

POST-REFORM EMPLOYMENT TRENDS IN ORGANISED PUBLIC AND PRIVATE SECTORS IN INDIA

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Abstract

Employment is a crucial aspect in countries like, India where supply of labour is abundant. The economic reforms reduced the role of government in economic activities. Therefore with structural reforms, in public sector the number of employment have been shrinking. The government expected more employment generation in private sector with higher level of participation by private players. But trends are not encouraging in employment generation in organised private sector. Overall reforms have not very effective in employment generation in Indian economy, particularly in organised sectors.

Introduction:

Employment has been core issue of any economy. All the countries whether developed or developing countries try to achieve higher economic growth rate with employment generation. The characteristics of developed countries are different from developing countries. In developed countries size of population is smaller than developing countries. In comparison to developing countries work force in developed countries are more skilled. Modern technologies are generally capital intensive techniques, in which per unit capital-labour ratio is high. The productivity and the quality of products improve with better modern technologies. Thus in developed countries advanced technologies, which are capital intensive in nature are suitable for their economy. But in developing countries where labourers are less skilled and abundant in numbers requires more labour absorbing techniques. Being a developing country India has abundant labour supply. India is second most populated country in the world after China. Here still 58 percent of the population are dependent upon the agriculture and allied activities. And among these many are

seasonal and disguised unemployed due to heavy population pressure on agriculture sector. Due to social, political and structural limitations there is a big challenge for the government to generate faster employment in agricultural sector in the short period. Thus manufacturing and service sectors are better options.

India is a new emerging economy, which has been trying faster economic growth rate for the last more than two decades through new economic policies. The new economic policy popularly known as 'economic reforms' began in 1991. Broadly the economic reforms was in the form of liberalisation, privatisation and globalisation in various sectors. Government is continuously moving in the direction of free market economy to achieve faster economic growth and more welfare of the people through more employment generations and other benefits. Thus more private and foreign players are encouraged to participate in economic activities in India. The Multinational Corporations (MNCs) are also coming to India in the form of Foreign Direct Investment (FDI), which have been bringing advanced technologies. Generally these technologies are capital intensive in nature, in other words, capital-labour is higher in per unit of output. Even the domestic firms have been switching towards capital intensive technologies to sustain in the competitive market. Thus India is experiencing growth rate without much employment generation. India is second most populated country in the world and demography of population is young. Thus in already a country of surplus workforce more young population are going to be a part of workforce. Therefore India should emphasising upon policies which are able to generate more employment. In India economic reform is a continuous process and in future India may experience more reforms. Thus it becomes important to know whether reform is able to generate more employment.

Methodology:

In the present study organised public and private sectors are considered. In which that areas are included in the study are following: Agriculture, hunting, etc.; Mining and quarrying; manufacturing; electricity, gas and water; construction; wholesale and retail; transport, storage & communications; finance, insurance, real estate; and community, social & personal services. The data is collected from Economic Survey

2008-09 and 2014-15 for the period of 1994-2012. In the study simple statistical tools and graphical methods have been applied.

Employment in Public Sector:

Post-1991 government began structural reforms in various sectors, including government sector. To control fiscal deficit government focused on curtailment of public expenditure. The government gradually withdrawing from the market through less participation in economic activities. To reduce role in economic activities government adopted disinvestment policy. The disinvestment of public enterprises have been going on after disinvestment policy adopted by the government. Also central government set up 'National Renewal Fund' to finance the retrenchment of workers in public sector enterprises. This was to give signal in the markets at national level. The disinvestment was 3038 crores in 1991-92 which increased to 23956 crores in 2012-13. Thus government is increasing disinvestment of public enterprises and withdrawing herself from economic activities. The decreasing role of government in economic activities have some role in employment situation.

Table-1

Year	1991-92	1994-95	1997-98	2000-01	2003-04	2006-07	2009-10	2012-13
Disinvestment (Rs Cr.)	3038	4843	902	1871	15547	N.A.	23553	23956

Source: <http://yojana.gov.in/Indian-PSE.asp>

In public sector during 1994- 2012 in many areas number of employment have fallen and in few marginal increase in the number of employment. During 1994 and 2012 net reduction of employment in public sectors were 21.15 lakh persons. In public sector major fall in employment in manufacturing (-7.14 lakh persons), transport, storage & communications (-5.94 lakh persons), community, social and personal services (-4.38 lakh persons), and construction (-3.37 lakh persons). In percentage terms top three highest loss of employment have been in the manufacturing sector (40.02 percent), then in the construction (28.88 percent) and transport, storage & communications (19.26 percent). The trends indicate that lesser participation of

government in economic activities and speedy economic reforms may further reduce

Table-2
Change in Employment in Public Sector (in Lakhs Persons)

Years	Agriculture, hunting etc.	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade	Transport, storage & communications	Finance, insurance, real estate etc.	Community, Social & personal services	Total
1994	5.45	10.15	17.84	9.38	11.67	1.61	30.84	12.73	94.78	194.45
2012	4.70	10.80	10.70	8.20	8.30	1.70	24.90	13.60	90.40	173.30
1994-2012	-0.75	0.65	-7.14	-1.18	-3.37	0.09	-5.94	0.87	-4.38	-21.15

employment in public sector. Thus more expectation from the private sectors in employment generation through new investment, expansion of existing firms and higher production activities.

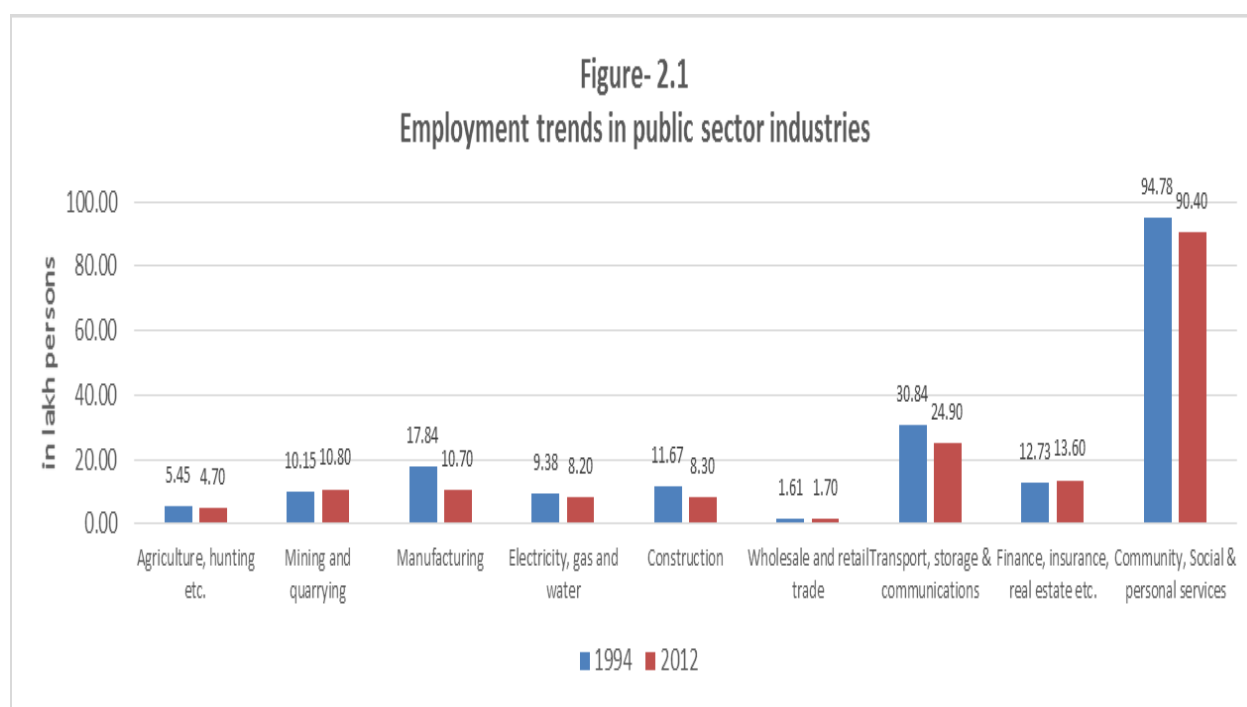
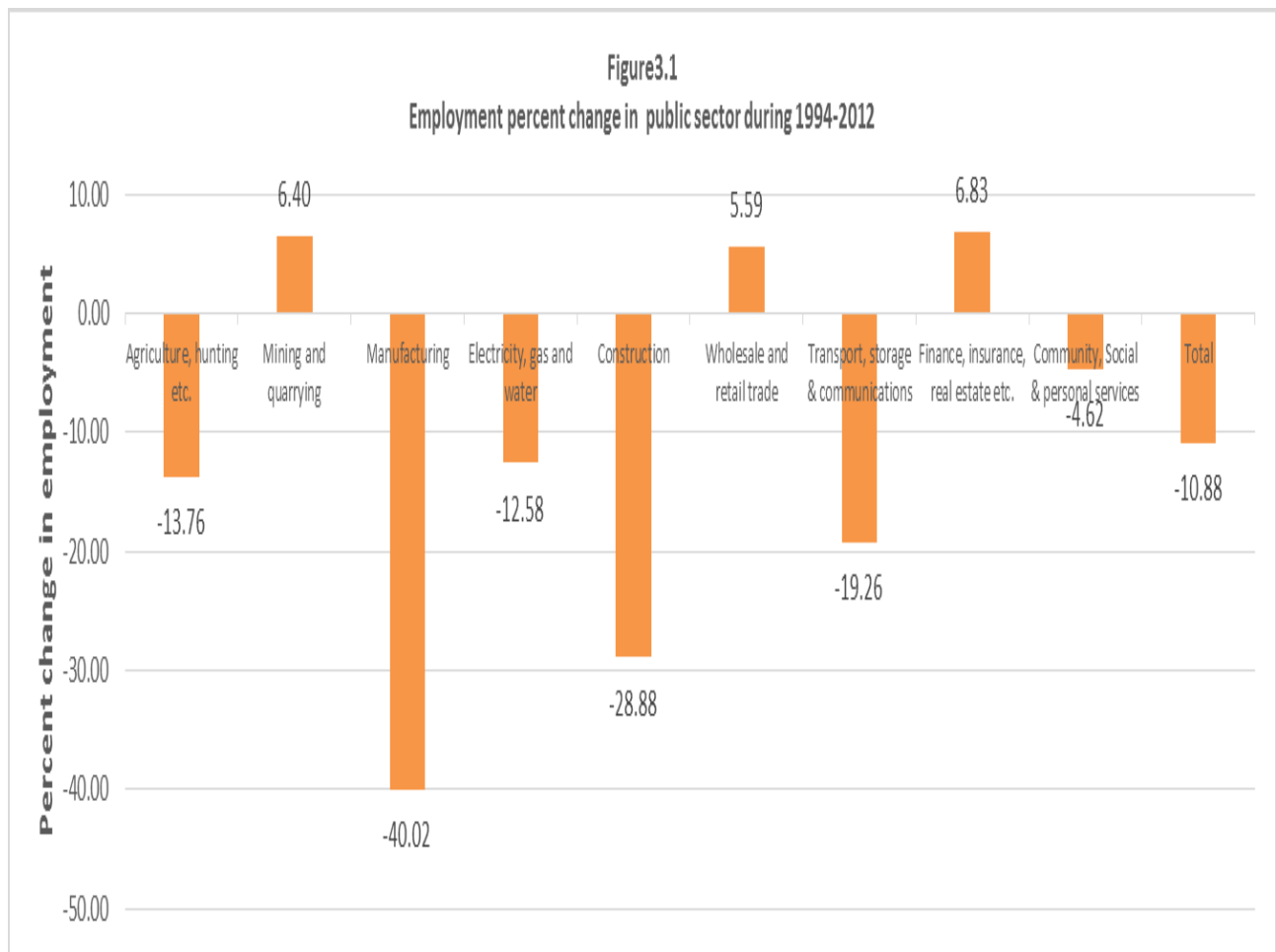


Table-3
Percentage change of Employment in Public Sector

Years	Agriculture, hunting etc.	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade	Transport, storage & communications	Finance, insurance, real estate etc.	Community, Social & personal services	Total
1994-2012	-13.76	6.40	-40.02	-12.58	-28.88	5.59	-19.26	6.83	-4.62	-10.88



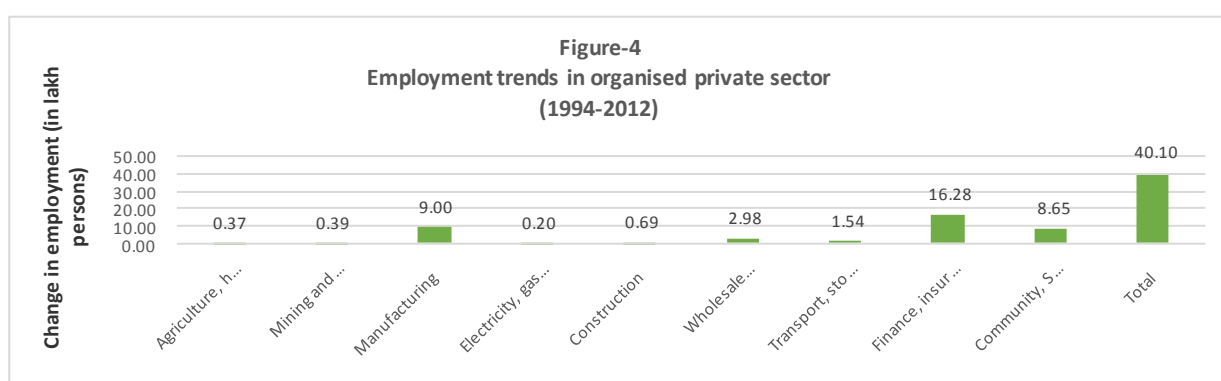
Employment in Private Sector:

The economic reforms intention were to foster a competitive dynamic industry which creates demand for labour (Joshi and Little, 1996). Post-reform government opened many industries for private players, which were exclusive in the domain of public sector. Thus it was expected more employment creation in organised private sectors. But in various areas in the private sector low employment generation during 1994-2012. Post-reform organised private sector- agriculture, hunting, etc., mining and quarrying, electricity, gas and water, construction, wholesale and retail trade, transport, storage & communications could not generate much employment. During 1994-2012 employment addition in agriculture, hunting was etc. 0.37 lakh persons, mining and quarrying added 0.39 lakh persons, electricity, gas and water added 0.20 lakh persons, construction added 0.69 lakh persons, transport, storage & communications added 1.54 lakh persons. Thus in these areas private sector could

not add sufficient new employment in almost two decades. In this period number of persons added in employment were 9.0 lakh and 8.65 lakh in manufacturing and community, social & personal services respectively. After reform during 1994-2012 finance, insurance, real estate etc. have created new employment for 16.28 lakh persons. In organised private sector during 1994-2012 total employment generation were 40.10 lakh persons. Thus reforms could not play much role in employment generation in organised private sector.

Table-4
Change in employment in organised private sector (in Lakhs Persons)

Years	Agriculture, hunting etc.	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade	Transport, storage & communications	Finance, insurance, real estate etc.	Community, Social & personal services	Total
1994	8.83	1.01	46.30	0.40	0.51	3.02	0.56	2.82	15.85	79.30
2012	9.20	1.40	55.30	0.60	1.20	6.00	2.10	19.10	24.50	119.40
1994-2012	0.37	0.39	9.00	0.20	0.69	2.98	1.54	16.28	8.65	40.10



Overall Employment Trends in Organised Sectors:

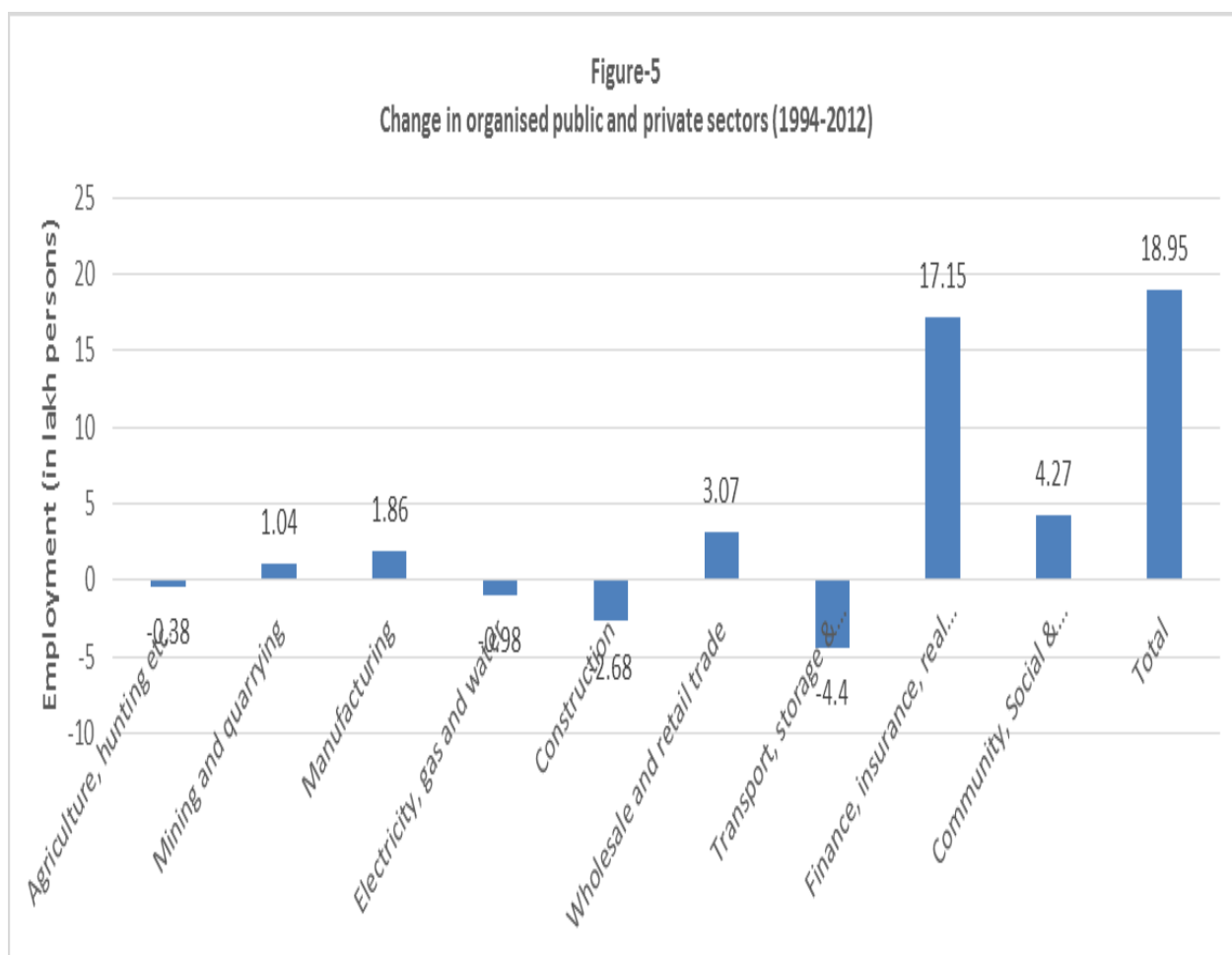
In organised sector during 1994-2012 net employment generation in public and private sectors was 18.95 lakh persons. But in agriculture, hunting etc., electricity, gas and water, construction, and transport, storage and communications there were net fall in employment. In agriculture, hunting etc. the employment reduced by 0.38 lakh persons during above period. In electricity, gas, water 0.98 lakh persons net employment loss, construction had 2.68 lakh persons and transport, storage and communications had fall in employment by 4.4 lakh persons. During this period in finance, insurance, real estate etc. net addition in employment was 17.15 lakh

persons. After excluding this particular area we find that the net employment generation in remaining areas both in organised public and private sectors was 1.80 lakh persons during same period. Thus we can say that most of the areas have been failed in creating new employment during this period.

Table-5

Change in employment in organised public and private sector (in Lakhs Persons)

Years	Agriculture, hunting etc.	Mining and quarrying	Manufacturing	Electricity, gas and water	Construction	Wholesale and retail trade	Transport, storage & communications	Finance, insurance, real estate etc.	Community, Social & personal services	Total
1994-2012	-0.38	1.04	1.86	-0.98	-2.68	3.07	-4.4	17.15	4.27	18.95



Conclusion:

Economic reform was introduced to achieve higher economic growth along with faster employment generation. But organised sector both public and private sectors have not been able to generate sufficient employment. One of the reason may be due to declining employment elasticity in Indian economy (Basu and Das, 2016). Also special incentives for capital-intensive projects have led to jobless growth in India (Kannan and Raveendran, 2009).the easy and cheaper access of machines and technologies have encouraged more capital intensive techniques (Rather in some areas there were net fall in the number of employment during 1994-2012. This indicates that, economic reforms *per se* cannot generate employment in the economy. Thus the role of government becomes important in employment generation.

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