A Review of Employment Scenario in India in the Post Liberalization Era

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Abstract

With a view to achieve higher inclusive growth and sustained improvement in the standards of living of people, a rapid growth in employment opportunities for all sections of the society, associated with rising GDP growth is essential. However, despite impressive economic growth over the years, the situation on employment front leaves much to be desired. Recent global recession adversely affected Indian economy and hence the employment scenario in the country as well. In respect of the growth of gross domestic product (GDP) India was second only to China, among the large economies of the world, during a good part of the 2000s. The 2000s are the second decade of the wide-ranging economic reforms that India embarked on in 1991. There is greater recognition today of the potential of India’s young, working-age population. India’s demographic dividend is expected to increase from 1 billion in 2001 to 1.4 billion in 2026. Of this increase 83 percent is estimated to be in the age group 15-59 years. But the average growth in employment between 2004-05 and 2011-12 is found to remain low at 2.5 million per year [as per NSSO’s Employment and Unemployment Survey 2011-12 (68th round)]. The present study offers an assessment of the employment-unemployment situation experienced by the economy in recent times. The objective of this paper is to analyze the long-term trends in overall employment situation with special focus on organized sector employment of India which consists of both the public and private sector. It focuses on the sector-wise overall in India during the pre and post liberalization period. It shows the variations of organized sector employment in India – both sector-wise and across different industries and services between the two time periods 2010 and 2011. It also attempts to analyze the effect of global financial crisis on public, private and overall organized employment in India by using time series data for the period 1981-82 to 2010-11 by applying Perron’s Exogenous Structural Break Model (1989) with the help of the statistical package Eviews7. The study is based on the National Sample Survey Office’s (NSSO) reports on Employment and Unemployment in India, Economic Survey 2010-2011 and the 38th Annual Employment Reviews being published by
the Directorate General of Employment and Training (DGE&T), Ministry of Labour & Employment, Government of India.

Keywords: Labour Force, Organized Sector Employment, Global Financial Crisis, Structural Break Analysis, Impact on India.

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