadjusted employment elasticity for the latest period is 0.48. Even after adjusting the sectoral elasticities to lower figures, it is seen that with a GDP growth rate of 9.1%, by 2009 the workforce will become equal to labour force.

employer is the Community, Social and Personal Services that has a 7 per cent share.

These employment shares are in sharp contrast to the employment shares in the developed countries where share of agriculture in employment is only 5 per cent. Closer home even in China agriculture has yielded share to the other sectors at a faster pace.

Conclusion

The employment scenario has undergone a fundamental change. As per the 61st Round of NSS, employment in the period 1999-2000 to 2004-05 has increased at an annual rate of 2.89 per cent. This is in sharp contrast to the annual growth rate of 0.98 per cent in the period 1993-94 to 1999-2000. This sharp increase in employment growth is also corroborated by other studies. Along with the sharp increase in employment the labour force has also increased dramatically. The unadjusted employment elasticity for the latest period is 0.48. Even after adjusting the sectoral elasticities to lower figures, it is seen that with a GDP growth rate of 9.1 per cent, by 2009 the workforce will become equal to labour force. Growth has been a major driving force in achieving a higher level of employment.

The analysis of the data thrown up by the Survey and projections indicate that bulk of the increase in employment has happened in the informal sector and agriculture still accounts for a large percentage of the workforce. This trend is a cause for concern as the relatively low wages and lack of social security here translate into the phenomenon of 'working poor' i.e. workers in the BPL households. In other words, the congruence of labour force and workforce by itself does not guarantee elimination of poverty. The new challenge is one of improving the total factor productivity in the informal sector and in agriculture so that there is a significant improvement in the emoluments of those who are employed, that is, in the quality of employment.

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