

CHAPTER IV

Growth in Employment – All India Scenario

The year 1991 turned a new leaf in the economic history of India. It was in 1991 when economic reforms were initiated. The noose around the neck of the economy started loosening and it (the economy) started inhaling fresh and fragrant air of economic freedom. The various controls, high taxation and the “Inspector – Raj” which were strangulating the economy and were obstructing faster economic growth, started loosing their freedom to give a new and “never-experienced- before” life to the economy. The industrial sector started rejoicing. Every Indian started enjoying economic freedom. The monopoly of many industrial houses started ending and competition started becoming a reality. The “closed economy” was opened up.

The economic reforms started in 1991 continued throughout the nineties and will ‘of course’ continue, to make “India” a big economic giant. The positive impact of reforms on the economic growth is easily discernible. If one recalls the “pre-reforms” era, it can definitely be termed as a “dark era” as far as economic growth is concerned. The pre-reforms era was characterized by “long queues” for almost all-important commodities because of low-production. Those were the days when people used to stand in long queues for milk and grains, which are basic necessities of life. One had to wait for many years to get a telephone connection, scooter, car etc. There is no denial that there has been a “technological revolution” in the last decade and a half, which has enabled even a poor to possess certain things, which were hitherto the monopoly of the rich. A classic example is the “telephone”. Today, even a poor is going around with a mobile phone in his hand. Though “mobile phone” is a product of technological revolution, the same would have remained inaccessible and a dream for the poor had there been no economic reforms. The “technological revolution” supported by sweeping economic reforms have led to a drastic positive change in the life-style and standard of living of every “rational” Indian. Many people think that reforms have operated at a purely macro

level, leaving individuals untouched. This is far from truth. In fact, reforms have benefited each and every Indian directly or indirectly. The falling prices of services in telecom, civil aviation, and availability of plenty of brands in electronic and electrical items such as fridges, televisions, music systems, DVD's, VCD's and so on, amply bear testimony to the positive results of economic reforms.

Even though economic reforms have ushered in an era of “plenty of everything” and “shortage of nothing” and easy availability of everything, even the beneficiaries of reforms either don't acknowledge their positive results or are indifferent. This is perhaps because many do not want to celebrate personal prosperity in the midst of poverty, inequality, illiteracy etc. However, it has to be remembered that these problems existed even in the pre-reforms era and perhaps in a much higher magnitude. A section of the population believe that while reforms would have pushed up economic growth, they have not increased the growth of employment, but have rather created more unemployment. In fact, one often hears the phrase “jobless growth” in relation to economic reforms. This does not seem to be true, as revealed by the analyses made in the following paragraphs.

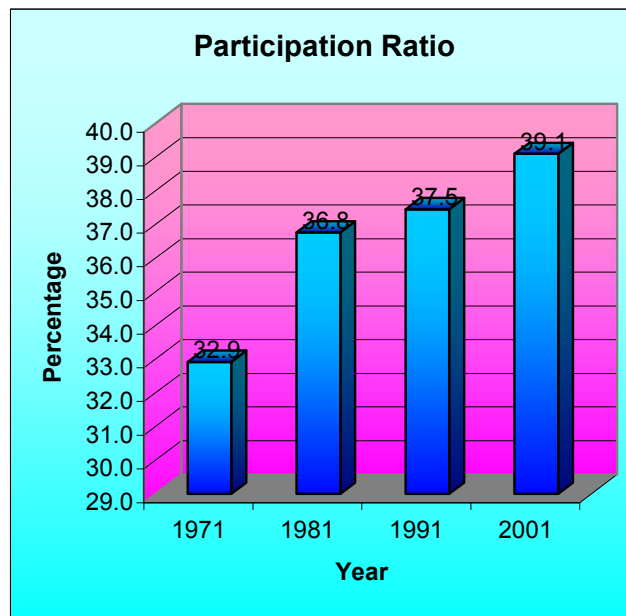
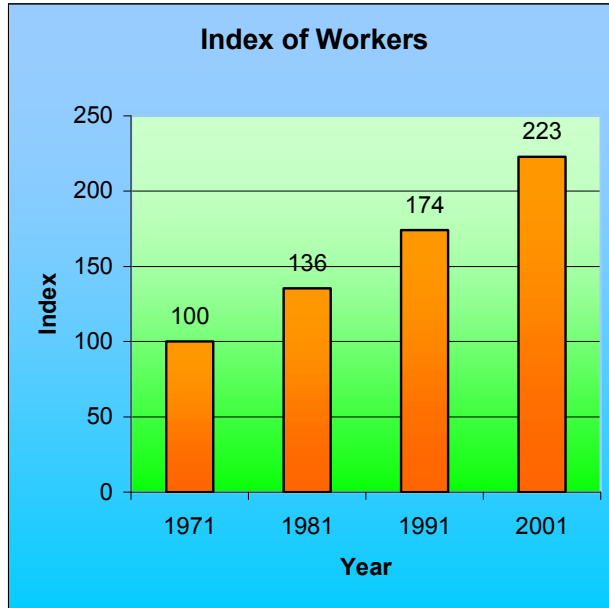
Overall Employment

The overall employment scenario during 1971-2001 is presented in Table 4.1. Observing the trend in absolute increase in number of total workers; it is obvious that there has been a positive impact of economic reforms on employment. The absolute increase in number of workers, which was less than 7 crores during 1971-81 and 1981-91, jumped up to about 8.8 crores during 1991-2001, which was an era of economic reforms. This clearly proves the fallacy of the often-repeated criticism of economic reforms that it led to “jobless growth”. Looking at the index of workers given in Table 4.1 (Fig. 1), it is observed that it increased from 100 in 1971 to 223 in 2001. The increase during 1991-2001 has been 49 points, which is the highest during the last three decades.

The participation ratio has also been continuously rising since 1971. The increase in percentage points in participation ratio was only 0.7 during 1981-1991 but the figure increased to 1.6 during 1991-2001. Of course, during 1971-81, there was a remarkable increase in participation ratio, but this is because the figures of 1981 include marginal workers also. The concept of marginal workers was

Figure 1

Index of Workers and Participation Ratio Total - All India



introduced in the 1981 Census. In fact, figures of 1971 are not comparable with the figures of 1981, 1991 or 2001.

Table 4.1 : Growth of Employment – All India – 1971 - 2001							
S.No	Year	Total Population	Decadal Growth Rate of Popn. (%)	Total Workers (including Marginal Workers)	Partcpn. Ratio (%)	Decadal increase in Workers	Index of Total Workers
1	1971*	548159652		180485006	32.9		100
2	1981**	665287849	21.4	244604986	36.8	64119980	136
3	1991***	838583988	26.0	314131370	37.5	69526384	174
4	2001	1028610328	22.7	402234724	39.1	88103354	223

* Includes Sikkim
 ** Excluding Assam where 1981 Census was not held
 *** Excludes figures of Jammu & Kashmir where 1991 Census was not held

Source :
 1 . Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
 2 . Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract - General Population
 3 . Census of India 1991 : " Series - 1, India , Part li -B (I), Volume - li, Primary Census Abstract - General Population
 4 . Census of India 2001 : Primary Census Abstract (on CD)

There is no doubt that decadal population growth declined from 26% during 1981-91 to about 22.7% during 1991-2001 and therefore the participation ratio showed an increase during 1991-2001. However, the huge jump in absolute number of workers should not be lost sight of here.

Urban Employment

The number of urban workers increased from about 3.2 crores in 1971 to 4.7 crores, 6.5 crores and 9.2 crores in 1981, 1991 and 2001 respectively (Table 4.2). The increase in the number was highest during the decade 1991-2001, proving once again the positive impact of economic reforms, which began in 1991. The index of urban workers increased from 100 in 1971 to 288 in 2001. The figures given in Table 4.2 (Fig. 2) indicate that the index increased by 85 points during 1991-2001 as against 48 points and 55 during 1971-81 and 1981-1991 respectively. It is observed that during 1991-2001, not only the increase in Index was phenomenal, but it was also the highest when compared to the increase during 1971-81 and 1981-1991.

Table 4. 2 : Growth Of Urban Employment – All India – 1971 - 2001						
S.No.	Year	Urban Popn.	Urban Workers (including Marginal Workers)	Participation Ratio (%)	Absolute increase in Urban Workers	Index of Urban Workers
1	1971*	109113977	32006587	29.3		100
2	1981**	157680171	47296697	30.0	15290110	148
3	1991***	215771612	65102426	30.2	17805729	203
4	2001	286119689	92278654	32.3	27176228	288

* Includes Sikkim
 ** Excluding Assam where 1981 Census was not held
 *** Excludes figures of Jammu & Kashmir where 1991 Census was not held

Source:
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The participation ratio increased from 29.3% in 1971 to 32.3% in 2001. There has been a significant increase in participation ratio during 1991-2001 (2.1 percentage points). The increase in participation ratio was only marginal during 1981-91 (0.2 percentage points) and less than one percentage point during 1971-81.

The above analysis of trend in urban workers amply proves that the economic reforms pushed up employment growth during 1991-2001.

Rural Employment

It is often thought that economic reforms benefited only the urban areas and not the rural areas. This turns out to be incorrect when the trend in rural employment is observed. The rural employment increased from about 14.8 crores in 1971 to 19.7 crores, 24.9 crores and 31 crores in 1981, 1991 and 2001 respectively (Table 4.3 and Fig. 3). There has been not only a significant increase during 1991-2001 but the increase has also been the highest. The index of rural workers which showed a continuous increase, increased by 41 points during 1991-2001 as against 33 and 35 during 1971-81 and 1991-2001 respectively). The participation ratio showed a continuous increase and it formed about 42% in 2001.

Figure 2

Index of Workers and Participation Ratio Urban - All India

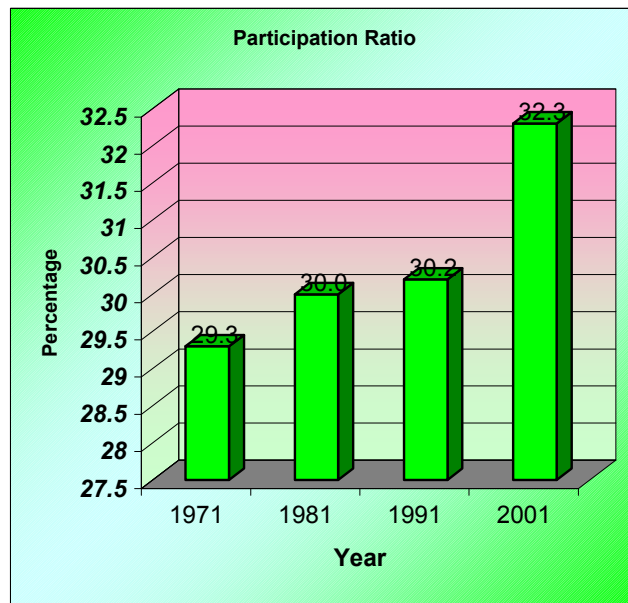
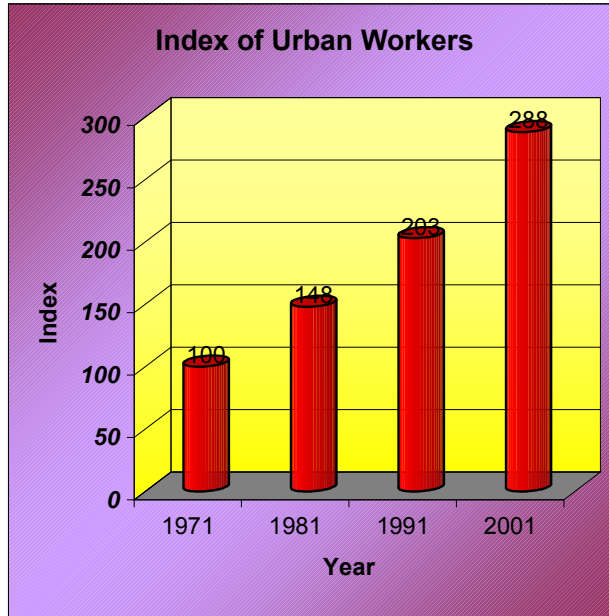


Table 4.3 : Growth of Rural Employment – All India – 1971- 2001						
S.No.	Year	Rural Population	Rural Workers (Including Marginal Workers)	Participation Ratio (%)	Decadal increase in Rural Workers	Index of Rural Workers
1	1971*	439045675	148478419	33.8		100
2	1981**	507607678	197308289	38.9	48829870	133
3	1991***	622812376	249028944	40.0	51720655	168
4	2001	742490639	309956070	41.7	60927126	209

* Includes Sikkim
** Excluding Assam where 1981 Census was not held
*** Excludes figures of Jammu & Kashmir where 1991 Census was not held

Source:
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The analyses that have been made in the foregoing paragraphs prove beyond doubt that both urban and rural employment have gone up significantly during 1991-2001, thereby establishing the fact that economic reforms do lead to growth in employment and not result in “jobless growth”.

Exclusion of Assam, Mizoram and Jammu & Kashmir

An argument may be put forward that the conclusions drawn so far may not be correct because the figures given for 1971, 1981, 1991 and 2001 are not comparable, because 1981 Census data does not include Assam and the 1991 figures do not include Jammu & Kashmir. However, it has to be noted that the conclusions derived above do not change even if Assam, Mizoram (which was a part of Assam) and Jammu & Kashmir are excluded from the analysis for all the years. In the following paragraphs, the analysis of data has been carried out excluding Assam, Mizoram, and Jammu & Kashmir completely for all the years.

Overall Employment (excluding Assam, Mizoram and Jammu & Kashmir)

The data relating to overall employment etc., excluding Assam, Mizoram and Jammu & Kashmir, can be seen in Table 4.4. The number of total workers more than doubled during the three decades from 1971-2001. The increase was highest during 1991-2001, the era of economic reforms. During 1991-2001, the increase in Index was 47 points whereas it was only 38 and 37 points during 1971-81 and 1981-91 respectively (Table 4.4).

Table 4.4 : Growth of Employment – All India – 1971 - 2001 (excluding Assam, Mizoram and Jammu & Kashmir)						
S.No.	Year	Total Population	Total Workers (including Marginal Workers)	Participation Ratio(%)	Absolute increase in Workers	Index of Total Workers
1	1971	528585478	174870993	33.1		100
2	1981	658806703	241730575	36.7	66859582	138
3	1991	815479910	305705090	37.5	63974515	175
4	2001	990922527	388475159	39.2	82770069	222

Source:
1. Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
2. Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract, General Population
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The participation ratio increased from 33.1% in 1971 to 39.2% in 2001. As may be observed from Table 4.4, the participation ratio has been increasing continuously since 1971. The increase during 1991-2001 was 1.7 percentage points, which was higher than the increase of 0.8 percentage points during 1981-1991.

Urban Employment (Excluding Assam, Mizoram and Jammu & Kashmir)

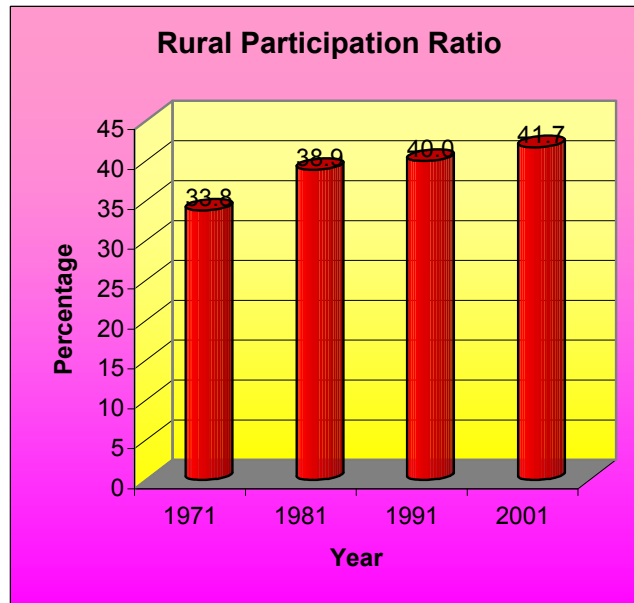
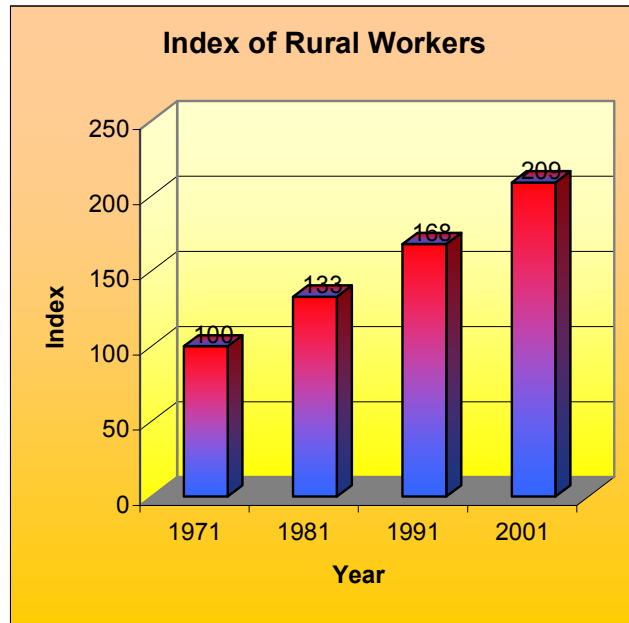
Table 4.5 reveals that when Assam, Mizoram and Jammu & Kashmir are excluded from analysis, the index of urban workers showed an increase of 82 points during 1991-2001 as against 49 during 1971-81 and 56 during 1981-91. It is, therefore, evident that the conclusion derived before with regard to urban workers does not change even if Assam, Mizoram and Jammu & Kashmir are excluded from the analysis. The number of urban workers nearly tripled during 1971-2001.

Table 4.5 : Growth Of Urban Employment – All India – 1971 - 2001 (excluding Assam, Mizoram and Jammu & Kashmir)						
S.No.	Year	Urban Popn.	Urban Workers (including Marginal Workers)	Participation Ratio(%)	Absolute increase in Workers	Index of Urban Workers
1	1971	106928775	31376064	29.3		100
2	1981	156297954	46859312	30.0	15483248	149
3	1991	212965871	64186201	30.1	17326889	205
4	2001	279722805	90096588	32.2	25910387	287

Source:
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Figure 3

Index of Workers and Participation Ratio Rural - All India



The participation ratio increase by 2.1 percentage points during 1991-2001 whereas it was only 0.1 percentage points during 1981-91 and 0.7 percentage points during 1971-1981. The urban participation ratio moved up continuously from 29.3% in 1971 to 32.2% in 2001.

Rural Employment

As in the case of overall and urban employment, the conclusion with regard to rural employment also does not change even if the three states of Assam, Mizoram and Jammu & Kashmir are excluded from analysis. The figures for All-India, after excluding Assam, Mizoram and Jammu & Kashmir are furnished in Table 4.6. As may be seen from this table, the rural employment increased from about 14.3 crores in 1971 to about 29.8 crores in 2001, that is, the rural employment doubled during 1971-2001. Looking at the index of rural workers, it is observed that the index increased by 40 points during 1991-2001 as against 36 and 32 during 1971-81 and 1981-91 respectively.

Table 4.6 : Growth of Rural Employment – All India – 1971 - 2001 (excluding Assam, Mizoram and Jammu & Kashmir)						
S.No.	Year	Rural Population	Rural Workers (including Marginal Workers)	Participation Ratio (%)	Absolute increase in Rural Workers	Index of Rural Workers
1	1971	421656703	143494929	34.0		100
2	1981	502508749	194871263	38.8	51376334	136
3	1991	602514039	241518889	40.1	46647626	168
4	2001	711199722	298378571	42.0	56859682	208

Source:
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 2. Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract, General Population
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The participation ratio increased from 34% in 1971 to 42% in 2001. The increase during 1991-2001 (1.9 percentage points) was higher than the increase during 1981-1991 (1.3 percentage points). There was a huge increase during 1971-81, which is due to the inclusion of marginal workers in 1981 Census. The concept of marginal workers, as has been mentioned earlier, was introduced from 1981 Census.

Coming to conclusion, it can be safely said that looking at the Census figures, the economic reforms have had a positive impact on employment growth in India.