

State of Working India 2023

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Introduction:

The Indian Economy's Complex Path to Growth and Social Transformation India's journey toward economic growth and structural transformation has been marked by significant achievements and persistent challenges. Over the years, the nation has experienced rapid economic expansion, pulling millions of workers out of agriculture, and witnessing a shift from casual labor to more regular salaried jobs. However, manufacturing has struggled to expand its share of GDP and employment, with construction and informal services emerging as the primary job creators. This report delves into the dynamics of this transformation, exploring its impact on various social disparities and revealing the road ahead.

Key Findings:

- **Accelerating Structural Change: A Tale of Regular Wage Jobs**

One of the significant developments in recent years has been the shift from casual employment to regular wage jobs. This transition gained momentum in 2004, raising the proportion of workers in regular wage employment from 18% to 25% for men and 10% to 25% for women. Between 2004 and 2017, approximately 3 million regular wage jobs were created annually. This figure increased to 5 million per year between 2017 and 2019. However, since 2019, the pace of regular wage job creation has slowed down, partly due to the economic slowdown and the pandemic's impact.

- **Improving Upward Mobility: A Glimpse of Progress**

Intergenerational mobility in employment has improved over the years, especially in terms of the type of work performed. In 2004, over 80% of sons of casual wage workers found themselves in casual employment, regardless of their caste or social background. However, by 2018, this proportion had fallen to 53% for non-SC/ST castes, with an increasing number engaged in regular wage work. The improvement extended to SC/ST castes as well, albeit to a lesser extent. While progress is evident, substantial disparities persist.

- **Declining Caste-Based Segregation: A Changing Landscape**

Caste-based industrial segregation has decreased significantly over the years, particularly in the representation of Scheduled Caste (SC) workers. In the early 1980s, SC workers were overrepresented in waste-related and leather-related work. This overrepresentation has significantly decreased since then. In the leather industry, the representation index declined sharply to 1.4 in 2021. In waste management and sewerage, the overrepresentation of SCs decreased to 1.6 times in 2011, with slight fluctuations thereafter.

- **Narrowing Gender-Based Earnings Disparities: A Positive Trend**

Earnings disparities between men and women have been decreasing over the years. In 2004, salaried women workers earned only 70% of what their male counterparts earned. By 2017, this gap had reduced, with women earning 76% of what men did. Although the gender earnings gap remained constant until 2021-22, there has been progress in closing the gender pay disparity.

- **A Weak Connection Between Growth and Quality Jobs**

The report highlights a crucial finding regarding the relationship between economic growth and quality job creation. Since the 1990s, there has been a lack of correlation between year-on-year non-farm GDP growth and non-farm employment growth. This suggests that policies promoting faster economic growth may not necessarily result in the creation of better job opportunities. However, between 2004 and 2019, growth was associated with improved employment conditions, although this trend was disrupted by the pandemic, leading to more distress employment.

- **High Unemployment Rates: A Challenge Remains**

While unemployment has decreased post-Covid, it remains relatively high, especially for educated youth. The unemployment rate exceeds 15% for graduates, and it soars to a concerning 42% for graduates under 25 years old. Addressing youth unemployment remains a critical challenge.

- **Shifting Women's Workforce Participation: A Complex Picture**

Women's workforce participation has experienced fluctuations in recent years. Following a period of stagnation and decline, there has been a modest rise in female employment rates since 2019. However, much of this increase is driven by self-employment due to distress, particularly after the economic slowdown and the pandemic.

- **Gender Norms and Employment: A Strong Influence**

Gender norms continue to play a significant role in women's employment. The report reveals that as a husband's income increases, women are less likely to work. In urban areas, a U-shaped relationship is observed, with an increased likelihood of wives working when husbands' income crosses a certain threshold. The presence of a mother-in-law in the household also influences women's employment, with significant variations in their employment likelihood based on the mother-in-law's employment status.

- **Marginalized Caste Entrepreneurs: A Rarity**

Despite advancements, Marginalized Caste entrepreneurs remain underrepresented in business ownership, particularly in larger enterprises. Even in smaller firms, Scheduled Caste, and Scheduled Tribe (SC/ST) owners are underrepresented compared to their share in the workforce. This underrepresentation increases with firm size, with upper castes becoming more prominent in larger enterprises.

Conclusion

India's journey of economic growth and structural transformation is a complex and multifaceted story. While there have been significant strides in improving job quality, reducing earnings

disparities, and breaking down caste-based industrial segregation, numerous challenges remain. Youth unemployment, gender-based workforce participation, and persistent caste-based disparities pose significant hurdles to inclusive and sustainable development.

India's path to economic growth and social transformation is a work in progress, and the nation's success will be measured not just by its GDP figures but by the extent to which these gains are equitably shared among all its citizens. Supporting the creation of quality jobs, promoting gender equality, and combating caste-based inequities should remain top priorities

Read More at: [State of Working India, 2023](#)

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