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A Shankar IAS Academy Initiative

Problem with Employment data

What is the issue?

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The nature and extent of the employment in India are barely understood in the absence of information on unorganised sector workers.

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What is the background?

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 - India do not have a reliable official database on certain aspects of the labour market and industrial relations such as employment, strikes and lockouts.
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 - The current scenario of employment in India has transformed from a long term employment to fixed short term engagement in the form of contracts.
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 - This has created a need for an official employment database to capture these significant changes.
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 - Several official agencies collect data on employment/unemployment with differing definitions and classifications of workers and with different frequencies (decadal to annual/quarterly).
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 - Private sector data sets and proxy data sets (payroll data) have also emerged to capture these employment pattern changes.

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What are the problems with official calculations?

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- **Manufacturing sector** - The Annual Survey of Industries (ASI) collects employment data annually on workers/employees from the establishments covered under the Collection of Statistics (COS) Act, 2008.
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- The employment data relates to directly employed workers, contract workers, supervisory and managerial staff and other employees.
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- Directly employed workers comprise both permanent workers and non-permanent workers including non-statutory apprentices/trainees and fixed-term employees (FTE).
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- There is a possibility that some of the directly employed workers are being indulged in per hour work or a part time work, with wages even less than the contract workers.
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- But there is no further classification on the nature of employment i.e., based on hours - part time or full time.
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- All directly employed workers are being equated as 'regular/permanent workers' and only the contract workers are treated as the flexible category.
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- This shows that there is a gross underestimation of flexible workers reported in the official data.
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- Also, the ASI primarily covers the registered manufacturing sector, leaving out the unorganised or unregistered or informal sector enterprises.
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- **Service sector** - Data related to this sector comes under the State-level Shops and Establishments Acts.
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- A reliable data set on the service sector has not been established, mainly because of lack of data submissions from the state labour departments (SLD).
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- Thus, the Labour Bureau should compile and provide sector-wise data of the SLDs under its control.
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What should be done?

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- India's labour market governance is at peril as there is a serious information

deficit on unorganised sector workers in the country.

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- It is imperative that the government takes measures to design afresh a statistical system reflective of dynamics of changes in the labour market.

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Source: Business Line

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