

11. EMPLOYMENT

Economic inclusiveness assumes much significance in development process. Putting more people in productive, gainful and socially useful employment lies at the heart of inclusive growth. There cannot be inclusive growth without growth itself. The inclusive nature of the growth is conditioned by the progress made in the areas of education, health and physical infrastructure. For a comprehensive and overall growth of the economy, inclusive nature of growth accompanied by adequate livelihood opportunities in accordance to the expectations of the increasing labour force is essential.

The data relating to the level of employment and unemployment are required for planning, policy formulation and decision-making at various levels both within the Government and outside. In our country, decadal Census and Quinquennial National Sample Survey Results on Employment and Unemployment are the two main data sources for estimating the employment status. Census 2011 and the 66th round results of NSSO relating to the year 2009-10 are the latest sources in this regard. The labour market in our country including Tamil Nadu is characterized by complex situations due to various factors like full time / part time workers, seasonal employment, workers engaged in multiple jobs, workers ready to work for low wages, social and cultural factors etc. These persisting characteristics of the labour force lead to varied estimates of labour force and employment.

At the National level, 58 million additional job opportunities were targeted for the Eleventh Plan Period. The NSSO survey reported an increase in work opportunities to the tune of 18 million under Current Daily Status (CDS) between 2004-05 and 2009-10. However, overall labour force during this period expanded by 11.7 million lower than in comparable periods early. At the State level, the XI Plan targeted for an additional 2 million jobs. The overall labour force advanced by 13.02 lakhs during 2009-10 against 17.45 lakhs in 2004-05. This low order of increase in labour force is attributable to the retention of youth in education stream and lower rate of participation of working age group women. This sort of lower addition in labour force was not expected to continue as educated youth are expected to join the labour force in increasing numbers during the XII Plan period and beyond. In other words, the pace of creation of jobs / economic activity must be accelerated at a faster rate. Hence, greater stress on skill development, and vocational training viewed as an instrument for improving the efficiency and contribution of labour to overall production. This would push the production possibility frontier outward and take the economy on to a higher growth trajectory and can also be viewed as a means of empowerment.

11.1. Demographic Dividend:

The unprecedented phase of demographic changes currently existing in the State are likely to contribute to an ever increasing size of labour force. The office of Registrar General estimated the proportion of working age group population (15-59 years) to increase from 58 per cent in 2001 to more than 64 per cent by 2021. Such trend would make India as one of the youngest nations in the world. The size of working age group in the State also was 63.8 per cent in 2001 which when distributed using NSS 66th Round it rose to 66.3 per cent. The well known “*demographic*

dividend” manifests in the proportion of population in the working age group of 15-64 increasing steadily. The actual tapping of this demographic dividend depends on ensuring proper health care and other human resource development such as education. Demographic dividend is bound to boost saving and investment.

11.2. Five Tests for Judging Improvement in Employment Conditions:

There are five yardsticks available to judge whether the employment situation is becoming progressing or worsening over a long span of time. They are:

1. If the distribution of employment were dynamic or if the numbers in agriculture, unproductive and low-paid, were falling faster than employment in manufacturing and services;
2. If the occupational distribution of labour force remained changing or if the numbers employed in unskilled occupations declining faster than those in productive skilled or white collar activities;
3. If the employment status of the labour force were such that the number of self-employed or unpaid family workers were decreasing faster than the number of employees;
4. If open unemployment were slowing down than might be expected on the basis of changes in the distribution of the labour force.
5. The growth in employment exceeds the growth in labour force.

11.3. Overall Employment : Tamil Nadu:

The National Sample Survey Organisation, Government of India had released the 66th round results of Employment and Unemployment for the year 2009-10. The status of employment in the State for the year 2009-10 in comparison with that of the previous results pertaining to the year 2004-05 was analysed and presented below.

Table – 11.1: Status of Employment in Tamil Nadu: An Over view

		2004-05	Growth Rate (%)	2009-10	Growth Rate (%)
I.	Population	646.23	0.8	721.38	1.9
II.	Usual Principal & Subsidiary Status				
	1. Labour Force	314.35	1.0	327.98	0.7
	2. Work Force / Employed	306.66	1.0	320.45	0.7
	3. Unemployed	7.69	0.1	7.52	(-)0.4
III.	Current Daily Status				
	1. Labour Force	299.28	1.8	312.85	0.7
	2. Work Force / Employed	262.57	1.8	277.08	0.9
	3. Unemployed	36.71	0.9	35.77	(-)0.4

Source: Computed from NSS Various Rounds.

Based on the provisional population estimates of Census 2011, the number of workers according to Usual Principal and Subsidiary Status (UPSS) and Current Daily Status (CDS) was arrived at and the results are as follows:

- The labour force of the State under UPSS was 327.98 lakhs or 45.5 per cent of the population; improved from 314.96 lakhs in 2004-05, witnessing an annual compound growth rate of 0.7 per cent over the years.
- The estimated number of workers (UPSS) during 2009-10 was 320.45 lakhs against 306.66 lakhs of 2004-05. Additional employment was created to the tune of 13.79 lakhs during the five year period. About 45.0 per cent of the total population was engaged in economically gainful activity.
- The labour force under the CDS category had also widened from 299.28 lakhs in 2004-05 to 312.85 lakhs in 2009-10.
- As of employment under Current Daily Status, an increase of 14.51 lakh employments between the five year period was noticed.
- The percentage of unemployment under both UPSS and CDS had shrunk considerably. The size of unemployment in UPSS had reduced from 7.69 lakhs in 2004-05 to 7.52 lakhs in 2009-10 and that of CDS from 36.71 lakhs to 35.77 lakhs.
- Further analysis on the UPSS employment for the year 2009-10 brings out the fact that the sex ratio of total UPSS workers was 66:34 and that of rural urban was 59:41.

Table – 11.2 : Composition of Workers: By Sex and Region

	Male	Female	Persons
Rural	112.54	75.03	187.57
Urban	99.55	33.34	132.88
Total	212.09	108.36	320.45

Source: Computed from NSS 66th Round Results.

The absorptive capacity of all the three sectors during 2009-10 was also studied. The primary sector had accommodated 44.6 per cent of the total UPSS employment, followed by Services Sector (38.0%) and Secondary Sector (17.4%).

Table – 11.3 : Sector wise Distribution of Workers (UPSS) : 2009-10

	Male	% share	Female	% share	Total	% share
Primary	77.41	36.5	64.37	59.4	142.92 (54:45)	44.6
Secondary	36.69	17.3	19.40	17.9	55.76 (65:35)	17.4
Tertiary	97.99	46.2	24.60	22.7	121.77 (80:20)	38.0
Total	212.09	100.0	108.36	100.0	320.45 (66:34)	100.0

Note: Figures in brackets indicate male female ratio.

As much as 60 per cent of the female workers and 36 per cent of the male were employed under primary sector. Feminisation of agriculture is thus noticed. The secondary sector comprising mainly of manufacturing industry employed 65 per cent of male workers. As for the tertiary sector, the male female composition was in the ratio of 80:20. The low participation of female employees in the services sector in spite of improved female literacy and empowerment is one area of concern. The rural-urban composition of workers in all the three categories of employment was analysed and found as below:

Table -11.4 : Rural Urban Composition of Works (UPSS): 2009-10 (%)

Sector	Rural	Urban	Total Employment (lakhs)
Primary	54	45	142.92
Secondary	65	35	55.76
Tertiary	66	34	121.77
Total	58	42	320.45

Source: Computed from NSS 66th Round Results.

The industry group-wise distribution of usual principal and subsidiary status employment as per NIC 2004 classification during 2009-10 was studied and presented below.

Table -11. 5: Industry Group-wise Distribution of Usual Status Workers 2009-10
(No. in lakhs)

Sl. No.	NIC	Industry Group	Rural	Urban	Male	Female	Total
1.	A.	Agriculture, Hunting & Forestry	123.46	17.54	75.50	64.37	141.00
	B.	Fishing	1.39	0.53	1.91	0	1.92
	C.	Mining & Quarrying	0.48	0.80	1.27	0.11	1.28
	D.	Manufacturing	19.13	35.36	35.42	19.29	54.48
	E.	Electricity, Gas & Water Supply	0.43	0.53	0.64	0.11	0.96
	F.	Construction	18.28	14.09	25.03	7.69	32.37
	G.	Wholesale, Retail, Repair of Motor Vehicle & Personal and Household goods	8.31	22.46	26.09	5.09	30.76
	H.	Hotels & Restaurants	2.48	4.25	5.09	1.52	6.73
	I.	Transport, Storage & Communication	5.83	12.76	18.66	0.22	18.59
	J.	Financial Intermediation	0.09	2.79	2.55	0.33	2.88
	K.	Real estate, renting & business activities	0.56	5.85	5.73	0.76	6.41
	L.	Public Administration & Defence, and Compulsory Social Security	1.84	4.25	5.09	0.87	6.09
	M.	Education	2.19	5.18	3.18	4.12	7.37
	N.	Health & Social Work	0.84	1.73	1.27	1.52	2.56
	O.	Other Commercial, social & personal service activities	2.26	3.19	4.03	1.41	5.45
	P.	Activities of private households as employers and productive activities of private households	0.01	1.59	0.64	0.98	1.60
	Q.	Extraterritorial organization & bodies	0	0	0	0	0
		Total workers	187.58	132.90	212.09	108.36	320.45

Source: Computed from NSS 66th Round Result.

From the above table it could be learnt that

- The agriculture sector absorbed 44.0 per cent of the total employment, offering nearly 90 per cent of employment in the rural areas. The share of male female employment in this group of industry was found to be 55:45.

- The secondary sector provided employment to about 90- lakh workers or 27.8 percentage of total employment. Of which, manufacturing and construction group of industries together took away 98 per cent of employment.
- The manufacturing sector which provided more than one-third of the total employment was concentrated more (about 65%) in the urban areas. About 65.0 per cent of the workers in the manufacturing sector were males.
- The construction group of industries provided large number of employment opportunities in the rural areas than its counterpart (56:44).
- The largest employment provider in the tertiary sector was identified as wholesale, retail, repair of motor vehicles, personal and household goods' followed by 'transport, storage and communication'.

11.4. Distribution of Usual Status Workers by Employment Status:

Employed persons of usual status category could be categorized into (i) self employed (ii) regular wage / salaried employees and (iii) casual labours and presented below.

Table – 11.6 : Distribution of UPSS workers: By Employment Status
(lakhs)

	Self Employed	Regular wage / salary	Casual labourers
Rural male	37.36	13.73	61.34
Rural female	24.98	4.95	45.09
Rural persons	62.46	18.57	106.43
Urban male	30.86	42.11	26.58
Urban female	12.40	10.87	10.07
Urban persons	43.19	53.02	36.68
Total male	68.29	55.30	89.50
Female	37.17	14.74	55.46
Persons	105.75	68.58	146.13

Source: Computed by DEAR.

It was learnt that,

- Among the three employment statuses of Usual Status workers casual labourers had a dominant share of 45.6 per cent followed by self employment (33.0%) and wage / salaried employees (21.4%).
- Of the total workers more than two-fifth of male workers and fifty per cent of female workers were employed as casual labourers.
- In both rural and urban areas, the share of females in regular wage / salaried employees was lower than that of males.
- About 37.17 lakhs females and 68.29 lakhs of males earn their livelihood through self employment. In other words 34 per cent of women work force and 32 per cent of men work force are self employed. The Self Help Group movement in the State that had motivated more number of females to take up own employment is to be appreciated.

11.5. Organised Sector Employment:

The State's organized sector employment during 2010-11 was 23.27 lakhs against 23.65 lakhs in 2009-10 as per EMIP data provided by the Department of Employment and Training. The 1.2 per cent growth that witnessed during 2008-09 in the organized sector employment had decelerated to 0.1 per cent in 2009-10 and declined by (-)1.6 per cent in 2010-11. Shedding of employment in the public sector was found to be at a much faster rate than that of private sector. The rate of decline in the public sector at an negligible rate of (-) 0.1 per cent in 2008-09 continued at a faster rate of (-)1.1 per cent in 2009-10 and attained a higher (-)2.7 per cent in 2010-11. Generation of additional employments under the private sector was noticed at a faster rate in 2007-08 (11.3%). Since then a deceleration to the tune of 3.3 per cent in 2008-09 and 2.3 per cent in 2009-10 was seen. In the year 2010-11 minimal level of 0.3 per cent increase was registered. Deceleration at the private sector, coupled with the negative growth in the public sector together pulled down the overall growth of total organized sector employment from 23.65 lakhs in 2009-10 to 23.27 lakhs in 2010-11. It aggravated the employment situation in the State.

Table – 11.7 : Composition of Organised Sector Employment

	(Lakhs)		
	2008-09	2009-10	2010-11
Public Sector	14.97	14.80	14.40
Private Sector	8.65	8.85	8.87
Total Organised Sector	23.62	23.65	23.27

Source: Directorate of Employment & Training, Chennai.

Among the four components of public sector, natural wastage was at a faster rate in State Government (4.3%) followed by Quasi Government ((-)2.6%), Local Bodies (-)1.7%) and Central Government (-)0.7%). As the State Government has a major share in the total public sector, the faster rate of drop in employment had impacted the overall public sector to a greater extent. Data in this regard are given below.

Table – 11.8: Public Sector Employment

Sl.No.	Category	(Number)		
		2008-09	2009-10	2010-11
1.	Central Government	223309	217124 ((-)6185)	215545 ((-)1579)
2.	State Government	584462	573787 ((-)10675)	549200 ((-)24587)
3.	Quasi Government	512580	512529 ((-)51)	499223 ((-)13306)
4.	Local Bodies	176903	176817 (-)86)	175840 ((-)977)
	Public Sector Employment	1497254	1480257 ((-)16997)	1439808 ((-)40449)

Note: Net additions effected are given in parenthesis.

Source: Directorate of Employment & Training, Chennai.

The cost of living of those who are employed in organized sector is well taken care of automatic wage indexation. For those who are employed in unorganized sector, no such safety net is conspicuous by its absence.

11.6. Industrial Classification of Organised Sector Employment:

The pattern of distribution of organized sector employment among the sixteen industrial groups of NIC, 2004 is as follows:

Table – 11.9: Distribution of Organised Sector Employment
(Number)

Category	2009-10	2010-11	Net addition effected
1. Agriculture, Hunting & Forestry	76306	79669	+ 3363
2. Fishing	1014	992	(-)22
3. Mining & Quarrying	27354	24719	(-)2635
4. Manufacturing (Private & Public) 10000 each	501498	480837	(-)20661
5. Electricity, Gas and Water Supply	63516	67250	+3734
6. Construction	48359	46506	(-)1853
7. Wholesale & Retail Trade etc.	77158	81574	+ 4416
8. Hotels & Restaurants	19746	20618	+ 872
9. Transport, Storage & Communication	302942	297810	(-)5132
10. Financial Intermediation	128374	125837	(-)2537
11. Real Estate, Renting & Business Activities	108809	112068	+ 3259
12. Public Administration and Defence, Compulsory Social Security	324681	323092	(-)1589
13. Education	400330	390270	(-)10060
14. Health & Social Work	265302	2588945	(-)6357
15. Other Community, Social & Personal Service Activities	19635	19143	(-)492
16. Private Households with Employed persons and extra territorial activities	0	0	0
Total	2365024	2329330	(-)35694

Source: Directorate of Employment and Training.

Among the 16 industrial categories, five were able to provide additional employment while ten downsized the manpower. The Wholesale and Retail trade opened avenues for about 4500 additional employments followed by 'Agriculture, Hunting and Forestry' which had seen 3363 additional employments. The employment in the 'manufacturing' sector had shed down more than 20000 employments during 2010-11.

11.7. Unorganised Sector Employment:

Predominance of unorganized sector employment is a notable feature of employment in India which is common to the State also. Of the total employment in the State as estimated by NSS (320.45 lakhs), the organized sector as per EMIP estimates accounted for only 7.0 per cent (23.64 lakhs) and the remaining 93.0 per cent came under the unorganized category of employment. Over the years, organized sector employment grew at a slower pace than that of total employment. This situation reflects the faster growth of unorganized sector employment. There had been increasing informalisation of employment which has been much pronounced in the case of female workers. The following table brings out the ratio of organized and unorganized sector employments in the overall employment and that of gender share.

In urban areas informal sector has emerged. It consists of things done in a certain way – a way characterized by ease of entry into activity concerned, reliance on indigenous resources, family ownership, smallness of scale, labour intensiveness, adopted technology, skills acquired outside the formal school system and unregulated and competitive markets.

Table – 11.10: Organised Vs. Unorganised Sector Employment

(Lakhs)			
Details	Male	Female	Total
Total Employment	212.09	108.36	320.45
Organised Sector	15.51	8.13	23.64
Unorganised Sector	196.58	100.23	296.81

Source: Computed by DEAR.

As the informal sector employment's share in total work force was on the increase over the years, the Union Government has been focusing on social security measures and social protection to workers in the unorganized sector. Different Schemes are:

Scheme	Year	Objective	Benefits
1. Swarna Jayanti Shahari Rozgar Yojana (SJSRY)	Dec. 1997	Main objective is to provide gainful employment to the urban unemployed and under-employed by setting up self employment ventures or provision of wage employment.	Under this programme, as many as 7454 SHGs will be provided economic assistance.
2. Swarnajayanthi Gram Swarozgar Yojana (SGSY)	April 1999	This Self Employment Programme has the objective of helping poor rural families by assisting to take up income generating economic activity.	This scheme adopts SHG approach and aims to graduate them from micro credit stage to micro enterprises stage by providing skill development, bank credit infrastructure facilities and much needed marketing support to the products. As of 2010-11, about 4.92 lakh Self Help Groups were established. Of which 3.32 lakhs in rural areas. An aggregate of 76.60 lakh members were registered. All SHGs put together had a total savings of ₹2973 crores.
3. Mahatma Gandhi National Rural Employment Guarantee Act.	August 25, 2005	Prime objective is to augment wage employment. It further aims to enhance the livelihood security of households in rural areas by providing lease one hundred days of guaranteed wage employment. It provides social safety net for the poor.	In Tamil Nadu the scheme was notified on February 2006 in 6 districts which subsequently was extended in all the districts except Chennai. Minimum wage prescribed for eight hours work is ₹119/-. The approved labour budget for 2011-12 was ₹3472 crore. Due to concerted efforts taken by the Government, a sum of ₹3352.58 crore has been utilised and 4091 lakh mandays of employment upto 31 st March 2010 was generated.

4. Aam Admi Bima Yojana	2007	Insurance is provided against natural / accidental and partial / permanent disability of the head of the family of rural landless households in the country.	Government of India and State Government are sharing the cost in the ratio of 75:25. This scheme subsumed the earlier three Urban Poverty Alleviation Programme and include Urban Self Employment Programme, Urban Women Self Help Programme and Skill Training for Employment Promotion among urban poor, Urban Wage Employment Programme and Urban Community Development Network Annual budgetary provision for this programme at the National level for 2011-12 was ₹ 813.0 crore against ₹135.25 crore at the State.
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Source: Economic survey, 2011-12, GOI

Besides, the above mentioned schemes of Government of India, State Government is also committed to take care of all the 93 per cent of workers under the unorganized sector category. Tamil Nadu Manual Workers Act, 1982 regulates the employment of manual workers employment in the State.

11.8. Unemployment:

Unemployment means demoralizing and it represents an economic waste the society fore-goes the goods and services that the unemployed could have produced. The level of unemployment in the State is the negative indicator for assessing the prosperity of the country. NSS estimated the size of unemployment on the basis of UPSS, Current Daily and Current Weekly Statuses.

Table – 11.11: Proportion of Unemployed

(Percentage)

	UPSS			Current Daily		
	Rural	Urban	Combined	Rural	Urban	Combined
Males	0.9	1.4	1.2	6.9	4.0	5.6
Females	0.6	1.1	0.8	6.6	2.0	4.6
Persons	0.8	1.3	1.0	6.8	3.0	5.1

From the above table we could draw the following findings:

- the level of overall unemployment in current daily status was found to be greater than that of UPSS, which indicates the fact that under employment was more.
- Male unemployment under current daily status was at a higher rate (5.6%) than that of females.

For assessing the status of unemployment of organized sector the numbers of applicants on Live Register provided by the Employment Exchanges are taken. Year-

on- year increases witnessed under this category indicate the gravity of this social problem.

Number of Employment Exchange Offices functioning in the State as on 31st March 2011 was 37. Applicants on Live Register had risen from 55.0 lakhs in 2008-09 to 60.76 lakhs in 2009-10 and further to 68.05 lakhs in 2010-11. Of the total applicants more than 75 per cent are categorized as 'educated' with different qualifications. During 2010-11, a visible increase in respect of all the categories of qualifications were noticed. This indicates the people's confidence on the Employment Exchanges in getting the right job.

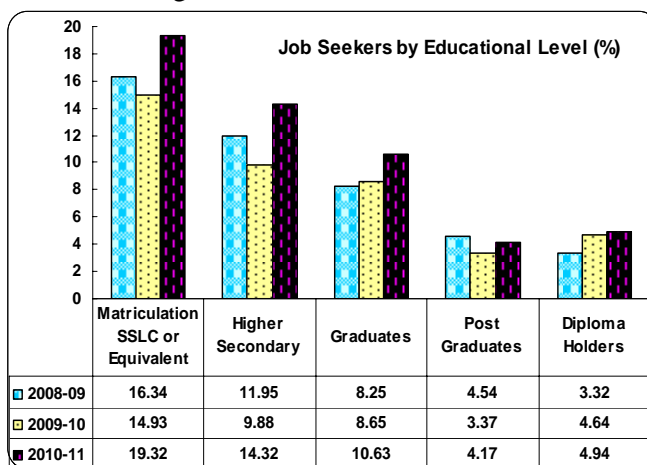


Table – 11.12 : Job Seekers by Educational Levels

(in lakhs)

Sl. No.	Qualification	2008-09	2009-10	2010-11
1.	Matriculation, SSLC or Equivalent	16.34	14.93	19.32
2.	Higher Secondary	11.95	9.88	14.32
3.	Graduates	8.25	8.65	10.63
4.	Post Graduates	4.54	3.37	4.17
5.	Diploma Holders	3.32	4.64	4.94
	Total Educated job seekers	44.40	41.47	53.38

Source: Directorate of Employment and Training, Chennai.

11.9. Emerging Issues:

Provision of productive work opportunities for the increasing labour force is one of the leading issues of economic development. With a huge backlog of unemployed human resources, the acceleration in creating employment opportunities should surpass the growth rate of labour force. Employment elasticity with reference to growth in GSDP has been declining in successive Plan periods. Sectors such as agriculture and allied activities, industries, wasteland development, small and cottage industries, housing and construction, service and maintenance sector and rural infrastructure which have high employment potential should be given required impetus. The tendency to substitute capital for labour in some of these sectors should be addressed through imparting skills to the youth and retaining the labour force engaged in these activities. Other issues to be addressed are –

- seasonal nature of employment in these sectors;
- unequal wage rate for men and women; and wage differential between rural and urban areas;
- inadequate labour security systems.

Encouraging labour-intensive economic activities, increase in skill formation through expansion of capacity in ITI's and polytechniques, establishing linkage with industry to develop relevant training programmes in newly emerging growth areas, strengthening labour security measures for unorganized labour and reducing gender gaps in employment and wages are desideratum.

11.10. Summing up:

Although slow increases in labour demand aggravate the imbalance between labour supply and labour demand, pace of population growth is the main cause of this imbalance. The interconnectedness between population growth, labour force participation, investment in human capital, shortage of work opportunities, inadequate income from work and under-utilised labour resources is of utmost importance for the employment problem. Skill development and vocational training are critical to tackling the problem of unemployment. The objectives of greater utilization of labour, diminution of poverty and improved income distribution are complementary, not competitive objectives.

The State has intervened directly to redistribute the fruits of growth process through implementation of wage and self employment programmes. Despite this, labour productivity in existing economic activities and occupations needs to be improved and priority to increasing productive employment in agriculture, construction and urban services needs to be accorded to attain the goal of economic inclusiveness. Redistribution of human capital and assets is an appropriate employment policy for the State. "*Employment elasticity*" i.e. a ratio that describes how employment growth varies with growth in economic output is to be nearer to one for achieving employment sustainability in each sector of the State economy