

Analyzing Nexus Among Economic Growth, Employment Generation And Inequalities In India: Post-Reform Trends

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Abstract

This study is an attempt to understand the nexus between economic growth, employment generation and inequalities in India after the great economic reforms of 1990's. This study is based on secondary data taken from mainly National Sample Survey Organization, Economic Survey of India, India Labour and Employment Report and RBI data base from 1990 onwards. The study evaluates economic growth, employment generation and inequalities through compound annual growth rate, annual growth rate, employment elasticity, Gini coefficient. The study found that the economic reforms of 1990's have no doubt, led to increase the economic growth, but employment generation found very low and even it has led to increased informalization of labour market and jumped from primary sector to tertiary sector which further led to inequalities among and within various groups.

Keywords: Economic Growth, Employment, Inequality, Informal Sector, Formal Sector, Indian Economy

Introduction:

In the post-independence period, the sole objective was the establishment of socialistic pattern in the Indian society through achieving economic growth along with social justice in the bounds of democratic political agenda comprising of mixed economy characteristics. The economic growth of India in the first three decades after attaining independence was few and far between three to four per cent, connoted as the Hindu growth rate during 1970s (Corbridge, 2009). This made clear that something was getting wrong with the development proposals. Eventually, on the logical grounds, every political party encourages the economic reforms. Thus, the attainment of redistributive effects of economic growth through transformation of the economy has acquired massive attention of policy makers in the Indian territory. Amidst the initiation of planning in the independent India and the reforms during the contemporary phase, the economic policies have embarked on influential changes through substituting an agricultural state to a market-oriented economy and further to an innovative state. For fulfilling the economic as well as political interests, the successive Indian governments have undertaken various efforts to accomplish the process of reforms with immense enthusiasm.

The so-called Three-Sector (or Fisher-Clark-Kuznets) Hypothesis of development argues that production shifts first from agriculture into manufacturing and – only at a later stage of development – from manufacturing into services (Dougherty, et. al, 2009). The identical case hold true for employment also. Even though the services driven growth facilitates the Indian economy in achieving growth with equality, the expeditious employment growth in the Indian services sector bypassing the employment growth in the industrial sector has disturbed the development pattern of the economy giving rise to critical inequalities. Further, mega expansion of employment in the informal and unorganized sectors of the economy denotes the destructive inequalities in the socio-economic development of Indian economy. Thus, the worrying issue concerning the most recent development in Indian economy is the profusion of inequality accompanied by jobless economic growth.

After the economic transformation, the decentralized political atmosphere in the Indian economy has created twofold constituencies comprising the underprivileged and prosperous ones which pose threats to the political and economic strength of the nation all together. Moreover, the gradual economic growth has not added to the equivalent increase in the productive forces which include labour power and the means of production. This has attributed to the sluggish employment generation strategies in the post-reform era with the result of jobless growth in Indian economy. It is propagated by frequent hardships in farming sector owing to wavering prices, stagnation and low productivity levels.

The transformation of an economy via reforms in the economic policies for upgrading the labour market may be responsive for the alterations in the economic and political environment of the country. Furthermore, after two and half decades of propagation of economic reforms in the Indian economy, the development channels along with employment generation are at the crossroads having highly sensitive effect on the economy as a whole. The endeavors to create skillful jobs with high levels of productivity along with higher wages are confronted with severe challenges in this regard. Employment elasticity of output in India has declined over the last decade of 2000s (it declines from 0.44 to 0.01), on account of which we can argue that the phenomenal growth India has achieved during the past years or so was jobless growth (Mehrotra, et. al, 2012). All this sets sights on the unprecedented economic growth of the economy with wavering structural adjustments in labour markets consequently bringing forth various inequalities. Thus, the augmenting national income stipulates the need to collaborate various sectors of economy by way of providing work in the fragmented labour markets.

Objectives, Means and Methodology:

The present study aims to evaluate the relationship between economic growth, employment and inequality in India in the post-liberalization period. This study is based on secondary data taken from various reports of National Sample Survey Organization (various rounds), Economic Survey of India (various years), India Labour and Employment Report, Data Book of Planning Commission, Periodic Labour Force Survey (PLFS), 2017-18, RBI data base etc. Extensive review of literature has also done in order to provide meaningful thesis to this study. To evaluate the employment nexus between economic growth, employment generation and inequalities various statistical methods and economic models has been used such as compound annual growth rate, annual growth rate, employment elasticity, Gini coefficient etc.

Employment Situation in India:

The two indicators for assessing the employment situation in Indian economy, that is, labour force participation rate and worker population ratio, occupy the crucial importance in determining the extent and structure of available human resources. For most of the Indian bourgeoisie (those who own and control the means of production in the society), attached in some way or the other to the countryside, caste considerations usually govern political affiliation either directly or indirectly (Chapaitkar, 2013). The government of India has commenced the affirmative action based on Mandal Commission report by providing employment through reservations in various political and economic sectors by increasing quota from 22.5 per cent to 49.5 per cent for scheduled castes, scheduled tribes and further to other backward castes (Jangir, 2013).

Labour Workforce Situation in India:

The labour force participation rate is a measure of the proportion of working age population of a nation that occupies actively in the labour market, either by working or searching for work; it gives an indication of the size of the supply of labour available to engage in the production of services and goods, relative to the population at working age. Labour Force Participation Rate is an important indicator of labour market and development of the nation. It refers to the number of people who are either in workforce or are actively searching for work.

Table 1: Labour Workforce Situation in India

| Year/ Social Status | LFPR | | | WPR | | |
|---------------------|-------|---------|-------|-------|---------|-------|
| | Males | Females | Total | Males | Females | Total |
| 1993-94 | 55.6 | 29.0 | 42.8 | 54.5 | 28.6 | 42.0 |
| 1999-00 | 54.1 | 23.3 | 38.7 | 52.7 | 25.9 | 39.7 |
| 2004-05 | 55.9 | 29.4 | 43.0 | 54.7 | 28.7 | 42.0 |
| 2009-10 | 55.7 | 23.3 | 40.0 | 54.6 | 22.8 | 39.2 |
| 2011-12 | 55.6 | 22.5 | 39.5 | 54.4 | 21.9 | 38.6 |
| 2017-18 (PLFS) | 55.8 | 20.3 | 38.7 | 52.34 | 15.8 | 34.0 |

Source: NSSO Reports, 50th, 61st, 66th & 68th Rounds. PLFS: Periodic Labour Force Survey, 2017-18.

The table reveals that overall, the labour force participation rate and worker population ratio has shown negative growth both among males and females with the exception of LFPR among males where there is no change in this indicator. The slow growth in the labour force and hence in work force in second half of the decade may be due to rising participation in education by both male and female after the enactment of the Right to Education for 6–14 years old (Government of India, 2013). There has been great gender inequality regarding annual growth in LFPR and WPR. Both these components are more among males as compared to females. Taken as a whole, there is almost no change in the labour force and worker population ratio of males but, these have declined nearly 1.4 per cent per annum in case of females. Some research suggests that the qualifying reason for this gender inequality in employment among social groups in rural India is the mechanization of agriculture and continued development in India which has served to worsen rather than improve their employment situation (Dunn, 1993; Padhi, B., & Motkuri, V. 2021).

Table 2: Workforce Participation Rate by Level of Education, 2004-05 to 2017-18 (UPSS) in India

| Level of Education Attainment | 2004-05 | | | | 2009-10 | | | | 2011-12 | | | | 2017-18 | | | |
|-------------------------------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|---------|-------|-------|-------|
| | Rural | | Urban | | Rural | | Urban | | Rural | | Urban | | Rural | | Urban | |
| | M | F | M | F | M | F | M | F | M | F | M | F | M | F | M | F |
| Not Literate | 50.79 | 39.23 | 37.59 | 20.11 | 52.17 | 0.32 | 38.19 | 15.51 | 53.41 | 31.38 | 39.22 | 16.26 | 48.39 | 22.22 | 36.63 | 14.71 |
| Literate & up to Primary | 44.91 | 21.29 | 42.03 | 0.12 | 43.60 | 18.99 | 36.67 | 10.03 | 42.45 | 17.38 | 37.31 | 10.62 | 38.45 | 12.45 | 35.40 | 10.37 |
| Middle Level | 70.32 | 31.79 | 66.01 | 0.14 | 67.41 | 24.99 | 64.58 | 13.06 | 66.50 | 23.14 | 65.09 | 13.38 | 64.44 | 15.76 | 64.52 | 12.06 |
| Secondary Level | 72.64 | 30.28 | 67.01 | 12.18 | 69.23 | 21.87 | 66.19 | 9.61 | 66.45 | 22.04 | 64.79 | 10.97 | 60.82 | 15.48 | 61.88 | 10.54 |
| Higher Secondary Level | 70.84 | 25.15 | 60.79 | 12.93 | 63.38 | 18.33 | 57.59 | 39.26 | 61.78 | 17.55 | 58.27 | 10.85 | 54.34 | 12.54 | 51.49 | 9.85 |

| | | | | | | | | | | | | | | | | |
|----------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Diploma/Certificate Course | 81.51 | 52.16 | 79.64 | 48.43 | 73.26 | 33.93 | 73.01 | 39.26 | 74.82 | 40.77 | 69.04 | 34.44 | 59.66 | 34.92 | 69.76 | 32.84 |
| Graduate and above | 85.03 | 34.35 | 79.46 | 28.95 | 79.30 | 29.75 | 78.85 | 25.86 | 78.09 | 29.63 | 78.98 | 27.86 | 68.02 | 20.93 | 72.69 | 26.66 |
| Total | 54.63 | 32.71 | 54.87 | 16.59 | 54.77 | 26.10 | 54.35 | 13.80 | 54.40 | 24.87 | 54.71 | 14.68 | 51.71 | 17.49 | 52.97 | 14.16 |

Source: Calculated from the unit level data 61st, 66th & 68th NSSO rounds & PLFS 2017-18. **Note:** M: Male, F: Female

While it is generally believed that schooling has important effects on people's labour market outcomes such as labour force participation and earnings, the nature of the relationship between schooling and each of these outcomes is not well known. Hence, here an attempt has been made to analyse the education-wise workforce participation rate in table 2. The table points out that for male workers, who had a higher level of education, are indeed associated with higher WPR, both in rural and urban areas of India. It is evident from the table that the total work participation rate (WPR) of male and female workers declined from 54.63 per cent to 51.71 per cent, and 32.71 per cent to 17.49 per cent in rural areas, during the period 2004-05 to 2017-18, while in urban areas, it declined from 54.87 to 52.97 per cent and 16.59 to 14.16 per cent in said country during the period 2004-05 to 2017-18, respectively. Thus, the WPR fell at a greater rate in case of the female workers than their male counterparts in both rural and urban areas of India during the study period. During the period 2004-05, in rural areas, the WPR of illiterate male workers was 50.79 per cent, while it declined to 48.39 per cent in 2017-18. As far as urban areas were concerned, the WPR of the uneducated male workers showed a downfall from 37.59 per cent to 36.63 per cent during the period 2004-05 to 2017-18. In the case of the uneducated female workers, the WPR dropped from 39.23 per cent to 22.22 per cent in rural areas, while it fell from 20.11 per cent to

14.71 per cent in urban areas, during the period 2004-05 to 2017-18. It can be further noted that in 2004-05 the WPR of male and female workers, who had attained the education up to graduation and above was 85.03 per cent and 34.35 per cent in rural areas, respectively as compared to 79.46 per cent and 28.95 per cent in urban areas. During the period 2017-18, the WPR for this education category declined to 68.02 per cent and 20.93 per cent for males and females, respectively in rural areas and to 72.69 per cent and 26.66 per cent in urban areas. Thus, it can be seen that in rural and urban areas, the WPR of male workers increased as education. In the case of female workers, in rural areas the WPR declined as education increased, while in urban areas it increased as education level increased. In urban areas, the WPR for female workers has been higher than their rural counterparts in the entire study period.

Employment Status in India:

Distribution of the workforce based on its employment status has been displayed in table 3, a marginal decline in the trend of self-employment and casual employment was witnessed in rural and urban areas of India. However, there was an increase in the trend of regular employment in both rural and urban areas of India. It can be observed that the proportion of self-employed declined from 60.16 per cent to 57.81 per cent during the period 2004-05 to 2017-18 in the rural areas while in urban areas, it declined from 45.42 per cent to 38.30 per cent.

Table 3: Percentage Distribution of Workers by Employment Status and Gender in India, 2004-05 to 2017-18 (UPSS)

| Various Years | Rural | | | | | | | | |
|---------------|-------|--------|------|--------|--------|------|-------|--------|------|
| | Male | | | Female | | | Total | | |
| | S.E. | R.W.S. | C.L. | S.E. | R.W.S. | C.L. | S.E. | R.W.S. | C.L. |
| | | | | | | | | | |

| | | | | | | | | | |
|---------|--------------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2004-05 | 58.14 | 8.98 | 32.88 | 63.67 | 3.71 | 32.61 | 60.16 | 7.06 | 32.78 |
| 2009-10 | 53.46 | 8.55 | 37.99 | 55.69 | 4.41 | 39.91 | 54.15 | 7.26 | 38.59 |
| 2011-12 | 54.47 | 10.04 | 35.49 | 59.26 | 5.61 | 35.13 | 55.92 | 8.70 | 35.38 |
| 2017-18 | 57.83 | 13.96 | 28.21 | 57.73 | 10.52 | 31.76 | 57.81 | 13.12 | 29.07 |
| | Urban | | | | | | | | |
| 2004-05 | 44.78 | 40.63 | 14.58 | 47.69 | 35.59 | 16.72 | 45.42 | 39.53 | 15.05 |
| 2009-10 | 41.06 | 41.9 | 17.04 | 41.05 | 39.33 | 19.62 | 41.06 | 41.42 | 17.52 |
| 2011-12 | 41.72 | 43.4 | 14.88 | 42.84 | 42.81 | 14.35 | 41.94 | 43.28 | 14.77 |
| 2017-18 | 39.21 | 45.70 | 15.08 | 34.74 | 52.14 | 13.12 | 38.30 | 47.02 | 14.68 |

Source: Calculated from the unit level data of 61st, 66th & 68th NSSO rounds & PLFS 2017-18.

Note: SE: Self-Employment, RWS: Regular Wage Salaried, CL: Casual Labour

However, the share of regular employment in rural sector increased from 7.06 per cent to

13.12 per cent, and in urban areas, it increased from 39.53 per cent to 47.02 per cent. The share of casual employment declined more sharply in the rural areas as compared to the urban ones. It declined from 32.78 per cent to 29.07 per cent in rural areas and 15.05 per cent to 14.68 per cent in urban areas. The gender-wise distribution showed that in rural as well as urban areas, the share of male and female workers declined in self-employment and casual employment. In the case of regular employment, the share of workers increased in both rural and urban areas of India irrespective of their gender. The proportion of men in self-employment declined from 58.14 per cent to 57.83 per cent in rural areas while in urban areas, it declined from 44.78 per cent to 39.21 per cent. In the case of females, the share of self-employment declined from 63.67 per cent to 57.73 per cent in rural areas, and 47.69 per cent to 34.74 per cent in urban areas. However, in the case of regular employment, the share of male workers increased from 8.98 per cent to 13.96 per cent in rural areas, and 40.63 per cent to 45.70 per cent. Further, in the case of female regular workers, the proportion augmented from 3.71 per cent to 10.52 per cent in rural areas and from 35.59 per cent to 52.14 per cent in urban areas. Meanwhile, a declining trend was observed in casual employment of male workers from 32.88 per cent to 28.21 per cent in rural areas while this share increased marginally in urban areas from 14.58 per cent to 15.08 per cent during the same period. But in the case of rural female workers, the share of casual employment declined from 32.61 per cent to 31.76 per cent, while in urban areas it declined from 16.72 per cent to 13.12 per cent during the study period.

Table 4: Structure of Employment in India (percent to total workers), 2004-05 to 2017-2018 (UPSS)

| | | Rural | Urban | Total |
|--|--|-------|-------|-------|
| | | | | |

| Gender | Industrial Groups | 2004-05 | 2009-10 | 2011-12 | 2017-18 | 2004-05 | 2009-10 | 2011-12 | 2017-18 | 2004-05 | 2009-10 | 2011-12 | 2017-18 |
|--------|-----------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
| Male | Agriculture | 66.50 | 62.79 | 59.36 | 54.73 | 6.15 | 6.00 | 5.64 | 5.31 | 50.83 | 47.15 | 43.61 | 40.03 |
| | Mining & Quarrying | 0.64 | 0.82 | 0.54 | 0.46 | 0.91 | 0.72 | 0.86 | 0.56 | 0.71 | 0.79 | 0.63 | 0.49 |
| | Manufacturing | 7.92 | 7.02 | 8.13 | 7.69 | 23.54 | 21.85 | 22.37 | 22.43 | 11.98 | 11.10 | 12.30 | 12.07 |
| | Electricity & Water | 0.24 | 0.21 | 0.31 | 0.47 | 0.80 | 0.71 | 1.37 | 1.30 | 0.38 | 0.34 | 0.62 | 0.71 |
| | Construction | 6.84 | 11.28 | 13.01 | 14.58 | 9.22 | 11.42 | 10.65 | 11.77 | 7.46 | 11.32 | 12.32 | 13.74 |
| | Trade & Hotel | 8.27 | 8.12 | 8.03 | 9.19 | 28.01 | 27.02 | 26.00 | 24.43 | 13.40 | 13.33 | 13.30 | 13.73 |
| | Transport | 3.80 | 4.15 | 4.06 | 4.94 | 10.66 | 10.43 | 9.07 | 9.74 | 5.58 | 5.88 | 5.53 | 6.36 |
| | Services | 5.80 | 5.62 | 6.57 | 7.95 | 20.71 | 21.85 | 24.04 | 24.47 | 9.67 | 10.09 | 11.69 | 12.86 |
| | Total Non-Agriculture | 33.50 | 37.21 | 40.64 | 45.27 | 93.85 | 94.00 | 94.36 | 94.69 | 49.17 | 52.85 | 56.39 | 59.97 |
| Female | Agriculture | 83.34 | 79.37 | 74.94 | 72.41 | 18.11 | 13.88 | 10.91 | 8.58 | 73.89 | 68.71 | 62.77 | 55.45 |

| | | | | | | | | | | | | | |
|-------|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | Mining & Quarrying | 0.29 | 0.26 | 0.29 | 0.20 | 0.19 | 0.27 | 0.29 | 0.16 | 0.28 | 0.26 | 0.29 | 0.19 |
| | Manufacturing | 8.36 | 7.51 | 9.79 | 8.31 | 28.25 | 27.89 | 28.70 | 24.13 | 11.24 | 10.83 | 13.39 | 12.51 |
| | Electricity & Water | 0.01 | 0.03 | 0.07 | 0.04 | 0.19 | 0.35 | 1.03 | 0.66 | 0.04 | 0.09 | 0.25 | 0.20 |
| | Construction | 1.45 | 5.20 | 6.59 | 4.68 | 3.76 | 4.70 | 3.95 | 4.02 | 1.79 | 5.12 | 6.09 | 4.51 |
| | Trade & Hotel | 2.50 | 2.76 | 2.95 | 4.21 | 12.21 | 12.15 | 12.81 | 13.28 | 3.90 | 4.29 | 4.82 | 6.62 |
| | Transport | 0.16 | 0.21 | 0.11 | 0.19 | 1.35 | 1.35 | 0.72 | 0.84 | 0.33 | 0.39 | 0.22 | 0.37 |
| | Services | 3.90 | 4.65 | 5.26 | 9.96 | 35.93 | 39.40 | 41.58 | 48.32 | 8.54 | 10.31 | 12.16 | 20.15 |
| | Total Non-Agriculture | 16.66 | 20.63 | 25.06 | 27.59 | 81.89 | 86.12 | 89.09 | 91.42 | 26.11 | 31.29 | 37.23 | 44.55 |
| Total | Agriculture | 72.65 | 67.95 | 64.10 | 58.66 | 8.75 | 7.47 | 6.69 | 5.96 | 58.50 | 53.2 | 48.90 | 43.35 |
| | Mining & Quarrying | 0.51 | 0.64 | 0.47 | 0.40 | 0.76 | 0.64 | 0.75 | 0.48 | 0.57 | 0.64 | 0.54 | 0.43 |
| | Manufacturing | 8.08 | 7.17 | 8.64 | 7.83 | 24.56 | 22.98 | 23.62 | 22.76 | 11.73 | 11.03 | 12.60 | 12.17 |
| | Electricity & Water | 0.15 | 0.15 | 0.23 | 0.37 | 0.67 | 0.64 | 1.30 | 1.17 | 0.27 | 0.27 | 0.52 | 0.60 |
| | Construction | 4.87 | 9.39 | 11.05 | 12.38 | 8.03 | 10.16 | 9.32 | 10.24 | 5.57 | 9.58 | 10.60 | 11.76 |
| | Trade & Hotel | 6.16 | 6.46 | 6.48 | 8.09 | 24.57 | 24.23 | 23.38 | 22.24 | 10.24 | 10.79 | 10.96 | 12.20 |
| | Transport | 2.47 | 2.92 | 2.86 | 3.88 | 8.64 | 8.73 | 7.42 | 7.99 | 3.83 | 4.34 | 4.06 | 5.07 |
| | Services | 5.10 | 5.32 | 6.17 | 8.39 | 24.02 | 25.14 | 27.52 | 29.16 | 9.29 | 10.15 | 11.82 | 14.43 |
| | Total Non-Agriculture | 27.35 | 32.05 | 35.90 | 41.34 | 91.25 | 92.53 | 93.31 | 64.89 | 41.50 | 46.80 | 51.10 | 56.65 |

Source: Calculated from the unit level data of 61st, 66th & 68th NSSO rounds & PLFS 2017-18.

The previous analysis established that the share of employment in agriculture declined while that of the non-agricultural sector increased. From table 4, we can observe the shifts in relative shares of various sub-sectors in total employment in India. The table displays that the share of the employment declined from 58.50 per cent to 43.35 per cent in agriculture sector while in non-agricultural sector, it increased from 41.50 per cent to 56.65 per cent during the

period 2004-05 to 2017-18. Within the non-agricultural sector, the major contributors are manufacturing, construction, trade and hotels and services. Out of these, the contribution of construction, trade and hotels and services has increased overtime. Though, we can also observe an increase in overall share of manufacturing in total employment from 11.73 per cent in 2004-05 to 12.17 per cent in 2017-18 but this rise is merely due to shift in relative shares of this sector in rural and urban areas as the table shows that the share of this sector has declined in both rural and urban areas for males as well as the females. The share of construction sector in total employment has increased from about 10 per cent to 12 per cent between 2004-05 and 2017-18 but a greater increase has been recorded in rural areas than the urban ones and the share of this sector in total employment of the male workers has increased at a sharper rate than that of the females in both the rural and the urban areas. Further, the share of the construction sector in total employment increased from about 10 per cent to 12 per cent during 2004-05 to 2017-18 but this rise can be mainly attributed to the rural areas and the females in both the rural and urban areas. Finally, we can observe from the table that during the above-mentioned period, the service sector has recorded the highest rise in its share. It has increased from about 9 per cent to 14 per cent while in rural areas, this share increased from 5 per cent to 8 per cent and in urban areas, it increased from 24 per cent to 29 per cent. The females have recorded a sharper increase in this proportion than their male counterparts in both the rural and urban areas. In rural areas, the share of service sector in total employment of female workers increased from about 4 per cent to 10 per cent while in urban areas, it increased from 36 per cent to 48 per cent. Thus, we have seen that during the study period, the employment has moved from agricultural sector to the non-agricultural sector and the major shift is towards the service sector.

Growth Rate of Employment in India

The growth rate of the employment in the economy in recent years, as per available evidence (up to 2017-18) indicates an increase in the growth rate of employment. Thus, the growth rate of employment has been displayed in the table 5. In fact, the highest growth rate of the employment (0.52 per cent per annum) was recorded during 2009/11 but it turned out to be a negative rate (-0.18 per cent per annum) for the entire period ranging from 2004-17. In rural areas, the negative growth rate of employment was recorded during all the time periods under study, while in urban areas, it was recorded positive during the same time period. In rural areas, from 2004-17 the growth rate of male workers was 0.54 as compared to 1.80 in urban areas. In the case of female workers, the growth rate of employment was negative (-3.75 per cent per annum) in rural areas while in urban areas it grew at a positive rate (0.85 per cent per annum). Thus, it can be said that the growth rate of male workers was higher than female workers in rural as well as urban areas of India during 2004-17.

Table 5: Growth of Employment in India (UPSS), 2004-05 to 2017-18

| Years | CAGR (%) of Work Force | | | | | | | | |
|-----------|------------------------|--------|-------|-------|--------|-------|-------|--------|-------|
| | Rural | | | Urban | | | Total | | |
| | Male | Female | Total | Male | Female | Total | Male | Female | Total |
| 2004/2009 | 1.12 | -3.40 | -0.31 | 2.01 | -1.51 | 1.33 | 1.40 | -3.12 | 0.08 |
| 2009/2011 | 0.70 | -1.46 | -0.15 | 2.54 | 5.27 | 2.81 | 1.12 | -0.55 | 0.52 |
| 2011/2017 | 0.01 | -4.79 | -1.31 | 1.39 | 1.40 | 1.18 | 0.45 | -3.50 | -0.61 |
| 2004/2017 | 0.54 | -3.75 | -0.75 | 1.80 | 0.85 | 1.49 | 0.92 | -2.90 | -0.18 |

Source: Calculated from the unit level data of 61st, 66th & 68th NSSO rounds & PLFS 2017-18.

The table 5 shows the compound annual growth of employment by gender in both the agriculture and non-agriculture sector in rural as well as urban India. During the entire study period, the employment in agriculture has declined by -

0.18 per cent per annum while it grew at a rate of -0.75 per cent per annum in the non-agricultural sector. The non-agricultural experienced a positive growth of employment of both the males and the females in urban areas but in rural areas, it was negative for the females while that of the males grew by 2.84 per cent per annum which was higher than the national average. In rural areas, the highest growth rate (8.72 per cent) was recorded for the female workers in the non-agriculture sector, while in urban areas, it was recorded 7.31 percent during 2009-10 to 2011-12.

Table 6: Growth rate of Employment in Agriculture and Non-Agricultural Sector of India(UPSS), 2004-05 to 2017-18

| Regions | Gender | Sectors | 2004/2009 | 2009/2011 | 2011/2017 | 2004/2017 |
|---------|--------|------------------|-----------|-----------|-----------|-----------|
| Rural | Male | Agriculture | 0.02 | -2.07 | -1.32 | -0.92 |
| | | Non-agricultural | 3.26 | 5.21 | 1.72 | 2.84 |
| | Female | Agriculture | -4.31 | -4.24 | -5.17 | -4.70 |
| | | Non-agricultural | 0.78 | 8.72 | -3.76 | -0.18 |
| | Total | Agriculture | -1.66 | -3.05 | -2.56 | -2.29 |
| | | Non-agricultural | 2.84 | 5.84 | 0.72 | 2.31 |
| Urban | Male | Agriculture | 1.50 | -0.55 | 0.63 | -0.78 |
| | | Non-agricultural | 2.04 | 2.72 | 1.44 | 1.86 |

| | | | | | | |
|-------|--------|------------------|-------|-------|-------|-------|
| | Female | Agriculture | -6.61 | -6.66 | -1.69 | -4.38 |
| | | Non-agricultural | -0.54 | 7.31 | 1.72 | 1.68 |
| | Total | Agriculture | -1.79 | -2.76 | -0.25 | -1.24 |
| | | Non-agricultural | 1.63 | 3.33 | 1.27 | 1.72 |
| Total | Male | Agriculture | 0.01 | -2.70 | -0.94 | -0.85 |
| | | Non-agricultural | 2.86 | 4.66 | 1.36 | 2.44 |
| | Female | Agriculture | -4.44 | -4.96 | -5.01 | -4.78 |
| | | Non-agricultural | 0.41 | 8.51 | -1.15 | 0.88 |
| | Total | Agriculture | -1.82 | -3.61 | -2.30 | -2.32 |
| | | Non-agricultural | 2.52 | 5.10 | 0.88 | 2.15 |

Source: Calculated from the unit level data of 61st, 66th & 68th NSSO rounds & PLFS 2017-18.

During 2004-05 to 2017-18, the growth rate of employment was negative in agriculture sector, while it was positive in non-agriculture sector in rural areas. During this period, it turned out to be negative in rural areas (-0.92 per cent) as well as in urban areas (-0.78 per cent) for maleworkers in agricultural sector while it was positive in the non-agricultural sector in rural areas (2.84 per cent) as well in urban areas (1.86 per cent) during this period. Thus, it can be observed that the growth rate of the employment was negative in agriculture but positive in non-agricultural sector. The decline in self-employment is linked to the decline in agricultural as well as non- agricultural employment in both rural and urban areas, respectively (Chen, 2012) whereas, with shift of workers from agriculture to non-agricultural activities and from footloose to enterprise- based employment, there is an increase in the proportion of workers employed on a regular wage and salary basis (Pal and Ghosh, 2007).

Nexus among Economic Growth and Employment Growth:

Analysis of the relationship between growth and employment has traditionally focused on the employment elasticity of growth – that is, the percentage change in employment in response to one percentage change in output (Hull, 2009). The employment elasticity or intensity of employment growth signifies the eminent quality of new employment opportunities created. In order to speed up the growth of employment, the sectors and economic activities having high employment elasticity must be targeted for attaining high level of economic growth.

Table 7: Growth Rate of Employment (UPSS) and Employment-Elasticity

| Sectors | Annual Growth Rate of GDP | | | Employment Growth | | | Employment Elasticity | | |
|-------------------------|---------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-----------------------|--------------------|--------------------|
| | 1993-94 to 2004-05 | 2004-05 to 2011-12 | 2011-12 to 2017-18 | 1993-94 to 2004-05 | 2004-05 to 2011-12 | 2011-12 to 2017-18 | 1993-94 to 2004-05 | 2004-05 to 2011-12 | 2011-12 to 2017-18 |
| Primary Sector | 2.52 | 4.19 | 3.48 | 0.67 | -1.98 | 3.28 | 0.26 | -0.42 | -0.24 |
| Secondary Sector | 6.69 | 8.62 | 6.20 | 3.97 | 4.46 | -1.64 | 0.59 | 0.48 | 0.50 |
| Tertiary Sector | 7.92 | 9.70 | 8.34 | 3.41 | 2.09 | -2.83 | 0.43 | 0.17 | 0.13 |
| Total | 6.27 | 8.46 | 6.00 | 1.84 | 0.45 | -0.61 | 0.29 | 0.04 | 0.03 |

Source: Calculated from the unit level data of 61st, 66th & 68th NSSO rounds & PLFS 2017-18.

Table 7 throws a light on the annual growth rate of GDP, employment growth and employment elasticity in the different sectors of Indian economy in two time periods, during 1993-94 to 2004-05, 2004-05 to 2011-12 and 2011-12 to 2017-18. In the first time period, the overall GDP and GDP in secondary sector have grown at a rate of above 6 per cent per annum whereas it has been 2.52 per cent and 7.92 per cent in primary and tertiary sector, respectively. The employment growth has been higher in secondary and tertiary than overall employment growth which is nearly 3 per cent whereas it has been less than one per cent in the primary sector. On the other hand, during 2004-05 to 2011-12, annual growth rate in primary sector has been 4.19 per cent whereas the employment growth has been negated in the primary sector. Employment and livelihood in the primary producing sectors, and particularly agriculture, are hit by the combination of more open trade and reduced government protection of inputs and output prices (Ghosh and Chandrasekhar, 2007). Along with this, the employment growth in secondary and tertiary sectors, too, is very less as compared to their annual growth rates. This is because after external trade has been liberalized, labour productivity growth in developing countries is more or less exogenously given and tends to be higher than prior to trade liberalization which is visible in Indian economy (Ghosh and Chandrasekhar, 2007; Bhide, S. et al, 2020).

The overall employment growth has been 1.84 per cent during 1993-94 to 2004-05 and it has been 0.45 per cent during 2004-05 to 2011-12 due to the negative growth in primary sector. The employment elasticity shows a decreasing trend during the two sub-periods. This means that the potential of output growth to absorb the increasing labour force is deteriorating. The highest decrease has been in the primary sector where employment elasticity has become negative. Continued subsidization of agriculture by developed countries and the resultant distortion of global agricultural trade along with displacement by imports of similar goods using more capital-intensive production methods are important factors behind the poor performance of agriculture (Pal and Ghosh, 2007). It is followed by tertiary sector and the least decline has been shown by secondary sector. Overall, the employment elasticity declined to almost zero in 2004-05 to 2011-12 from 0.29 in 1993-94 to 2004-05. One of the major reasons behind the poor employment generation during the second half of the 1990s could have been attributable to the sharp decline in the employment elasticity of output growth during this period (Pal and Ghosh, 2007; Kannan, & Raveendran, 2019).

Economic Growth and Inequalities:

The so-called “Gini coefficient” (or Gini Index) has become by far the most popular measure for inequality since it was first introduced by the Italian statistician Corrado Gini (1884-1965) almost a century ago (Luebker, 2010). The low level of inequality indicates that the benefits of growth accrue more to the poor people. The accelerated growth in inequality can largely be traced to a growing gap between the best paid workers and the rest.

Table 8: Measures of Inequality (Gini Coefficient) in the Earnings of Regular and Casual Workers

| Year | Regular | | | Casual | | |
|---------|---------|-------|-------|--------|-------|-------|
| | Rural | Urban | Total | Rural | Urban | Total |
| 1993-94 | 0.409 | 0.384 | 0.400 | 0.276 | 0.308 | 0.288 |
| 2004-05 | 0.485 | 0.477 | 0.484 | 0.274 | 0.298 | 0.282 |
| 2011-12 | 0.482 | 0.499 | 0.501 | 0.298 | 0.305 | 0.303 |
| 2017-18 | 0.470 | 0.532 | 0.501 | 0.302 | 0.376 | 0.339 |

Source: India Labour and Employment Report, various years.

Table 8 throws a light on the inequality through Gini Coefficient in the earnings of regular and casual workers from 1993-94 to 2017-18. The table reveals that the wage inequality is higher among regular workers as compared to casual workers. This is because regular wage workers have much greater variation in skills and qualifications, whereas a large proportion of casual workers consist of unskilled daily labourers (India Labour and Employment Report, various years). Among the regular workers, inequality is more in rural areas whereas, it is more in urban areas among casual workers. In urban areas, inequality has continuously increased both among regular and casual workers. Among regular workers, the Gini Coefficient has increased from 0.400 in 1993-94 to 0.484 in 2004-05 and further to 0.501 in 2011-12 whereas, among casual workers, it has increased from 0.288 in 1993-94 to 0.282 in 2004-05 and further to 0.339 in 2017-18. Thus, the increase in inequality in the earnings of the casual workers is much low as compared to earnings of regular employees.

Conclusions:

To conclude, it can be said that no doubt, the Indian economy as a whole and its various sectors have boosted up after economic reforms apart from primary sector, the increase in economic growth and employment intensity of growth have not been equivalent. The depressing growth in labour force participation and worker population ratio in rural-urban areas and among various social groups demonstrates this fact. Moreover, the large volume of workers employed in the unorganized informal sectors points towards the informalization of the Indian labour market. Huge divergence becomes apparent in the earnings of various segments of labour market that is, male and female workers, rural and urban workers and among regular and casual workers revealing the uncertainty barriers in their occupation. As the number of educated persons increases, their wages also increase, and the gender and regional inequalities tend to reduce revealing the constructive impact of education on employment and earnings of the workers. The Gini Coefficient throws a light on the intensification of wage inequality among regularly employed and casual labourers. The vision of India emerging as a Giant in the global economic scene seems to dominate the contemporary discussion on its growth performance, leading to coinage of phrases like “Make in India”, “Skill India” and metamorphosis of a “\$5 trillion economy” etc. Although efforts are made keeping in mind the inclusive and sustainable growth, but still there is need for a big push to bear the fruitful reward for these endeavours.

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