

# Indian Labour Market

## An Overview

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*Analyzing the labour market dynamics of the BRIC nations, it is expected that the overall dependency ratio will decline in India. However, there exist wide disparities in labour force participation rates across gender in the Indian labour market. In the context of aspiring youth and growing aged population, it is important to draft labour market policies that integrate skill development, inclusion of women and aged person in the labour market, and the inclusive provisioning of social security.*

This essay discusses the salient features of the Indian labour market. First, it captures the emerging dependency scenarios and labour force participation rates in India. It then compares the Indian scenario with that of four big economies: Brazil, China, Russian Federation, and South Africa. Secondly, the essay examines the structure of the Indian labour market, the type of employment, activity wise composition, wages, and social security.

As shown in Table 1, in India during 2010-2050, while the proportion of population below 15 years may fall from 31 per cent to 18 per cent, the proportion of those above 60 years may increase from 8 per cent to 20 per cent during the same period. A similar pattern is projected for the BRICS group of countries (Brazil, Russia, India, China and South Africa), except for the Russian Federation where the proportion of population below 15 years may show slight positive increase.

**Table 1: Proportion of Above 60 and Below 15 Populations**

Major area, region or country	Population below 15 years (% of total population)			Population above 60 years (% of total population)		
	2010	2030	2050	2010	2030	2050
India	30.8	22.8	18.2	7.5	12.5	19.6
Brazil	25.5	17.0	14.7	10.2	18.9	29.3
China	19.9	16.9	15.3	12.3	23.4	31.1
Russian Federation	15.0	15.2	16.2	18.1	25.0	31.7

South Africa	30.3	26.2	22.5	7.3	11.1	14.2
Sub-Saharan Africa	42.3	35.6	28.4	4.9	5.9	9.1
More developed regions	16.5	15.4	15.4	21.8	28.8	32.6
World	26.9	22.7	19.6	11.0	16.5	21.9

Source: ILO (2010)

It appears that in the BRICS group, India and South Africa may see progressive fall in total dependency ratio (defined as population below age 15 and above 60 as a proportion of population in the age group of 15-60) during 2010-2050, while Brazil, Russia, and China are likely to report consistent increase in total dependency ratios. Quite important, during this period, total dependency ratio of India may drop from 55 per cent to 47 per cent, due to a likely fall in youth dependency ratio.<sup>1</sup> from 48per cent to 27per cent, that emanates from the projected drop in fertility rates. However, old age dependency may increase from 8per cent to 20per cent<sup>2</sup>. This throws a major challenge for the labour market to absorb the burgeoning size of job seekers who are 60 years and above.

**Table 2: Dependency Ratio**

Major area, region or country	Total dependency ratio (%)			Old-age dependency ratio (%)			Youth dependency ratio (%)		
	2010	2030	2050	2010	2030	2050	2010	2030	2050
India	55.6	45.3	47.0	7.7	12.2	20.2	47.9	33.1	26.8
Brazil	47.9	44.2	59.3	10.2	19.7	35.9	37.7	24.5	23.4
China	39.1	48.7	62.9	11.4	23.7	38.0	27.7	25.1	24.9
Russian Federation	38.7	53.0	65.6	17.9	29.7	38.8	20.8	23.3	26.8
South Africa	53.6	51.6	47.9	7.1	11.9	14.5	46.6	39.7	33.3
Sub-Saharan Africa	83.5	65.4	52.4	5.8	6.4	9.1	77.7	58.9	43.3
More developed regions	48.1	61.1	71.3	23.6	36.2	44.9	24.4	24.8	26.4
World	52.7	52.3	56	11.6	17.8	25.3	41.2	34.5	30.6

Source: ILO (2010)

Table 3 shows projected Labour Force Participation Rates (LFPR)<sup>3</sup> in BRIC countries during 2010-2020. It appears India reports the most glaring gender disparity in LFPR

<sup>1</sup> Ratio of below 15 years population to 15-64 population

<sup>2</sup> Ratio of above 60 years population to 15-64 population

<sup>3</sup> Labour Force Participation Rate (LFPR) refers to the ratio of labour force to population.

across age groups. In the working age group (15-64), female LFPR is just one third, lowest in the BRICS groups. A conspicuous phenomenon is that India reports abysmally lower LFPR (2 per cent) for female in the age group of 65 and plus while male in the same age group reports an LFPR of 30 per cent.

**Table 3: Labour Force Participation Rates**

Major area, region or country	Male						Female					
	Ages 15+ (%)		Ages 15-64 (%)		Ages 65+ (%)		Ages 15+ (%)		Ages 15-64 (%)		Ages 65+ (%)	
	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020	2010	2020
India	81.0	80.5	84.6	85.2	29.7	26.3	32.7	32.4	35.3	35.5	2.1	2.1
Brazil	81.9	80.4	85.1	83.8	46.2	52.2	60.4	60.4	64.6	65.8	23.2	24.9
China	79.6	77.2	84.9	84.8	30.0	27.3	67.2	63.0	74.3	72.6	9.4	10.8
Russian Federation	69.5	68.5	75.9	76.7	16.3	16.6	58.0	57.8	69.3	71.8	9.5	9.6
South Africa	63.7	64.7	67.0	69.2	4.3	1.5	47.0	46.4	50.9	51.9	1.6	1.3
Sub-Saharan Africa	80.8	80.9	81.7	82.0	61.9	61.2	61.1	62.7	62.7	64.5	35.9	36.2
More developed regions	68.4	66.2	78.7	78.8	15.1	15.7	53.4	52.7	65.9	67.5	8.8	9.1
World	77.7	76.7	82.6	82.7	29.2	28.6	51.6	50.6	56.8	56.6	11.8	12.8

Source: ILO (2010)

Table 4 outlines the structure of Indian Labour Market, measured by usual principal status (UPS)<sup>4</sup>, based on unit level records of National sample Survey 66th Round (2011). First for all the age groups, population is composed of labour force (37 per cent) and not in labour force (63 per cent). In the whole population, 36.5 per cent are engaged in employment, while 1 per cent is unemployed. Quite important, 27 per cent of population is pursuing education that forms largest component of not in labour force. WPR<sup>5</sup>, LFPR and rate of unemployment<sup>6</sup> are 36.5 per cent, 37.4 per cent and 2.5 per cent, respectively. Just 6 per cent of population falls within the category of in regular salary/wage employment while 18 per cent and 13 per cent are in the self employment and casual labour category respectively. For the age group 15 years and

<sup>4</sup> According to National Sample Survey (NSS) the usual principal activity status relates to the activity status of a person during the reference period of 365 days preceding the date of survey. The activity status on which a person spent relatively longer time (i.e. major time criterion) during the 365 days preceding the date of survey is considered as the usual principal activity status of the person. Other criteria include Usual Status, Current Weekly Status and Current Daily Status. See [http://atlmri.org/index.php/downloads/doc\\_download/14-india-labour-market-report-2008](http://atlmri.org/index.php/downloads/doc_download/14-india-labour-market-report-2008)

<sup>5</sup> Work Participation (WPR) Rate refers to the ratio of Employment to Population.

<sup>6</sup> Rate of Unemployment refers to the ratio of unemployment to labour force.

above, WPR, LFR and rate of unemployment are 52.3 per cent, 53.6 and 2.4 per cent, respectively.

**Table 4: Structure of Indian Labour Market for all ages (Male + Female; Rural + Urban) 2009-2010**

	Usual Principal Activity Status	For all Ages	For 15 and above
		Percentage	Percentage
1.1	Worked in HH enterprise self-employed own account worker	11.6	16.8
1.2	Employer	0.4	.6
1.3	Worked as helper in house hold enterprise	5.9	8.3
<b>1.1+1.2+1.3 =1</b>	<b>Self Employed</b>	<b>17.9</b>	<b>25.7</b>
<b>2</b>	<b>Worked as regular salaried wage employee</b>	<b>6.1</b>	<b>8.7</b>
3.1	Worked as casual wage labour in public works	0.3	.4
3.2	Casual wage labour in other types of work	12.2	17.5
<b>3.1+3.2=3</b>	<b>Casual Labour</b>	<b>12.5</b>	<b>17.9</b>
<b>1+2+3=4</b>	<b>Employment</b>	<b>36.5</b>	<b>52.3</b>
<b>5</b>	<b>Unemployed</b>	<b>0.9</b>	<b>1.3</b>
<b>4 + 5 =6</b>	<b>Labour force</b>	<b>37.4</b>	<b>53.6</b>
7.1	Attended educational institution	27.0	11.0
7.2	Attended domestic duties only	13.2	18.7
7.3	Attended domestic duties and was also engaged in free collection of goods for household use	7.5	10.6
7.4	Aentiers, pensioners remittance recipients	1.3	1.9
7.5	Not able to work due to disability	1.2	1.6
7.6	Others	12.4	2.7
<b>7.1+7.2+7.3+7.4+7.5+7.6=7</b>	<b>Not in Labour force</b>	<b>62.6</b>	<b>46.5</b>
<b>6+7=8</b>	<b>(Population according to Census 2011 =1210193422)</b>	<b>100.0</b>	<b>100.0</b>
	<b>Work Participation Rate [(Employment/Population)*100]</b>	<b>36.5</b>	<b>52.3</b>
	<b>Labour Force Participation Rate [(Labour Force/Population)*100]</b>	<b>37.4</b>	<b>53.6</b>
	<b>Rate of Unemployment [(Unemployed/Labour Force)]</b>	<b>2.5</b>	<b>2.4</b>

Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

As shown in Table 5, for the working age group (15-64 years), close to 75 per cent of women are not in labour force. 60 per cent of them are engaged in unpaid domestic activities. On the other hand, slightly above 16 per cent of men are in not in labour force.

While 80 per cent men participate in employment, the share of women is only above 25 per cent (see Appendix Table 1 for share industry wise share of women in employment). It is important to note that not even 1 per cent of men are engaged in unpaid domestic activities. Box 1 captures the dynamics of employment status in India during 1990-2000-2009-2010.

**Table 5: Structure of the Indian Labour Market for the Age Group 15-64 (Male + Female; Rural + Urban) 2009-2010**

	Gender		Total
	Male	Female	
Worked in household enterprise self-employed own account worker	29.2%	3.9%	16.8%
Employer	1.0%	0.1%	0.6%
Worked as helper in household enterprise	9.0%	8.4%	8.7%
Worked as regular salaried wage employee	15.0%	3.4%	9.3%
Worked as casual wage labour in public works	0.5%	0.2%	0.4%
In other types of work	26.0%	10.4%	18.3%
Did not work but was seeking and or available for work	1.9%	0.9%	1.4%
Attended educational institutions	14.0%	9.5%	11.8%
Attended domestic duties only	0.3%	38.5%	19.0%
Attended domestic duties and was also engaged in free collection of goods for household use	0.2%	22.3%	11.0%
Aentiers, pensioners remittance recipients	1.0%	0.7%	0.9%
Not able to work due to disability	1.0%	0.6%	0.8%
Others	1.0%	1.1%	1.0%
Population	100.0%	100.0%	100.0%
<b>Self employed</b>	<b>39.1%</b>	<b>12.4%</b>	<b>26.0%</b>
<b>Regular</b>	<b>15.0%</b>	<b>3.4%</b>	<b>9.3%</b>
<b>Casual</b>	<b>26.5%</b>	<b>10.6%</b>	<b>18.7%</b>
<b>Unemployed</b>	<b>1.9%</b>	<b>0.9%</b>	<b>1.4%</b>
<b>Not in labour force</b>	<b>17.5%</b>	<b>72.7%</b>	<b>44.6%</b>
<b>Population</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

The dynamics of Indian Employment has been enumerated in Box 1 for the periods 1990-2000-2009-2010

### Box 1: Dynamics of Employment Status

The following Table below gives the composition of population (P), which consists of persons in the labour force (L) and persons who are not in labour force (NL). L is constituted by employed persons (E) and unemployed persons (U). E comprises three categories: self employed (SE), regular salary/wage employment (RE), and casual employment (CE). The analysis is broken into 2 segments – 1990-00 and 2004-05 – 2009-2010. While the composition of P hardly shows significant change, for rural, urban and combined, during 1999-2000 to 2004-05, the compound annual growth rates (CAGR) of the constituents of P vary from -0.8 to 6.9. Quite strikingly, during this period, the category of unemployed rural persons reports the highest CAGR i.e. 6.9. Among the categories of employment, irrespective of rural or urban, SE reports highest CAGRs while CL shows a trend of deceleration. However, this dynamics is no longer valid during 2004-05 to 2009-10; while unemployment in rural and urban reports discernible deceleration, CL reports the highest CAGRs. Interestingly, during this period, growth of SE, combining rural and urban, plummets to -1.6. Plausibly, the deceleration of unemployment and CL emerging as a principal source of growth in employment, may have roots in social protection legislations such as National Rural Employment Guarantee Act (NREGA), which provides at least hundred days of paid work for worker seekers in rural India.

### Employment Status in India \* (%) (15 Years and Above) (Male + Female)

	Rural + Urban			Rural			Urban		
	2009-10 (66th Round)	2004-05 (61st Round)	1999-00 (55th Round)	2009-10 (66th Round)	2004-05 (61st Round)	1999-00 (55th Round)	2009-10 (66th Round)	2004-05 (61st Round)	1999-00 (55th Round)
Self Employed (SE)	25.7 (-1.6)\$	30.5 (3.5)&	28	28.7 (-2) \$	34.1 (3.4)&	31.3	18.3 (0.3) \$	21 (4)&	19.1
Regular Salaried/Wage (RE)	8.7 (1.7) \$	8.8 (2.5)&	8.5	4.3 (-0.2) \$	4.7 (2.7)&	4.5	19.5 (2.7) \$	19.8 (2.4)&	19.4
Casual Labour (CL)	17.9 (2.8) \$	17.1 (-0.6)&	19.2	21.9 (2.5) \$	20.8 (-0.5)&	23.3	8 (5.3) \$	7.2 (-0.8)&	8.3
Unemployed (U)	1.3 (-4.5) \$	1.8 (5.1)&	1.5	1.1 (-3.9) \$	1.5 (6.9)&	1.2	1.7 (-5.3) \$	2.7 (3.2)&	2.6

Not in Labour Force (NL)	46.4 (4.1) \$	41.8 (1.4)&	42.8	44 (3.9) \$	39 (1.3)&	39.8	52.5 (4.4) \$	49.3 (1.5)&	50.7
<b>Total (P)</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: Bino Paul G D (2014), Exploring the link between labour market, business environment and technology: insights from India in Bhowmik (ed.) The state of labour: the global financial crisis and its impact, New Delhi: Routledge, pp 83-104

Note: Figure in parenthesis is the compound annual growth rate (CAGR); \$ for 2009-10 – 2004-05; & for 2004-05 – 1999-00.

\*Employment is measured in Usual Principal Status. Source: NSS 55<sup>th</sup>, 61<sup>st</sup> and 66<sup>th</sup> round reports

Table 6 captures the trend of employment in India during 1987-88 - 2009-10. In rural India, for both male and female, the composition of employment shows very little perceptible change. The share of regular wage/salaried hovered around 9 per cent for males and 4 per cent for females during last two decades. What makes urban labour market distinct from rural is that, the share of regular wage/salaried in urban employment remained significantly higher in the range of 34-45 per cent for female, while the range for male is 41-44 per cent.

**Table 6: Trends of Employment in India (1987-88-2009-10)**

Rural (Usual Principal Status); age 15 years above						
Survey Period (Round)	Male			Female		
	Self-employed	Regular wage/salaried	Casual labour	Self-employed	Regular wage/salaried	Casual labour
2009-10 (66)*	50.3	5.6	44.1	53.1	8.7	38.2
2007-08 (64)	54.9	9.3	35.9	50.8	5.3	43.9
2004-05 (61)	57.6	9.1	33.3	56.4	4.8	38.9
1999-00 (55)	54.4	9	36.6	50	3.9	46.1
1993-94 (50)	56.7	8.7	34.6	51.3	3.4	45.3
1987-88 (43)	57.5	10.4	32.1	54.9	4.9	40.2
Rural (Usual Principal Status); age 15 years above						
Survey Period (Round)	Male			Female		
	Self-employed	Regular wage/salaried	Casual labour	Self-employed	Regular wage/salaried	Casual labour
2009-10 (66)	40.9	42	17.1	35.2	44.7	20.1
2007-08 (64)	42.5	42.1	15.4	35.8	43.2	21
2004-05 (61)	44.6	40.8	14.6	40.4	42.2	17.4
1999-00 (55)	41.2	41.9	16.9	38.4	38.5	23.1
1993-94 (50)	41.1	42.7	16.2	37.2	35.5	27.3
1987-88 (43)	41	44.4	14.6	39.3	34.2	26.5

Source: National Sample Survey Organization (2010)

Note: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

While the table points to a temporally stable employment status, it is important to examine the coverage and type of social security that the employment provides to the employed persons. Broadly, there are five instruments of social security: Provident Fund (PF), Pension, Gratuity, Health Care and Maternity Benefit. Table 7 provides the percentage distribution of employed persons who are entitled to combinations of these instruments. While the percentage of employed persons in rural areas without any social security entitlement is 97 per cent, this proportion is 79 per cent in urban area (see Appendix Table 2). Aggregating rural and urban areas, a whopping 92 per cent of employed person were not covered under any social security instruments, called informal employment, while the other segment that captures only persons who are entitled to at least one type of social security (8 per cent) is called formal employment. Moreover, there is hardly any formal work in two segments—self employed and casual labour—while slightly above 40 per cent of regular stream, rural (40 per cent) and urban (47 per cent), is formal (Table 8).

**Table 7: Social Security for Employed in India (2009-10) (Age group 15-64; Male + Female, Employed) (Per cent)**

Social Security	Rural	Urban	Rural + Urban
Only PF/ pension	0.9	4.8	1.9
Only gratuity	0.2	0.4	0.2
Only health care & maternity benefits	0.1	0.8	0.3
Only PF/ pension and gratuity	0.2	1.2	0.5
Only PF/ pension and health care & maternity benefits	0.2	1.5	0.5
Only gratuity and health care & maternity benefits	0.1	0.8	0.3
PF/ pension, gratuity, health care & maternity benefits	1.9	11.0	4.2
Not eligible for any of above social security benefits	96.5	79.4	92.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

**Table 8: Social Security and Employment Status (Rural + Urban) (2009-10) (Age group 15-64; Male + Female, Employed) (Per cent)**

	Employment Status	Informal	Formal	Total
<b>Rural</b>	Self employed	100.0		100.0
	Regular	59.9	40.1	100.0
	Casual	99.3	0.7	100.0
	<b>Total</b>	<b>96.5</b>	<b>3.5</b>	<b>100.0</b>



<b>Urban</b>	Self employed	100.0		100.0
	Regular	52.8	47.2	100.0
	Casual	98.6	1.4	100.0
	<b>Total</b>	<b>79.4</b>	<b>20.6</b>	<b>100.0</b>

Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

**Table 9: Social Security and Employment Status (Rural + Urban) (2009-10)**

**(Age group 15-64; Male + Female, Employed) (Per cent)**

<b>Economic Activity</b>	<b>Informal (%)</b>	<b>Formal (%)</b>	<b>Total (%)</b>
Agriculture, Hunting and Forestry	99.9	0.1	100.0
Fishing	98.3	1.7	100.0
Mining & Quarrying	66.3	33.7	100.0
Manufacturing	87.7	12.3	100.0
Electricity, Gas and Water Supply	27.5	72.5	100.0
Construction	97.8	2.2	100.0
Trade	98.2	1.8	100.0
Hotels & Restaurants	96.5	3.5	100.0
Transport, Storage and Communication	85.1	14.9	100.0
Financial Intermediation	44.5	55.5	100.0
Real Estate & Other Business activities	73.5	26.5	100.0
Public Administration	13.4	86.6	100.0
Education	42.5	57.5	100.0
Health and Social Work	54.9	45.1	100.0
Other Community, Social, Personal services	96.6	3.4	100.0
Undifferentiated Production	98.6	1.4	100.0
Extra Terrestrial organization	100.0		100.0
<b>Total</b>	<b>92.0</b>	<b>8.0</b>	<b>100.0</b>

Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

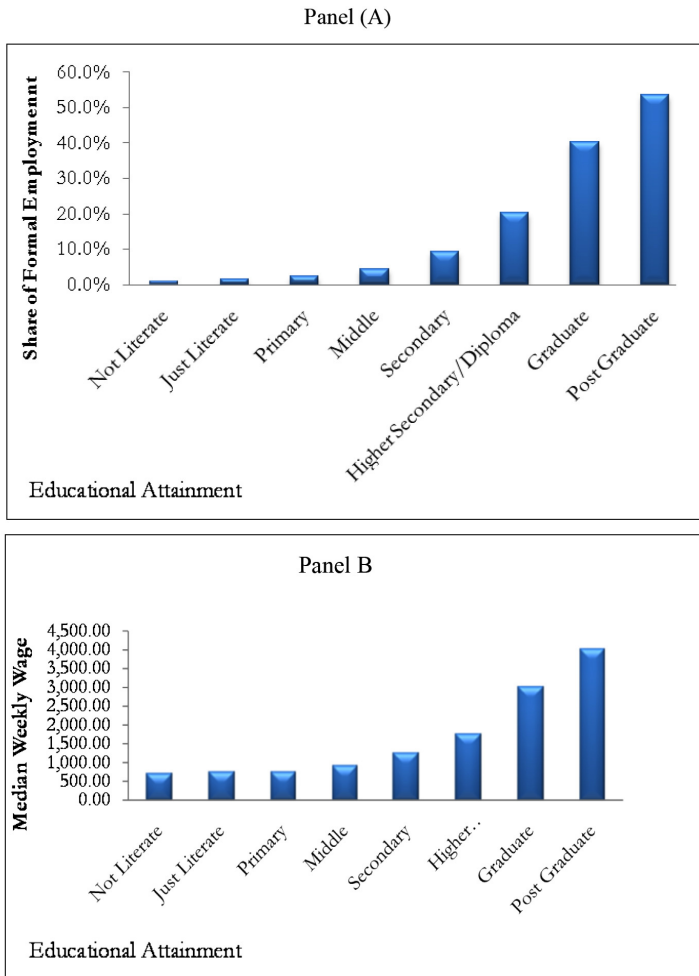
**Table 10: Social Security, Social Group, and Religion (Rural + Urban) (2009-10)**  
**(Age group 15-64; Male + Female, Employed)**

	Informal	Formal	Total
Social Group			
Scheduled Tribe (ST)	95.8%	4.2%	100.0%
Scheduled Caste (SC)	94.0%	6.0%	100.0%
Other Backward Class (OBC)	93.7%	6.3%	100.0%
Others	86.7%	13.3%	100.0%
Religion			
Hinduism	91.8%	8.2%	100.0%
Islam	95.7%	4.3%	100.0%
Christianity	85.5%	14.5%	100.0%
Sikhism	90.8%	9.2%	100.0%
Jainism	84.2%	15.8%	100.0%
Buddhism	86.7%	13.3%	100.0%
Zoroastrianism	39.2%	60.8%	100.0%
Others	94.5%	5.5%	100.0%
Total	92.0%	8.0%	100.0%

*Source:* Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

As shown in Table 9, across economic activities, share formal work in employment varies between 0.1 per cent (Agriculture, Hunting and Forestry) and 87 per cent (Public Administration). Quite important, economic activities showing higher share of formal employment such as Electricity, Gas and Water Supply (73 per cent), Education (58 per cent), Financial Intermediation (56 per cent), and Health and Social Work (45 per cent), compared to other activities, are noteworthy for state's involvement as the principal employer. Proportion of formal employment appears to be sensitive to social category and religion. The formal employment accounts for 13 per cent for others, the category majorly represented by forward caste, share of formal employment of socially disadvantaged groups - Scheduled Tribe (ST), Scheduled Cates (SC) and Other Backward Class (OBC) - varies in the range of 4 per cent to 6 per cent. By disaggregating formal-informal composition, for religion, Islam reports highest proportion of informal employment (96 per cent) while Zoroastrianism reports lowest proportion of informal employment (39 per cent).

**Figure 1: Share of Formal Employment, Median Weekly Wage and Educational Attainment in 2009-10 (Age 15-64; Male + Female; Rural + Urban; Regular Wage & Salaried Employed)**



Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

As portrayed in panel A of figure 1, share of formal employment increases as educational attainment increases. While close to 55% of post graduates are engaged in formal employment, just 10% of matriculates (secondary education) are in formal employment. Further, there is a direct relation between educational attainment and median weekly wage as well (panel B, Figure 1).

By cross tabulating employment status with gender and area of residence, we find that formal workers appear to earn a significantly positive differential wage over informal workers (Table 11). The median wage of male is discernibly higher than that of female across all levels of disaggregation. As shown in Table 12, across economic activities, wage rate appears to vary directly with years of schooling. While agriculture presents a combination of lower median wage (Rs 563) and lower median years of schooling (4 years), median wages and median years of schooling for financial intermediation are Rupee 3500 and 15 years, respectively.

**Table 11: Nature of Employment, Gender, and Area in 2009-10**  
(Age group 15-64; Male + Female, Regular Wage Salaried Employed)

Nature of Employment	Gender	Rural	Urban	Total
		Median Weekly Wage		
Informal	Male	600.00	850.00	660.00
	Female	350.00	490.00	360.00
	Total	511.00	786.00	560.00
Formal	Male	2,500.00	3,400.00	3,000.00
	Female	1,500.00	3,000.00	2,500.00
	Total	2,300.00	3,250.00	3,000.00
Total	Male	620.00	1,167.00	700.00
	Female	360.00	700.00	400.00
	Total	560.00	1,050.00	666.00

Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

**Table 12: Economic Activity, Median Weekly Wage, Median Years of Schooling in 2009-10**  
(Age group 15-64; Male + Female, Rural + Urban, Regular Wage Salaried Employed)

Economic Activity	Median Weekly Wage	Median Years of Schooling	Share in Employment
Agriculture, Hunting and Forestry	563.00	4	50.3
Fishing	817.00	0	0.4
Mining & Quarrying	1,890.00	10	0.7
Manufacturing	1,000.00	10	11.3
Electricity, Gas and Water Supply	3,000.00	12	0.3
Construction	1,400.00	10	10.0
Trade	875.00	10	10.0
Hotels & Restaurants	910.00	7	1.4
Transport, Storage and Communication	1,250.00	10	4.8
Financial Intermediation	3,500.00	15	0.9

Real Estate and Other Business Activities	2,180.00	15	1.4
Public Administration	3,000.00	12	2.3
Education	2,100.00	15	2.8
Health and Social Work	1,500.00	12	0.8
Other Community, Social, Personal services	700.00	7	1.9
Undifferentiated Production	583.00	0	0.8
Extra Terrestrial organization	3,000.00	17	0.0
Total	1,350.00	10	100

*Source:* Computed from National Sample Survey (NSS) 66<sup>th</sup> Round unit level records, 2011

The Table further shows that the four industries -Agriculture (50 per cent), Hunting and Forestry (11 per cent), Manufacturing (11.3 per cent), and Construction (10 per cent) - form 80 per cent of employment in India, which are characterised by enormity of informal employment, lower median wage and lower years of schooling. On the other hand, industries which offer formal employment is formal, paying higher median wage and having employers with higher median years of schooling –for example Financial Intermediation, Public Administration and so on – provide just minuscule share of employment.

Quite evidently, the Indian Labour Market appears to be floating along the equilibrium with abysmally low participation of women in the labour market, enormity of low wage informal employment, and scarcity of decent regular wage employment. In view of the emerging demographic milieu of aspiring youth and burgeoning aged population, it is important to innovate the labour market policies that integrate skill development, inclusion of women and aged person in the labour market, and substantial increase in the provisioning of social security. Moreover, urban-rural dichotomy is quite evident in wages and formal employment; the differential in favour of urban region. This pattern points to the need for generating high value adding economic activities in rural areas that create substantial size of formal employment. Further, the rural to urban migration needs to be more fluid and gainful for the job seekers.

## Appendix

**Table 1: Share of Formal Employment in 2009-10 (Age group 15-64; Male + Female)**

Industry (National Industrial Classification 2004 2 Digit)	Percentage of female in employment	Industry (National Industrial Classification 2004 2 Digit)	Percentage of female in employment
Agriculture , hunting and related service activities	31.6%	Manufacture of other transport equipment	0.6%
Forestry, logging and related service activities	16.0%	Manufacture of furniture; manu- facturing	9.3%
Fishing, operation of fish hatcher- ies and fish farms	8.7%	Recycling	39.0%
Mining of coal and lignite; ex- traction of peat	3.9%	Electricity, gas, steam and hot water supply	9.1%
Extraction of crude petroleum and natural gas; service activities	1.8%	Collection, purification and distri- bution of water	7.7%
Mining of metal ores	3.4%	Construction	10.8%
Other mining and quarrying	14.9%	Sale , maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel	0.9%
Manufacture of food products and beverages	24.3%	Wholesale trade and commission trade	5.5%
Manufacture of tobacco products	77.3%	Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods	10.4%
Manufacture of textiles	29.1%	Hotels and restaurants	14.7%
Manufacture of wearing apparel; dressing and dyeing of fur	32.2%	Land transport; transport via pipelines	1.9%
Tanning and dressing of leather; manufacture of luggage	9.6%	Water transport	0.2%
Manufacture of wood and of products of wood and cork	17.1%	Air transport	11.4%
Manufacture of paper and paper products	19.6%	Supporting and auxiliary transport activities; activities of travel agencies	4.4%
Publishing, printing and repro- duction of recorded media	8.4%	Post and telecommunications	7.6%
Manufacture of coke, refined pe- troleum products and nuclear fuel	5.7%	Financial intermediation, except insurance and pension funding	12.8%
Manufacture of chemicals and chemical products	27.3%	Insurance and pension funding, except compulsory social security	18.0%
Manufacture of rubber and plastic products	13.4%	Activities auxiliary to financial intermediation	10.2%
Manufacture of other non-metal- lic mineral products	15.9%	Real estate activities	4.3%

Manufacture of basic metals	4.4%	Renting of machinery and equipment without operator and of personal and household goods	3.9%
Manufacture of fabricated metal products, except machinery and equipment	4.4%	Computer and related activities	14.8%
Manufacture of machinery and equipment	3.6%	Research and development	16.0%
Manufacture of office, accounting and computing machinery	3.0%	Other business activities	9.7%
Manufacture of electrical machinery and apparatus	4.8%	Public administration and defence	13.9%
Manufacture of radio, television and communication equipment and apparatus	6.2%	Education	40.7%
Manufacture of medical, precision and optical instruments, watches and clocks	19.3%	Health and social work	41.3%
Manufacture of motor vehicles, trailers and semi-trailers	4.3%	Sewage and refuse disposal, sanitation and similar activities	31.4%
Manufacture of other transport equipment	0.6%	Activities of membership organisations n.e.c.	7.8%
Manufacture of furniture; manufacturing	9.3%	Recreational, cultural and sporting activities	7.4%
Recycling	39.0%	Other service activities	31.1%
Electricity, gas, steam and hot water supply	9.1%	Others	56.3%

Source: Computed from National Sample Survey (NSS) 66th Round unit level records, 2011

**Table 2: Share of Formal Employment in 2009-10 (Age group 15-64; Male + Female)**

State	Share of formal employment		State	Share of formal employment	
	Rural	Urban		Rural	Urban
State	Rural	Urban	State	Rural	Urban
Jammu & Kashmir	14.5%	30.9%	West Bengal	2.1%	22.1%
Himachal Pradesh	9.2%	36.1%	Jharkhand	3.6%	26.5%
Punjab	5.7%	19.5%	Orissa	4.2%	25.1%
Chandigarh	37.5%	30.8%	Chhattisgarh	2.6%	23.2%
Uttaranchal	5.1%	21.3%	Madhya Pradesh	2.3%	17.9%
Haryana	8.1%	18.8%	Gujarat	2.9%	17.2%
Delhi	20.8%	19.2%	Daman and Diu	28.4%	15.0%
Rajasthan	3.1%	17.8%	Dadra & Nagar Haveli	9.7%	64.7%
Uttar Pradesh	2.0%	16.3%	Maharashtra	4.4%	27.6%
Bihar	1.7%	11.1%	Andhra Pradesh	2.3%	18.2%
Sikkim	14.8%	24.1%	Karnataka	2.3%	19.3%
Arunachal Pradesh	10.5%	39.6%	Goa	49.3%	31.7%
Nagaland	13.6%	44.5%	Lakshadweep	29.5%	35.9%
Manipur	10.4%	24.0%	Kerala	9.6%	21.1%
Mizoram	7.8%	27.7%	Tamil Nadu	4.4%	18.6%
Tripura	7.4%	28.4%	Pondicherry	12.0%	34.7%
Meghalaya	7.1%	35.6%	Andaman& Nicobar	23.1%	46.4%
Assam	4.8%	34.5%	India	3.5%	20.6%

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