



CHALLENGES OF DECENT EMPLOYMENT IN INDIA

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Abstract: This paper examines employment challenges in India with in ILO's decent work framework. We find that Indian economy has experienced unprecedented decline in number of workers in absolute terms since 1972-73 due to sharp decline in rural female workers. Remarkably, there has been job creation in the organised sector, regular salaried category, and in services sector in 2017-18. However, the rate of employment growth in these segments are very low and could not offset net loss in employment in the unorganised sector, casual jobs and in agriculture and manufacturing sector especially in rural areas. Moreover, close to 90 percent of total workers in India were engaged in informal jobs and more than half of the employment even in the organised sector were informal in nature with no job security and no social security in 2017-18. Our finding also shows that quality of jobs have also deteriorated even in the regular salaried employment in India as close to 71 percent of regular salaried workers had no written job contracts, 50 percent of them were not entitled to paid leave and social security benefits and only one third of such workers had access to union in 2017-18. These are clear sign of vulnerable condition of workers in India with scant social security coverage, inadequate legal backing and weaker bargaining power. The paper argues for urgent policy interventions to ensure access to productive and decent jobs to all in India.

Keywords: Decent work, quality of jobs, informalisation, wage inequality, social protection.

JEL Classification: J01, J21, J23, J30, J51, J83

1. INTRODUCTION

India, one of the fastest growing economies in the world, is at critical juncture of development path today. It has world's youngest population and large informal employment with increasing educated unemployment rate, shrinking share of workers and changing structure of the economy. There have been persistent employment challenges in quantitative as well as qualitative terms despite faster economic growth². Recently, Indian

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economy has witnessed an unprecedented decline in absolute number of workers, substantial reduction in female work participation and highest unemployment rate especially among educated youth in last 45 years (Kannan and Raveendran, 2019; Himanshu, 2019; GoI, 2020). These clearly indicate that quantitative challenges of employment in India are increasing.

As far as the qualitative dimensions of employment challenges are concerned, there is scant availability of literature on these dimensions in India as this dimension of work varies from person to person and across different regions/countries. The identification and measurement of different dimensions of quality of employment is the real challenge before policy makers. However, increasing contractualisation of workers, glaring poverty rate among working population, higher concentration of workers in fewer low productive and less remunerative segment of informal sector, low coverage of workers under social security schemes and deteriorating working condition clearly reveals that qualitative dimension of employment problem is much more severe (Sood *et.al*, 2014). Situation may deteriorate further in the post COVID-19 pandemic period with reduction in global growth due to significant reduction in aggregate demand and supply constraints. The pandemic has not only shaken the global economy and made fresh employment generation difficult, but may also affect those who are currently employed. This can be analysed from the fact that International Monetary Fund (IMF) has cut India's growth forecast for financial year 2021 from 5.8%, projected in January to 1.9 % and warned that Indian economy is likely to record the lowest economic growth since 1991. Due to wide spread lockdown to contain spread to pandemic, firms are not able to operate and generate revenue while they have to pay rents, salaries, debts, etc. As a result, many firms are struggling to survive and are unable to pay wages to their workers in absence of liquidity/ revenue. To minimise their operating cost, companies have already started taking tough decisions such as cutting down the salaries, giving pink slips to employees, freezing on fresh recruitment, delays in appraisals, deferment of promotions, increments and bonus, 25-40 percent pay cuts and opting for other cost-cutting measures. For example: Make My Trip has announced 50 % salary cuts for top-level executives at the company from April, 2020. Likewise India's largest airline IndiGo and many other airlines have announced a pay cut from April 1, 2020, put in place a leave without pay programme for its staff on a rotational basis and retrenched many of its expat pilots. The largest Indian software exporter TCS has also announced that it will not retrench any of its 4.5 lakh employees but would not give any salary hikes in 2020. These are clearly warning bells for deteriorating future employment situation in India.

To maintain growth momentum, there is need of creation of not only jobs but jobs of acceptable quality viz. decent jobs as it is the most important mechanism which makes growth more inclusive and sustainable by increasing purchasing power of workers, enhancing aggregate demand, promoting economic activities and reduces poverty and inequality. This is the prime reason that access to decent and productive jobs have not only been identified as a separate goal (Goal 8) out of its 17 Sustainable Development Goals (SDG's) to be achieved by 2030 but have also been identified it as a critical channels for achieving the other SDG's. Given the significance of decent jobs for sustainable development and somewhat little contemporary literature on the issue, this paper analyses quantitative as well as qualitative dimension of employment challenges in India with in ILO's decent work framework.

2. DECENT JOBS

Although, there exist numerous literature on quantitative dimensions of employment challenges across the world but the qualitative dimensions of employment challenges has largely been ignored by mainstream economists till 1998. The incidence of relatively high poverty among working population, increasing flexibilisation and deteriorating condition of workers in post globalization period prompted policy makers to believe that employment challenges in the world are not of quantity as of the quality. Given the severity of qualitative dimension of employment challenges, policy makers have shifted their attention towards creation of decent jobs and improvement in the quality of existing jobs.

The idea of decent work was articulated for the first time into development agenda by the then ILO Director General Juan Somavia in his report to the 87th session of International labour conference in 1999. He established that "the primary goal of ILO is not only the creation of jobs, but with the creation of jobs of acceptable quality. The quantity of employment cannot be divorced from its quality" (ILO, 1999). It was also mentioned that work is important part of life of a person in terms of time devoted and affects livelihood and individual self esteem of a person. Therefore, the quality of work should be given importance as it has potentiality to affect quality of life of people, human development, social development and sustainable development of nation as a whole. In view of this, ILO in 1999 set itself a new goal ie. "Decent work for all". The objective of this goal was to secure decent work for women and men everywhere by influencing policies at national and local level that improve the quality of employment by promoting opportunities to obtain decent and productive jobs in condition of freedom, equality, security and better representation of workers (ILO; 1999, P-3). In simple words, decent

work refers to any form of work that respect the fundamental rights of human being and rights of workers by providing good working conditions and fair remuneration, better prospects for personal & social development, security at workplace & social protection for families and freedom to workers to express their concerns & participate in decision making. These days, the primary goal of the ILO is to promote opportunities for men and women to obtain decent and productive work in condition of freedom, equity security and dignity (ILO; 1999, P.3).

There are six broad dimensions of decent work. The first dimension is termed as opportunity for work which indicates that all individual who wants to work, able to get suitable work. The second dimension is freedom which ensures that work should be chosen freely and should not be forced on individual. Moreover, workers are also free to join workers organization. Third dimension relates to productive work. It indicates that work should ensure acceptable livelihood for a person and their families. Fourth dimension relates to fair and equitable treatment at work. It reflects that there should not be discrimination at work and workers should be able to balance work with family life. Fifth dimension relates to security at work and ensures adequate financial and other protection to the workers in the event of health and other contingencies. Sixth dimension focuses on dignity at work. It enables workers to raise their concern and represent their interest collectively. It also enables workers to participate in decision making about their work and working condition. Of these six dimensions of decent work, the first two (opportunities and freedom) dimensions relates to availability and acceptability of work while the other four reflects quality of work. Broadly, these six dimensions can further be clubbed under four main pillars of decent work viz. opportunity, rights, protection and voice. The quantitative and qualitative dimensions of employment challenges in India will be examined under these four main pillars of decent work.

2.1. Employment Opportunities in India

This dimension of decent work relates to availability of work. It implies the existence of employment opportunities for all those who are available for and seeking work. This is the basic pillar of decent work as decent work is not possible without availability of work itself. This dimension measures the extent to which country's population is employed. It encompasses all form of economic activities including self employment, wage employment and employment in formal and informal sectors (Anker *et.al*; 2003).

According to NSO-EUS and PLFS data³, Labour Force Participation Rate (LFPR)⁴ in India has declined consistently since 1993-94 except for the year

2004-05 when LFPR was increased by 2.4 percentage points (Table 1). LFPR decreased by 2.6 percentage points from 39.5 percent in 2011-12 to 36.9 percent in 2017-18 while in absolute terms 18.3 million new labourers joined labour market in India during the same time period⁵. When we further disaggregate it, we find that work participation rate has declined by 3.9 percentage points from 38.6 percent in 2011-12 to 34.7 percent in 2017-18 and Indian economy has witnessed unprecedented decline in absolute number of workers, perhaps for the first time since independence as none of the census and NSO-EUS has recorded decline in number of workers in absolute terms. Around 1.5 million people have lost their existing jobs in India during 2012-18 (from 472.9 million workers in 2011-12 to 471.4 million in 2017-18). However, the proportion of population unemployed has increased from 0.9 percent in 2011-12 to 2.2 percent in 2017-18 with a sudden addition of 19.9 million new unemployed people during the same time period (Table 1).

Table 1
Key Labour Market Indicators in India (ps+ss, all age)

Year	LFPR	WPR	Out of Work Force (OWF)				
			PU	PE	PD (in %)	Others	Total OWF
1993-94	42.8	42.0	0.8	20.6	15.8	20.9	58.0
1999-2000	40.6	39.7	0.9	22.7	16.2	20.6	60.3
2004-05	43.0	42.0	1.0	24.3	15.4	17.4	58.0
2011-12	39.5	38.6	0.9	27.5	18.8	14.2	61.4
2017-18	36.9	34.7	2.2	26.6	22.0	14.4	65.3
<i>Number (in million)</i>							
1993-94	380.0	372.8	7.2	182.6	140.1	185.7	515.6
1999-2000	407.3	398.3	9.0	228.2	162.3	206.4	605.9
2004-05	468.6	457.7	10.9	265.5	168.3	190.0	634.6
2011-12	483.5	472.9	10.6	337.5	231.0	174.1	753.2
2017-18	501.9	471.4	30.5	361.5	299.0	195.5	886.5

Note: LFPR-Labour Force Participation Rate, WPR-Workers Population Ratio, OWF-proportion of population out of workforce, PU-proportion unemployed, PE-proportion attending education institutes, PD-proportion attending domestic duties, Others includes recipient of remittances/Disabled/Others

Source: Computed from NSO unit level data, various rounds, MoSPI

To understand the declining trend in work participation and increase in unemployment, the activity status of those who are outside work have been examined. We find that there has been significant jump in proportion of people attending education from 20.6 percent in 1993-94 to 26.6 percent

in 2017-18 with an increase of 178.9 million people in this category during 1994-2018 and 24 million additional people during 2012-18 (Table- 1). This is definitely a good sign for growing economy like India as around quarter of population are acquiring education and more skilled work force is expected to join labour market in near future. The current decline in work participation and sudden increase in unemployment could be due to improvement in education as youth do not start working unless they complete their education. The aspiration level of secondary and above educated individual is higher and they tend to participate in labour market only if suitable remunerative and decent job is available; otherwise they prefer to wait for appropriate job. They prefer to work in remunerative and white collar jobs in manufacturing and service sector. Despite the high growth rates, our economy has not generated such kinds of jobs to keep up with growth of highly skilled labour supply. Increase in average household income could be the other probable reason as an individual from relatively better off family can afford to wait for suitable job opportunities rather than taking up any kind of work. The other probable reason could be change in structure of production and more emphasis on automation techniques with the advent of fourth industrial revolution and recent global economic slowdown. However, an in-depth analysis is required to understand these dimensions of the labour market.

Surprisingly, there has been consistent increase in the proportion of population attending domestic duties during last two decades and a little less than quarter of population were engaged in this activity in 2017-18. It is puzzling to note that around 299 million people of India were engaged into domestic duties in 2017-18 (Table 1). When we further examine this issue by gender, we find that around 60 percent of working age (15-59 years) women was engaged in domestic duties while that of male was even less than one percent (GoI, 2020). This clearly indicates that more women workers have been pushed out of labour market and they are being counted in domestic activities. To examine this issue, we have analysed work participation rate in India by gender.

Work participation rate by gender gives very depressing outcomes. We find that work participation rate of male remains constant around 52- 54 percent during 2004-05 to 2017-18 while that of female has declined by 5.4 percentage points from 21.9 percent in 2011-12 to 16.5 percent in 2017-18 and around 20.6 million women workers lost their existing jobs during 2012-18 (Table 2). The rate of decline was sharper for rural female compared to urban female. Female work participation rate more or less remains constant around 14 percent in urban areas while it has declined by 7.3 percentage points in rural areas from 24.8 percent in 2011-12 to 17.5 percent in 2017-18.

Table 2
Worker Population Ratio (ps+ss, all age) by Sector and Sex in India (in %)

WPR	Rural		Urban		Total (R+U)		
	Male	Female	Male	Female	Male	Female	Person
2004-05	54.6	32.7	54.8	16.6	54.7	28.7	42.0
2011-12	54.3	24.8	54.6	14.7	54.4	21.9	38.6
2017-18	51.7	17.5	53.0	14.2	52.1	16.5	34.7
<i>No. of Workers (in million)</i>							
2004-05	217.7	123.4	91.4	25.2	309.1	148.6	457.7
2011-12	234.6	101.8	109.2	27.3	343.8	129.1	472.9
2017-18	239.0	77.0	123.9	31.5	362.9	108.5	471.4

Source: Computed from NSO unit level data, various rounds.

In absolute terms, 24.8 million rural female lost their existing jobs during 2012-18 while 4.2 million additional urban female joined the work force during the same time period. Similarly, 4.4 million additional rural male and 14.7 additional urban male joined the workforce in India during 2012-18 and the unprecedented decline in absolute number of workers in India is mainly due to substantial job loss to rural female workers (Table 2).

The unprecedented decline in absolute number of workers is a huge concern; the worrying part is rural women from poorest, vulnerable, illiterate, Dalit and Muslim communities have borne disproportionate brunt. As per NSO-EUS and PLFS estimates, the share of illiterate women has reduced by 6.2 percentage points (50.8 percent in 2011-12 to 44.6 percent in 2017-18) with a job loss to the extent of 17.3 million to the women of this category during 2012-18 while the share of highly educated female workers have increased by 4.4 percentage points with job gain to the extent of 3.1 million during the same time period (Table 3). Similarly, around 13.8 million women from poorest & poor income groups and 19.3 million women from Hindu Dalit and Muslims communities have lost their existing jobs (Table 4 and Table 5). This clearly reveals that labour market process are exclusionary in nature and rural, less educated and women from poorest and less privileged sections are losing out heavily through multiple overlapping channels of caste, class vulnerabilities and gender discrimination.

If we analyse the nature of jobs on the basis of employment status⁶, we observed that around half of the workers in India were engaged self employment activities during 2011-12 and 2017-18. When we further analyse this category of workers, we find that majority of self employed male workers were own account workers while majority of female workers in

Table 3
Distribution of Female Workers (ps+ss, all age) by Level of Education in India (in %)

Level of Education	Distribution of Workers (in %)		Number of Workers (in million)		Net Job Creation/Loss (in million)
	2011-12	2017-18	2011-12	2017-18	
Illiterate	50.8	44.6	65.6	48.4	-17.3
Up to middle level	32.8	32.8	42.3	35.6	-6.7
Secondary	9.8	11.9	12.7	12.9	0.2
Higher	6.6	10.7	8.5	11.6	3.1
Total	100.0	100.0	129.1	108.5	-20.6

Source: Computed from NSO (2013), 68th Round and NSO(2019), PLFS, Unit level data.

Table 4
Distribution of Female Workers (ps+ss, all age) by Income Group in India (in %)

Income Group	Distribution of Workers (in %)		Number of Workers (in million)		Net Job Creation/Loss (in million)
	2011-12	2017-18	2011-12	2017-18	
Poorest	26.5	25.9	34.1	28.1	-6.0
Poor	22.9	20.1	29.5	21.8	-7.8
Middle	20.8	24.8	26.8	26.9	0.1
Rich	17.3	16.2	22.3	17.6	-4.7
Richest	12.6	13.0	16.3	14.1	-2.2
Total	100.0	100.0	129.1	108.5	-20.6

Source: Computed from NSO (2013), 68th Round and NSO(2019), PLFS, Unit level data.

Table 5
Distribution of Female Workers (ps+ss, all ages) by Socio-Religious Category in India, 2017-18 (in %)

Socio-Religious Category	Distribution of Workers (in %)		Number of Workers (in millions)		Net Job Creation/Loss (in millions)
	2011-12	2017-18	2011-12	2017-18	
H-SC/ST	31.5	31.5	40.6	34.2	-6.5
H-OBC	38.3	37.0	49.5	40.2	-9.3
H-Gen	15.9	18.2	20.5	19.8	-0.7
Muslim	8.6	7.1	11.1	7.7	-3.5
Other Minorities	5.7	6.2	7.4	6.7	-0.6
Total	100.0	100.0	129.1	108.5	-20.6

Source: Computed from NSO(2013), 68th Round and NSO(2019), PLFS, Unit level data.

this category were unpaid family labourers especially in rural areas⁷. However, the share of self employed female workers has increased in own account activities and reduced in unpaid family labour category during 2011-12 to 2017-18 but still one third of female workers with 29.8 million in rural areas and 3.5 million in urban areas were engaged in unpaid family labour category in 2017-18 (Table 6).

Table 6
Distribution of Workers (ps+ss, all age) by Sector, Employment Status and Sex in India (in %)

Employment Status	2011-12						
	Rural		Urban		Total (R+U)		
	M	F	M	F	M	F	P
Self Employed	54.5	59.3	41.7	42.8	50.7	56.1	52.2
Own Account Workers	40.2	18.1	32.1	25.7	37.8	19.6	32.8
Employers	1.5	0.4	2.7	0.5	1.8	0.4	1.4
Unpaid Family Labours	12.8	40.7	6.9	16.7	11.1	36.1	18.0
Regular Salaried Workers	10.0	5.6	43.4	42.8	19.8	12.7	17.8
Casual Workers	35.5	35.1	14.9	14.3	29.4	31.2	29.9
Total	100	100	100	100	100	100	100
	2017-18						
Self Employed	57.8	57.8	39.2	34.7	52.3	51.9	52.2
Own Account Workers	46.1	18.6	31.3	22.9	41.7	19.7	36.6
Employers	1.9	0.5	3.6	0.8	2.4	0.5	2.0
Unpaid Family Labours	9.8	38.7	4.3	11.0	8.2	31.7	13.6
Regular Salaried Workers	14.0	10.5	45.7	52.1	23.4	21.0	22.8
Casual Workers	28.2	31.8	15.1	13.1	24.3	27.0	24.9
Total	100	100	100	100	100	100	100
	Number of Workers (in millions)						
	2011-12						
Self Employed	127.8	60.3	45.6	11.7	173.3	72.0	245.4
Own Account Workers	94.3	18.5	35.1	7.0	129.4	25.5	154.9
Employers	3.5	0.4	3.0	0.1	6.4	0.6	7.0
Unpaid Family Labours	30.0	41.4	7.5	4.6	37.5	46.0	83.5
Regular Salaried Workers	23.6	5.7	47.4	11.7	71.0	17.4	88.4
Casual Workers	83.2	35.8	16.2	3.9	99.5	39.7	139.2
Total	234.6	101.8	109.2	27.3	343.8	129.1	472.9
	2017-18						
Self Employed	138.2	44.5	48.6	10.9	186.8	55.4	242.2
Own Account Workers	110.2	14.3	38.8	7.2	149.0	21.5	170.5
Employers	4.5	0.3	4.5	0.3	9.0	0.6	9.6
Unpaid Family Labours	23.5	29.8	5.3	3.5	28.8	33.3	62.1
Regular Salaried Workers	33.4	8.1	56.6	16.4	90.0	24.5	114.5
Casual Workers	67.4	24.5	18.7	4.1	86.1	28.6	114.7
Total	239.0	77.0	123.9	31.5	362.9	108.5	471.4

Note: M, F, P indicates Male, Female and Person respectively.

Source: Computed from NSO (2013), 68th Round and NSO (2019), PLFS, Unit level data.

Remarkably, the share of workers in regular salaried jobs have improved by 5 percentage points (from 18 percent in 2011-12 to 22.8 percent in 2017-18) with a significant gain of around 26.2 million new jobs in this category. Interestingly, the share of women workers in regular salaried jobs have increased by 8 percentage points from 12.7 percent in 2011-12 to 21 percent in 2017-18 with addition of 7.1 million new jobs (2.4 million in rural areas and 4.7 million in urban areas) for female workers in this category (Table 6).

In casual labour category, the share of workers have declined by 5 percentage points (29.9 percent in 2011-12 to 24.9 percent in 2017-18) with the decrease being in rural areas. Nearly, 11.3 million rural women and 15.8 million rural men have lost out their jobs in this category during 2012-28. However, still around one quarter of India's work force are engaged in casual jobs with very short duration (Table 6).

When we examine extent of job gain/job loss across industry category, we find that around 44.1 percent of total workers and close to 60 percent of rural workers were engaged in agriculture and allied activities which contribute only 16 percent of GDP (Table 7). The proportion of workers in agriculture sector has declined by 4.8 percentage points (from 48.9 percent in 2011-12 to 44.1 percent in 2017-18) with a job loss of 27.6 million in a span of six years. The rate of decline is sharper in rural areas where it has reduced by close to 4.7 (from 64.1 percent in 2011-12 and 59.4 percent in 2017-18) with a job loss of 28 million during 2012-18. Such outcome may be due to changing preference of people towards non agriculture sector due to improvement in education and skill. The intensive mechanisation of agriculture activities, lower wages, agrarian distress and declining international demand for agro-based products may be the other probable reasons.

The industry sector which contributes 30 percent of GDP in India, it provides employment opportunities to around quarter of total work force and close to one third workforce in urban areas. When we further disaggregates this sector what is noticeable is that majority of workers in rural areas were engaged in construction sector while close to quarter of urban workers were engaged in manufacturing sector. Distressingly, rural workers lost 4.5 million jobs in manufacturing sector while 3.5 million new jobs were created for urban workers in this sector during 2012-18. This clearly hints that employment creation in small, home based and rural enterprises has declined. The construction sector provides employment opportunities to around 12 percent of total workforce in India. This sector has created 4.7 million new employment opportunities with 1.6 million in rural areas and 3.1 million in urban areas during 2012-18 (Table 7).

Table 7
Distribution of workers (ps+ss, all age) by Industry Category (NIC-1 Digit) and Sector in India

Industry Category(NIC)	2011-12			2017-18			Net Job Creation/Loss		
	(in percent)			(in percent)			(in millions)		
	Rural	Urban	Total	Rural	Urban	Total	Rural	Urban	Total
Agriculture and allied activities	64.1	6.7	48.9	59.4	6.1	44.1	-28.0	0.4	-27.6
Industry	20.4	35.0	24.3	20.8	34.8	24.8	-2.9	6.3	3.4
Mining and quarrying	0.5	0.7	0.5	0.4	0.5	0.4	-0.3	-0.3	-0.6
Manufacturing	8.6	23.6	12.6	7.8	23.0	12.1	-4.5	3.5	-1.0
Electricity, gas and water	0.2	1.3	0.5	0.4	1.2	0.6	0.4	0.0	0.4
Construction	11.1	9.3	10.6	12.3	10.2	11.7	1.6	3.1	4.7
Services	15.5	58.3	26.8	19.8	59.1	31.0	10.4	12.2	22.6
Wholesale/trade	5.6	19.6	9.3	6.7	18.6	10.1	2.2	2.2	4.4
IT and transport, communication etc.	3.9	13.7	6.5	5.2	14.3	7.8	3.4	3.5	6.9
Financial intermediation	0.3	2.5	0.9	0.4	2.6	1.1	0.3	0.6	0.9
Real estate	0.1	0.6	0.2	0.1	0.6	0.2	0.003	0.1	0.1
Professional and public administration	1.2	7.6	2.9	1.9	7.8	3.6	2.2	1.8	4.0
Education	2.1	5.5	3.0	2.9	5.9	3.8	2.3	1.7	4.0
Health and social services	0.5	2.2	0.9	0.6	2.6	1.2	0.4	1.1	1.5
Community and personal services	1.6	4.3	2.3	1.4	4.1	2.2	-1.0	0.4	-0.5
Domestic work	0.3	2.3	0.8	0.5	2.6	1.1	0.5	0.9	1.4
Total	100	100	100	100	100	100	-20.4	18.9	-1.5

Source: Computed from NSO(2013), 68th Round and NSO(2019), PLFS, Unit level data

The service sector which contributes more than of half of India's GDP, it provides employment opportunities to only 31 percent of its total workforce (Table 7). However, around 60 percent of urban workers are engaged in service sector and the distribution of workers in this sector is improving. The proportion of workers in this sector has improved by 4.6 percent (from 26.8 percent in 2011-12 to 31 percent in 2017-18) with 22.6 million new job creations (10.4 million in rural areas and 12.2 million in urban areas) in this segment during 2012-18. When we further disaggregate the subsectors of service sector, we find that job creation has happened in almost its all sub-sector except for community and personal services in rural areas where around one million rural workers lost their existing jobs. Sectors like wholesale/trade, IT, transport & communication, professional and public administration, education, health & social services, domestic work etc have created new employment opportunities in both rural as well as in urban areas during 2012-18 (Table 7). Undoubtedly, these are silver lining for India's future prospects and hints towards formalization of work in India.

Table 8
Distribution of Workers in Formal and Informal Employment (ps+ss, all ages) by sex in India, 2017-18

	2011-12 (in %)			2017-18 (in %)			Net Job Creation/Loss (in million)		
	Organised	Unorganised	Total	Organised	Unorganised	Total	Organised	Unorganised	Total
Formal	43.7	0.5	8.0	48.9	0.7	10.0	9.6	1.1	10.6
Informal	56.3	99.5	92.0	51.1	99.3	90.0	0.3	-12.4	-12.1
Total	17.5	82.5	100	19.2	80.8	100	9.9	-11.4	-1.5
				Rural					
Formal	31.8	0.3	3.8	38.5	0.4	5.2	3.2	0.4	3.6
Informal	68.2	99.7	96.2	61.6	99.6	94.8	-1.4	-22.6	-24.0
Total	11.3	88.7	100	12.6	87.4	100	1.8	-22.2	-20.4
				Urban					
Formal	54.6	1.3	19.7	58.1	1.8	21.8	6.4	0.6	7.0
Informal	45.5	98.7	80.3	41.9	98.2	78.2	1.7	10.2	11.9
Total	34.6	65.4	100	35.6	64.4	100	8.0	10.9	18.9

Source: Computed from NSO (2014), 68th Round and NSO (2019), Periodic Labour Force Survey Unit Record, MoSPI

To further analyse the issue, we have examined distribution of workers in organised/unorganised sector and formal/informal employment⁸. It is observed that the proportion of workers in organised sector has increased by 1.7 percentage points (from 17.5 percent in 2011-12 to 19.5 percent in 2017-18), with an addition of 9.9 million new jobs in this sector during 2012-18 (Table 8). Similarly, formal employment in economy has also increased by 2 percentage points (from 8 percent in 2011-12 to 10 percent in 2017-18) and 10.6 million new formal jobs have been created mainly due to increase in formal employment in organised sector. However, there has been substantial loss in employment in unorganised sector as well as in informal employment during the same time period. In absolute terms, workers in unorganised sector have lost out to the extent of 11.4 million jobs and around 12 million informal workers have lost their jobs during 2012-18. This could be due to combined impact of demonetization and implementation problem of GST which resulted in liquidity crisis and many small firms in unorganised sector were forced to shut down (Kannan and Raveendran, 2019). When we analyse the extent of job loss by sector, we find that the magnitude of job loss is substantial in rural areas especially in unorganised sector and informal employment with 22.2 million job loss in unorganised sector and 24 million job loss in informal employment category respectively during 2012-18 while urban areas have gained in all categories whether it is organised/unorganised sector or formal/informal employment. Around 18.9 million new jobs have been created in urban areas with 7 million new formal jobs during 2012-18. As expected, very small proportion of rural workers were engaged in organised sector (only 12.6 % in 2017-18) and close to 95 percent of rural workers were informal worker in 2017-18. However, 36 percent of urban worker were engaged in organised sector and 78 percent were informal workers in urban areas in 2017-18 (Table 8).

From the above, it is clear that the unprecedented decline in number of workers arise due to substantial decline in rural female workers with low level of education, less privileged community and poorest section. The extent of job loss is substantial in rural areas especially in unpaid family labour category of self employment, casual jobs, agriculture and manufacturing sector and in unorganised sector as well as rural informal employment category.

2.2. Qualitative Dimensions of Employment Challenge in India

As mentioned in the previous section that opportunity dimension relates to quantity while rights, protection and voice dimensions relates to quality of existing jobs. Rights at work is based on ethical moral, social, and human right philosophy and ensures adequate earning & productive work, fair

treatment in employment, safe working environment. The Social protection or security at work is considered to be the third pillar of ILO's decent work agenda and ensures job security, income security and social security to workers. This dimension of work protects the workers from economic risk inherent in economic activity ensure adequate financial and other protection to the workers in the event of health and other contingencies. Social security measures reduce insecurity, suffering, anxiety, and material deprivation of workers and subsequently promote confidence, health, productivity, social cohesion, social justice and growth. However, voice at work or social dialogues-the fourth pillars of decent jobs ensures fair treatment at work, empowers them to raise their concern and enables them to participate in decision making about work and their working conditions (Anker *et.al*; 2003).

As rights at work ensures adequate earning & productive work, average daily earnings of workers have been taken as proxy for this indicator as wages are often linked with productivity and ensures economic well being of a person and their family. Type of job contract has been taken as proxy for job stability while eligibility for paid leave and availability of social security benefits has been taken as proxy indicator for social protection. Social dialogue or voice at work is assessed on the basis of association with trade union and its membership. Throughout this section, we will focus on wage employment only as data for these parameters are not reported for self employment activities in NSO-EUS or PLFS data.

Considering the income security aspect, we observed that rural workers have received substantially lower wage compared to urban workers even in regular salaried jobs. On average rural regular salaried workers received Rs. 422 while urban regular salaried workers got Rs. 574 as a daily wage in 2017-18 (Table 9). As expected, average daily earnings of casual workers were just half of the regular salaried workers in both rural as well as in urban areas. Casual workers in both rural and urban areas received substantially lower wages than recommended national minimum floor wage of Rs. 375 per day as of 2017-18 (GoI, 2019). Gender wise, female workers were paid around 20 percent lower wage in urban areas and close to 30 percent lesser wage than their male counterpart in rural areas even in the regular salaried jobs. This may be observed from female to male wage ratio (F/M) which is around 80 percent in urban areas and 70 percent in rural areas in regular salaried jobs. In rural areas, female workers even in regular salaried jobs received significantly lower than recommended national minimum floor wage of Rs. 375 per day. Gender pay gap is relatively higher in casual jobs and female workers have received 30-40 percent lower wage than their male counterparts in all four quarters (Table 9).

Table 9
Average Daily earnings (in Rs) by Employment Status and Sex in India (2017-18)

Quarters	Regular Salaried workers				Casual workers			
	Male	Female	F/M	Person	Male	Female	F/M	Person
Urban Areas								
July- September 2017	577	463	0.8	551	314	192	0.61	294
October- December 2017	601	503	0.84	579	318	186	0.58	297
January – March 2018	609	493	0.81	583	328	189	0.58	307
April- June 2018	612	483	0.79	582	335	201	0.6	316
Rural Areas								
July- September 2017	422	293	0.69	396	253	166	0.66	232
October- December 2017	434	285	0.66	404	265	172	0.65	243
January – March 2018	482	285	0.59	445	270	175	0.65	249
April- June 2018	468	330	0.71	440	282	179	0.63	262

Source: Computed from NSO (2019), PLFS data.

The type of job contract is considered to be good proxy for job security as job contract of longer duration ensures more job security and stability and legal action can be taken in case of violation of the contract while short duration contract or oral contract generally do not have legal backing and provides more flexibility to employers in hiring and firing of workers as per their requirement and put workers on danger of exploitation (Sood *et.al*, 2014).

As per NSO-EUS and PLFS data we find that 71 percent of regular salaried workers in India had no written job contracts and another 4 percent having a written job contract for less than a year in 2017-18 (Table- 10). In absolute terms, 82 million out 115 million workers employed in regular salaried jobs can be fired anytime as they did not have any written job contracts. What is more disturbing is that relatively large proportion of urban regular salaried workers compared to that of rural workers had not any written job contracts and the proportion of such workers have in fact increased in both rural and urban areas during 2012-18. The long term job contract (more than 3 years) was available to only 21.4 percent of regular salaried workers with 23.1 percent in rural areas and 20.3 percent in urban areas. As expected, 98 percent of casual worker had no written contract and they were working on the basis of oral contract (Table 10).

Our next indicator of the quality of employment pertains to paid leave entitlement to workers which ensures fixed number of leaves to workers on holidays, sickness and other occasions without deductions in his entitled monthly wages. Workers are forced to decide between losing their jobs and taking care of his/her health in absence of such sick paid leaves.

Table 10
Distribution of wage Salaried Workers (ps+ss, all age) by type of job contract and Sector (in %)

<i>Type of Job Contracts</i>	<i>Rural</i>		<i>Urban</i>		<i>Total (R+U)</i>	
	<i>2011-12</i>	<i>2017-18</i>	<i>2011-12</i>	<i>2017-18</i>	<i>2011-12</i>	<i>2017-18</i>
<i>Regular Salaried</i>						
No written job contract	65.0	69.6	64.8	72.8	64.9	71.6
For 1 year or less	3.8	4.1	3.7	3.8	3.8	3.9
More than 1 year to 3 years	1.9	3.2	3.2	3.1	2.7	3.2
More than three years	29.2	23.1	28.3	20.3	28.6	21.4
Total	100	100	100	100	100	100
<i>Casual Labourers</i>						
No written job contract	97.4	97.6	98.7	99.3	97.7	98.0
For 1 year or less	1.7	1.9	0.8	0.4	1.5	1.5
More than 1 year to 3 years	0.1	0.1	0.1	0.2	0.1	0.1
More than three years	0.8	0.4	0.3	0.1	0.6	0.3
Total	100	100	100	100	100	100
<i>Total (Wage Salaried)</i>						
No written job contract	85.4	84.9	72.6	78.6	79.4	82.0
For 1 year or less	2.5	2.9	3.0	3.0	2.8	3.0
More than 1 year to 3 years	0.8	1.6	2.5	2.4	1.6	2.0
More than three years	11.3	10.7	21.9	15.8	16.3	13.1
Total	100	100	100	100	100	100

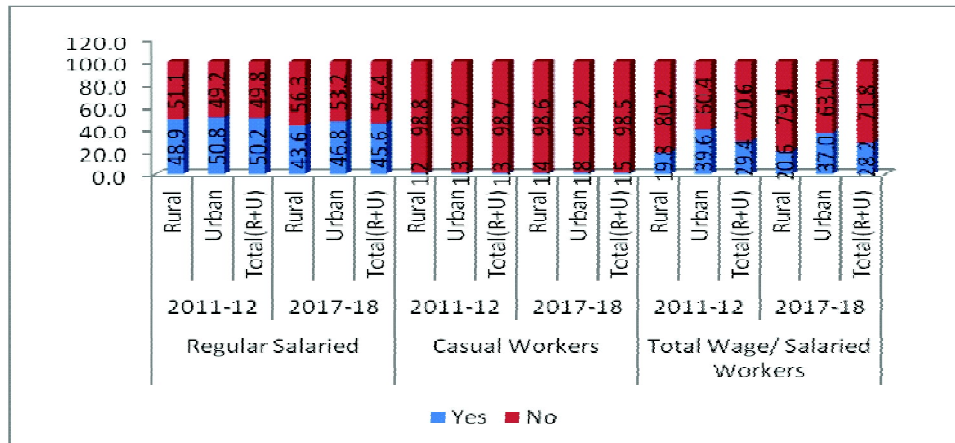
Source: Computed from NSO(2013), 68th Round and NSO(2019), PLFS, Unit level data

We find that for the year 2017-18, 72 percent of total wage salaried workers with 50 percent regular salaried and 98.5 percent casual workers were not entitled to paid leave. The entitlements to rural workers are much lower than their urban counterparts and the condition has even deteriorated during 2012-18 (Figure 1)

The other key indicator of the quality of employment pertains to social security coverage to the workers. As reflected in the Figure 2, around 64 percent of total wage salaried workers with 50 percent regular salaried and 87 percent casual workers were not eligible for any social security benefits in 2017-18. Again social security coverage to rural workers are lesser than their urban counterpart. However, situation has somewhat improved during 2012-18 (Figure 2).

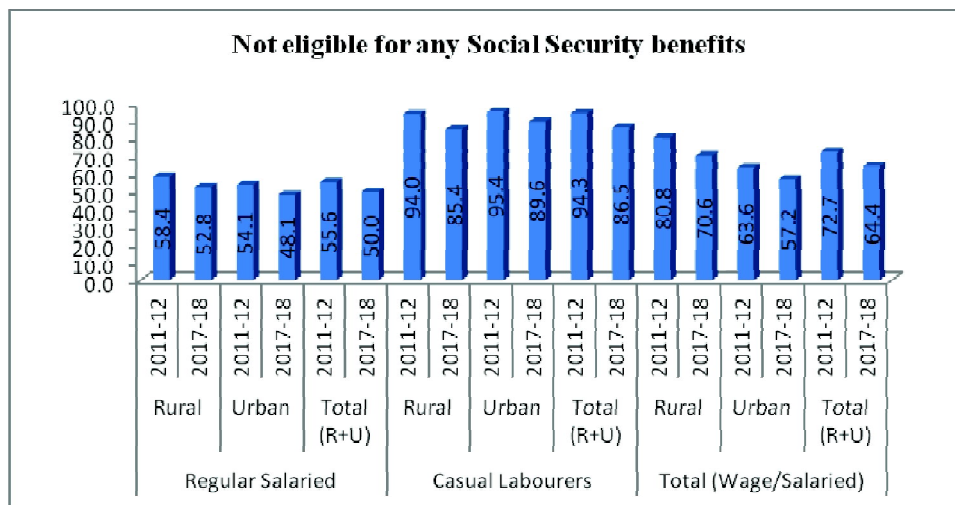
The presence of trade union and its membership enables workers to participate in decision making about work and working conditions viz., working hours, wage hike, job security, compensation for injuries during work, retirement benefits etc. Trade union protects workers from income

Figure 1: Eligibility of Paid Leave to Wage/Salaried Workers (ps+ss, all ages) by Sector in India (in %)



Source: NSO (2013), 68th Round and NSO (2019), PLFS, Unit level data

Figure 2: Distribution of Wage/Salaried workers (ps+ss, all ages) not covered under any Social Security Benefits by Sector in India (in %)

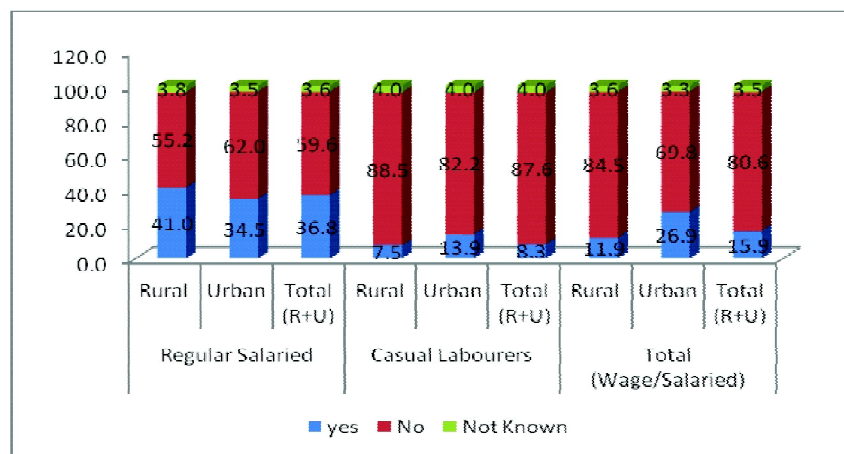


Source: Computed from NSO (2013), 68th Round and NSO (2019), PLFS, Unit level data

insecurities and against unfair dismissal. As seen in the Figure 3 that only 16 percent of wage/salaried workers had access to trade unions with 37 percent in regular salaried jobs and only 8 percent in casual jobs in 2011-12. Even in regular salaried jobs, 60 percent of workers did not have presence of the union in their work space (Figure 3). Figure 4 shows membership of union among those workers who admitted presence of union in their

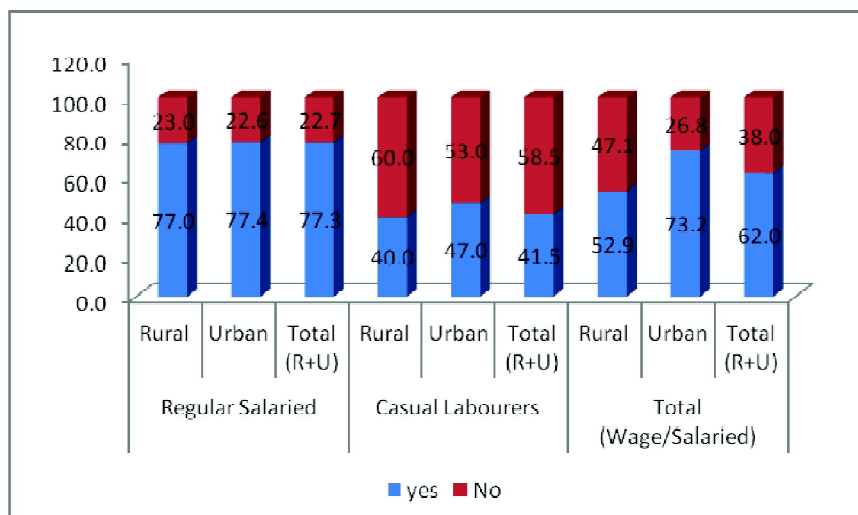
activity. We find that of 15.9 percent who knew about presence of union, 62 percent were member of union in 2011-12. Similarly, of 37 percent regular salaried workers who knew about presence of union at their work space, 23 percent were not member of any association in 2011-12 (Figure 4). What is more worrying is that these two indicators relating to presence of union and participation there into, have been dropped out of the PLFS questionnaire in 2017-18.

Figure 3: Presence of Union by Sector in 2011-12 (in %)



Source: Computed from NSO (2013), 68th Round Unit level data.

Figure 4: Membership of Union/Association by Sector in 2011-12 (in %)



Source: Computed from NSO (2013), 68th Round Unit level data.

CONCLUSION

The above mentioned features of employment clearly reveal persistent quantitative and qualitative dimensions of employment challenges in India despite faster economic growth and having world's largest youth population. As far as quantitative dimensions are concerned, we find that there has been substantial decline in work participation rate in India and Indian economy has experienced unprecedented decline in number of workers in absolute terms for the first time since 1972-73. When we further examine the issue, we find that number of workers has declined due to sharp decline in rural female workers; the distressing part is that rural women from poorest, vulnerable, illiterate, Dalit and Muslim communities have borne disproportionate brunt of job loss. However, total number of urban female workers, urban male and rural male workers have increased during 2012-18. There has been significant jump in unemployment rate and it has reached to highest level in last 45 years. There has been sudden addition of 19.9 million new unemployed people during 2012-18 and around 30.19 million people were unemployed in 2017-18. Remarkably, there has been job creation in organised sector, regular salaried category, and services sector which is definitely silver lining for growing economy like India. However, the rate of employment growth is very slow and could not offset net loss in employment in unorganised sector, casual jobs and in agriculture and manufacturing sector especially in rural areas. Moreover, close to 90 percent of total workers in India were engaged in informal jobs and more than half of the employment even in organised sector were informal in nature with no job security and no social security.

Considering the qualitative dimensions of employment, our finding shows that quality of jobs have also deteriorated even in the regular salaried category of employment in India as 71 percent of regular salaried workers (82 million out 115 million regular salaried workers) can be fired anytime as they did not have any written job contracts in 2017-18. More than half of the regular salaried workers were not entitled to paid leave and social security benefits and only one third of such workers had access to union/ association in 2017-18. Female worker were paid substantially lower wage than their male counter parts even in regular salaried jobs. Rural female workers in regular salaried jobs and casual workers in both rural and urban areas have received significantly lower wage than recommended national floor wage of Rs. 375 per day in 2017-18. These entitlements to rural workers were much lower than their urban counterparts and the condition has even deteriorated during 2012-18. These are clear sign of deteriorating condition of workers in India with scant social security coverage, inadequate legal backing and weaker bargaining power. The situation may deteriorate further

in post COVID-19 period as IMF has reduced growth forecast for India from 5.8 % to 1.9 % for financial year 2021 and many firms are struggling to survive and are unable to maintain their operating cost due to widespread lockdown to contain the spread of pandemic. As mentioned, to minimise their operating cost, companies have already started taking tough decisions such as cutting down the salaries, giving pink slips to employees, freezing on fresh recruitment, delays in appraisals, deferment of promotions, increments and bonus, 25-40 percent pay cuts and opting for other cost-cutting measures. These measures may further exacerbate employment challenges in coming days.

The situation calls for urgent policy interventions to ensure access to productive and decent jobs and to protect these vulnerably placed workers in India. The analysis of this paper supports that more jobs needs to be created by integrating employment goals into development strategies and sector having high long term elasticity to be targeted. Manufacturing sector in general and small & micro enterprises in particular and tourism should be targeted as these sectors have potentiality to generate higher employment by absorbing semi skilled, skilled, and all kinds of workers. Pharmaceutical and industries engaged in manufacturing of healthcare products, e-commerce, digital payments etc. should be promoted as demand for these products are very high presently. Female should be encouraged to participate in the labour markets by providing them various incentives like crèche facility, working women hostel facility, free transport facility, scholarship to girl child and through behavioral change policy. The introduction of the Code on Wages, 2019 which aims at timely and equal payment of wages to all workers and doesn't allow any kind of discrimination in hiring, promotion and working condition on grounds of sex, is a laudable steps in this direction. Effort should be made to create more decent or formal jobs through labour intensive growth especially in rural areas. As majority of workers in India are engaged in informal sector, effort should be made to increase the productivity of informal workers through technical & entrepreneurial training, credit facilities, targeted subsidies. All informal workers should be provided written job contract and a universal social security scheme to safeguard them against unfair dismissal and against contingencies like ill health, old age, unemployment, disability, maternity and against poverty. There is need to strengthen enforcement machinery of labour laws and monitoring mechanism by central labour ministry. To overcome liquidity crisis to corporate sector due to widespread lockdown, government may speed up GST refunds and by delaying in payments of corporate tax. Similarly, the government may consider payment of large accumulated GST arrears to MSMEs and loan

guarantee fund targeted to MSME could be set up to infuse cash in this segments as it has potential of generating more employment opportunities. Last but not the least, there should be dispute resolution committee at district and sub district level to safeguard the workers interest and effective implementation of labour law and grievance should be redressed in a time bound manner.

Notes

2. Globally, employment problem has two dimensions viz. quantitative and qualitative. The quantitative dimension of employment challenge relates to problem of employment creation. It indicates magnitude of job opportunities that needs to be created over a period of time. An idea of quantitative dimensions of employment challenges can be analysed by extent of labour force participation rate, work force participation rate, unemployment rate, nature structure and composition of employment. However, qualitative dimensions of employment reflects characteristics of already existing jobs and deals with improvement in work and working condition by ensuring rights, protection and voice to workers.
3. To address employment challenges and to measure employment statistics at more frequent intervals, MoSPI has launched a new employment-unemployment survey, namely, Periodic Labour Force Survey (PLFS) in 2017-18 with certain changes in methodology, sampling design and data collection mechanism vis-à-vis the earlier quinquennial surveys of NSO(NSO-EUS). Due to changes in methodology, labour market estimates based on PLFS is strictly not comparable with the results of earlier rounds of NSO-EUS. The results of the PLFS with earlier rounds of NSO-EUS need to be read along with explanatory notes on survey methodology and sampling design (GoI,2020).
4. Labour Force Participation Rate (LFPR) indicates the proportion of population entering the labour market while Worker Population Ratio (WPR) indicates the proportion of population employed. The unemployment rate (UR) is the proportion of labour force who are not employed but are available for work. We have considered Usual Status (ps+ss) throughout this paper as this approach measures the average working condition of an individual for entire reference year. Usual status can be further subdivided into two categories. First is Usual Principal Status (ps) and another one is Usual Subsidiary Status (ss). Usual Principal Status (ps) measures the activity in which an individual has spent relatively longer time (at least 180 days) of the reference year while Subsidiary Status (ss) measures the activity of an individual who has spent majority of days out of workforce but has worked for at least 30 days in a reference year.
5. The NSO figures gross underestimates the total number of workers and total population in absolute terms. Thus to avoid this problem, we have computed mid-year population (on 1January) for years 1993-94, 1999-2000, 2004-05, 2011-12 and 2017-18 by extrapolating census population figures of 1991, 2001 and 2011 for all the states, and for rural male, rural female, urban male, urban female separately. Absolute employment figures have been estimated by applying corresponding NSS percentage (WPR) on these extrapolated figures. Employment/job gain or

loss has been measured in terms of number of workers throughout the analysis and we have used terms 'job', 'employment' and 'workers' interchangeably.

6. The NSO data classifies the workers on the basis of employment status into three categories viz., self-employed workers; regular wage/salaried employees; and casual labourers. The self-employed category includes those who work for themselves and do not sell their labour power to anyone else in return for wage. This category of workers includes all those workers who operated their enterprises or are engaged in a profession or trade, either on own account, individually or with partners, or as home-based workers. However, regular wage/salaried employees are those who receive predetermined wages/salary on regular basis. Moreover, casual worker includes those who are hired for very short time period on daily or monthly basis (Annual Report PLFS, 2017-18). Out of these three categories, regular wage/salaried employees are better in qualitative terms as they receive pre-determined wages/salary with or without other benefits like social/job security (GoI, 2020).
7. Own account workers include those who operated their enterprises on their own account or with one or a few partners and ran their enterprise without hiring any labour during the reference period while employers are those own account workers who ran their enterprise by hiring labourers. However, unpaid family labourers/helpers included those who were engaged in their household enterprises, working full or part time and did not receive any regular salary or wages in return for the work performed during the reference period. In qualitative terms, employer category is considered to be the best and unpaid family workers are considered to be most inferior category of jobs in qualitative terms (GOI, 2020).
8. To categorise the economy into organised & unorganised sector and formal & informal employment, we have used NCEUS classification. As per NCEUS classification, "The unorganised 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." (NCEUS, 2007a, p. 3). However, "Informal workers consist of those working in the unorganised enterprises or households, excluding regular workers with social security benefits, and the workers in the formal sector without any employment benefits /social security provided by the employers." (NCEUS, 2007a, p.3). In other words, unorganized/informal workers are those workers who are employed whether in the organized or unorganized sector but are not provided any social security benefits.

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