

Changing Scenario of Indian Labour Market During the Period of Globalization

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The globalization process turns out to have performed a double-edged sword for the Indian labour. In terms of 'current daily status' estimates brought out by the National Sample Survey Organisation, there has been a significant deceleration in labour force participation rate to 1.3 percent per annum during 1993-2000 from 2.4 percent during 1983-1994. Notwithstanding a higher GDP growth in the latter phase, employment growth declined to 1.1 percent from 2.7 percent in the backdrop of decline in employment elasticity to 0.16 from 0.52 over the same period. The sharp deceleration in employment growth has raised fears that economic growth in the 1990s has been a 'jobless' variety. Besides, there is evidence of increasing capital intensity almost in all sectors including small un-organised ones and services particularly in the latter half of the 1990s. The significant reduction in labour force participation rate during 1993-2017 has been mainly on account of lower workforce participation by women particularly in rural areas. In fact, the number of unemployed stood at nearly 27 million in 2016-17 as compared to about 20 million in 2003-04, taking the unemployment rate to 7.3 percent of labour force from 6.0 per cent. In evaluating the state of unemployment, it is important to recognise that some degree of unemployment is normal in any labour market. Even full employment is conventionally defined not as zero unemployment but as that level of employment when unemployment falls to the irreducible minimum. However, such level of unemployment has not been defined so far in the Indian context.