



ISSN Print: 2394-7500
 ISSN Online: 2394-5869
 Impact Factor: 5.2
 IJAR 2015; 1(6): 341-343
 www.allresearchjournal.com
 Received: 21-03-2015
 Accepted: 24-04-2015

Abhash Kumar
 Assistant Professor
 Department of Economics
 Rajdhani College, University
 of Delhi

Employment Trends since economic liberalisation

Abhash Kumar

Abstract

In most of the industrialised countries as well as large emerging markets, economic growth tends to follow few patterns. One of these patterns is the reduced share of agriculture in both GDP and employment. Present Indian government is putting great emphasis on liberalisation of economy as well as allowing foreign investors to boost India's manufacturing sector. The main aim of these measures is to create jobs in non-agriculture sectors so that a huge workforce that is employed in agriculture because of distraught situation could migrate to industries and services. Historical data however suggests that liberalisation has failed to create proportionate non-agriculture employment and the job situation in the country is not very different from the pre-liberalisation days.

Keywords: Employment, Economic, Liberalisation, markets

1. Introduction

According to a recently released data of the newly constituted ministry of skill development and entrepreneurship agriculture is the largest employer of Indian work force. It is followed by building, construction & real estate, retail, transportation & logistics. These four sectors employ about two third of India's total workforce. It is interesting to note that a vast chunk of the workforce employed in these sectors doesn't require special skills and they work as semi or unskilled labour. India is often lauded as the country of software professionals and is much touted as the country that would provide the required workforce to the global economy. These claims however fall flat as the employment data suggests that the new age economic sectors- IT & ITES, electronic hardware, telecommunication as well as banking and finance each employ less than 1% of the country's total workforce. Evidently Indian economy has failed to create enough job in these sectors in the country itself leave aside supplying skilled workforce to the global economy. When the employment figures are compared with the gross value added from major sectors the picture becomes even grimmer. According to the Economic Survey 2014-15 the gross value added from agriculture in 2014-15 (new 2011-12 series) was 17.6%. The corresponding figures for manufacturing and services were 29.7 and 52.7% respectively. Assuming GVA also reflects the sector wise income patterns it becomes evident that while agriculture's share in income is a meagre 17.6% it gives employment to over 50% of the workforce. Evidently the income generated in the high growth decades did not reach the poorest people of the Indian society as the government failed to create decent jobs for them.

Sector	Employment in 2013	% of Total
Agriculture	240.4	52.3
Building, Construction & Real Estate	45.42	9.9
Retail	38.6	8.4
Transportation & Logistics	16.74	3.6
Textile & Clothing	15.23	3.3
Education/ skill development	13.02	2.8
Handlooms & Handicrafts	11.65	2.5
Auto & Auto Components	10.98	2.4
Construction Material & Building Hardware	8.3	1.8
Security	7	1.5

Correspondence:
Abhash Kumar
 Assistant Professor
 Department of Economics
 Rajdhani College, University
 Of Delhi Govt. of NCT Delhi,
 India.

Food Processing	6.98	1.5
Tourism, Hospitality & Travel	6.96	1.5
Domestic Help	6	1.3
Gems & Jewelry	4.64	1.0
Electronic & IT Hardware	4.33	0.9
Beauty and Wellness	4.21	0.9
Furniture & Furnishing	4.11	0.9
Healthcare	3.59	0.8
Leather and Leather Goods	3.09	0.7
IT & ITES	2.77	0.6
Banking and Finance	2.55	0.6
Telecommunication	2.08	0.5
Chemical & Pharmaceuticals	1.86	0.4
Media & Entertainment	0.4	0.1
Grand Total	459.46	

Source: Ministry of Skill Development and Entrepreneurship, Employment figures in million

2. Trickle Down that never happened

To estimate the results of government's recent job creation initiatives it is important to analyse the Indian job scenario during the years that followed the economic liberalisation of the 90s. It is generally assumed that liberalisation is important to push the industries. A high industrial growth will boost the economy and the benefits will gradually trickle down to the bottom. The most important factor to measure the trickle-down effect is the creation of decent jobs. Apart from higher taxes from booming industry that is used for government's social sector spending better jobs are equally important for redistribution of wealth generated during the high growth phase of any economy. World Bank data on the proportion of employees with regular salaries to the total employment shows a disheartening picture of economic liberalisation in India. In India, the average percentage of people with regular salaries was 15% in the period between 1991 and 2000 and it increased to a meagre 17% in the ten years between 2001 and 2010. This proportion is much lower than the world's advanced economies where people with regular salaries constitute about 80% of the total workforce. Evidently the high growth period following the economic liberalisation was also the period of jobless growth. Various studies have shown that it has only increased the income inequality in the country.

World's ten largest economies (market exchange rate)

Country	1991–2000	2001–10
	Regular wage and salaried employment (% of total)	Regular wage and salaried employment (% of total)
United States	92	93
China	NA	NA
Japan	81	85
Germany	89	88
France	87	89
United Kingdom	87	87
Brazil	62	64
Russian Federation	93	92
Italy	71	73
India	15	17

Source: World Development Report 2014- World Bank

Analysis of employment data however suggests that the overall growth in India's output in the past has failed to generate decent employment. The National Sample Survey Office (NSSO) report on employment also confirms the World Bank data. In 2011-12 only 18% of the working people in India came under regular wage/salary category of employment. This means that only a fraction of the country's total workforce is not dependent on daily or periodic renewal of their contracts.

At the time of the survey roughly 30% of the workers were identified as casual labourers- working in farm or non-farm enterprises and receive wages on daily or periodic contracts. The remaining 52% workers were self-employed. Noticeably a majority of these people are self-employed in agriculture; own small shops or they are working as helpers in family owned business without getting any salary. This is contrasting to the global averages.

A comparison of agri-employments in the post liberalisation periods in India and China also suggests that we failed to provide decent jobs to a majority of our workforce. China started its economic reforms in the late 1970s and from 1980s onwards the share of agriculture in the total employment has steadily decreased. For instance in 1980 a little over 68% of the Chinese workforce were employed in agriculture. This number steadily reduced to 34.8% in recent years.

Some experts believe that the economic reforms did not work that well in India because before opening its economy China managed to bring some level of social equality by doing land reforms and ensuring access to education to all section of its society. Also its economy is growing at a faster rate while the population growth has stabilised.

Share of Agriculture in total employment

India	India	China	China
Year	Agriculture's share	Year	Agriculture's share
1994	60.5	1980	68.7
2000	59.9	1985	62.4
2005	55.8	1990	60.1
2010	51.1	1995	52.2
2012	47.2	2000	50
2013	52.3	2005	44.8
		2010	36.7
		2011	34.8

Source: World Bank

Time and again Indian government has come out with various employment schemes. Experts however rubbish these schemes as makeshift populist arrangements without addressing the real issues. The ongoing rural job guarantee scheme (MGNREGA) has never provided work for the promised number of days. In a country like India, this kind of schemes could provide some social security by providing some respite in the form of whatever minimum number of days of employment that it is providing. It however doesn't address the core employment problem of skill development and the subsequent migration to services and industry from agriculture.

3. Conclusion

Government Make in India and skill development initiatives might be directed towards the right target but the work is far more uphill than it appears. For India to sustain its growth story it is very important to address the problem of agricultural distraught and bring people engaged in

agriculture to industries and services. This however will require a much larger spending in education, healthcare as well as urban housing. Evidently it requires long term planning as the experience from the past suggests that the economic benefits of liberalisation has benefited only a selected section of the society.

4. Reference

1. National Sample Survey Organisation
2. World Bank
3. Ministry of Skill Development and Entrepreneurship, Employment
4. Economic Survey of India.