

**POVERTY AND INEQUALITY OUTCOMES OF
ECONOMIC GROWTH IN INDIA: FOCUS ON
EMPLOYMENT PATTERN DURING THE PERIOD OF
STRUCTURAL ADJUSTMENT**

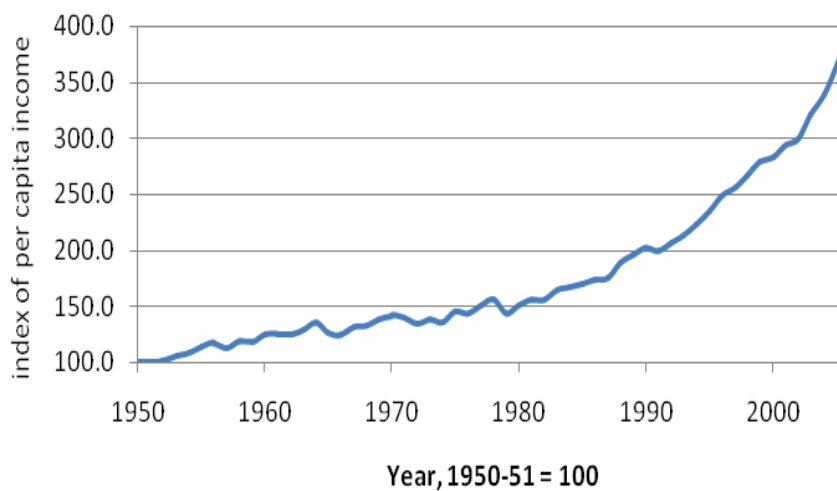
Amitabh Kundu and P. C. Mohanan

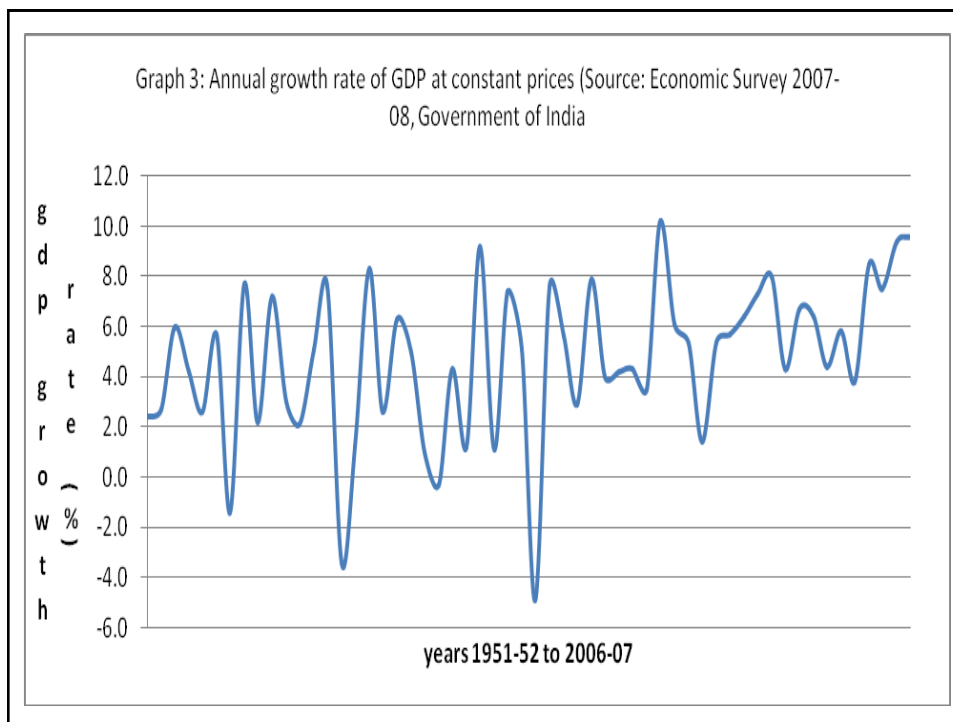
OECD Seminar on "Employment Outcomes
and Inequality: New Evidence, Links and
Policy Responses in Brazil, China and India",

The 8th April, 2009

Graph 2: Index of per capita income at constant prices

Source: Economic Survey, 2007-08, Government of India





Labour Market Segmentation and Its Manifestations

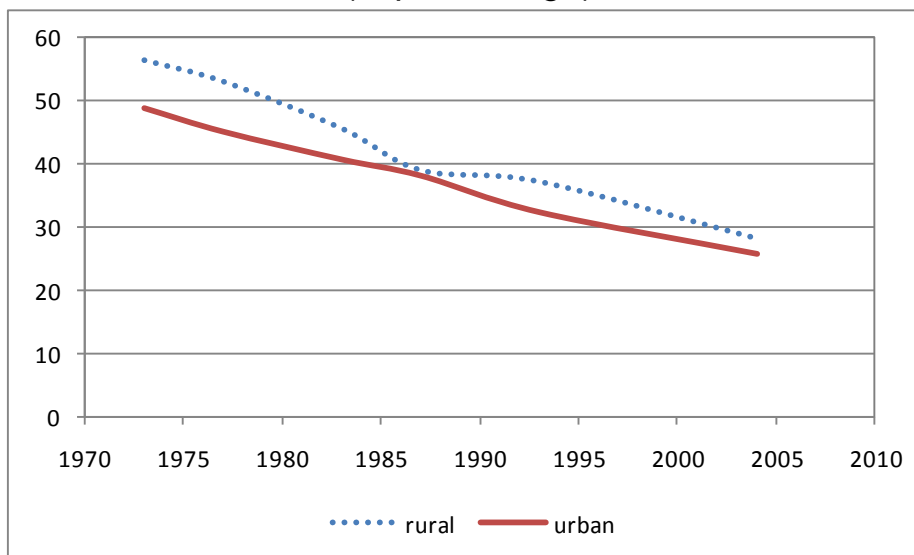
- Regional Rigidities: Rising Inequality, Poverty Decline with spatial concentration
- Inequality across Social and Religious Groups
- Gender Inequality and Differential Levels of Poverty
- Rural Urban Disparity

Disparity in GSDP per capita

Year	Coefficient of variation	Gini Coefficient
1993-94	34.55	0.192
1996-97	36.78	0.207
1999-00	37.42	0.217
2001-02	35.61	0.208
2002-03	36.69	0.277
2003-04	36.23	0.229
2004-05	38.44	0.241

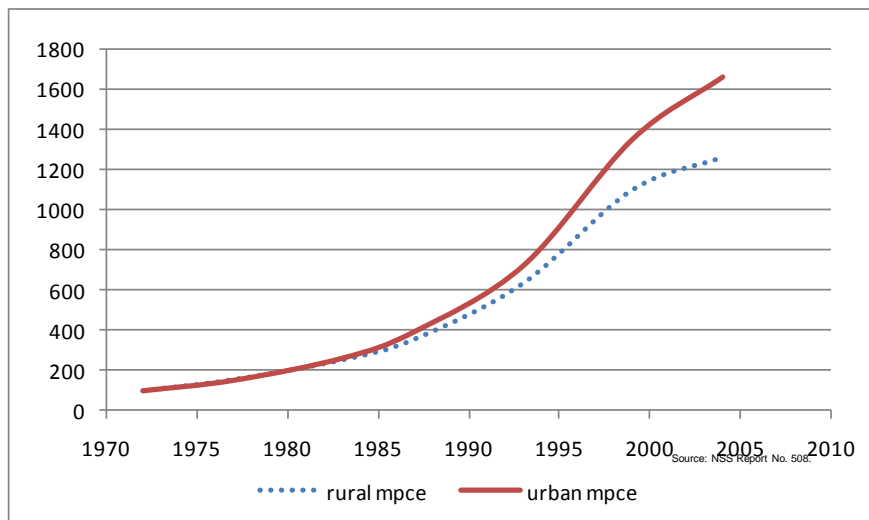
Note: The inequality indices have been computed based on per capita figures using the population of the states as weights. The values for 1993-94, 1996-97 and 1999-2000 are based on figures for 14 States only (Assam and general category States excluding Goa) while those for 2001-02 to 2004-05 use 1999-2000 Series (at current prices) and pertain to 27 States (excluding Goa).

Persons below the poverty line (in percentage)



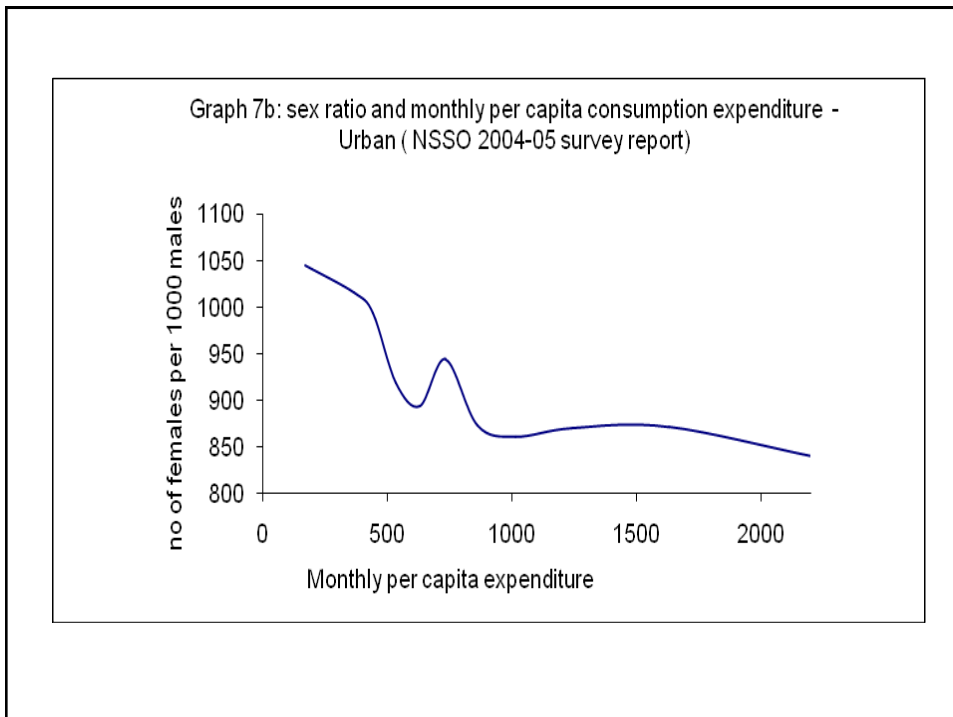
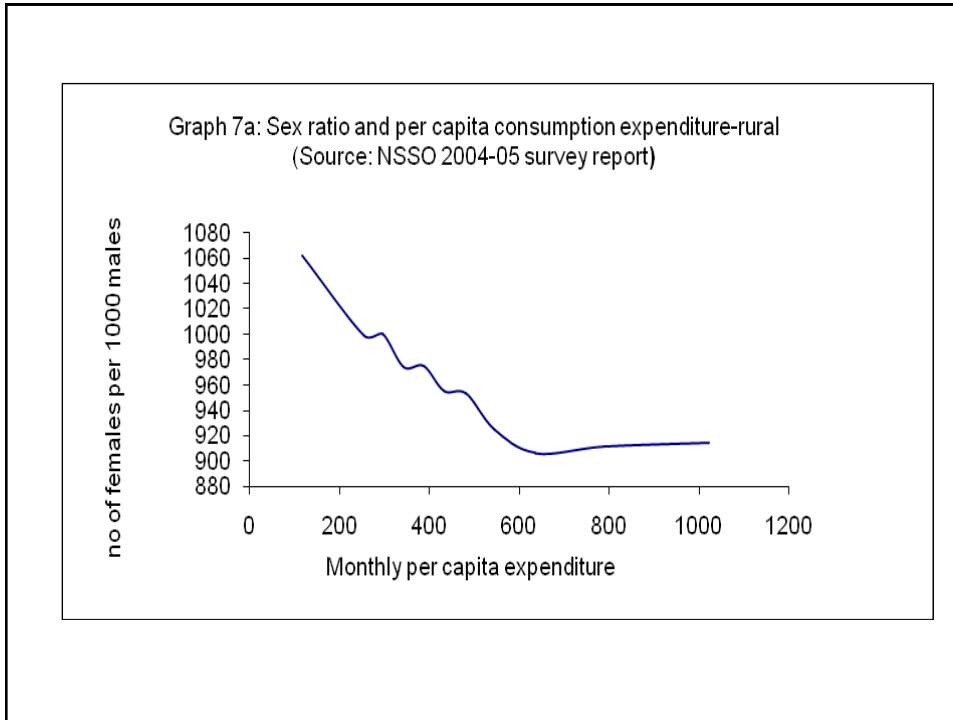
Source: Poverty estimates of Planning Commission for various years

Trends in average monthly per capita consumption expenditure (mpce) for rural and urban areas, 1972-73 to 2004-05 (Rs, 1972-73=100)



Mobility in the context of Labour Market Rigidities

- Growing Inter state Disparity and Declining Migration
- Stable RU Migration with Growing RU gaps
- Poverty Alleviating Impact of RU Migration: Variation across Social Groups and in Different Size Class of Towns
- Screening of migrants: Illiterate women and Semiskilled men in urban labour market



**Percentage of workers in 15–59 age-group by Usual,
Weekly and Daily Status**

Survey Year	Principal Status							
	Rural				Urban			
	Men		Women		Men		Women	
1977–78	90.2		40.7		79.6		19.3	
1983	88.4		40.1		79.5		18.7	
1987–8	86.2		39.8		77.9		18.3	
1993–4	86.5		36.7		78.8		18.4	
1999–00	85.5		33.4		77.9		17.6	
2004-05	85.5		38.0		74.5		18.7	
2005-06	84.4		35.1		78.3		17.5	
	Weekly status	Daily status	Weekly status	Daily status	Weekly status	Daily status	Weekly status	Daily status
1977–8	87.1	81.5	37.7	31.4	78.6	75.7	19.6	17.1
1983	85.4	80.2	36.4	31.6	78.3	75.2	18.4	16.5
1987–8	84.0	83.5	35.3	33.2	77.3	75.1	18.5	17.0
1993–4	85.1	80.9	42.0	34.3	78.2	76.0	20.9	18.1
1999–00	83.4	78.1	40.8	32.9	77.1	74.4	19.1	16.7
2004-05	83.8	78.1	43.2	33.9	78.5	76.0	22.3	19.4
2005-06	82.3	77.1	40.0	31.7	77.5	75.2	19.2	17.1

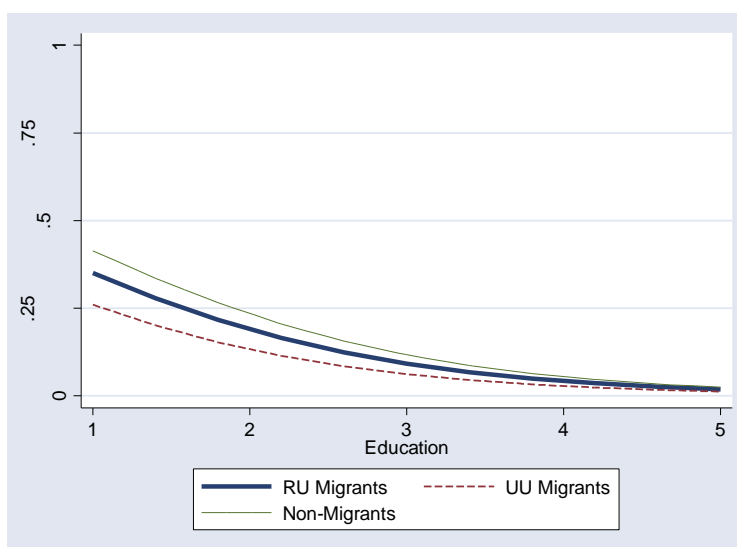
**Percentage of workers by usual (principal) status
Rural**

Age Group	Men			Women		
	1993-94	1999-00	2004-05	1993-94	1999-00	2004-05
5-9	0.9	0.5	0.2	1.1	0.6	0.1
10-14	11.2	8.2	5.4	10.4	7.4	4.9
15-19	52.3	47.5	45.3	26.4	23.4	22.2
20-24	82.4	82.3	82.0	31.8	31.0	28.4
25-29	94.7	94.2	95.6	35.4	37.3	36.7
30-34	98.0	97.4	97.7	40.7	42.2	42.4
35-39	98.8	98.1	98.6	43.5	45.3	48.2
40-44	98.5	98.1	97.9	44.0	46.2	47.5
45-49	98.0	97.7	97.7	43.8	45.0	48.3
50-54	96.5	94.9	95.8	40.7	39.9	43.6
55-59	93.6	91.9	92.4	33.7	35.1	39.4
60+	68.3	62.2	63.0	17.2	17.4	19.7

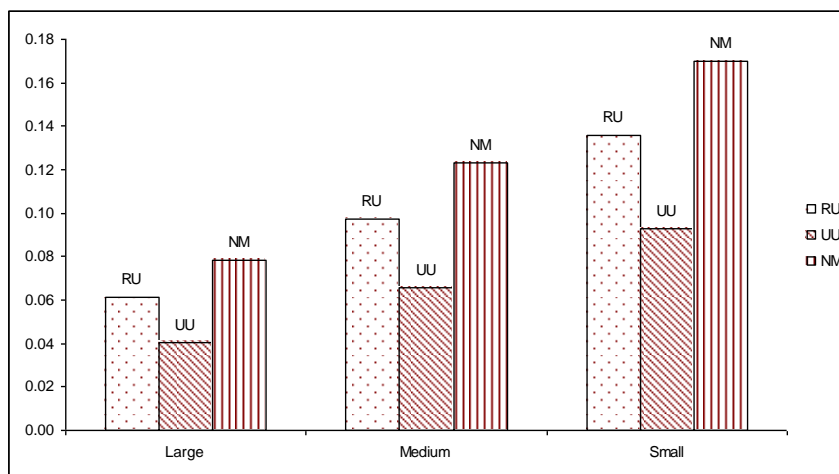
Percentage of workers by usual (principal) status Urban

Age Group	Men			Women		
	1993-94	1999-00	2004-05	1993-94	1999-00	2004-05
5-9	0.4	0.3	0.2	0.3	0.1	0.1
10-14	5.9	4.6	4.4	3.5	2.8	2.4
15-19	33.7	30.3	31.4	9.4	8.7	9.2
20-24	65.4	64.4	66.2	13.6	13.0	15.5
25-29	89.2	87.8	90.0	17.5	16.1	18.6
30-34	96.1	95.8	96.5	20.8	19.8	23.6
35-39	98.2	97.3	97.5	23.3	23.5	26.5
40-44	98.0	97.3	97.7	25.7	24.2	26.2
45-49	97.1	96.8	96.5	25.3	23.4	22.7
50-54	94.1	93.3	92.5	24.0	22.5	22.4
55-59	84.5	80.3	81.9	18.5	18.1	19.2
60+	42.9	38.6	35.5	9.1	8.2	8.6

Probability of being poor by migration status across levels of education



Probability of being poor by migration status across size class of towns



Percentage of unemployed persons to labourforce in rural areas

Year/	Male			Female		
	<i>Usual principal + subsidiary status</i>	<i>Weekly status</i>	<i>Daily status</i>	<i>Usual Principal + subsidiary status</i>	<i>Weekly status</i>	<i>Daily status</i>
1977-78	1.3	3.6	7.1	2.0	4.1	9.2
Jan-Dec 83	1.4	3.7	7.5	0.7	4.3	9.0
1987-88	1.8	4.2	4.6	2.4	4.4	9.0
1989-90	1.3	2.6	-	0.6	2.1	-
1990-91	1.1	2.2	-	0.3	2.1	-
July-Dec 91	1.6	2.2	-	0.7	1.2	-
Jan-Dec 92	1.2	2.2	-	0.6	1.2	-
1993-94	1.4	3.1	5.6	0.9	2.9	5.6
1994-95	1.0	1.8	M	0.4	1.2	m
1995-96	1.3	1.8	M	0.7	0.9	m
1997	1.2	2	M	0.7	1.8	m
1998	2.1	2.9	M	1.5	2.7	m
1999-2000	1.7	3.9	7.2	1.0	3.7	7.0
2004-05	1.6	3.8	8.0	1.8	4.2	8.7
2005-06	2.0	4.3	8.3	1.2	3.3	7.5

Percentage of unemployed persons to labour force in urban areas

Year	Male			Female		
	<i>Usual principal + subsidiary status</i>	<i>Weekly status</i>	<i>Daily status</i>	<i>Usual Principal + subsidiary status</i>	<i>Weekly status</i>	<i>Daily status</i>
1977-78	5.4	7.1	9.4	12.4	10.9	14.5
Jan-Dec 83	5.1	6.7	9.2	4.9	7.5	11.0
1987-88	5.2	6.6	8.8	6.2	9.2	12.0
1989-90	3.9	4.5	M	2.7	4	m
1990-91	4.5	5.1	M	4.7	5.3	m
July-Dec 91	4.1	4.8	M	4.3	5.6	m
Jan-Dec 92	4.3	4.6	M	5.8	6.2	m
1993-94	4.1	5.2	6.7	6.2	8.4	10.4
1994-95	3.4	3.9	M	3.4	4	m
1995-96	3.8	4.1	M	3.1	3.5	m
1997	3.9	4.3	M	4.4	5.8	m
1998	5.1	5.4	M	6.8	7.8	m
1999-2000	4.5	5.6	7.3	5.7	7.3	9.4
2004-05	3.8	5.2	7.5	6.9	9.0	11.6
2005-06	4.5	5.8	7.9	6.3	7.7	10.1

Percentage of workers by usual principal status and education level for persons of age 15 years and above

	Men			Women		
	1993-94	1999-00	2004-05	1993-94	1999-00	2004-05
Rural						
Illiterates	91.3	89.1	88.7	39.1	40.4	41.6
Literate upto primary	89.8	87.2	88.7	28.6	30.3	32.7
Middle	73.5	75.2	78.1	17.7	20.5	25.3
Secondary	68.3	71.3	69.9	15.3	17.3	20.4
Higher secondary	62.9	67.9	66.4	16.1	13.4	16.9
Diploma			78.3			39.6
Graduate and above	79.2	80.2	81.8	29.3	26.9	28.5
All	84.6	82.9	83.0	34.6	35.0	35.9
Urban						
Illiterates	86.6	83.6	82.4	23.3	22.9	25.0
Literate upto primary	84.4	82.4	85.1	15.0	14.6	18.6
Middle	71.3	72.5	75.0	9.1	9.9	11.7
Secondary	66.3	66.1	66.2	10.8	10.4	9.5
Higher secondary	58.9	59.9	59.1	12.6	11.1	10.3
Diploma			77.2			42.3
Graduate and above	80.7	79.7	78.5	28.2	25.2	26.5
All	75.8	74.5	75.2	17.5	16.6	18.5

Usual status unemployment rates for different levels of education

Year	Not literate	Primary	Middle	Secondary & above
Rural males				
1987-88	0.9	2.1	5.4	11.4
1993-94	0.3	0.8	3.0	8.8
1999-00	0.4	1.1	2.8	6.8
2004-05	0.4	1.3	2.4	5.9
Rural females				
1987-88	2.4	3.5	13.7	34.1
1993-94	0.2	1.0	5.3	24.9
1999-00	0.2	0.9	4.7	20.4
2004-05	0.7	2.4	5.9	23.1
Urban males				
1987-88	1.8	4.6	8.8	8.3
1993-94	1.1	2.5	5.7	6.9
1999-00	1.4	3.0	5.6	6.6
2004-05	1.2	2.3	4.9	6.0
Urban females				
1987-88	2.1	6.4	21.6	21.9
1993-94	0.4	4.5	15.7	20.6
1999-00	0.6	2.5	11.1	16.3
2004-05	0.8	4.1	12.1	19.4

Table : Distribution of usually employed (Principal and Subsidiary status) by category of employment

Year	Self-employed	Regular salaried employees	Casual labour	Self-employed	Regular salaried employees	Casual labour
	Rural male			Rural female		
2004-05	58.1	9.0	32.9	63.7	3.7	32.6
1999-00	55.0	8.8	36.2	57.3	3.1	39.6
1993-94	57.7	8.5	33.8	58.6	2.7	38.7
1987-88	58.6	10.0	31.4	60.8	3.7	35.5
1983	60.5	10.3	29.2	61.9	2.8	35.3
	Urban male			Urban female		
2004-05	44.8	40.6	14.6	47.7	35.6	16.7
1999-00	41.5	41.7	16.8	45.3	33.3	21.4
1993-94	41.7	42.0	16.3	45.8	28.4	25.8
1987-88	41.7	43.7	14.6	47.1	27.5	25.4
1983	40.9	43.7	15.4	45.8	25.8	28.4

Source: Statement 5.7, NSS Report 515

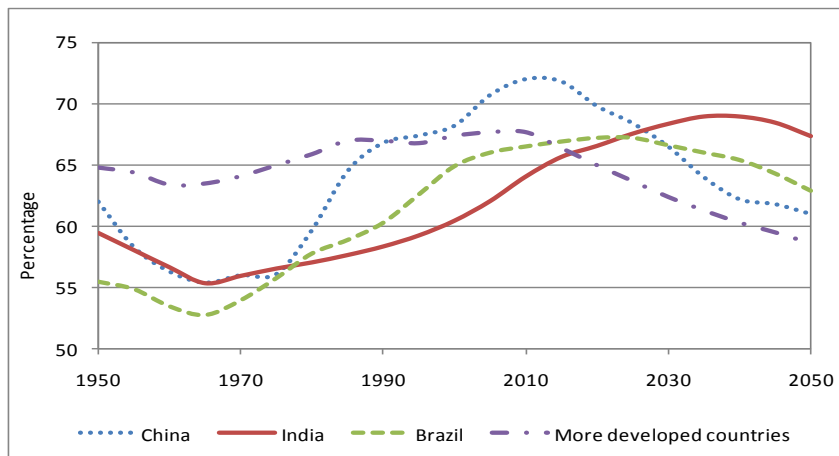
Growth in Average daily earnings of Regular Rural Wage workers (1999-2000/2004-05)

Industry	Growth in wage								
	Regular Informal worker			Regular Formal worker			Total Regular Workers		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Agriculture forestry fishing	3.1	8.2	3.5	0.2	0.7	0.0	1.9	2.7	2.0
Mining & quarrying	3.2	-0.6	1.8	9.3	23.3	9.7	8.1	8.1	7.7
Manufacturing	-1.2	-2.7	-1.4	4.0	6.8	3.2	-0.3	1.5	-0.5
Electricity gas & water supply	-0.5	2.1	-0.5	4.3	1.5	4.2	3.2	0.7	3.2
Construction	0.5	-12.2	0.1	7.3	8.4	7.1	-0.9	-3.7	-1.0
Trade hotels & restaurant	1.0	-3.4	0.7	2.1	0.1	2.0	0.5	-5.3	0.3
Transport storage & communication	1.3	-0.4	1.2	3.9	8.2	4.0	0.7	4.8	0.7
Financial intermediation real estate & business	-2.2	23.7	-0.5	5.2	2.7	5.0	1.1	6.7	1.3
Public admin,community social & other services	-7.1	-4.3	-7.5	3.6	1.6	3.1	1.2	-2.4	0.0
Others	0.0	-2.6	-2.0	-6.1	-4.1	-7.7	-4.0	-2.6	-4.7
Total	-1.0	-2.2	-1.4	4.0	2.5	3.6	0.6	-1.0	0.1

Growth in Average daily earnings of Regular Urban Wage workers (1999-2000/2004-05)

Industry	Growth in wage								
	Regular Informal worker			Regular Formal worker			Total Regular Workers		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Agriculture forestry fishing	-1.8	-3.3	-1.4	-9.0	-0.3	-7.6	-5.3	0.9	-4.5
Mining & quarrying	-7.2	-1.3	-6.7	3.2	-1.4	3.2	2.8	-0.2	2.9
Manufacturing	-1.7	-7.5	-2.1	1.9	1.8	1.9	-1.7	-4.3	-1.9
Electricity gas & water supply	-13.6	-19.9	-14.7	2.4	3.0	2.4	1.8	-1.0	1.7
Construction	0.1	13.0	0.8	5.0	6.8	5.1	0.3	3.8	0.6
Trade hotels & restaurant	-0.7	-3.9	-0.9	5.4	7.8	5.5	0.2	-2.0	0.0
Transport storage & communication	0.4	-0.6	0.4	3.7	4.3	3.7	1.9	2.7	1.9
Financial intermediation real estate & business	-2.8	5.7	-1.7	0.2	2.6	0.6	-1.9	1.0	-1.4
Public admin,community social & other services	-3.7	-1.6	-3.2	1.1	2.2	1.3	0.1	0.9	0.1
Others	-2.6	-0.9	-3.5	7.5	16.0	9.4	-2.2	-0.8	-3.5
Total	-1.5	-2.5	-1.8	2.0	3.1	2.1	-0.5	-0.8	-0.6

Percentage of projected population in the age group 15-64 to total population



Growth rate of real wages of regular workers, 1999-00 to 2004-05

Education level	Rural		Urban	
	Agriculture	All	Agriculture	All
Male				
Illiterates	1.48	-1.73	-0.22	-1.73
Literate upto middle	-2.17	-0.62	-10.47	-2.92
Graduate and above	-9.19	1.94	-17.19	1.15
All	-1.78	0.51	-11.17	-0.53
Female				
Illiterates	0.96	-4.4	-5.92	-5.24
Literate upto middle	1.37	-23.25	-1.63	-3.94
Graduate and above	-13.03	-0.55	10.25	-1.39
All	-0.07	-7.54	0.05	-2.35

Shares of Unorganized and Organized Sector in Workers and Wages (2000-01)

	Workers		Wages	
	(iii)	(iv)	(ix)	(x)
	Unorg	Org	Unorg	Org
Food Products and Beverages	87.03	12.97	22.55	77.45
Tobacco	88.24	11.76	14.24	85.76
Textiles	84.95	15.05	31.47	68.53
Wearing Apparel; Dressing and Dyeing of Fur	94.18	5.82	60.15	39.85
Leather and Leather Products	77.71	22.29	33.33	66.67
Wood and Wood Products	99.29	0.71	82.93	17.07
Paper and Paper Products	64.32	35.68	14.80	85.20
Publishing, Printing and Reproduction of Recorded Media	86.64	13.36	37.45	62.55
Coke, Refined Petroleum Products and Nuclear Fuel	31.88	68.12	1.32	98.68
Chemical and Chemical Products	51.10	48.90	4.83	95.17
Rubber and Plastic Products	64.01	35.99	24.43	75.57
Non-metallic Products	89.78	10.22	45.42	54.58
Basic Metals	23.91	76.09	3.13	96.87
Fabricated Metals	87.87	12.13	39.36	60.64
Machinery and Equipments	63.91	36.09	14.49	85.51
Office, Accounting and Computing Machinery	7.84	92.16	0.96	99.04
Electrical Machinery and	61.46	38.54	15.60	84.40
Radio, Television and Communication Equipment and Apparatus	36.21	63.79	6.93	93.07
Medical, Precision and Optical Instruments, Watches and Clocks	42.85	57.15	8.63	91.37
Motor Vehicles, Trailers and Semi-trailers	36.47	63.53	7.03	92.97
Other Transport and Equipment	31.78	68.22	6.55	93.45
Furniture	97.13	2.87	73.54	26.46
Recycling	98.39	1.61	88.24	11.76
All	86.15	13.85	24.23	75.77

Wages and Gross Value Added in Organized and Unorganized Sector (2000-01)

	Wage per Worker (Rs. lakhs)		Gross Value Added per Worker (Rs. lakhs)		Labour Cost (Wages per Gross Value Added)		
	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
	Unorg	Org	Unorg	Org	Unorg	Org	Ratio
Food Products and Beverages	0.022	0.515	0.155	1.923	0.144	0.268	1.862
Tobacco	0.004	0.196	0.070	0.865	0.062	0.227	3.653
Textiles	0.045	0.557	0.140	1.432	0.325	0.389	1.200
Wearing Apparel, Dressing and Dyeing of Fur	0.038	0.409	0.167	1.288	0.229	0.318	1.388
Leather and Leather Products	0.062	0.434	0.237	1.363	0.263	0.319	1.212
Wood and Wood Products	0.013	0.372	0.106	1.189	0.122	0.313	2.557
Paper and Paper Products	0.073	0.758	0.208	2.066	0.351	0.367	1.043
Publishing, Printing and Reproduction of Recorded Media	0.116	1.261	0.339	3.920	0.343	0.322	0.937
Coke, Refined Petroleum Products and Nuclear Fuel	0.078	2.714	0.242	13.792	0.322	0.197	0.612
Chemical and Chemical Products	0.058	1.203	0.163	7.854	0.359	0.153	0.427
Rubber and Plastic Products	0.131	0.723	0.390	3.766	0.337	0.192	0.569
Non-metallic Products	0.058	0.617	0.161	2.797	0.364	0.220	0.606
Basic Metals	0.137	1.328	0.462	5.505	0.296	0.241	0.816
Fabricated Metals	0.075	0.839	0.241	2.099	0.312	0.399	1.281
Machinery and Equipments	0.131	1.373	0.372	4.044	0.354	0.340	0.960
Office, Accounting and Computing Machinery	0.209	1.843	0.469	4.440	0.446	0.415	0.931
Electrical Machinery and Radio, Television and Communication Equipment and Apparatus	0.165	1.424	0.408	4.252	0.404	0.335	0.829
Medical, Precision and Optical Instruments, Watches and Clocks	0.179	1.362	0.403	5.184	0.443	0.263	0.594
Motor Vehicles, Trailers and Semi-trailers	0.155	1.230	0.463	3.979	0.335	0.309	0.924
Other Transport and Equipment	0.187	1.420	0.434	5.136	0.431	0.276	0.642
Furniture	0.154	1.021	0.472	3.585	0.326	0.285	0.875
Recycling	0.059	0.721	0.222	3.718	0.267	0.194	0.726
All	0.055	0.449	0.223	0.386	0.247	1.163	4.712
All	0.041	0.793	0.162	3.124	0.251	0.254	1.011

Formalisation of Informal Sector

- Formal sectors engaging workers informally: the percentage share up from 38 to 47 in 5 years
- Subcontracting out intermediate products resulting in growth in self employment, regularity of employment, job specification in informal units
- Low cost support system for for production sectors as also formal sector households