

**BROKEN MARKETS:  
REFLECTIONS FROM INDIA'S LABOUR  
LANDSCAPE**

**Part II**

InfoSphere

**A Centre for New Economics Studies Initiative**

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## INTRODUCTION

[Shram Ko Naman](#) is a collective effort of the Centre for New Economics Studies to interpret and understand the impact of the current crisis on India's working class from May-July, 2020.

The **Second Part** of this Two-part InfoSphere Issue continues to analyze the fragmented nature of India's labour market with a focus on employment. First-Part of this Issue is accessible from [here](#)

This Issue covers a discussion on:

1. Social Security Schemes and the Government's attempt to increase employment
2. Growing number of unskilled workers
3. Absorption of skilled workers
4. Work culture and salary growth rates across different sectors of the economy

# MINIMUM WAGE

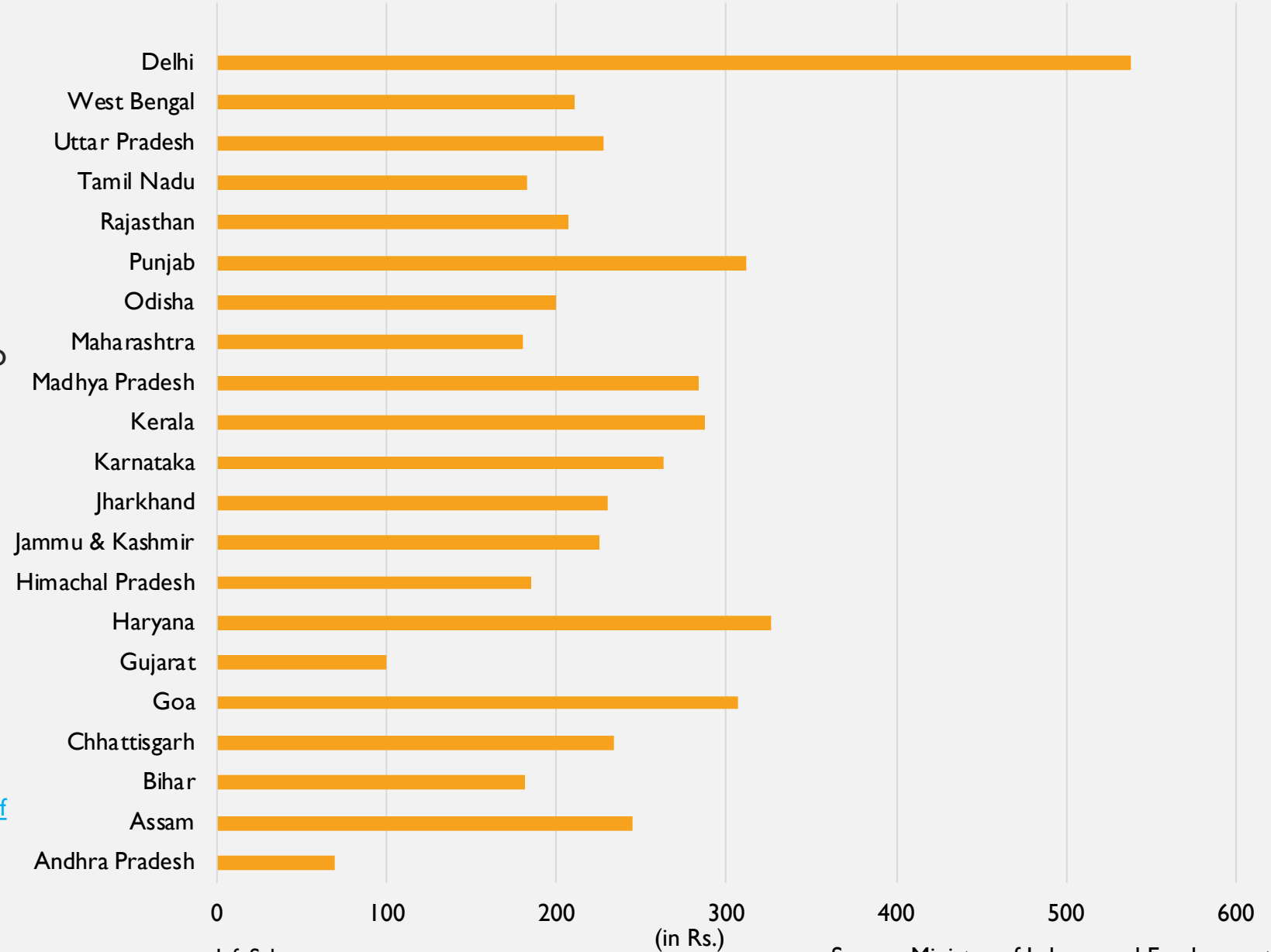
- India's fragmented, incoherent labour law structure has been blamed for keeping manufacturing businesses small in scale and hindering job-creation.
- Reforms have been introduced to improve worker's welfare.
- Although the government introduced the National Floor Level minimum wage to be Rs.176 across the country, it is important to note that this is a non-statutory measure.
- State-wise minimum wages have been set according to skill-levels. This differs according to occupation, and sometimes even the area within the state.
- We see from the right-hand side chart that daily minimum wage for unskilled workers is highest in the national capital region.

To know more:

<http://164.100.24.220/loksabhaquestions/annex/16/AJ1118.pdf>

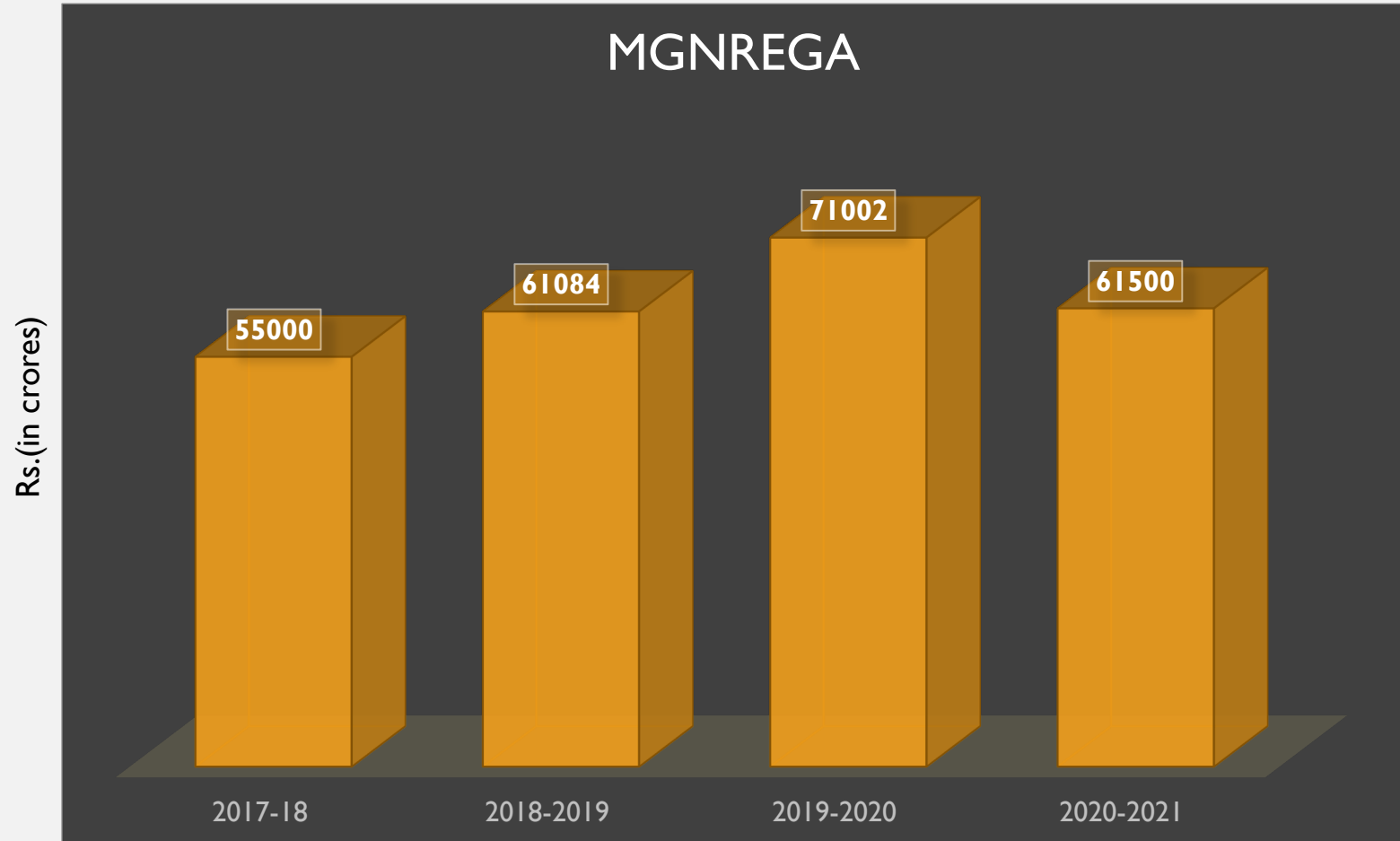
[https://labour.gov.in/sites/default/files/Final\\_AR\\_English\\_21-7-19.pdf](https://labour.gov.in/sites/default/files/Final_AR_English_21-7-19.pdf)

## STATE-WISE DAILY MINIMUM WAGE (UNSKILLED WORKERS) (2018)



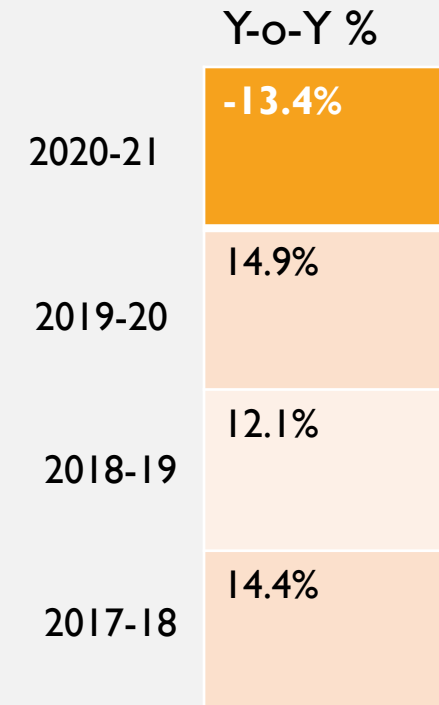
# MAHATMA GANDHI NATIONAL RURAL EMPLOYMENT GUARANTEE SCHEME (MGNREGA)

- The Mahatma Gandhi National Rural Employment Guarantee Scheme was a measure introduced to tackle rural unemployment and offer basic employment opportunities to the rural population.
- **Rural unemployment has increased in recent years**, and the overall unemployment is at a 45-year high. Rural distress, with declining rural real wages has risen to alarming levels.
- One of the reasons could be due to the low actual disbursements for MGNREGA seen across years. After 2019-20, 15 states were in debt, but as it can be seen in the right-chart, fiscal outlays were not increased for 2020-21.



- Despite the unemployment situation not having improved, in 2020-21, for the first time in five years, the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS) was allocated less budget than what was actually spent in 2019-20.
- Although the overall allocation for the Ministry of Rural Development is increased by Rs 5,200 crore from the previous year, its share in the Total Budget has decreased to 4.4 per cent in 2019-20 from 4.7 per cent in 2018-19.
- Furthermore, despite being India's main job-based social security programme in rural areas, at beginning of the nationwide lockdown this year -little clarity was provided on whether the 'MGNREGA work' under the Act would continue.
- Any recourse to earnings by working under MGNREGA scheme was also not available due to the disruptions caused from the lockdown to various infra-projects.
- 'Persondays' are the number of people working per day times number of days worked. The work generated from MGNREGA also dropped to 3.08 crore persondays, that is, 88.8 percent lower than April of last year. The work provided was also substantially lower than the 26.2 crore persondays in work that was projected by the Union Government for April.

## BUDGET ALLOCATION FOR MGNREGA



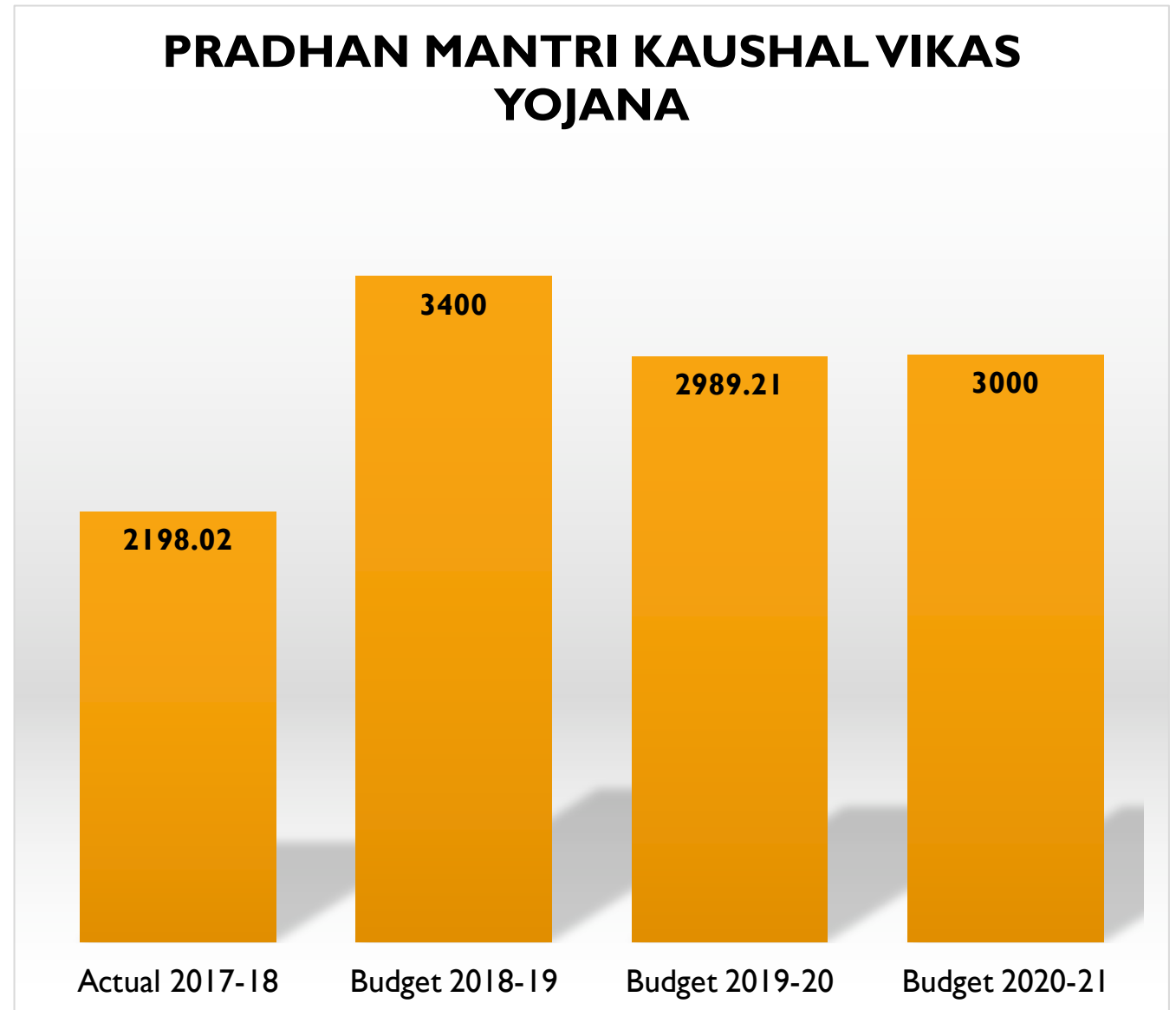
Read more at: <https://www.bloomberquint.com/economy-finance/work-under-mgnrega-falls-to-lowest-in-five-years>

## PRADHAN MANTRI KAUSHAL VIKAS YOJANA (SKILL DEVELOPMENT PROGRAMME)

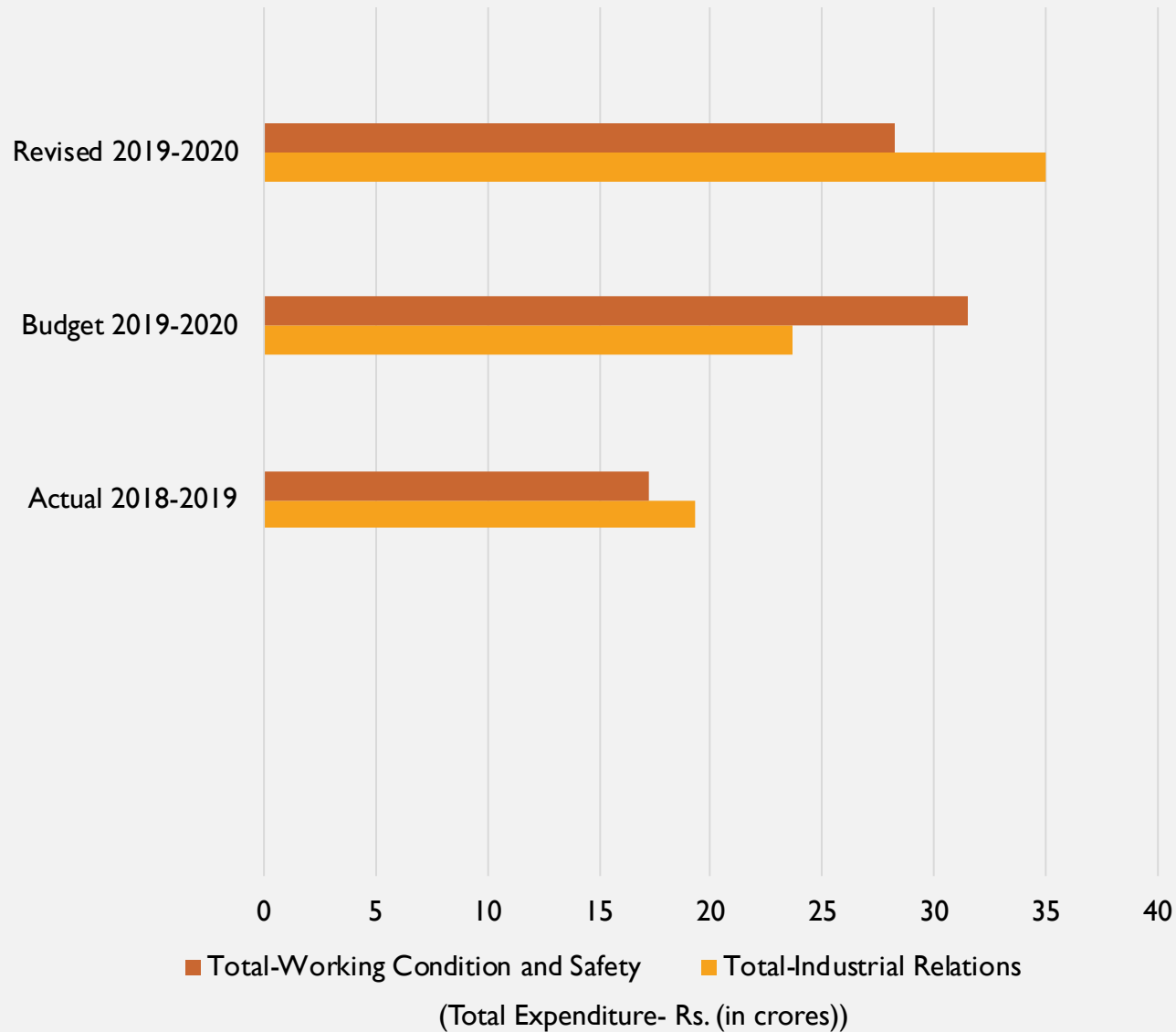
- After training over 1.9 million candidates in 375 job roles in the first year (2015), the Union Cabinet extended the scheme for another four years (2016-2020) to impart skills to 10 million young people in the country with an outlay of Rs 12,000 crore.
- The Pradhan Mantri Kaushal Vikas Yojana aimed to train one crore people ( 75 lakh fresh training and 25 lakh Recognition to Prior Learning ) during 2016-20 across different sectors of the economy.

To know more: [https://www.indiabudget.gov.in/budget2019-20\(l\)/ub2019-20/eb/sbe88.pdf](https://www.indiabudget.gov.in/budget2019-20(l)/ub2019-20/eb/sbe88.pdf)

<https://www.hindustantimes.com/india-news/budget-2020-govt-announces-allocation-of-rs-3000-cr-for-skill-india-says-nirmala-sitharaman/story-SVKqllE3E6lqEWbXXKaoKbK.html>

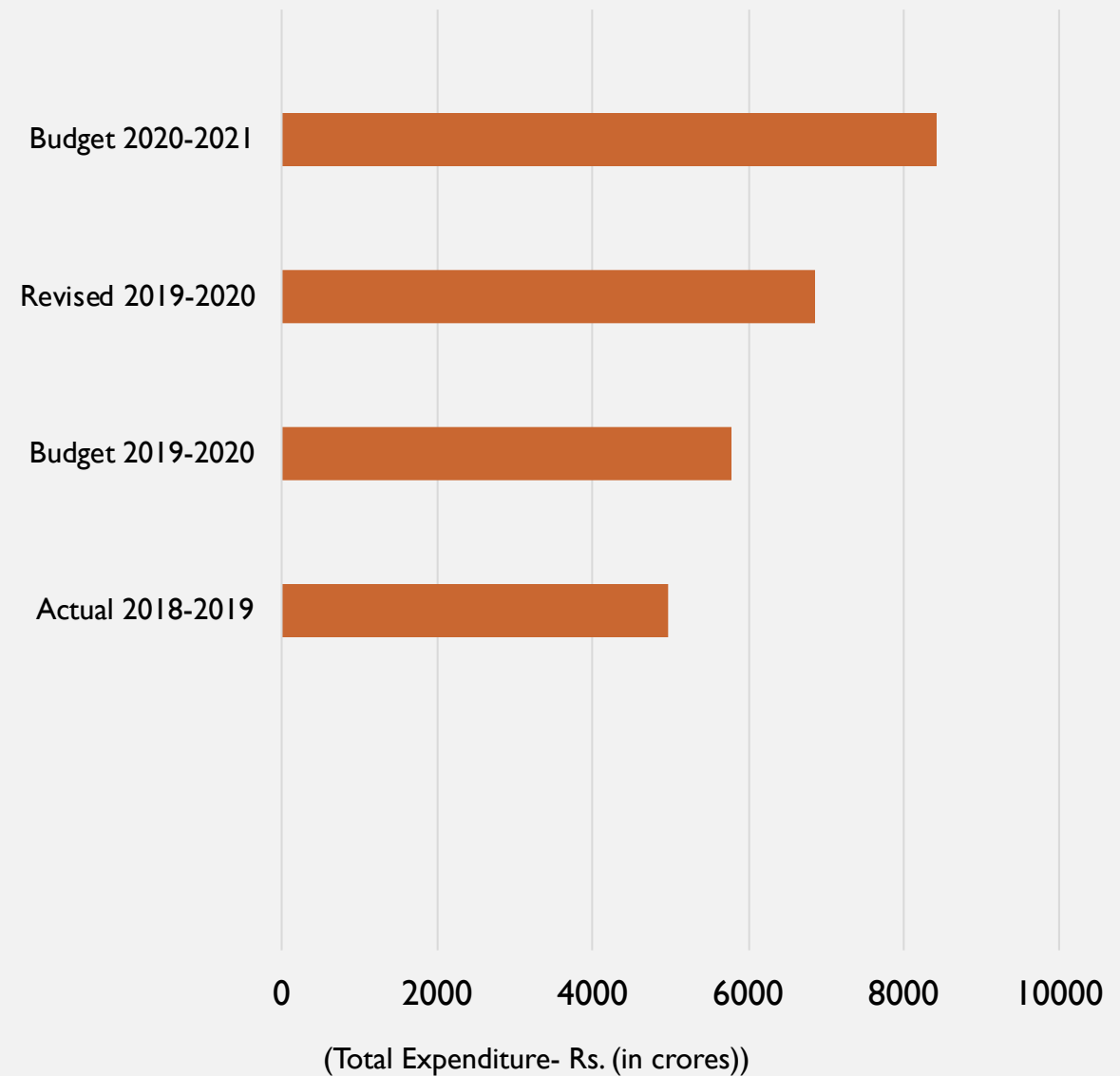


## EXPENDITURE ON WORKERS PROJECTS/SCHEME



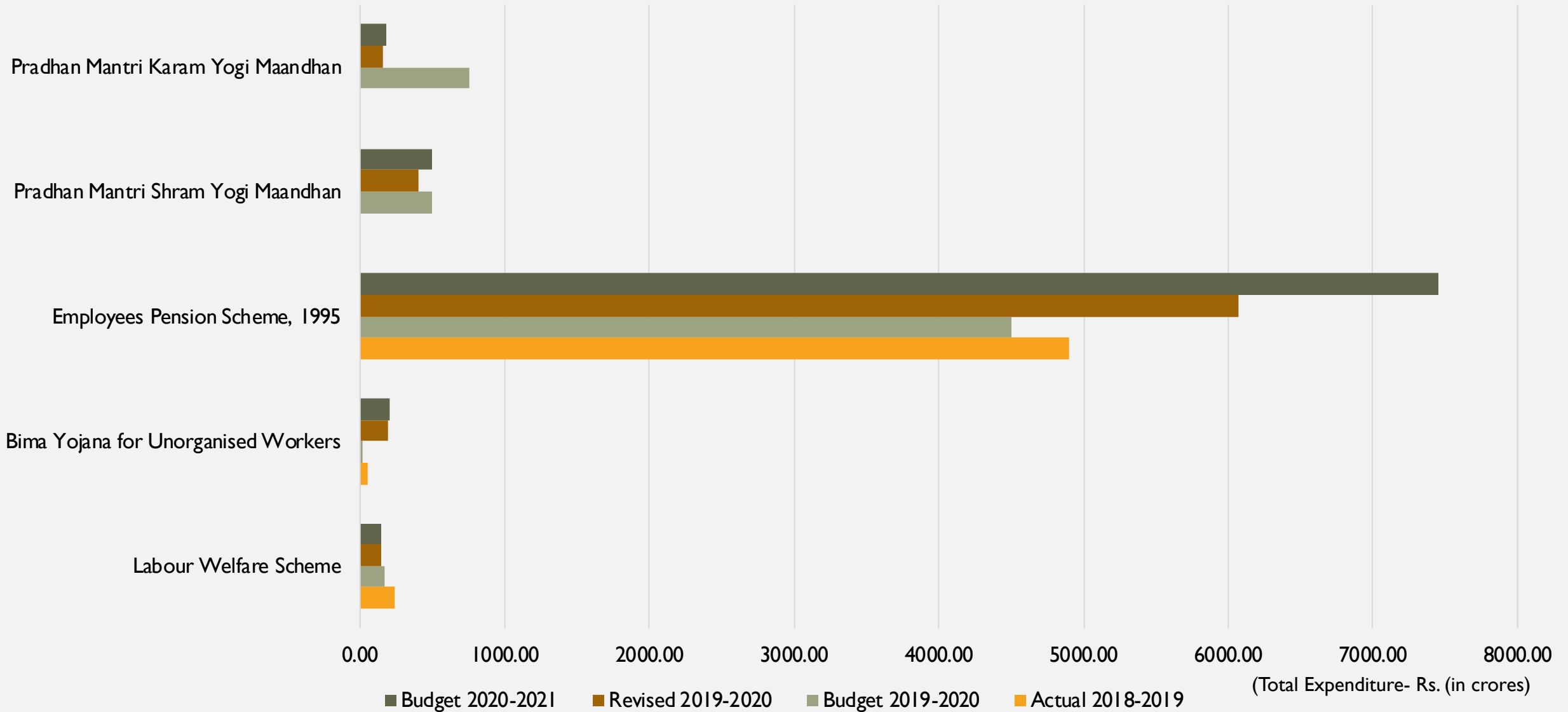
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## EXPENDITURE ON TOTAL-SOCIAL SECURITY SCHEMES FOR WORKERS PROJECTS/SCHEME



Source: Ministry of Labour and Employment

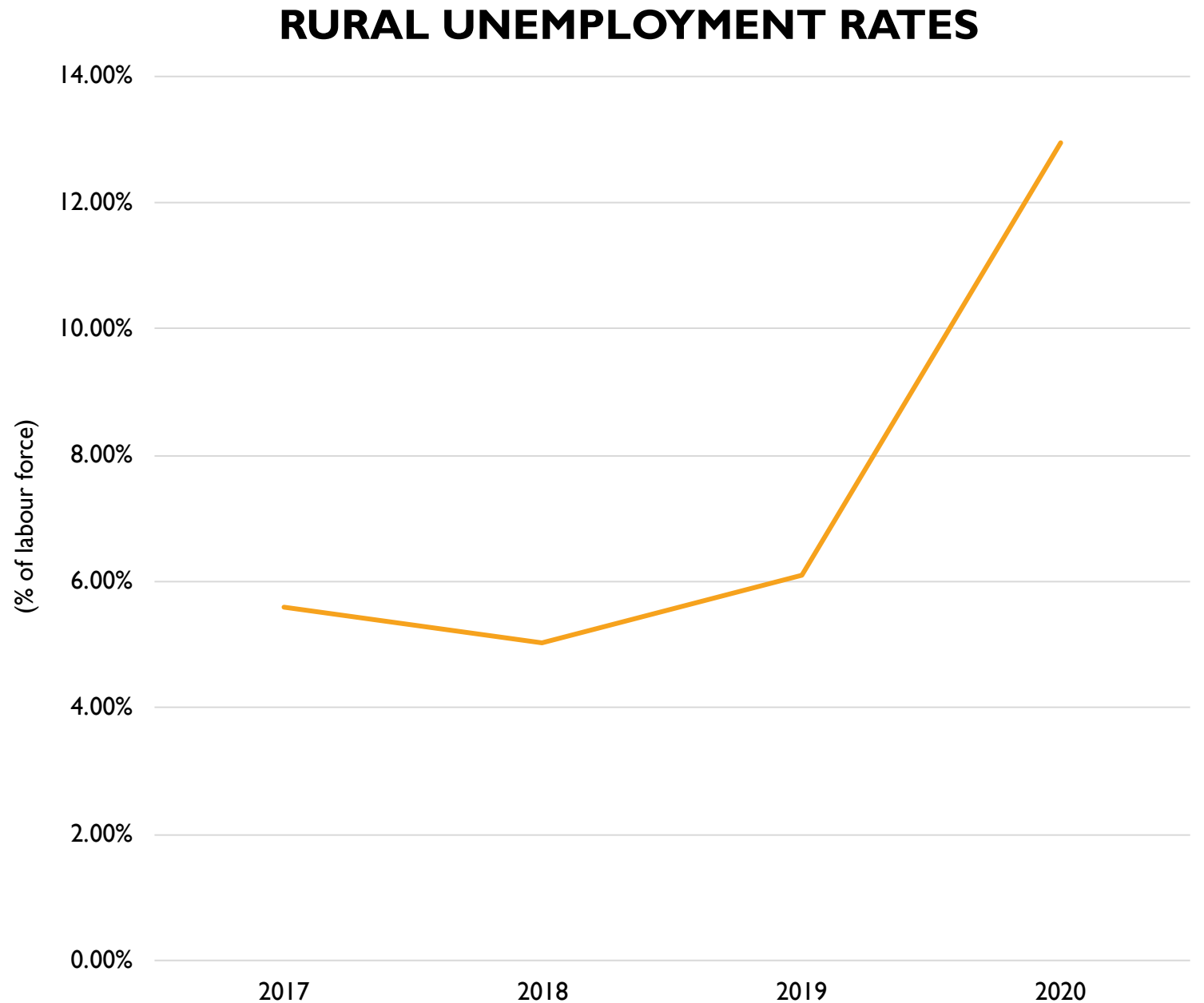
# EXPENDITURE ON (JOB) SOCIAL SECURITY SCHEMES





## UNEMPLOYMENT RATES DESPITE SCHEMES

- From the graph on the right, and our previous InfoSphere March Issue (2020) on Unemployment in India (see [here](#)), we can observe the perpetual rise in rural unemployment rates, despite some of the pre-existing social-security measures. Lower budgetary allocations have further added to the ineffectiveness of these programmes.



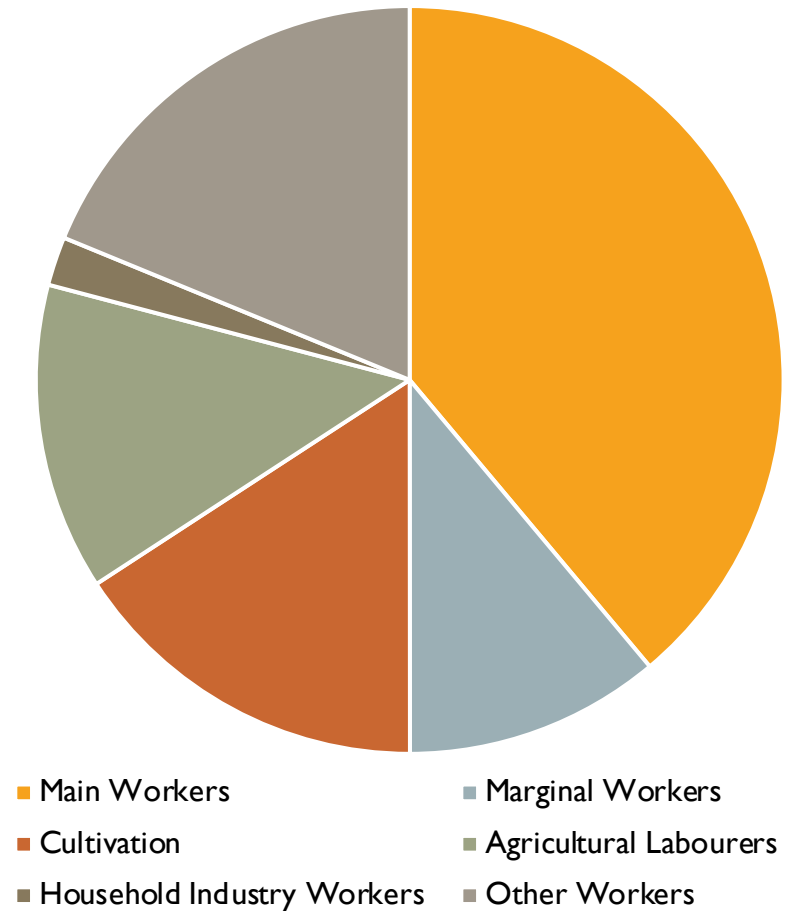
# PROFILE OF WORKERS: UNSKILLED WORKERS IN INDIA

- Majority of India's workforce is unskilled, working in manual jobs like agriculture and construction.
- These jobs are not linked with education, soft skills or technology- the sources of higher paying jobs in the world today.
- From the graph, one can see the distribution of workers in India.
- Most of the Main Workers are also not involved in jobs associated with the acquisition of higher education levels.

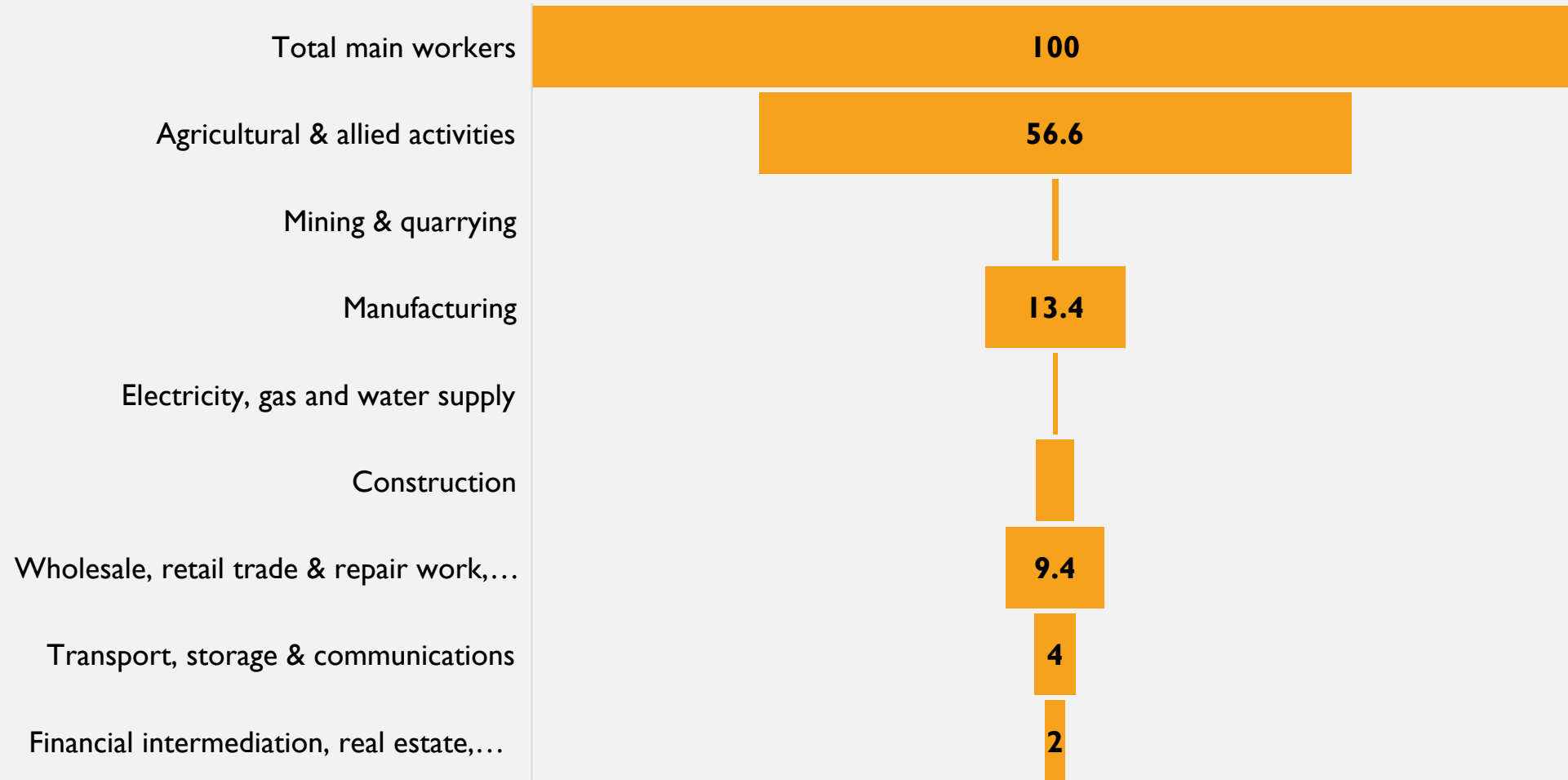
To read more:

[https://censusindia.gov.in/census\\_and\\_you/economic\\_activity.aspx](https://censusindia.gov.in/census_and_you/economic_activity.aspx)

**DISTRIBUTION OF WORKERS IN INDIA  
(2001)**



# DISTRIBUTION OF MAIN WORKERS BY INDUSTRIAL CATEGORY



(% of total main workers)

## ABSORPTION OF SKILLED LABOUR

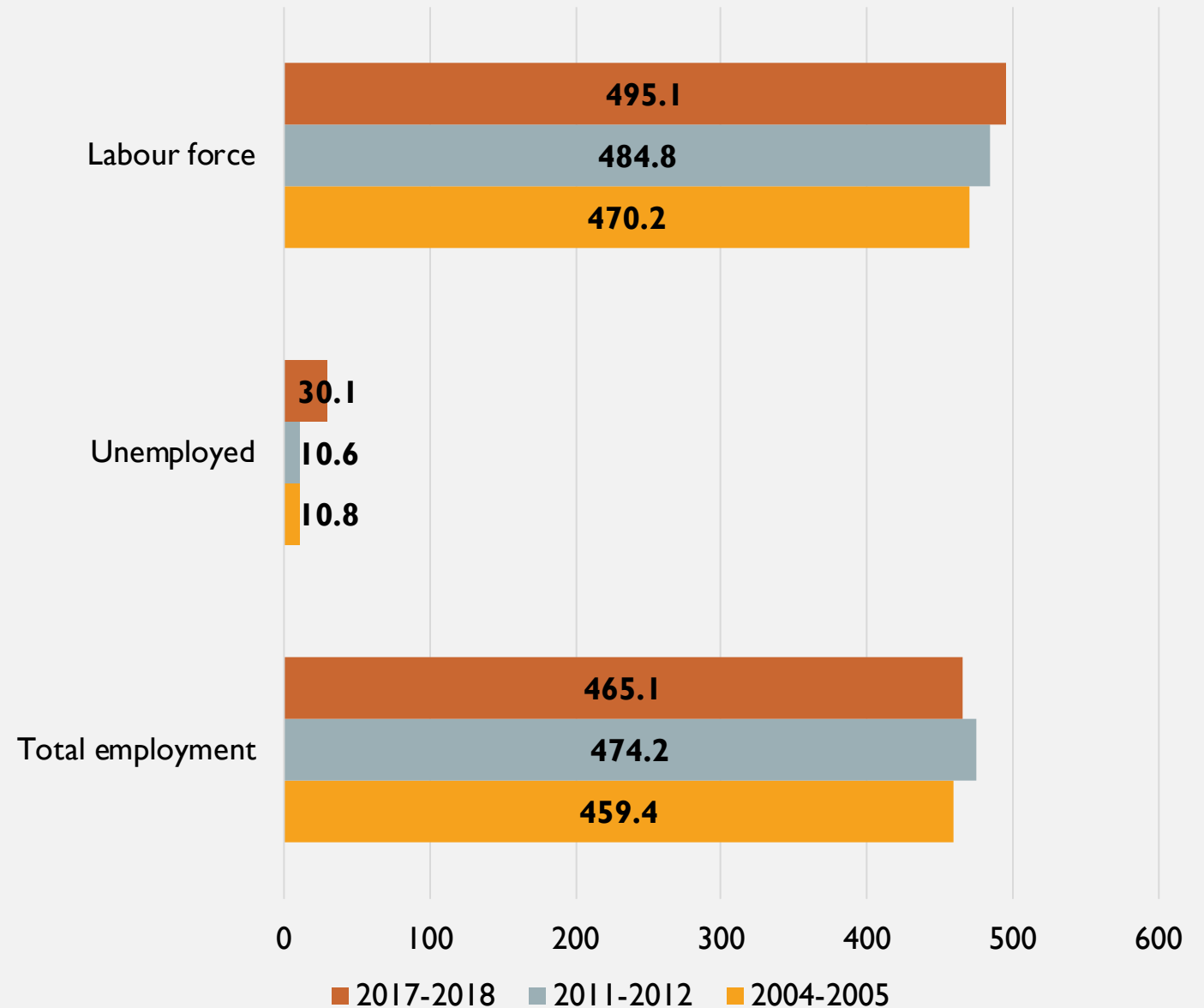
- It is observed that non-agricultural jobs grew by 7.5 million per annum on average both during 1999- 2000 to 2004-05, but this growth in employment was not rapid enough to absorb the 12 million that were joining the labour force per annum over that period.
- The growth of Indian economy has been more 'jobless' in the nonagricultural/non-farm sectors.

To read more on this:

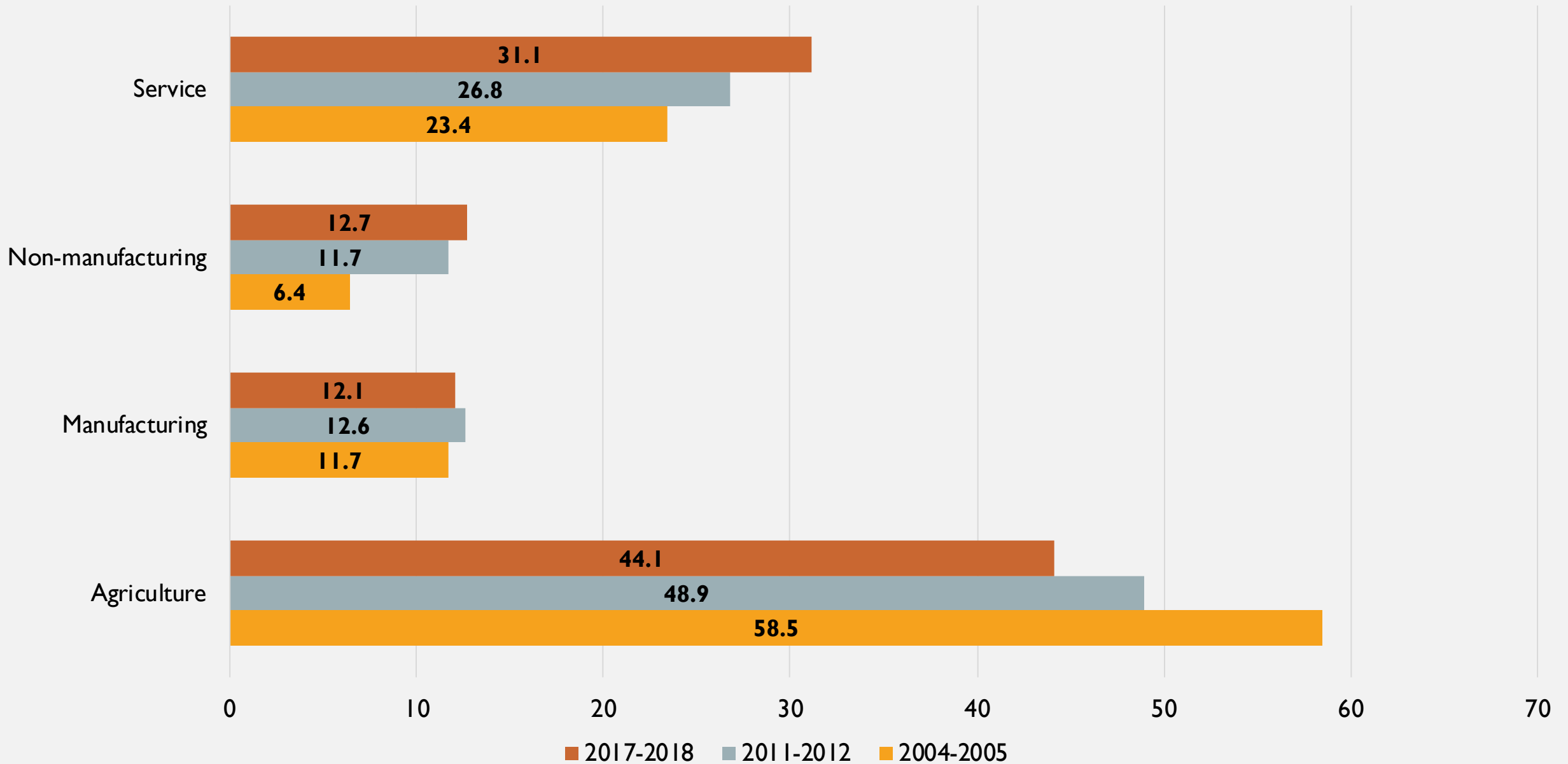
[https://www.ilo.org/wcmsp5/groups/public/---ed\\_emp/---ifp\\_skills/documents/publication/wcms\\_734503.pdf](https://www.ilo.org/wcmsp5/groups/public/---ed_emp/---ifp_skills/documents/publication/wcms_734503.pdf)

<https://jgu-dev.s3.ap-south-1.amazonaws.com/InfoSphere+Vol+1.+Issue+III.pdf>

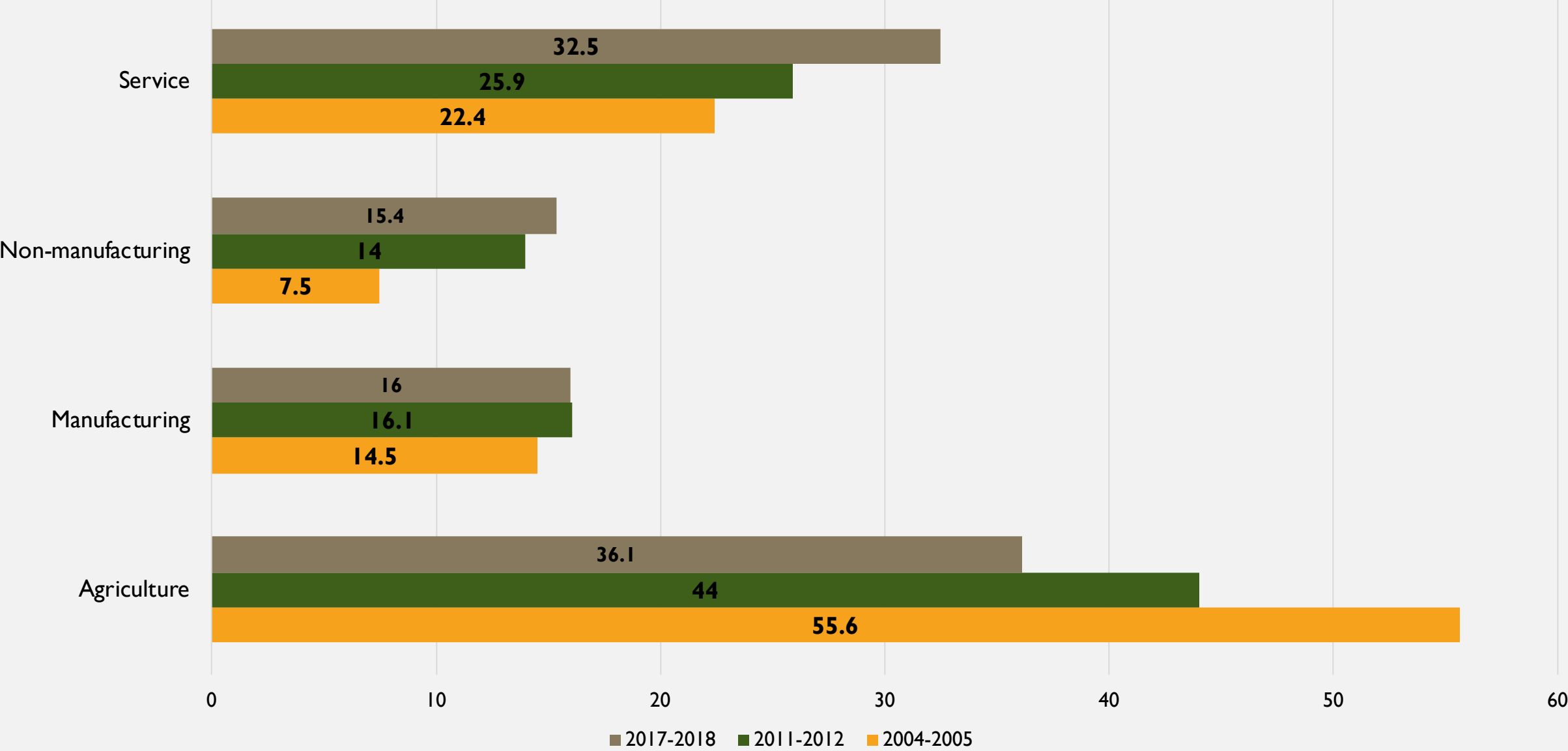
## MAJOR EMPLOYMENT MACROECONOMIC PARAMETERS



# SHARE OF EMPLOYMENT ACROSS SECTORS

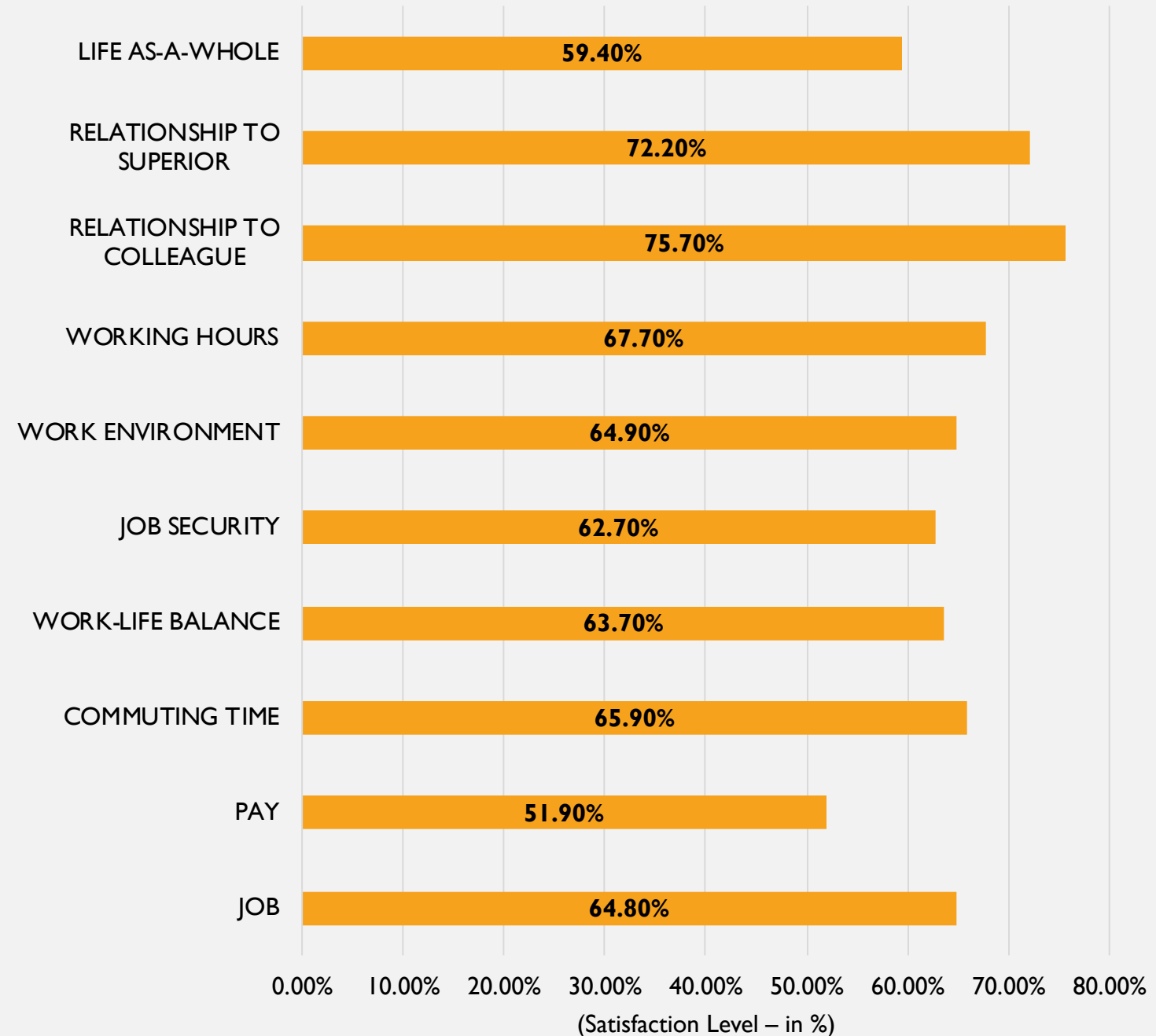


# SHARE OF YOUTH EMPLOYED ACROSS SECTORS



## WORK CULTURE AND SALARY GROWTH RATES ACROSS DIFFERENT SECTORS OF THE ECONOMY

- Gender-composition plays a very significant role in determining the wages of female-males in the Indian labour market.
- On an average, men earn Rs. 259.8 per hour whereas female colleagues earn just Rs. 190.5, i.e. about 27% less than men in a sample collected by Monster.com, IIM Ahmedabad and WageIndicator Foundation.
- The analysis of job satisfaction level in the same study shows that workers in India are relatively satisfied with their relationship with colleagues (75.7%) and relationship with superiors (72.2%).
- On the other hand, only 51.9% of workers are satisfied with their pay. About 60% of Indian workers reported being satisfied with their overall life.



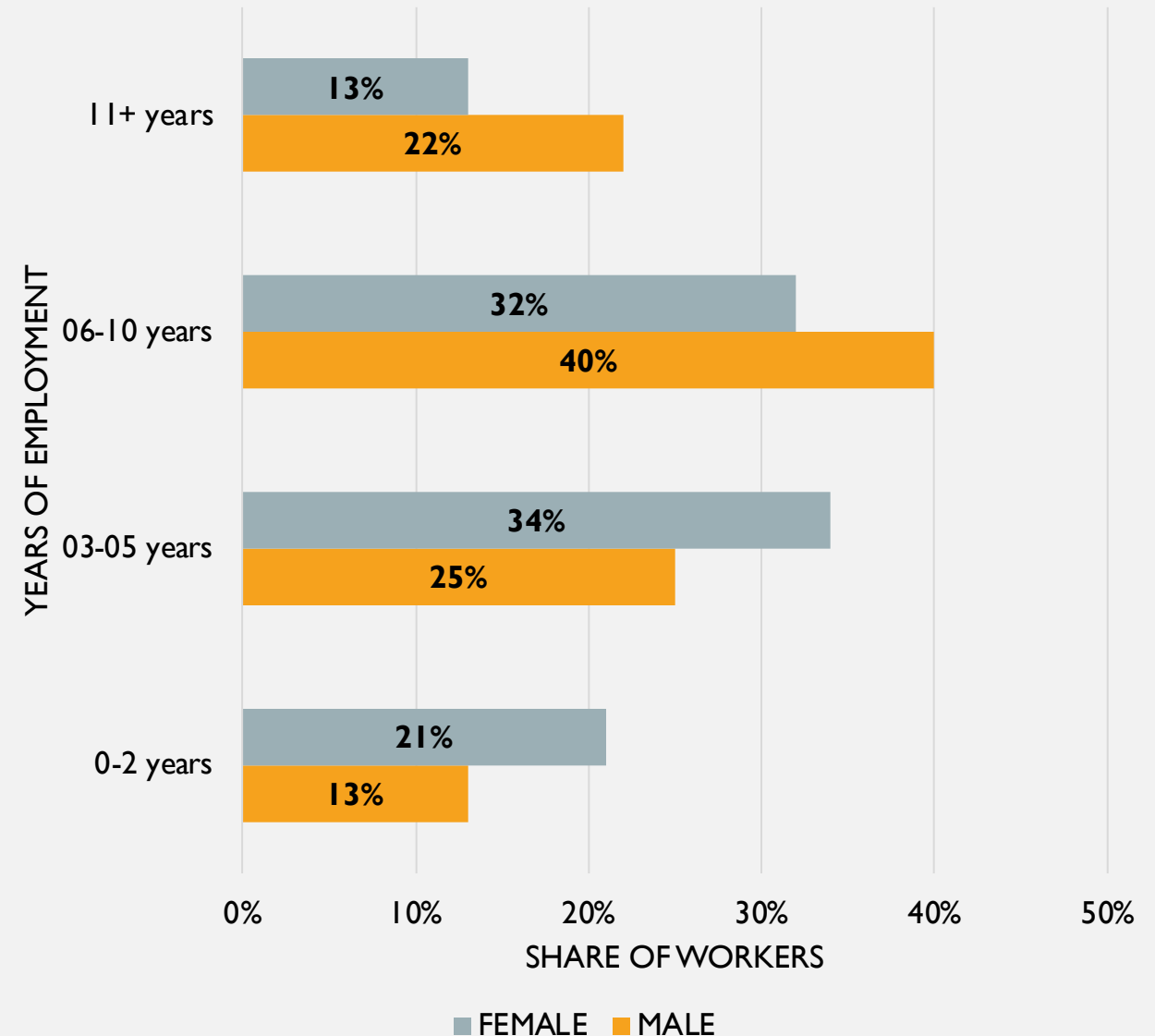
To read more:  
[http://media.monsterindia.com/logos/research\\_report/MSI\\_FINAL.pdf](http://media.monsterindia.com/logos/research_report/MSI_FINAL.pdf)

## WORK CULTURE ACROSS DIFFERENT SECTORS OF THE ECONOMY

- In early years of employment, the share of women significantly exceed the share of men.
- But as years of employment increase, the share of women falls showing that women are not promoted beyond certain stereotypical roles and are not retained in certain industries for a long duration. Most women are employed in the unpaid, unorganized (unsecured) segment.
- As evident from the graph here and in upcoming slides, the median wages paid to women are less across all years of employment as well as across sectors. These are reflections of deep, embedded gender bias in the labour market.

To read more:  
[http://media.monsterindia.com/logos/research\\_report/MSI\\_FINAL.pdf](http://media.monsterindia.com/logos/research_report/MSI_FINAL.pdf)

## SHARE OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE IT AND TELECOM SECTOR



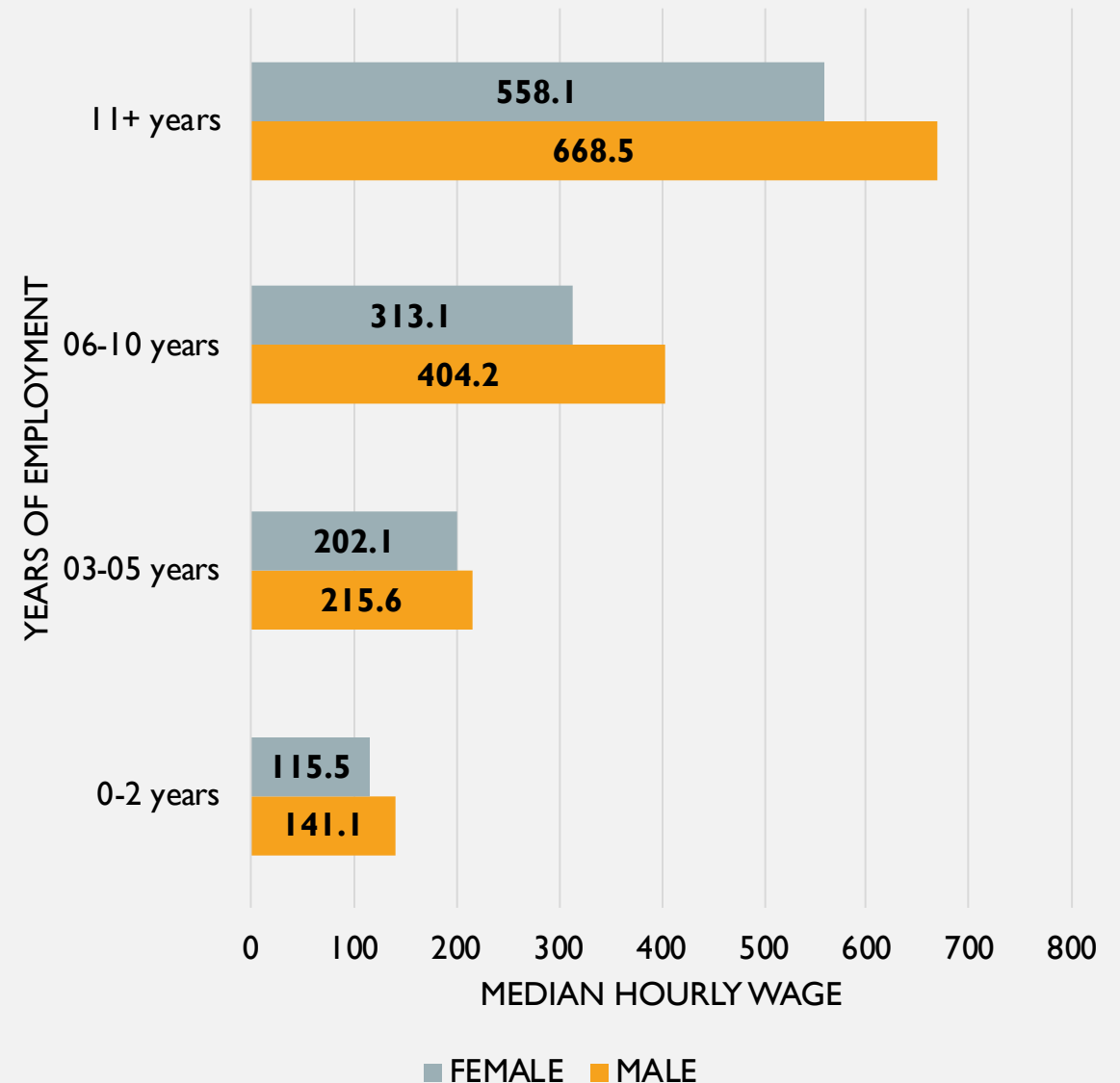


# TAXONOMY OF SALARY GROWTH RATES

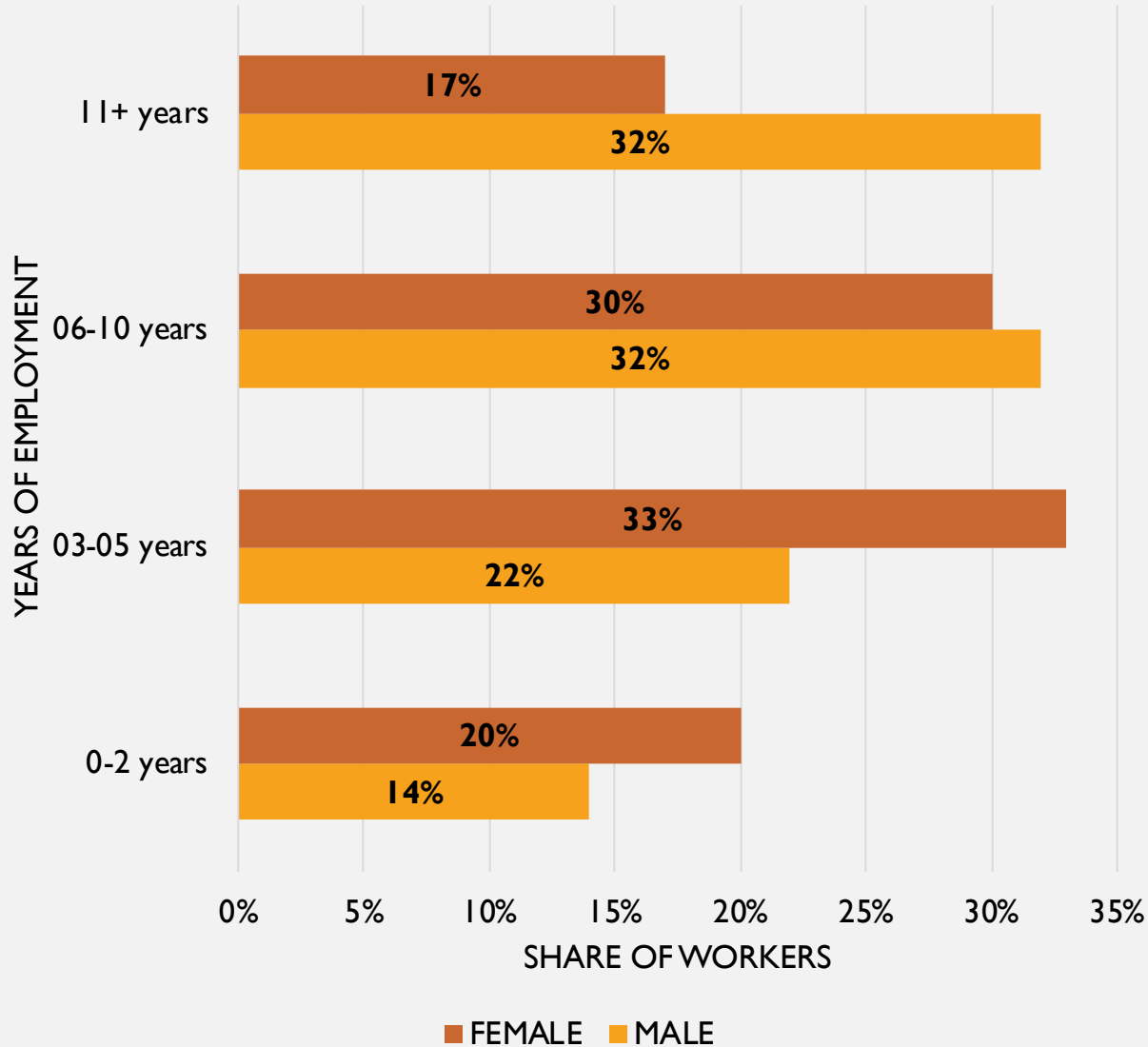
- Wages received by employees in India vary across sectors of employment.
- Indian IT companies by far 'pay' the best, an average Rs. 341.8 per hour before taxation.
- Relatively lucrative are also careers in Finance with average gross wage of Rs. 291.0 per hour followed by Construction and Technical Consultancy (Rs. 259.8) and Manufacturing (Rs. 230.9).
- Employees in the education sector get the lowest hourly wage (Rs.186.50) followed by the healthcare, caring services, social work sector and the legal, market consultancy, business activity sector, both at Rs. 215.6.

To read more:  
[http://media.monsterindia.com/logos/research\\_report/MSI\\_FINAL.pdf](http://media.monsterindia.com/logos/research_report/MSI_FINAL.pdf)

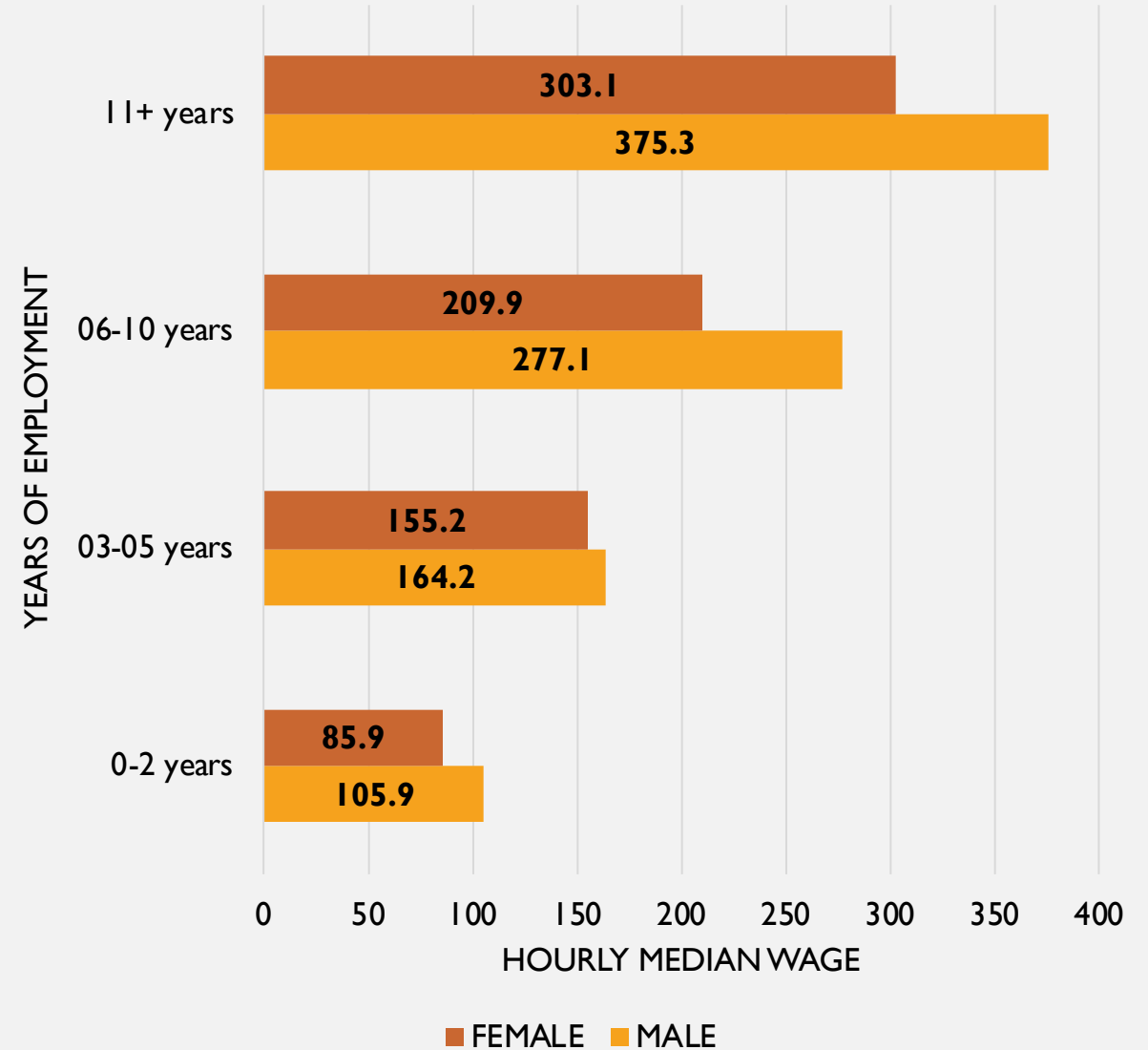
## MEDIAN HOURLY WAGES OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE TELECOM SECTOR



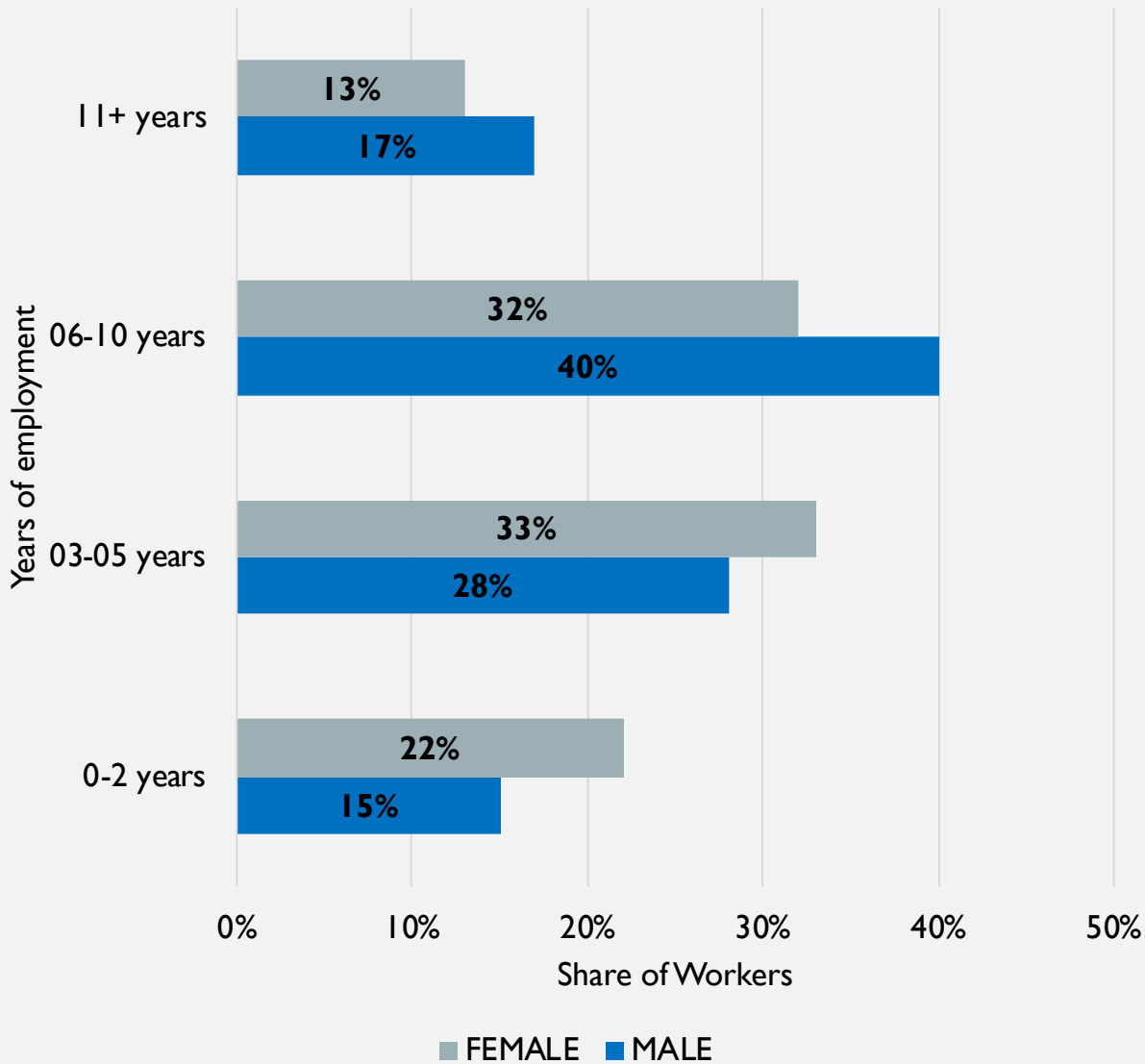
## SHARE OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE MANUFACTURING SECTOR



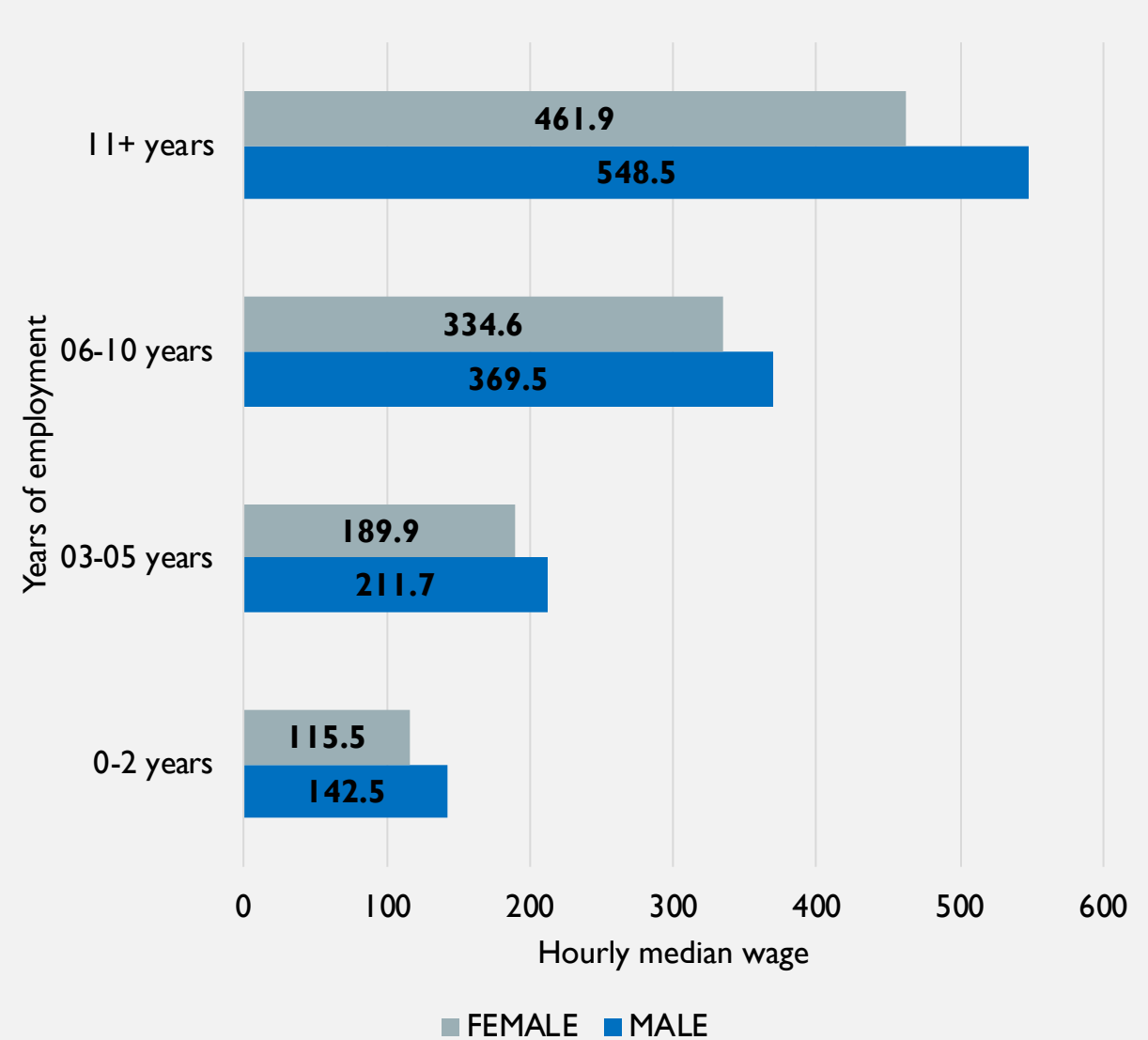
## MEDIAN HOURLY WAGES OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE MANUFACTURING SECTOR



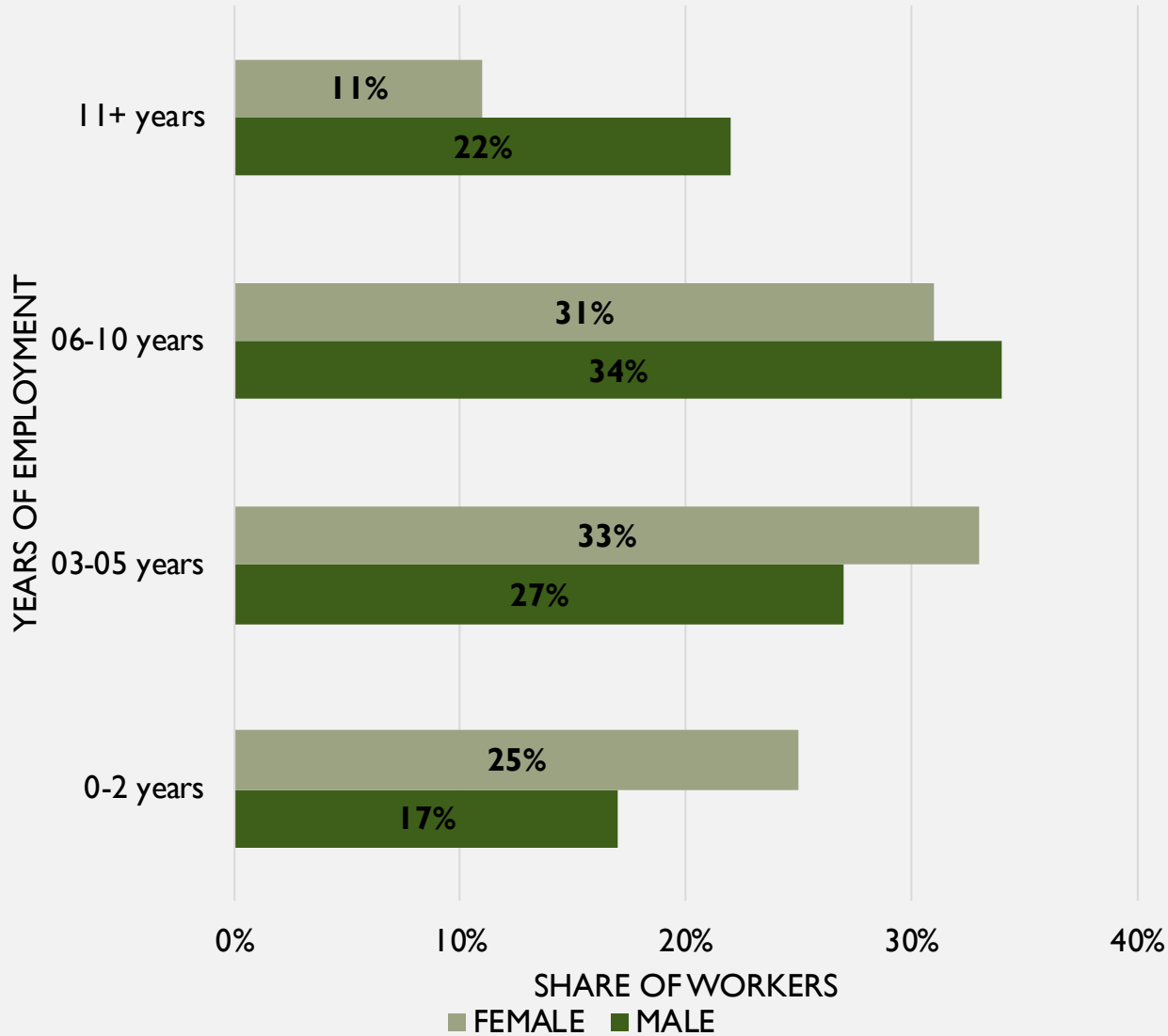
## SHARE OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE BFSI SECTOR



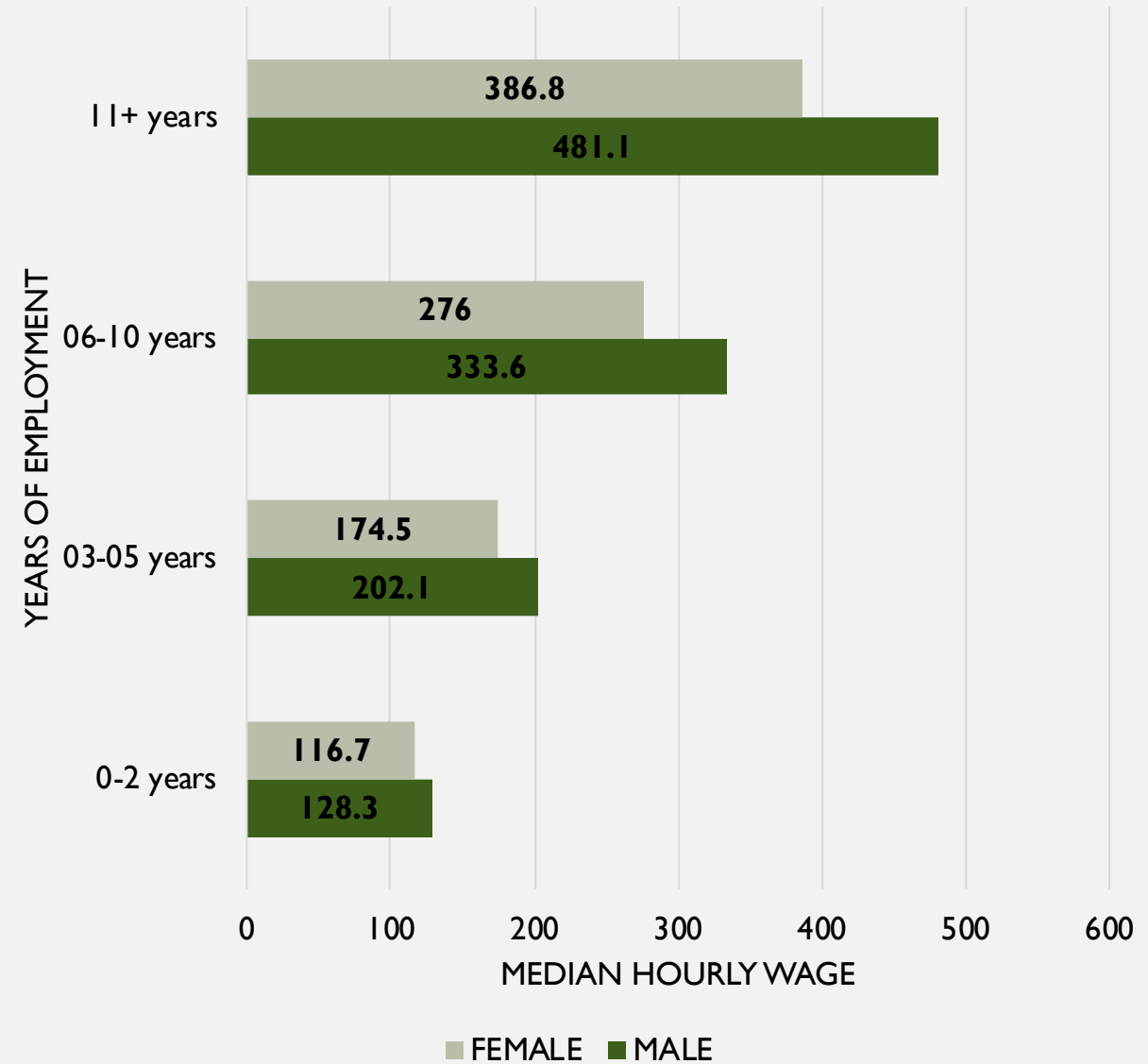
## MEDIAN HOURLY WAGES OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE BFSI SECTOR



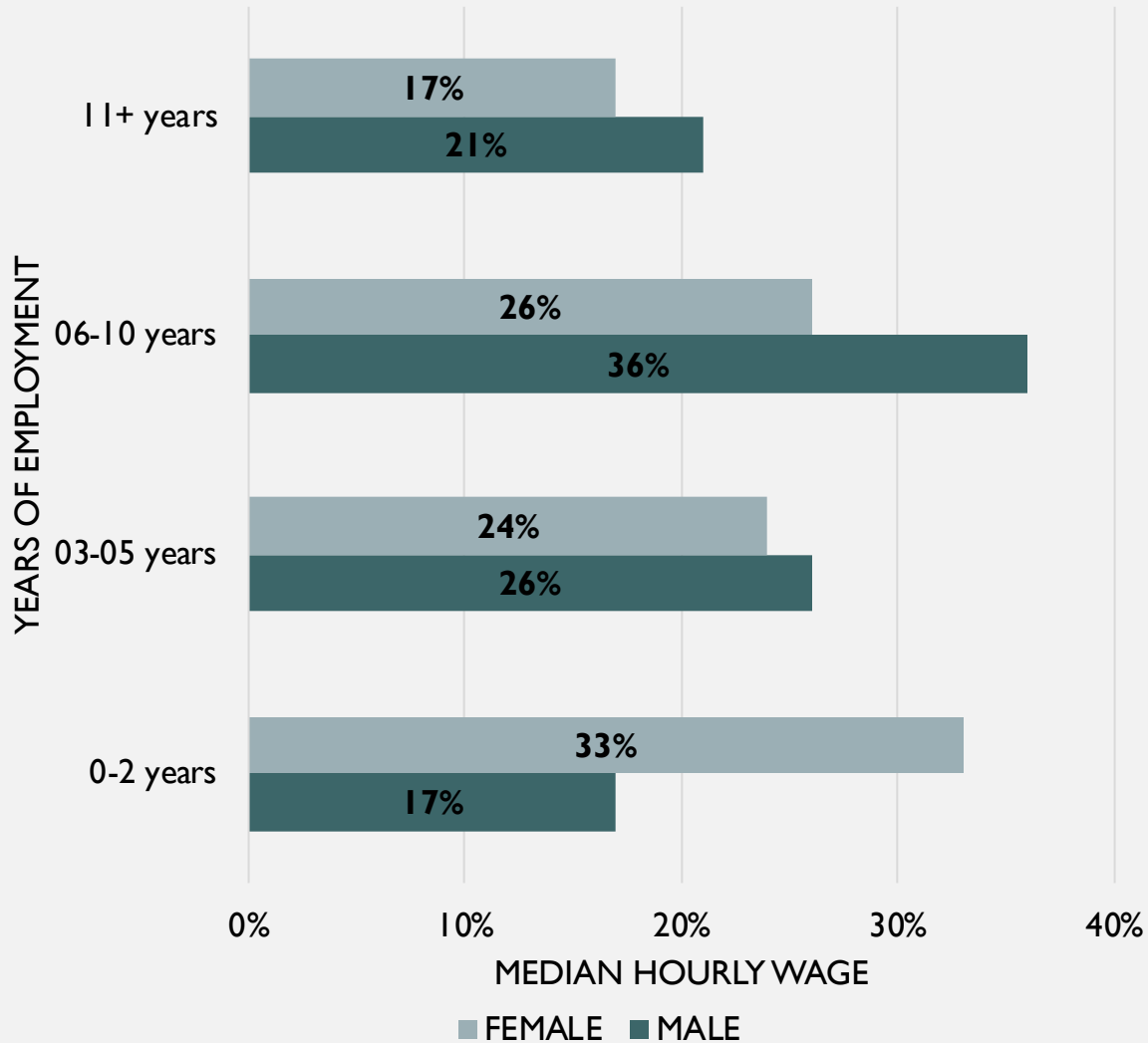
## SHARE OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE CONSTRUCTION SECTOR



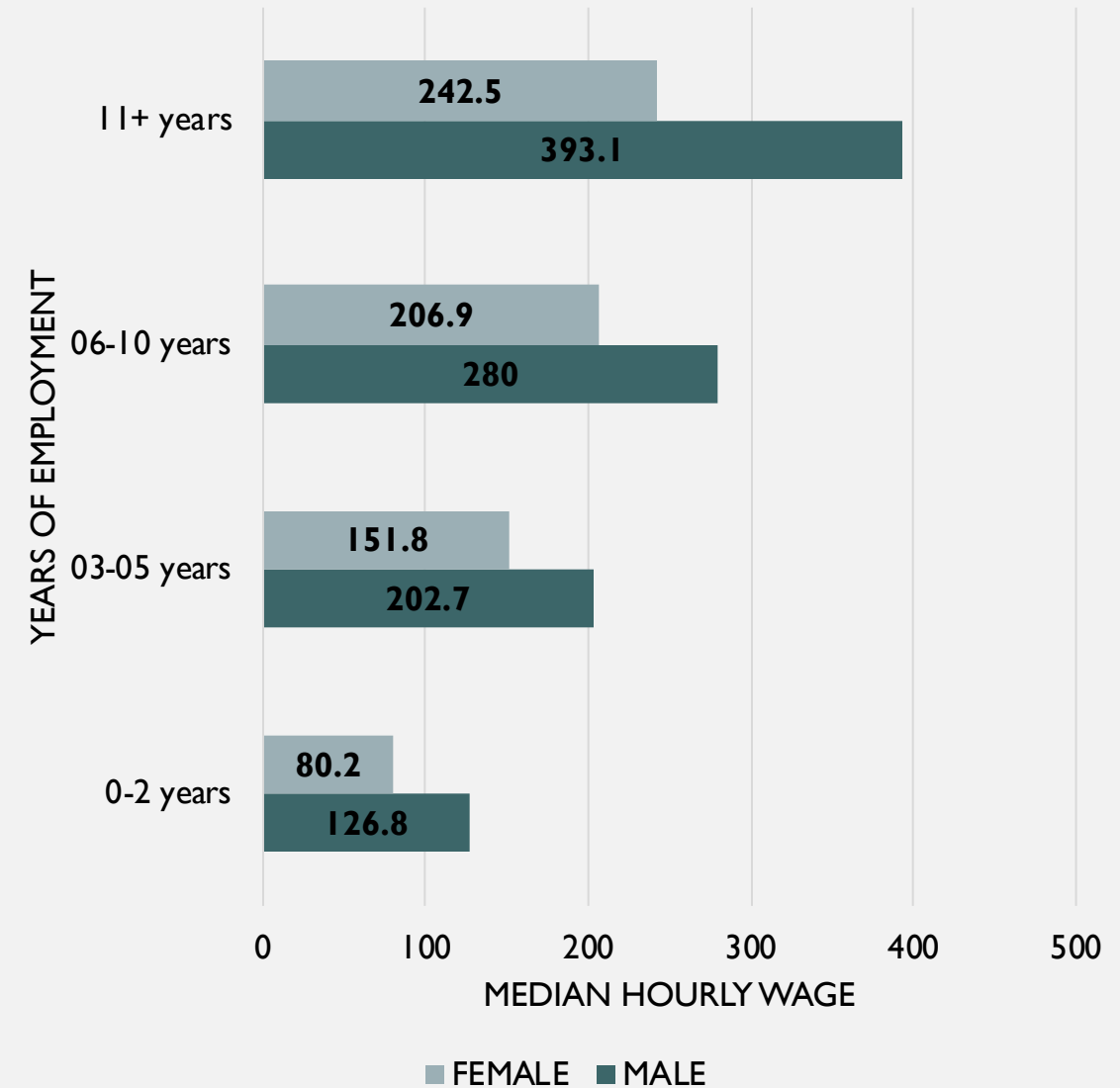
## MEDIAN HOURLY WAGES OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE CONSTRUCTION SECTOR



## SHARE OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE HEALTHCARE SECTOR



## MEDIAN HOURLY WAGES OF WORKER BASED ON THE YEARS OF EMPLOYMENT IN THE HEALTHCARE SECTOR



## CONCLUSION

Through the research in this Issue, we have seen that:

Over recent years, rural distress has reached an alarming level, and the social security schemes targeted to correct these deficiencies were ineffectual (largely due to less budgetary-resource allocation). There is a need for effectual measures to transform the Indian labour markets.

The government is increasingly introducing schemes for labour welfare, to increase overall productivity and ensure large coverage of informal sector.

The growth of Indian economy has not been employment-intensive enough to generate sufficient jobs. Thus, it fails to absorb both those entering the labour force as well as those wishing to change their nature of work.



For any inputs, comments or clarifications please contact The Centre for New Economics Studies at [cnes@jgu.edu.in](mailto:cnes@jgu.edu.in).



Thank you!