

SPECIAL FEATURE

Growth and Job Creation- Certain Revelations



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Recent media reports mention that the GDP growth has not created enough jobs on the basis of the employment surveys conducted by CARE ratings, Labour Bureau etc. Employment data in India is not available on real-term basis.

The comprehensive data sources are the Employment-Unemployment Surveys conducted by the National Sample Survey Organisation (NSSO) once in five years, the Census of India and the Economic Census, the periodicity of which is decennial. Apart from these is the short-term surveys viz; the Quick Employment Survey of select eight labour-intensive sectors done every quarter and the Annual Employment-Unemployment Survey done by the Labour Bureau, Ministry of Labour & Employment. But the sample size of these Surveys is relatively small. Besides, the Ministry of Statistics & Pro-

gramme Implementation publishes the Annual Survey of Industries which provides information on employment in the organized manufacturing sector. The CARE ratings study is based on information furnished by 1000 plus companies covering the industry and service sectors for the period from 2011-2015.

The latest available data on employment from some of the surveys mentioned above relate to the period around 2013-14. A comparative analysis of the findings of the different studies was undertaken to see for any compatibility of the results as each of the study has its limitations.

As per the Sixth Economic Census 2013-14, in the non-agricultural sector maximum employment was created in manufacturing with 30.36 million workers or 28 per cent followed by retail trade with 27.19 million workers or 25 per cent and education with 10.60 million workers or 9.8 per cent. These three sectors together account-

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ed for 63 per cent of the total employment in the non-agriculture sector. Other sectors which showed some employment potential were accommodation and food services (5.6 per cent), transport (4.7 per cent) and human health & social work activity (3.2 per cent). The IT sector as per the Economic Census was able to generate only 18.56 lakh jobs in 2013-14.

The 27th Quarterly Quick Employment Survey (July–September, 2015) conducted by the Labour Bureau covers eight sectors viz; Textiles including apparel, Leather, Metals, Automobiles, Gems & Jewellery, Transport, IT/BPO and Handloom/Powerloom. According to the latest Survey results for the period covering from quarter ending June 2015 to quarter ending September 2015, the increase in employment was 1.34 lakhs. The highest increase was recorded in the IT/BPO sector by 58,000 followed by 48,000 in metal, 28,000 in textiles including apparel, 3000 in automobile and 1000 in transport sector. The decline was observed in gems & jewellery, leather and handloom/powerloom sector. A reference to the earlier quick employment surveys covering the period 2013-14 shows that for the period from April 2013 to March 2014 which covers four quarterly surveys, the net increase in employment was 2.76 lakhs. [April-June

2013 (0.86 lakh), June-Sep (1.43 lakh), Oct-Dec (0.83 lakh), Jan-March (-) 0.36 lakh]. A perusal of the Quick Employment Survey results from the 1st - 27th shows that except for the period 2008-2009 when there was fall of 5 lakh jobs as per the first survey and an increase of 6 lakh jobs as per the fifth survey covering the period Oct-Dec 2009, the overall increase in employment across sectors was usually in the range of 0.30 lakh to below 2 lakh. The sample size covered in each survey may also have its impact on the employment figures.

According to the Report of the Employment-Unemployment Survey 2013-14 Volume-I, 50.5 per cent of the workforce were self-employed, 31.1 per cent worked as casual labour, 15.4 per cent as wage/salary earners and 2.9 per cent as contract workers. The sectoral distribution of the workers (Table-1) shows that agriculture sector is still the major provider of employment, though its share is declining. The proportion of workforce entering the secondary sector comprising of manufacturing and construction has seen an increase from 19.3 per cent in 2011-12 to 22.4 per cent in 2013-14 and the tertiary sector comprising of the trade, transport, IT sector etc also increased from 26.9 per cent to 29.3 per cent during this period.

Table-1: Sector-wise Distribution of Employed Persons

(as per UPSS estimate)
(in per cent)

Survey Years	Primary	Secondary	Tertiary
2011-12	53.8	19.3	26.9
2012-13	50.8	20.8	28.4
2013-14	48.3	22.4	29.3

Source: Labour Bureau, Report on Employment-Unemployment Survey 2012-13 & 2013-14

The latest available data on the Annual Survey of Industries is of the period 2013-14. As per the ASI data, the total number of persons engaged in the 28 sectors covered in the survey were 13.5 million in 2013-14, 12.9 million in 2012-13 and 13.4 million in 2011-12. Of the 13.5 million jobs that were created, the major contributors were- food products (12 per cent), textiles (11 per cent), wearing apparel (7 per cent), basic metals (7 per cent) and other non-metallic minerals (7 per cent). The ASI data does not cover the service sector. Therefore it does not capture the employment created in the IT/BPO, transport or trade sector.

In the survey done by CARE Ratings on Employment in Corporate Sector about 1072 companies were covered, representing manufacturing, construction and service sector. In these 1072 companies, employment increased from 4.5 million to 4.8 million between 2012 and 2015. The sector wise distribution of employment in the 1000 plus companies over the last 4 years (2011-2015) shows that the IT sector recorded maximum growth in employment with a CAGR of 12.7 percent followed by financial services with a CAGR of 2.3 per cent. But in terms of employment share, manufacturing sector accounted 43 per cent followed by banking (23 per cent) and IT (18 per

cent). But in terms of employment growth these sectors did not record growth probably because the jobs

created in the sector could be contractual and therefore not on the pay-roll of the companies. (Table-2)

Table-2: Growth in employment across Sectors (%)

Sectors	Share	FY 2014	FY 2015	CAGR (FY 2011-FY 2015)
Manufacturing	43.2	3.2	-5.2	0.2
Banking	23.0	4.9	2.1	4.0
IT	18.4	10.0	21.7	12.7
Mining	8.2	-2.5	-3.8	-3.1
Financial services	3.2	2.8	1.8	2.3
Construction	2.0	3.8	-17.1	1.5
Non-Financial Services	2.0	6.1	-17.4	1.5
Total	100.0	4.1	0.3	2.7

Source: CARE Ratings Employment in the corporate sector, April, 28, 2016

A look at the Gross Value Added at constant 2011-12 prices shows that manufacturing sector growth declined from 6 per cent in 2012-13 to 5.6 per cent in 2013-14 and to 5.5 per cent in 2014-15. This decline was notable in the case of textiles, apparel and leather products. Both these sectors are labour intensive and export oriented. Similarly, the other manufactured goods which include gems & jewellery sector also witnessed a decline from 9.9 per cent in 2012-13 to 1.9 per cent in 2013-14 and rose back to 4.4 per cent in 2014-15. The public utility sector viz; electricity, gas & water supply witnessed an

increase in GVA from 2.8 per cent in 2011-12 to 8 per cent in 2014-15. Similar increase was also noticeable in the construction sector (0.6 per cent to 4.4 per cent) during this period. The overall increase in GVA from 5.4 per cent in 2012-13 to 7.1 per cent in 2014-15 can be interpreted as mix of sectors that recorded a growth in combination with sectors that recorded a decline. If the sectors that recorded an increase in growth were less labour-intensive it would not be reflected in the overall employment growth.

(The views are personal and not necessarily of CII)