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Economic Growth and Labour Force in India

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Abstract

India is one of the fastest growing countries in the world. Also India is recognized as one of the G-20 major economic as well as member of BRIC countries.

But unfortunately the rate of unemployment in India has been not increasing as required in 1951, the rate of unemployment was 0.21 percent but it growing to 8.04 percent in 2015.

The employment and the growth of GDP have automatic links in an economy. The annual average growth of GDP during the tenth plan was 7.2 percent and in the year 2006 it was 9.4 percent. Even though, it has not created enough jobs.

Government has taken a series of steps such as "make in India" to create jobs for inclusive growth in the country.

Keywords – Unemployment, GDP.

Introduction

After independence, the Indian economy has completed 69 years. This period is relevant to study the development and progress of Indian economy. Mean time the process of economic reforms, (Globalization, LPG policy) initiated by the Prime Minister Mr.P.V.Narsimharao in June 1991 as completed 25 years. So it is a desirable period to asses the merits and short comings in employment generation in the economy.

The primary goal of our development policy is full employment but, unfortunately the rate of unemployment has been increase while in 1951, the rate of unemployment was 0.21 percent and in 1992, 5.33 percent, during the eight plans, ut increased to only 5.51 percent in 1995¹.

The statistics shows that the unemployment rate in India in 2015 may be estimated at 8.4 percent. (<http://www.statista.com/statistics/271330/unemployment-rate-in-India>)

The main objective of increase in GDP is to achieve the highest growth rate of employment.

Every country has decided to consist the optimum utilization of human resources in productive directions. Which leads to the increase in employment opportunities and boost the income of the society. The pressure of population, declining of man-land ratio, highly inqutors at land distribution, etc. are the main obstacles in the process of development.

Employment and growth of Gross Domestic Product. (GDP)

Employment and the growth of GDP is the automatic link in economy. The annual average growth of GDP during the tenth plan (2000-01 to 2006-07) was 7.2 percent and in ninth plan (1997-98 to 2001-02) it was 5.5 percent. In view of the fact that GDP growth reached a high level of 9.4 percent in the year 2006-07. GDP at current prices in the year 2014-15 is estimated at 125.41 lakh crore with growth rate of 10.5 percent. Against Rs. 113.45 lakh crore from 2013-14.

(www.statisticstimes.com/economy.gdp-of-india-aph)

But the Indian economy faces a serious of problems as unemployment. Whereas a result of reforms during 1990-91 and 2006-087, the growth rate of the Indian economy has improved to over seven percent of GDP, but the rate of growth of employment has been only 1.1 percent per annum.²

In 2003, GDP per capita (purchasing power parity –PPP) in India is the total out put 2880, the share of agriculture is 22 percent, industry is 27 percent and services sector is 51 percent. But a very striking feature of employment in share is that agriculture is 61 percent, 17 percent in industry and services sector 22 percent.

Obviously, out put- employment ratio in India remained very high indicating a capital – intensive pattern of growth in the service sector².

Employment in India

The actual employment position in India in the period 2001 – 02 to 2009 – 10 is shown in the following table.

Table No – 01
Estimates of labour force, work opportunities and unemployment in the tenth and eleventh plan.
 (Current Daily Status basis)

Sr. No	Particular	Unit	2001 – 02	2002 - 03	2003 - 04	2004 - 05	2009 - 10
1	Labour force	Million	378.21	385.02	391.95	417.14	428.9
2	Employment	Million	344.68	349.89	356.16	382.83	400.8
3	Unemployment rate	%	8.87	9.12	9.13	8.22	6.53
4	No. of Unemployment	Million	33.53	35.13	35.79	34.3	28.1

1. Projected numbers for the year 2001-02,2002-03,2003-04 are same as given in Table 8 of MTA document. The numbers for the year 2004-05 are derived from 61st round of NSSO and for 2009-10 from 66th round of NSSO.
2. Employment projections are based on observed spectral output elasticity of employment (1991-2000) (CDS measures).
- 1 3 Labour force growth was assumed at 1.8 percent annum in the Tenth Plan. Labour force growth assumed or XI plan is 1.92 (UPSS) and 1.96 (CDS) percent per annum (source : Table No-4.15(B) Vol. 1 to XI plan)

Source– http://www.planning commission.gov.in/data/datatable/data_2312/Databook Dec2014%2013pdf

Labour force in India is 2001-02 was 378.21 million, and it raised to 428.9 million in the year 2009-10. But a striking fact is that it was same up to 2003-04, but raised with a high rate, i.e. 417.14 in 2004-05 and 428.9 in 2009-10.

Employment position also shows the same picture up to 2003-04 it raised shortly but after then it increased with a high rate, i.e. in 2004-05 it was 382.83 million and in 2009-10 400.8 million. Unemployment picture in the period 2001-02 to 2004-05 was some what the same. i.e. in 2001-02 it was 8.87percent and in 2004-05 it was 8.22percent. but in 2009-10 it decreased to 6.53 percent. In the period 2001-02 to 2004-05 the number of unemployment not changed very much, i.e. in 2001-02 it was 33.53 million and in 2004-05 it was 34.3 million and in 2004-05 it was 34.5 million. But it is heartening to note that the numbers decreased to 28.1 million in 2009-10. The steps taken by the govt. and the response gained by the economy may be the parts caused for that.

After independence in India govt. is trying for improvement in all the fields. From 1950 onwards in all these 60 years the steps taken and the measures used by the govt. are resulting in such improving trends.

Table No - 02**Labour force and Growth Rate (%) (CDS Basis)**

(in million.)

Year	Rural	Urban	Total	Growth (%)
1972-73	183.72	39.63	223.35	-
1977-78	185.28	47.87	233.15	0.91
1993-94	252.96	81.24	334.20	2.28
2004-05	302.5	114.7	417.2	2.84
2009-10	306.3	122.6	428.9	0.55

* Growth rate (%) per annum is given over the previous quinquennial round.

Source :- www.planningcomisson.gov.in/data/datatable/data_3212/Databookdec2014%2014.pdf

Labour force in India in 1972-73 was 223.35 million i.e. rural 183.72 and urban 39.63 million. It rose steadily to 233.15 million in 1977-78 with growth rate of 0.91 percent.

But afterwards the growth rate increased fastly. In 1993-94 the total labour force was 334.20 million with a growth rate of 2.28 percent and in 2004-05 the growth increased to 2.84 percent and the total labour force become 417.2 million. In other words it became near about double of 1972-73. At this time the growth rate was 2.84percent per annum. This growth rate is highest of all and it is not good.

In the year 2009-10 the total labour force was 428.9 million. In this year the rural labour force was 306.3 million and urban labour force was 122.6 million. It is heartening to note that, from 2004-05 to 2009-10 the total labour force increased from 417.2 to 428.9 million. This trend is good enough and it is to be pressed at any price.

India is highest country by population in the world. But it ranks 17th in industrialization. This fact shows that we must be very careful to decrease the rate of growing population and increase the rate of industrials and advancing our economy.

Suggestion:-

The following measures to provide employment generation steps.

- 1) Rural works programs.
- 2) Marginal farmers and agricultural laboures.
- 3) Small farmers development Agencies.
- 4) Integrated Dry land agricultural development.
- 5) Agro-service centers
- 6) Area developing schemes.
- 7) Crash Programs for Rural Employment.
- 8) Employment guarantee scheme of Maharashtra.
- 9) National Rural employment program.
- 10) Rural landless employment guarantee program.
- 11) Jawahar Rojgar Yojana.
- 12) Task force of employment opportunities
- 13) Swarna Jayanti Shahari Rojgar Yojana (SJSRY)
- 14) Employment Gaurantee act -2005
- 15) Make in India to create jobs.
- 16) Control the rising population

- 17) The quality of education should be improved.
- 18) Government should encourage develop agriculture based industries in rural areas.
- 19) Rapid industrialization
- 20) To stop migration of the rural people to the urban
- 21) Build infrastructure
- 22) Create environment to attract foreign capital
- 23) Change industrial technique.

Conclusion:-

India is one of the fastest growing economy in the world. But one of the most disturbing problem is unemployment.

The primary needs of every man are food, cloth and shelter. These are to be fulfilled at any cost. Any shortness in these, especially in food welcomes inrest in the society.

Therefore, everyone should get employment for earning money. No matter all should get same employment. It depends upon the quality of employmee whatever may be the case but everyone should get money, more or less for livelyfood.

Unless this problem is solved the future of India may not be bright. There will be no peace and development in the country if jobless people do not get proper channel.

Investing in education to help economic achieve dynamic growth. Every one has role to play in economic.

India's the main objectives of development of any country is to achieve growth employment targets with social justice.

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