



Research Article

IS GLOBALISATION IMPACT ON EMPLOYMENT TRENDS IN INDIA?

Sukhdev Singh*

Department of Economics, Punjabi University Patiala, Punjab, India (147002)

ARTICLE INFO

Article History:

Received 10th May, 2017

Received in revised form 5th

June, 2017 Accepted 16th July, 2017

Published online 28th August, 2017

Key words:

Growth rate, workforce, employment, unemployment rate.

ABSTRACT

Globalisation and closer integration of economies have had a significant impact on the economies of both developed as well as developing countries. Since, the last more than a decade or so far, there is no doubt that the economy has done well on the growth front. The focus of the policy makers is on the GDP and Investment growth. However, to expect the growth to be inclusive is one thing, but to realise it in practice in another thing. So, the present research is an important attempt to analysis the employment trends among the population living in rural areas. It has been revealed that there is increase in the casualisation of work participation in rural area among the both male and female workers. The unemployment rate among rural population also rises with the implementation of globalisation policy regime.

Copyright©2017 Sukhdev Singh. This is an open access article distributed under the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original work is properly cited.

INTRODUCTION

Globalisation and liberalisation policies have had significant impact on the economies of developing countries. It is general proposition that the opening up of economies and removal of trade restriction can play an important role for the higher economic growth. It will lead to the higher and more employment opportunities for the working population which certainly leads to decline in poverty rate. India is now regarded along with China as one of the high growth economy. Since last decades or so, there is no doubt that the economy has done well on the growth front. For two decades (1960's and 1970's) India's growth rate averaged only 3.5 per cent per year which was marked as 'Hindu rate'. During 1980's the government has introduced some deregulation and liberalisation measures to achieve the higher growth rate. In 1980's the growth rate of GDP was accelerated to 5.6 per cent. A much broader efforts at 'systematic reforms' were initiated in 1991 based on wider play of market forces, gradually liberalisation of financial sector and opening of the economy to world trade and capital flow (Ahluwalia, 2011). This success is measured on the basis of some indicators and several other indicators, which are key for the overall development, have been ignored by the growth story explainers. The employment performance of the Indian economy during the post-reform period has been a subject of debate and controversy for various reasons. The focus of the policy designers and a class of economists particularly after the introduction of economic reforms is on the GDP and

Whether the gains from GDP growth will be shared by the poor and it will be able generate the productive and long term employment opportunities are equally important issue.

The employment growth has a direct relation to ensure the decent standard of livelihood for the population. In developing countries, it is well known fact that female workers are less active in outdoor employment in comparison to male workers. The policy designers who are favouring the globalisation policies are of the opinion that the opening up of the economy has not only economic implication but it also has political and social implications. They consider the globalisation and modernisation as two sides of same coin. They were of the opinion that the introduction of globalisation and modernisation policies will leads to growth of more and productive employment opportunities for the female workers which are earlier bounded with household actives. Vasavi and Kingfisher (2003), argued that the ascendance of neo-liberal ideologies and an emergence of capitalist State in India since 1990s have played an important role to draw women into market based production and enhance their ability to support their households, thereby limiting the need for State to do so. Now, after the period of more than two decades the most important issue which needs a close examination along with economic growth is the growth of productive, secure and long term employment and poverty reduction in India.

In the light of these facts the present paper is an attempt to examine employment trends among male and female workers in rural areas in the era of globalisation. To examine the employment pattern among workers in rural areas, the present paper is divided into four sections. The first section deals with change in sectoral composition of GDP and growth. In the

*Corresponding author: **Sukhdev Singh**

Department of Economics, Punjabi University Patiala, Punjab, India (147002)

second section, main emphasis is given to examine the work force participation rate of male and female workers in rural areas. The sectoral distribution of rural workers in India examined in third section. Forth section deals with the nature of employment among the workers. The unemployment rate among the rural workers (both male and female) has been examined in the last section.

DATA BASE AND METHODOLOGY

The present paper is a macro level analysis of employment trends in rural areas in India from 1983 to 2009-10. For the purpose of present analysis, the time period of the study is broadly divided into two parts, pre reform (1983) and post reforms (2009-10) period. The paper is based on the secondary source of data. The Economic Survey of India has been used for sectoral composition of GDP. To examine the employment trends among the workers, the NSSO publications of employment and unemployment situation is used as a principal source.

Section-I Changing Sectoral Composition of GDP and the Growth

Kuznet's (1966), analysis based on the international comparison of group of counties finds a negative correlation between income level and the agriculture sector, positive correlation between the income level and manufacturing sector, while services did not vary systematically with per capita income and employment of workforce. The other analysis by Chenery and Syrquin (1975) shows that the share of agriculture in a country's labour force and total output declines in both cross section and time series samples as per capita income increases. The declining importance of agricultural is uniform and pervasive, a tendency obviously driven by powerful forces inherent in the development process, whether in socialist or capitalist countries, Asian, Latin American or African, currently developed and still developing. The growth experience of entire Europe along with North America reveals that during the period of industrial economic transition the share of agriculture sector in GDP as well as in employment of work force has declined and the share of industrial sector both in GDP and employment rises.

The employment growth has been low and declining in the rural areas primarily because of the low and declining and recently even negative growth in employment in agriculture (Papola, 2013). The sectoral composition of Indian economy showed that the share of agriculture along with the other primary activities has been 39.93 per cent of GDP in 1980-81 and since then the share of this sector gradually declining and it has recorded 16.93 per cent in 2009-10.

The share of manufacturing plus other secondary sector activities was recorded 22.03 per cent of GDP during pre-reform decade (1980-81), and it has recoded 25.77 per cent of GDP in 2009-10. During the period of three decades (from 1980-81 to 2008-09), the share of manufacturing sector, which is also referred as core sector for economic transition has increased only 3 per cent. The share of service sector activities (trade, hotel, transport and communication) has been recorded an impressive increase from 17.45 per cent in 1980-81 to 26.55 per cent in 2009-10.

It is important to note that the share of service sector in GDP was lower than the share of agriculture and manufacturing sector during the pre-reform decades. But the post reform performance of this sector is quite impressive and the share of this sector recorded higher than the share of both other sectors in 2009-10. The financial and other related service encompass 7.49 per cent of GDP in 1980-81 and this share has reached to 17.17 per cent in 2009-10. The share of other services (public administration, defence and other services), which are mainly public sector services, remained constant during the given period of time. The increase in share of services sector and decline in share of commodity sector (agriculture and manufacturing) in a premature India economy is not a healthy sign for the sustainable and long term growth.

The annual growth of real GDP was highest in agriculture in comparison to the all other activities in 1980-81 (Vide Table 1). But after the introduction of globalisation and neo-liberal policies, the growth of this sector has recorded decline. During 2000-01 and 2010-11, the growth of agriculture sector was recorded 0.0 and 1.3 per cent respectively. On the other hand, manufacturing sector recorded a steady growth from 4.2 per cent in 1980-81 to 8.1 per cent in 2010-11. The growth rate of transportation and related services remained higher than the growth rate of industrial and agriculture sector in post reform period. The overall growth of economy has been decreased from 7.6 per cent in 1980-81 to 4.4 per cent in 2000-01. During the period of one decade after the introduction of neo-liberal policies, the growth rate of GDP has not increased rather than it has decreased. In the next decade, particularly during the period of 11th Five year plan the growth rate of Indian economy has progressed and it has recorded 8.0 per cent in 2010-11.

Section-II Workforce Participation Rate

The workforce participation rate is an important indicator to examine the activeness of workers in economic affairs. The workforce participation rate of male and female workers is presents in Table 2.

Table 1 Changing in Sectoral Composition of GDP

Description	Change in Sectoral Composition (Percentage Share)				Annual Growth Rate (Per Cent)			
	1980-81	1990-91	2000-01	2010-11	1980-81	1990-91	2000-01	2010-11
Agriculture, Forestry and Fishing, Mining and Quarrying	39.93	34.04	26.18	15.98	12.9	4.5	0.0	1.3
Manufacturing, Construction, Electricity, Gas and Water Supply	22.03	23.24	23.51	24.90	4.2	6.7	6.8	8.1
Trade, Hotels, Transportation and Communication	17.45	18.34	22.29	28.33	5.7	5.1	7.3	9.7
Financing, Insurance, Real Estate and Business Services	7.49	10.58	13.04	17.77	1.9	6.2	4.1	9.2
Public Administration, Defence and Other services	13.1	13.78	14.98	12.93	4.1	4.4	4.7	11.8
Gross Domestic Product at Factor Cost (Total)	100	100	100	100	7.6	5.3	4.4	8.0

Source: Economic Survey of India, 2011-12.

The workforce participation rates for female workers are significant lower than those of males in rural as well as in urban areas. While more than half of all the rural males reported themselves as workers, the corresponding proportion for females by various measures only between one-fifth and one-third of the relevant population. The investigation reveals that the workforce participation rate (PS+SS) for female workers in the rural areas was recorded 34.0 per cent during 1983, which experienced continuously decline after the introduction of new economic policy. During 2009-10, the work force participation of female workers was decreased to 26.1 per cent. During the same period of time (1983 and 2009-10) the work force participation of male workers was remained stagnant i.e. 54.7 per cent. The female workforce participation rate (as Principal Status) was recorded half of the workforce participation rate of male workers in 1983 and this gap has widened after the introduction of economic reforms. However, since the economic reforms, the male workforce participation rate show fluctuations, but within a small range. The workforce participation rate among female workers was also decreased to 20.1 per cent in 2009-10 from 24.8 per cent in 1983. The workforce participation of male workers was marginally increased from 52.8 per cent to 53.7 per cent between 1983 to 2009-10. During 2009-10 the gap between male and female workforce participation was recorded 23.6 per cent.

Table 2 Workforce Participation Rate (in %)

Year	Rural Males				Rural Females			
	PS	PS+SS	CWS	CDS	PS	PS+SS	CWS	CDS
1983	52.8	54.7	51.1	48.2	24.8	34.0	22.2	19.8
1993-94	53.8	55.3	53.1	50.4	23.4	32.8	26.7	22.0
2004-05	52.5	54.6	52.4	48.8	24.2	32.7	27.5	21.6
2009-10	53.7	54.7	53.1	50.1	20.1	26.1	22.3	18.2

Source: Employment and Unemployment Situation in India, Various Rounds, NSSO.

Note: PS; Principal Status, PS+SS; Principal and Subsidiary Status, CWS; Current Weekly Status, CDS; Current Daily Status.

Section-III Sectoral Composition of Workforce

With differential growth of employment among different sectors of the economy, there have obviously been changes in the structure of employment. among the three major sectors by broadly division of economic activity namely, agriculture, industry and services, the structural change theories states that in the most of the developed countries the economy progress the share of primary activities in GDP and employment has recorded decline, share of secondary sector recorded increase and the share of tertiary sector recorded slow increase as compare to secondary sector.

The sectoral distribution of workforce in India is present in Table 3. The data reveals that the rural working population employed in agriculture has recorded decline during 1983 to 2009-10. There is secular decline in share of primary sector in employment for both males and females in the rural areas. The share of male workers in primary activities among all male rural workers has recorded decline of 10.7 per cent between the periods from 1983 to 2009-10, whereas for female workers the share of primary sector in employment was decline of 8.2 per cent during the same period of time. During 2009-10, the female workers of rural areas involved in primary activities have recorded 79.3 per cent, whereas male workers in the rural areas active in primary sector activities have recorded 62.8 per cent

Table 3 Sectoral Distribution of Workers (in Per cent)

Year	Rural Males			Rural Females		
	Primary	Secondary	Tertiary	Primary	Secondary	Tertiary
1983	77.5	10.0	12.5	87.5	7.7	4.8
1993-94	74.1	11.2	14.7	86.3	8.2	5.5
2004-05	66.5	15.5	18.0	83.3	10.1	6.6
2009-10	62.8	19.4	17.8	79.4	13.0	7.6

Source: Employment and Unemployment Situation in India, Various Rounds, NSSO.

On the other hand, secondary sector which is also referred as dynamic sector of the economy has recorded increase in share of employment for both male and female workers in the rural areas. However, the increase in male workers is higher than the increase in female workers from 1983 to 2009-10.

The female workforce employed in tertiary sector activities in rural areas has recorded 4.8 per cent in 1983 and it has increased to 7.6 per cent in 2009-10. The rural male workers employed in tertiary sector activities were near about double than the female workers in 1983. In 2009-10, the male workers employed in tertiary sector have increased to 17.3 per cent. The percentage of male workers in services sector has increased to 59.3 per cent. It is quite clear that in tertiary sector, the opportunities for female workers have increased at a higher rate in comparison to male workers after the introduction of globalisation policies in India. The slow change in employment structure assumes the nature of a problem particularly when seen along with the change in the structure of the national gross domestic product. During the period when the share of employment in agriculture declined, the contribution of agriculture sector in GDP also declined from 39.93 per cent to 16.93 per cent and when the share of service sector in employment increased, the contribution of service sector to GDP increased much faster during the same time period. As a result the asymmetry between the income and employment shares among different sectors has sharply increased, particularly between the agricultural and non-agricultural sectors. A sharper decline in contribution of agriculture in GDP than in its share in employment implies a decline in its relative productivity and increase in income differential between agriculture and non-agriculture sectors. An opposite trend is seen in services, where the increase in GDP share has been faster than of employment, while industry has retained its position in respect of relative productivity. That there would be a decline in the share of agriculture in GDP was expected, but a continuance of heavy dependence of workers and population on agriculture as source of income and livelihood is a matter of concern from the viewpoint of poverty and inequality. One hopes that a relatively higher employment growth in manufacturing, construction, transport and services like trade as experienced in recent years lead to some correction in this increasing imbalance.

Section-IV Distribution of Workers by Status of Employment

The Status of employment is an important measure to examine the working condition and type of employment in a particular country. The nature of employment in the rural areas is still dominated by agricultural employment and it is common knowledge that such work is at best seasonal with many rural workers. As far as the status of employment is concerned, it is clear that there is declining in self-

employment and increasing in casual employment in rural areas (Vide Table 4). In rural areas the male and the female workers employed in self-employment occupation has recorded decline from near about 60 per cent in 1983 to near about 54 per cent in 2009-10. The share of rural male workers in regular employment has also decreased from 10.3 per cent in 1983 to 8.5 per cent in 2009-10. On the contrary, the regular employment in case of rural female workers has increased from 2.8 per cent to 4.4 per cent although it remained less than the male workers in regular jobs during the same period.

Table 4 Distribution of Workers by Status of Employment (In Per cent)

Year	Rural Males			Rural Females		
	Self-Employed	Regular	Casual	Self-Employed	Regular	Casual
1983	60.5	10.3	29.2	61.9	2.8	35.3
1993-94	57.9	8.3	33.8	58.5	2.8	38.7
2004-05	58.1	9.0	32.9	63.7	3.7	32.6
2009-10	53.5	8.5	38.0	55.7	4.4	39.9

Source: Employment and Unemployment Situation in India, Various Rounds, NSSO.

The workers of rural areas employed in casual activities have increased during the period from 1983 to 2009-10 respectively. In 1983 29.2 per cent of male workers are employment in causal activities which increased to 38.0 per cent in 2009-10. On the other hand, share of female workers in causal activities also increased from 35.30 per cent to 39.90 per cent during 1983 to 2009-10. The data showed that the casual employment has been increased at the cost of self-employment and regular jobs in case of male workers and it has been increased at the cost of self-employment in case of female workers. For the rural areas, self-employment and wage labour are the dominant form of employment with very little regular employment. This is particularly true for females. Over the years, self-employment workers as a percentage of total workers is coming down and this trend is consistently true for all the previous rounds since 1972-73. The phenomenon of casualisation, therefore needs to be seen in the overall perspective of employment trends in the economy. Agriculture is increasing unable to productivity absorb the growing rural labour force. Most of these employments opportunity have been of temporary and casual nature. This is also along the expected lines and the main reason is the much higher dependence on agriculture as a source of livelihood for the rural population. Since land is limited, with increasing population pressure and land fragmentation, the share of the self-employment in the total rural agricultural workforce was bound to decline and some of the households where the income from cultivation falls over to the years would more to casual wage employment to supplement household's income. This particular effect would tend to weaker over time as non-farm diversification of employment increase over time and some of the households would also seek employment in the non-agricultural sector, where this can take the form of self-employment. But most certainly an increase in self-employment in agriculture would not be expected unless there is increased access to land. The agrarian crisis apart from showing deceleration in output growth has also shown of increasing input costs and decline profitability in agriculture. In that context, an increased absorption of the labour force in agriculture as self-employed is not a possible option.

Section-V Unemployment Rate

The critics of the globalisation were of the view that these policies will leads to the growth of capital intensive technologies which replace the labour power from production process. The rate of unemployment according to the usual status is highlighted in Table 5. As revealed by table 5, the rate of unemployment in usual status in case of rural female workers has recorded 1.4 per cent in 1983 and it has increased to 2.4 per cent in 2009-10. As compared to 1983, in 2009-10, the unemployment rate among rural male workers remained almost same.

Table 5 Unemployment Rate among Rural Workers Usual Status

Year	Rural		Urban	
	Male	Female	Male	Female
1983	2.1	1.4	5.9	6.9
1993-94	2.0	1.3	5.4	8.3
2004-05	2.1	3.1	4.4	9.1
2009-10	1.9	2.4	3.0	7.0

Source: Employment and Unemployment Situation in India, Various Rounds, NSSO.

The analysis reveals that the rate of unemployment for female workers was recorded higher in comparison to male workers in both the urban and the rural areas. Moreover, the unemployment rate for female workers has recorded rise after the introduction of new economic policy.

Unemployment among Youth

In India, persons age (15-29) years who is consider as youth accounted for 26 per cent to 29 per cent of total population. A substantial proportion of them attain some education and entire into the labour market while they are age group of 15-29 years, while some of them may be chronically unemployed remaining for a long period of years. The unemployment rate among the educated youth (15-29 years) in rural area is presented in Table 6. The analysis shows that unemployment rate among educated youth for the age of 15 to 29 years is raising trends after economic reforms period. The rate of unemployment among female workers is higher than their male counterparts in rural areas.

Table 6 Unemployment Rates among Youth (15-29 year) in Rural Area (Current Daily Status)

Year	Male	Female
1993-94	9.0	7.6
2004-05	12.0	12.7
2009-10	10.9	12.0

Source: Employment and Unemployment Situation in India, Various Rounds, NSSO.

As far as unemployment rate among youth, the share of youth female workers increased from 7.6 per cent to 12.0 per cent during 1993-94 to 2009-10 and still higher than male workers.

CONCLUSION

Acceleration of economic growth in India with the adoption of capitalist mode of production has caused the deterioration of employment growth. Employment has grown at a slower rate during the post- reform than during pre-reform period. This is in line with the declining trend of employment growth over the longer period, but it must be noted that the deceleration during the post-reform period has been coterminous with an acceleration of the growth rate of GDP. The employment content of growth as measured in terms of

employment elasticity which has been declining over the years has shown a sharper decline during the post-reform period as compare to the pre-reform period. Globalisation has not made any positive effect on workforce participation rate in rural India. The workforce participation of female workers in rural areas recorded decline after the introduction of neo-liberal policies. The sectoral composition of workforce highlights that the share of primary sector recorded secular decline before and after the introduction of globalisation. In rural areas, the share of secondary and tertiary sector in employment generation has increased for male and female workers after the economic reforms. But still agriculture has been the major occupation of majority of rural population. The combined share of secondary and tertiary sector in employment is less than the share of agriculture sector even after the two decades of modernisation policies. The agriculture sector is among the lowest productive sector in which more than 50 per cent of the workforce is employed and contributing less than 15 per cent to GDP. So the important task for 12th five year plan is to diversify the employment base of rural areas by enhancing the investment in poultry, fishery, dairying, horticulture, floriculture etc. which are labour intensive in nature. Such kind of employment will be beneficial not only for increasing the productivity of workers in rural areas but also helpful to check the outflow of workers from rural to overcrowded cities. The slogan of 'Inclusive growth' not seems to be applicable practically in India in terms of employment growth and poverty reduction. After the introduction of economic reforms the employment insecurity has been increased in India.

Due to economic reforms, the workers are becoming more and more insecure in terms of employment security, nature of employment and working conditions. The economic progress based on the market forces leads to the polarization of growing income. The present modal of economic growth is not able to solve the problems of majority of Indian people rather it is favouring the interest of a few. So, there is an urgent need to develop an alternative model which will showed guard the interest of majority of Indian population.

References

- Ahluwalia, Montek Singh (2011), Prospectus and Policy Challenges in Twelfth Plan, *Economic and Political Weekly*, Vol. 66, No. 21, pp. 88-105.
- Kuznets, S. (1966), *Modern Economic Growth: Rate of Structure and Spread*, VakilsFeffer and Simon Publication, Bombay, pp.1-2.
- NSSO. (2011), Employment and Unemployment Situation in India (2009-10), 66st Round, Ministry of Statistics and Programme and Implementation. New Delhi, Government of India.
- Paola, T. S. (2013), Employment Growth during the Post-Reform Period, working paper 2012/07, Institutes for studies in Industrial Development, New Delhi
- Vasavi, A.R. and C.P. Kingfisher (2003), Poor Womden as Economic Agents: The Neo Liberal State and Gender in India and the US, *Indian Journal of Gender Studies*, Vol. 10, No. 1, pp. 1-24.
- Chenery, H.B., and M. Syquin. 1975. *Pattern of Development, 1950-1970*. London: Oxford University Press.
- Government of India. *Economic Survey of India*. Various Issues. New Delhi: Oxford University Press.

How to cite this article:

Sukhdev Singh (2017) 'Is globalisation impact on employment trends in India?', *International Journal of Current Advanced Research*, 06(08), pp. 5005-5009. DOI: <http://dx.doi.org/10.24327/ijcar.2017.5009.0632>
