

Employment in India

Mahesh Vyas

EGrow Webinar Series

October 25, 2024



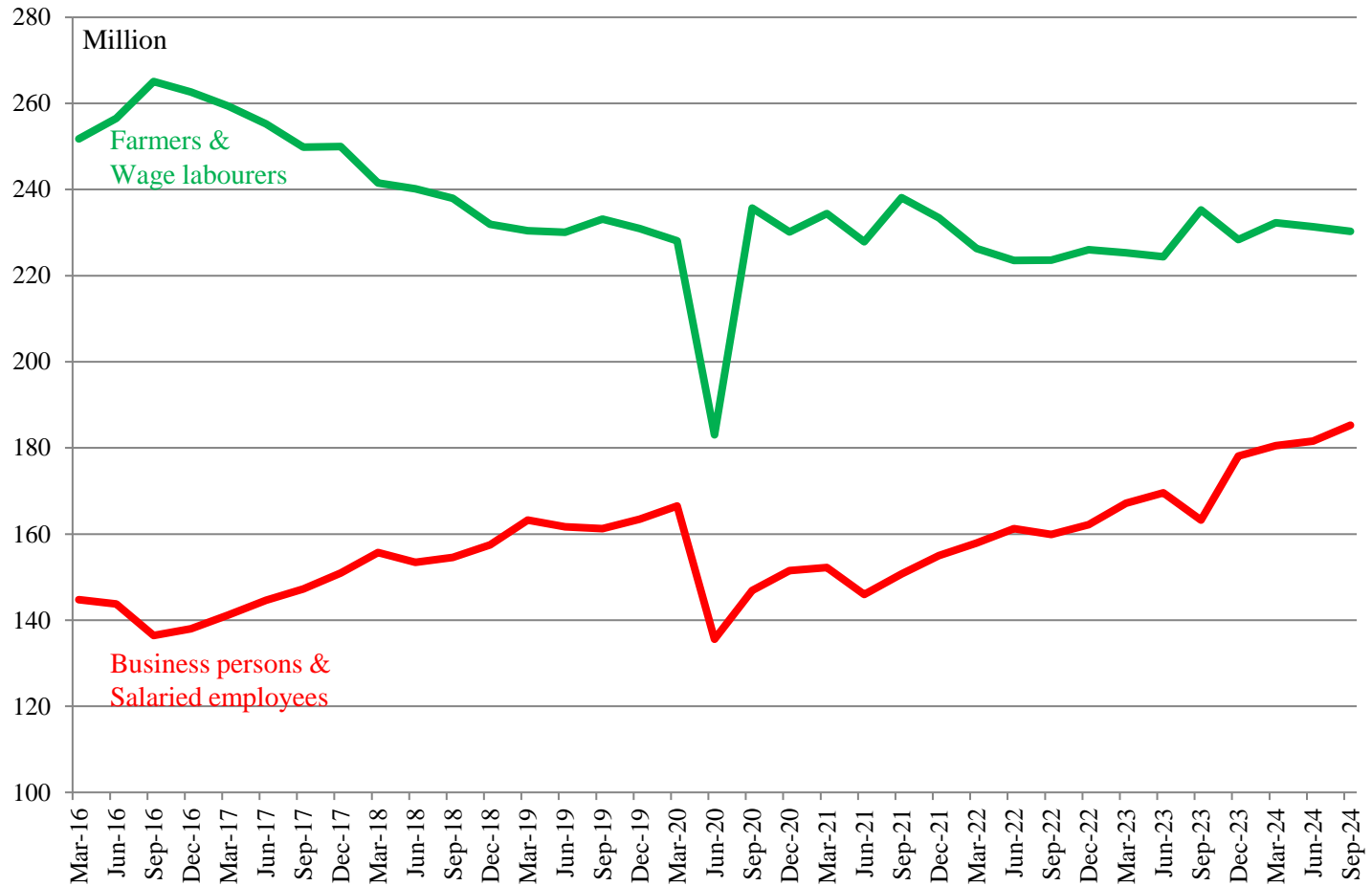
Centre for Monitoring Indian Economy Pvt Ltd.

Employment Turns Around



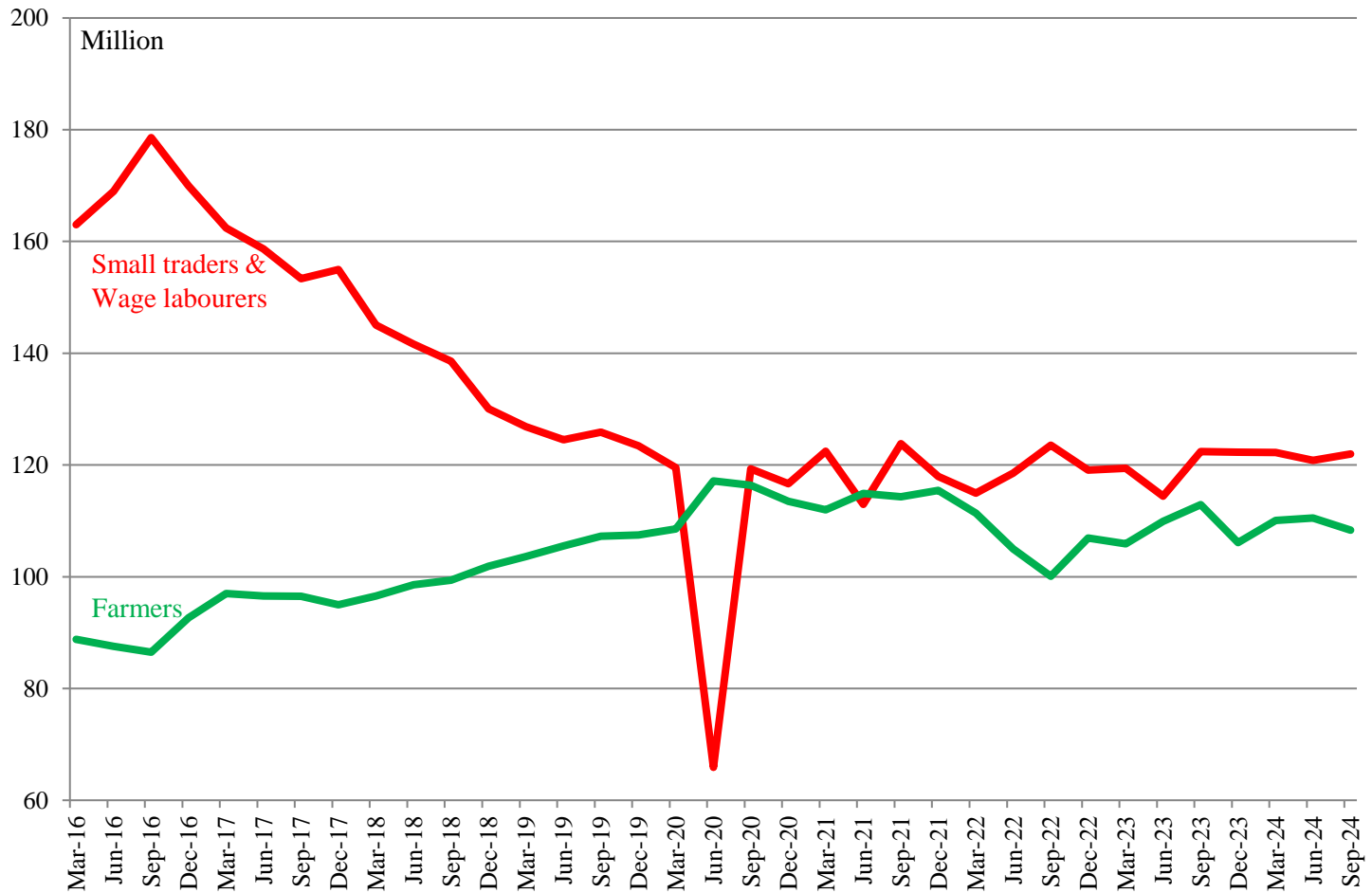
Story 1

Poor Quality Employment Dominates



Story 1

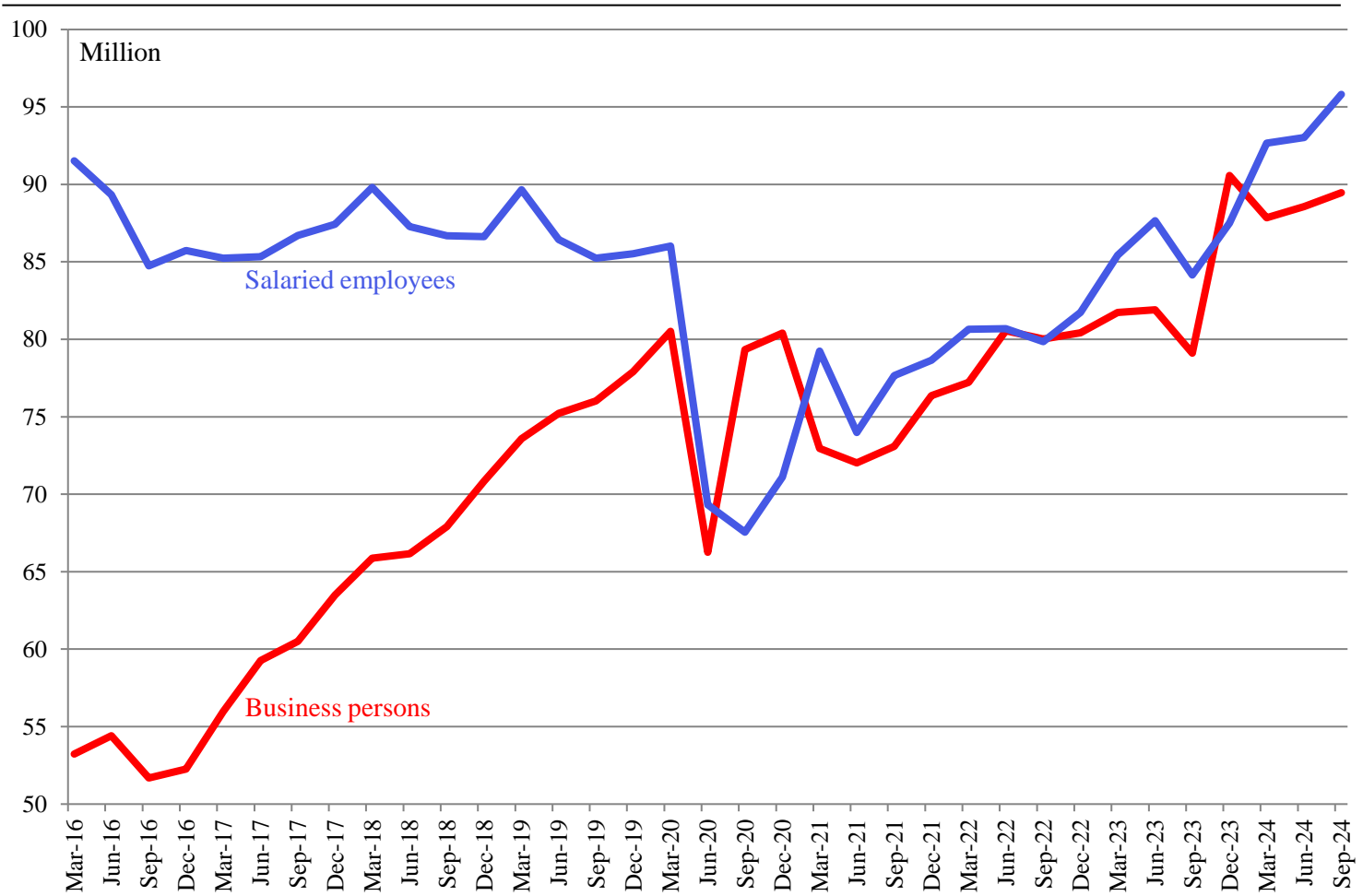
Migration of Labour to Farms Intact



Source: Economic Outlook, CMIE 4 of 24

Story 1

Rise of Entrepreneurship



Source: Economic Outlook, CMIE 5 of 24

Story 1

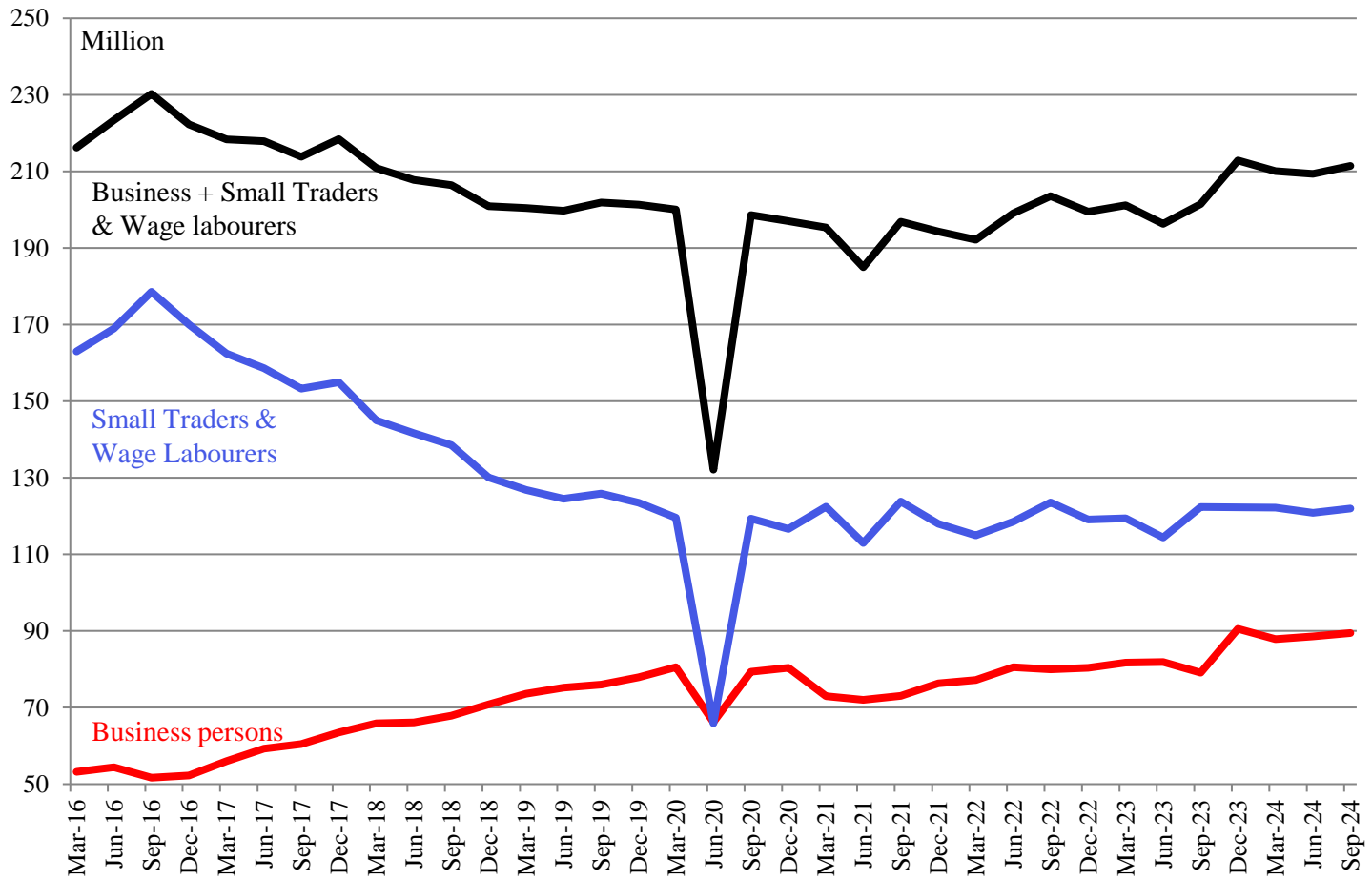
Entrepreneurship Sans Employment



Source: Economic Outlook, CMIE 6 of 24

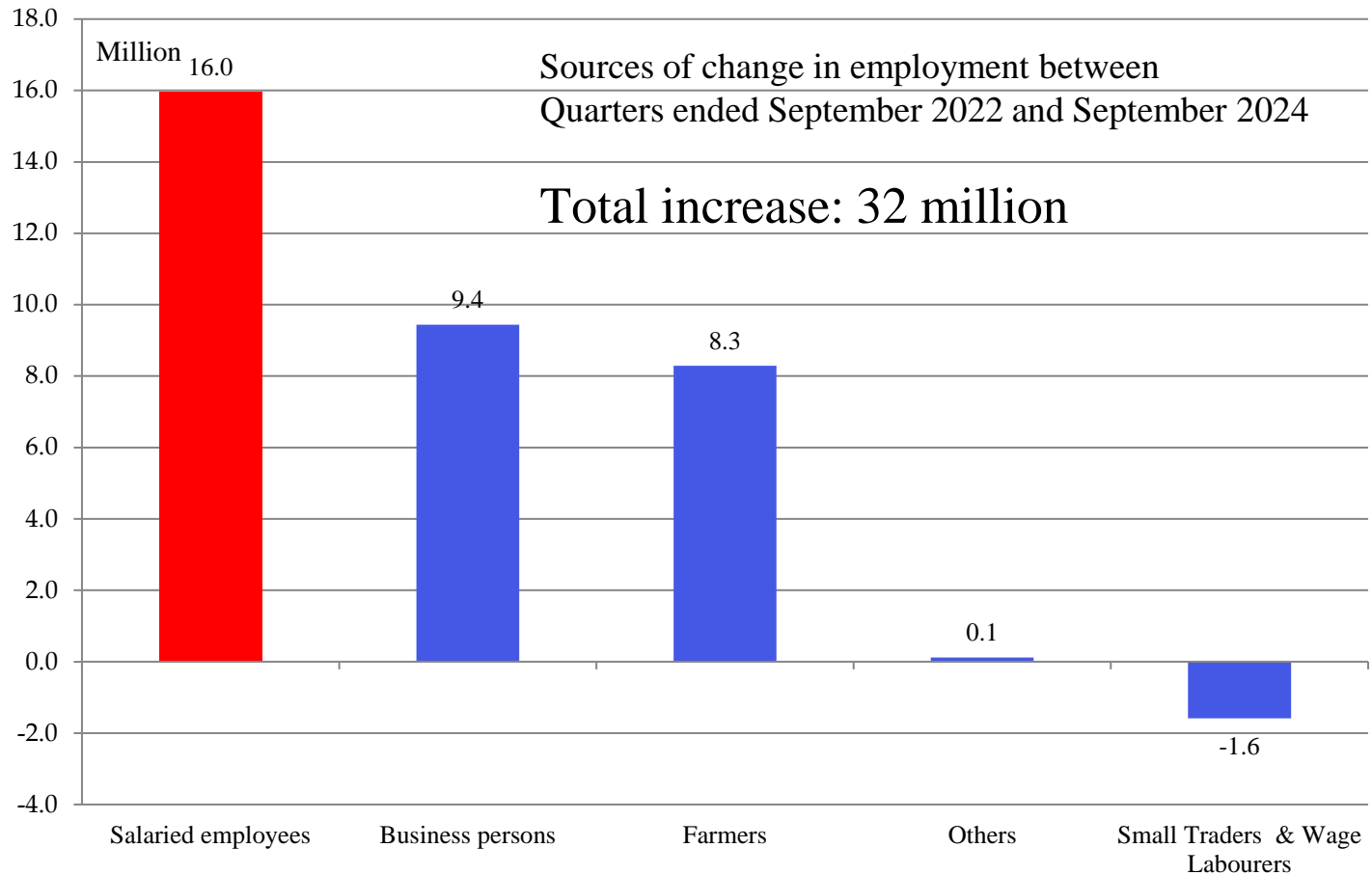
Story 1

Small Trader to Self-employed Entrepreneur



Story 1

Turn Around in Good Quality Jobs

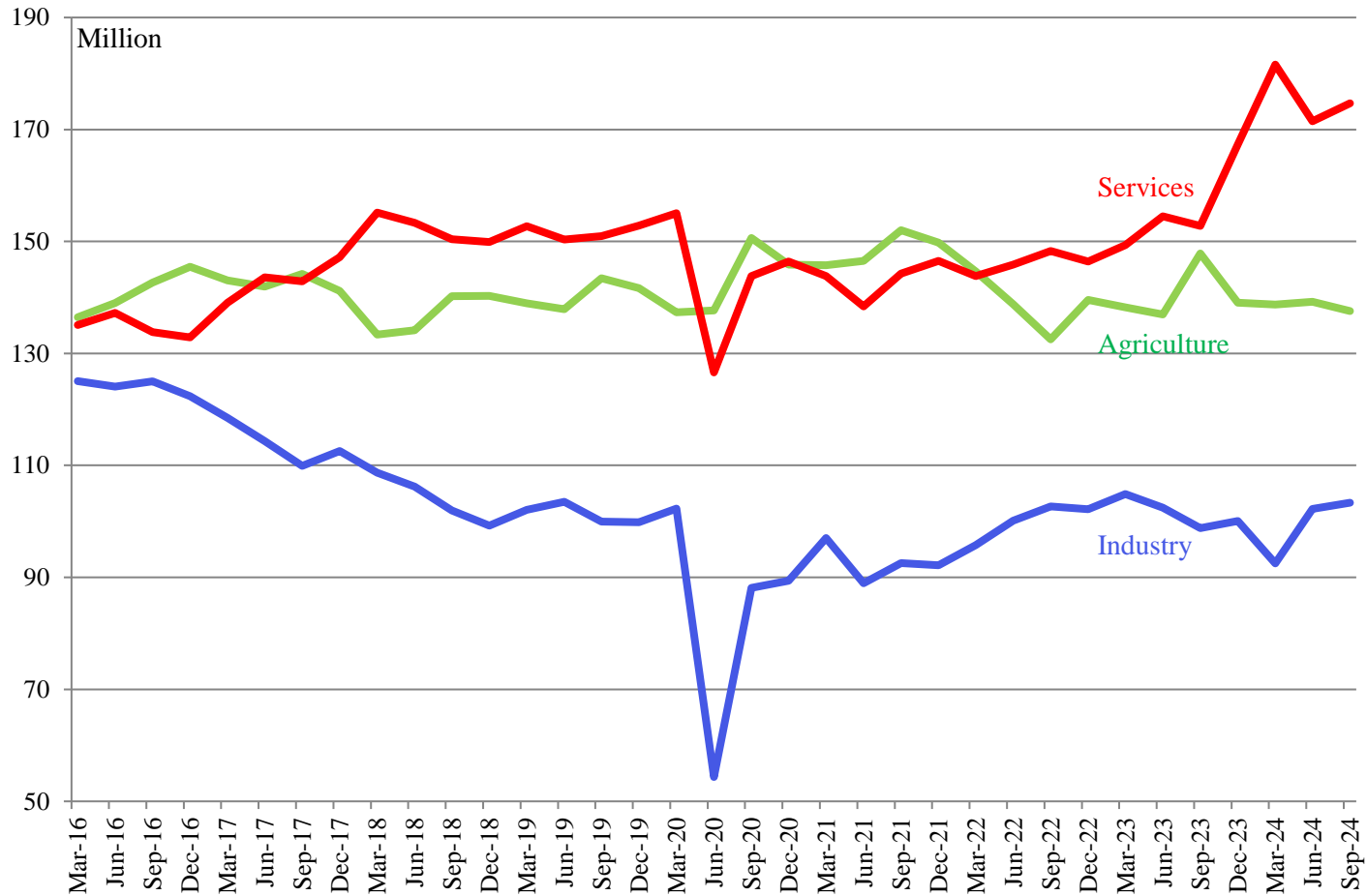


Story - 1

- Demonetisation, GST & Covid drive non-farm labour to farms
Between 2016 and 2020, 25.0 mln increase in farmers
Between 2016 and 2024, 20.6 mln increase in farmers
- Farmers displace agricultural labourers
Between 2016 and 2024 6.6 mln fall in small traders & wage labourers
- MUDRA loans and more helped create small entrepreneurs
Between 2016 and 2024, 36.1 mln increase in entrepreneurs
- New entrepreneurs could not create employment
Between 2016 and 2024, salaried employees / entrepreneur falls 0.6
- But, why did salaried employees increase recently?

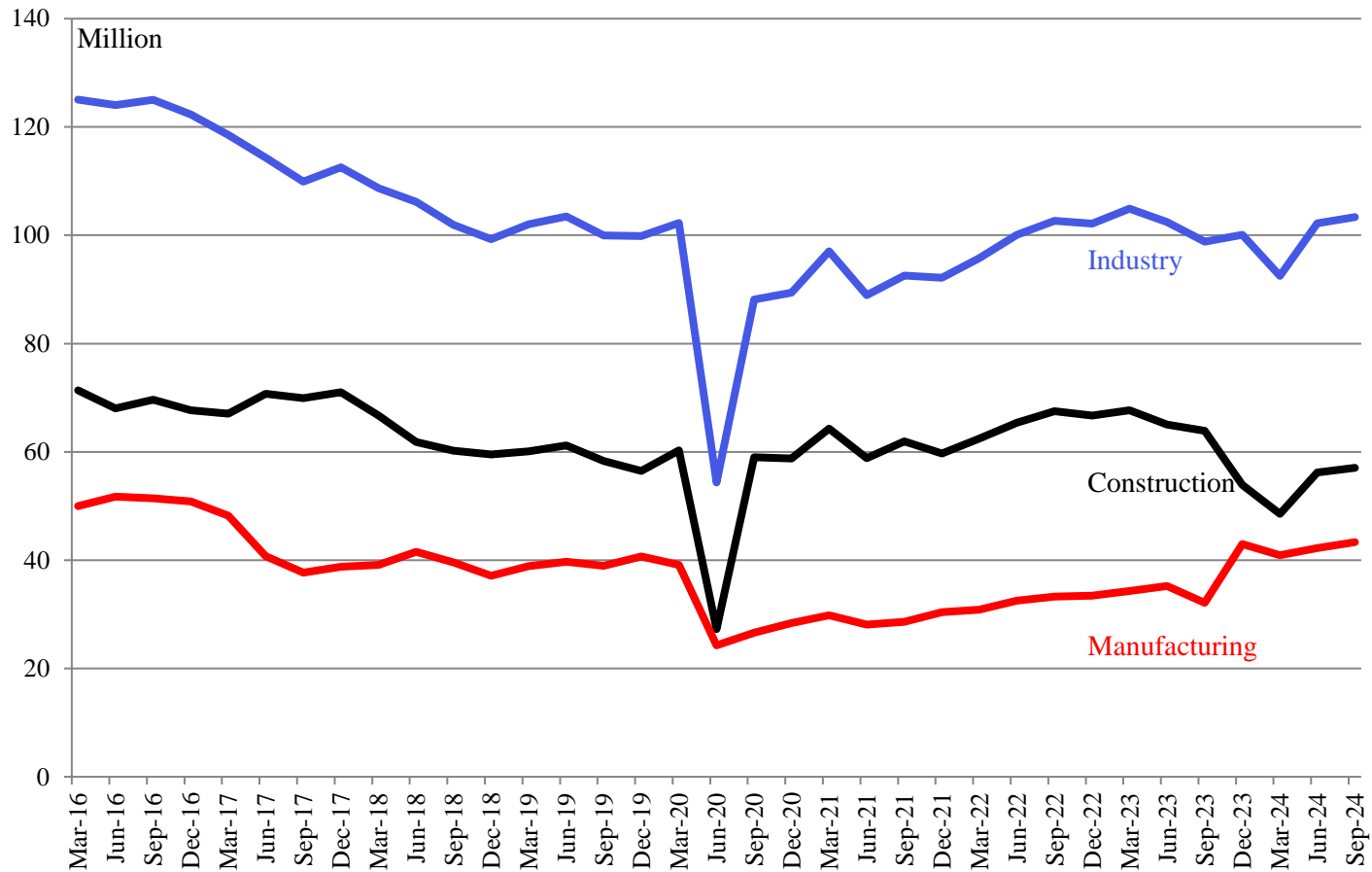
Story 2

Services Leads Turn-around



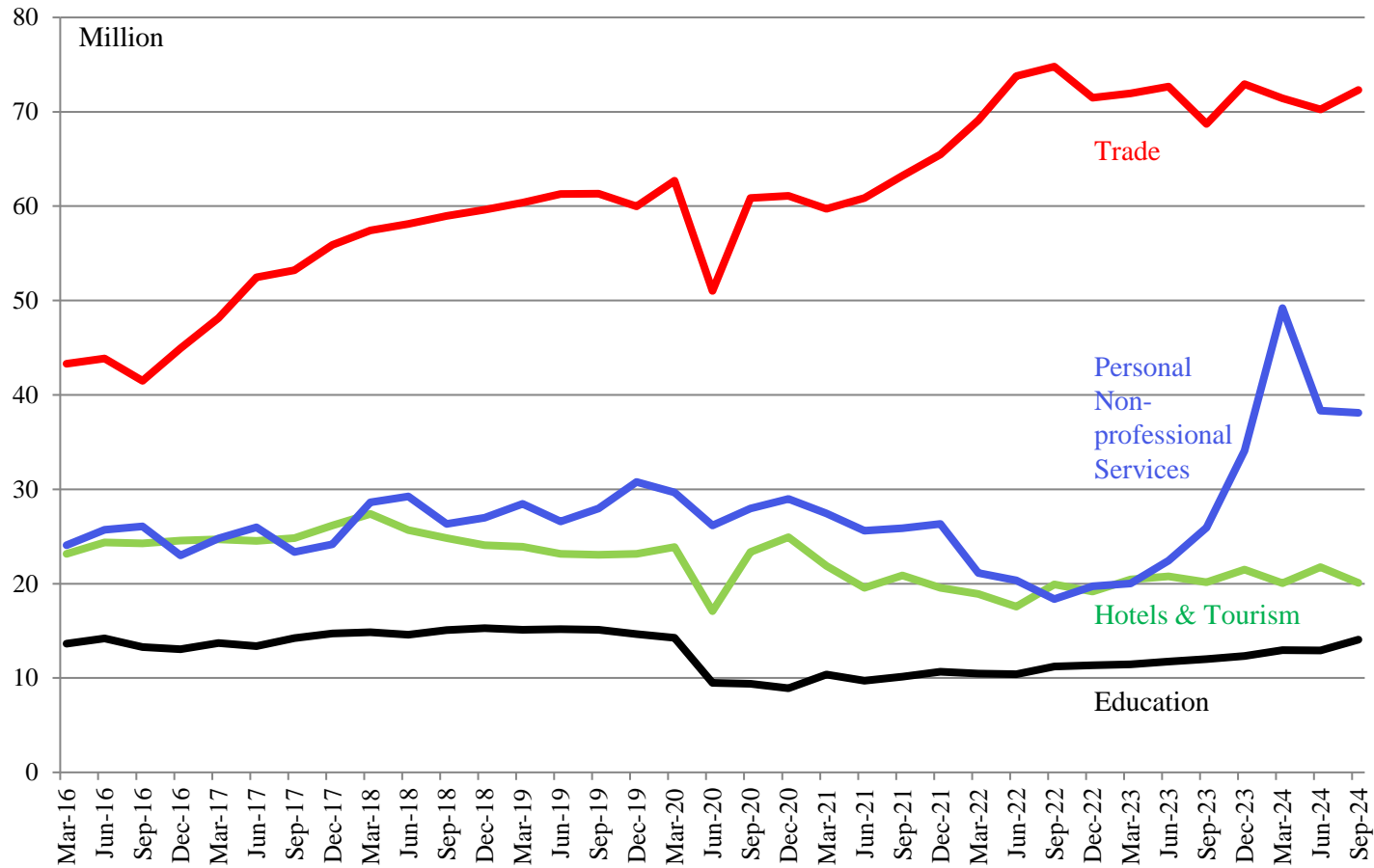
Story 2

Construction Slows Down



Story 2

Personal Non-professional Services



Notes on Services sector employment

– Trade

Includes whole and retail trade; retail trade dominates

Wholesale trade includes people working in mandis and other wholesale markets.

Retail trade includes people working in shops, malls, ration shops, hawkers, florist, petrol pump workers, photo-copying shops, mobile phone shops, pan-bidi shops, etc.

– Personal non-professional services

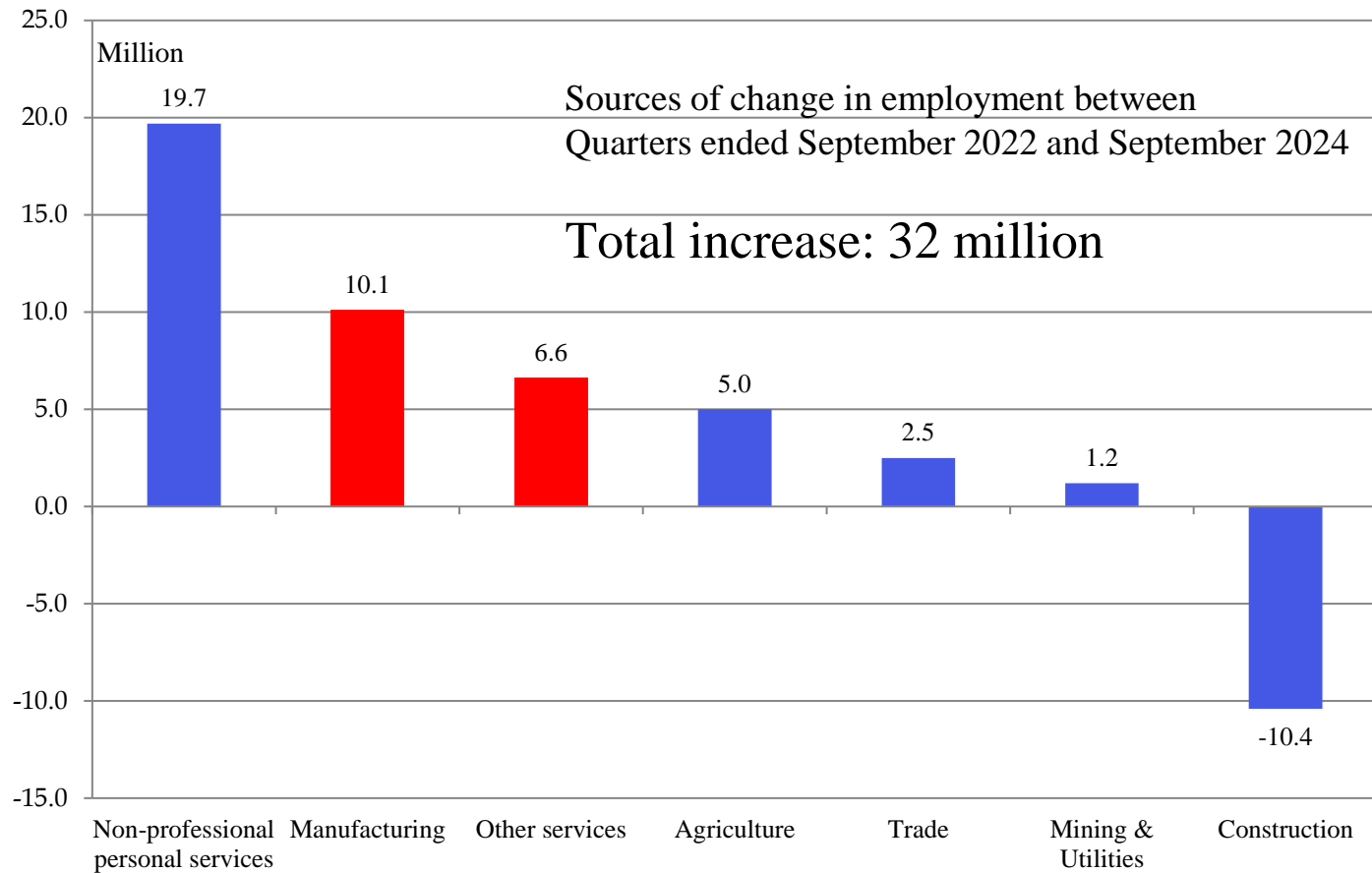
Includes skilled and unskilled non-professional services providers.

Barbers, beauticians, free-lance physical trainers, drivers, handman, roadside cobblers

Domestic help, cooks, dhobi, watchman, newspaper distributor, gardeners, hall decorators, parking charge collectors, beggars, prostitutes

Story 2

Turn Around in Poor Quality Jobs



Story - 2

- **Agriculture employment dropped marginally in 7.5 years**
 - Between 2016 and 2020, 2.0 mln increase in employment in agriculture
 - Between 2016 and 2024, 4.8 mln decrease in employment in agriculture
- **Industry employment dropped sharply in 7.5 years**
 - Between 2016 and 2024, 21.3 mln fall in employment in industry
 - Between 2016 and 2024, 8.2 mln fall in employment in manufacturing
 - Between 2016 and 2024, 12.5 mln fall in employment in construction
- **Services employment increased sharply in 7.5 years**
 - Between 2016 and 2024, 38.3 mln increase in services sectors
 - Between 2016 and 2024, 27.0 mln increase in retail trade
 - Between 2016 and 2024, 13.5 mln increase in personal non-prof services
- **Salaried employees increased mostly because**
 - Employment in retail trade and personal non-prof services increased
 - Both are low-paying jobs

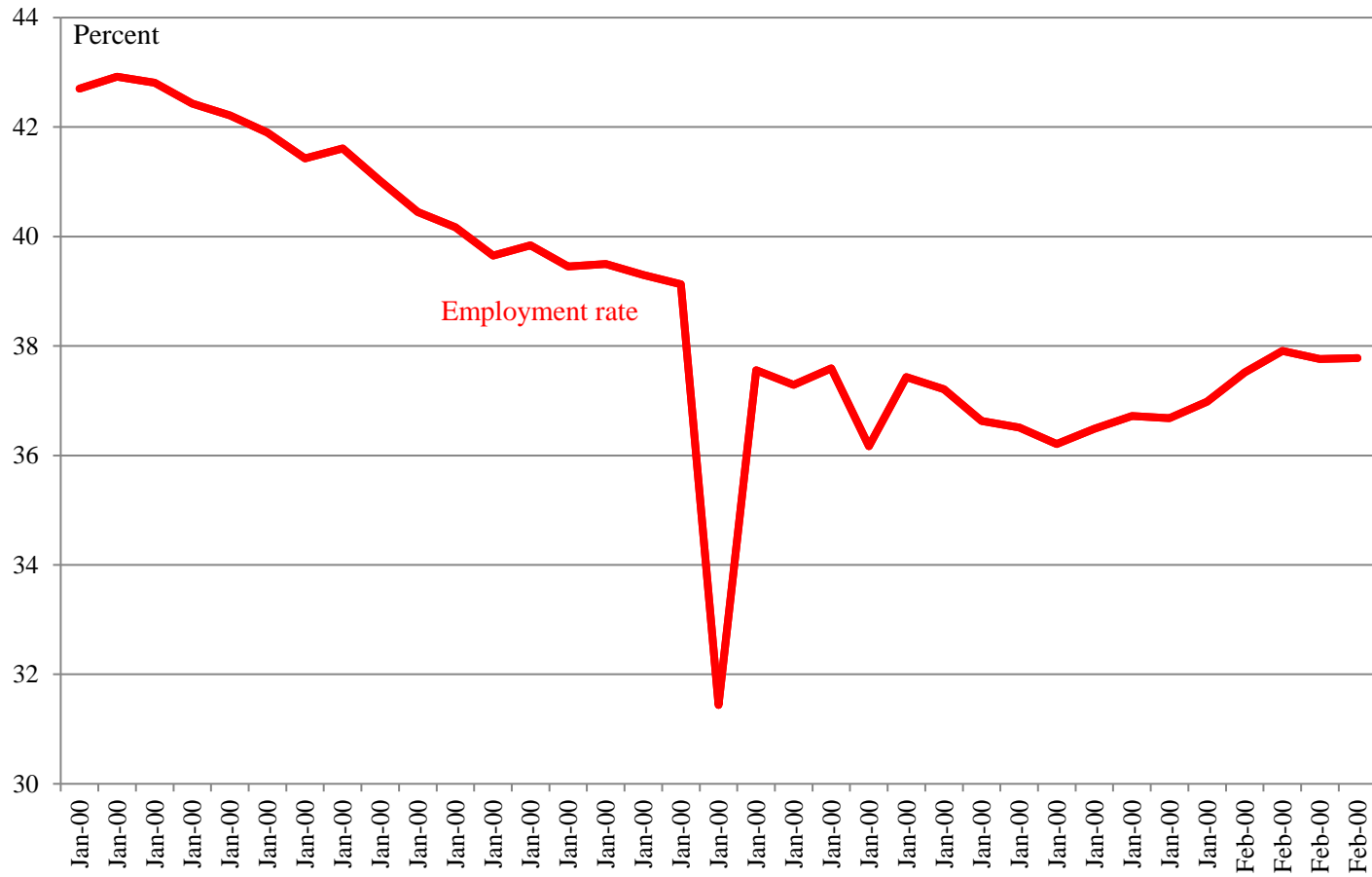
Story 3

Only a Partial Turn-around



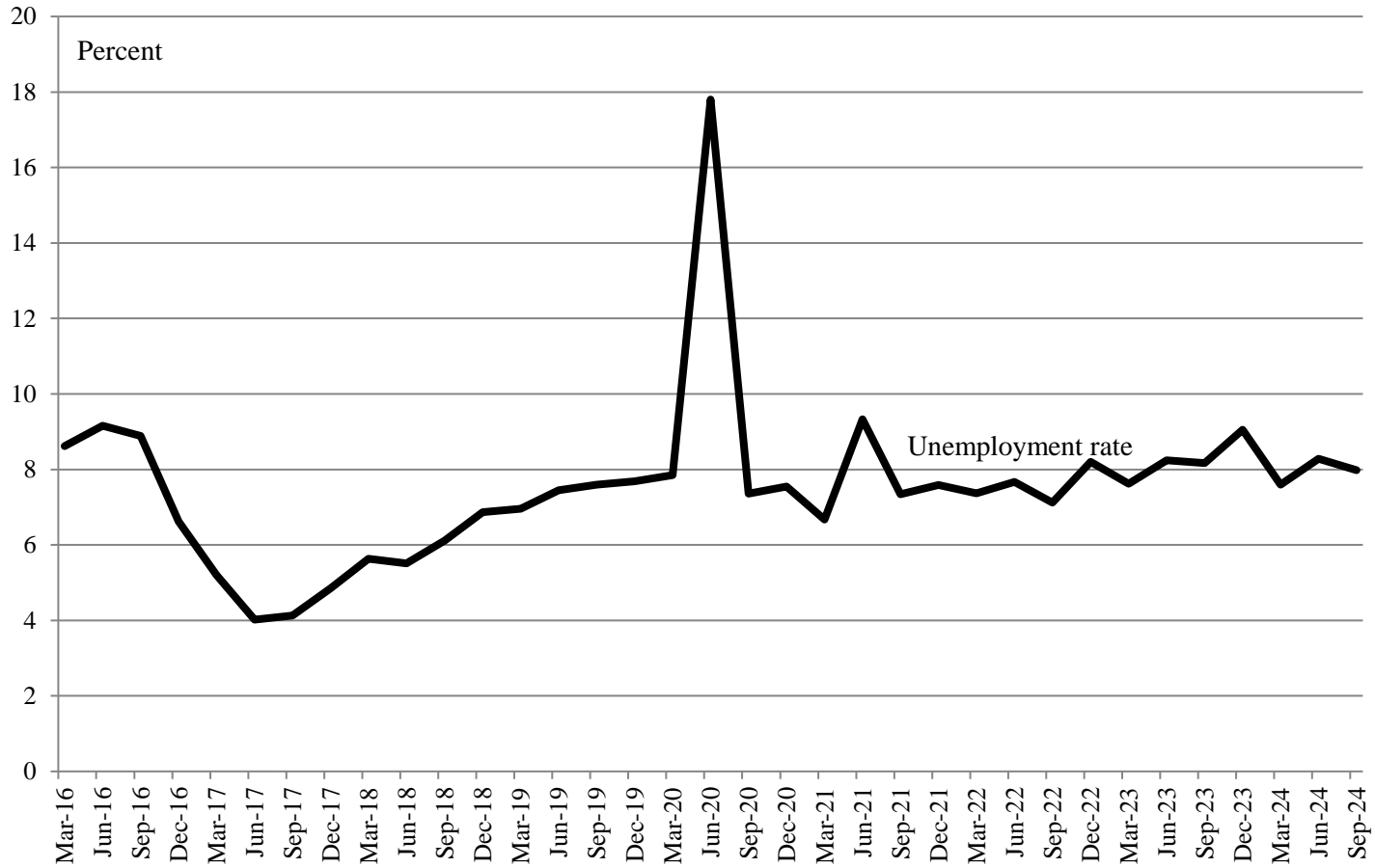
Story 3

Only a Partial Turn-around



Story 3

A High Unemployment Rate

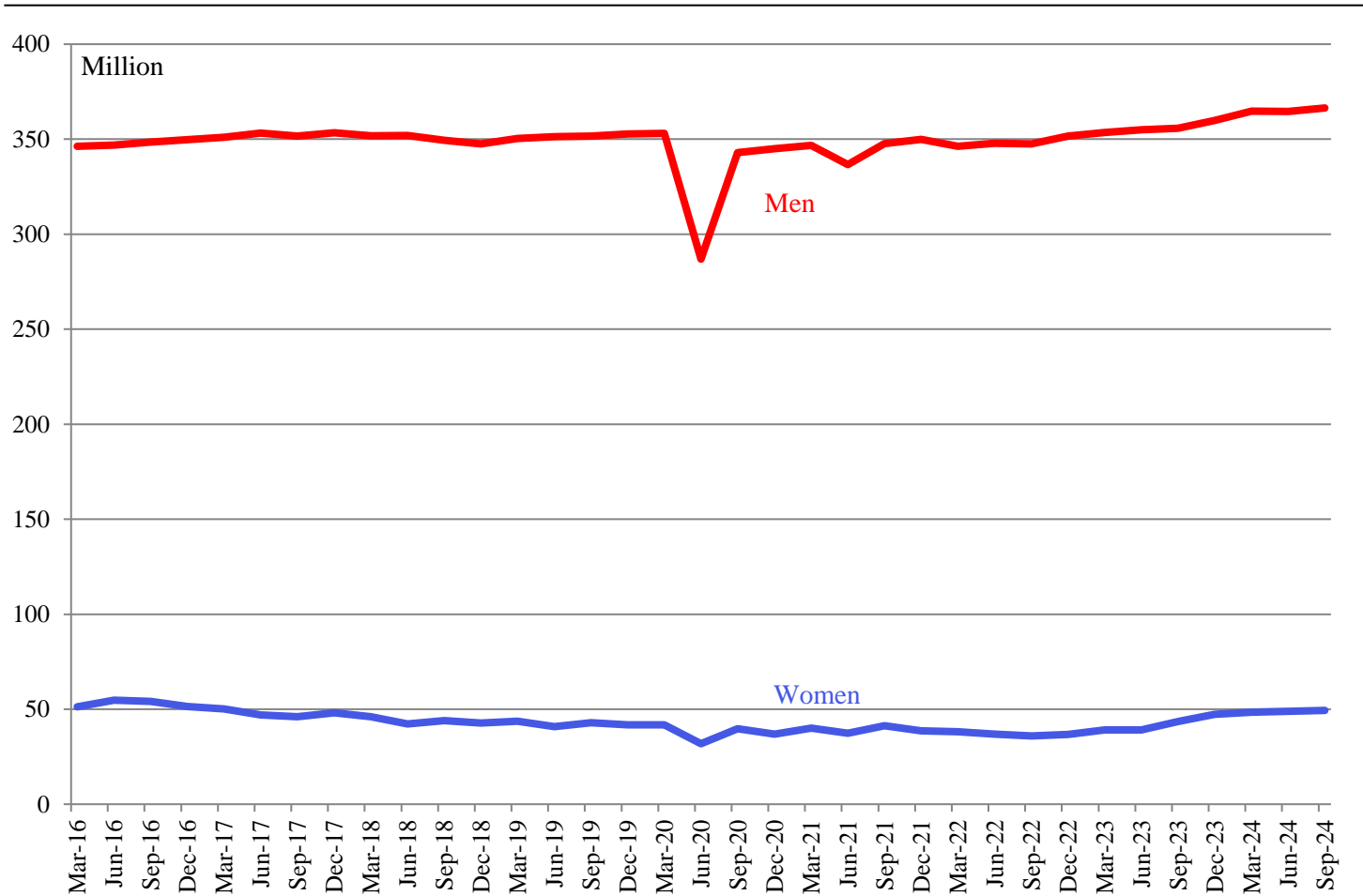


Story - 3

- Labour participation rate has stabilised at a low level
Labour participation rate is down from ~46% to ~43% to ~41% in 2016, 2019 and 2024.
- Employment rate is stabilising at a low level
Employment rate is down from ~42% to ~39% to ~38% in 2016, 2019 and 2024.
- Unemployment rate is stabilising at a high level
Unemployment rate is mostly around 8%

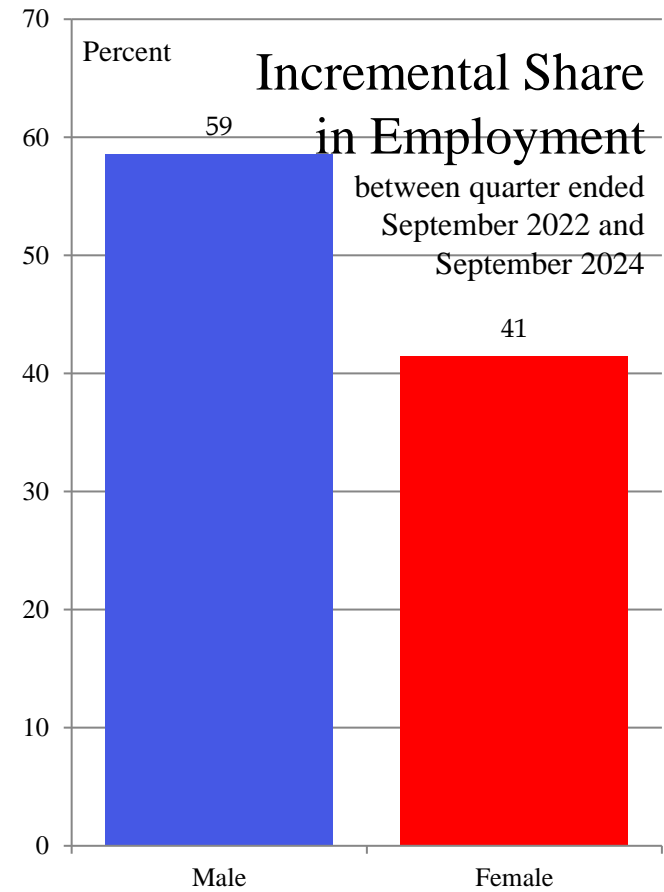
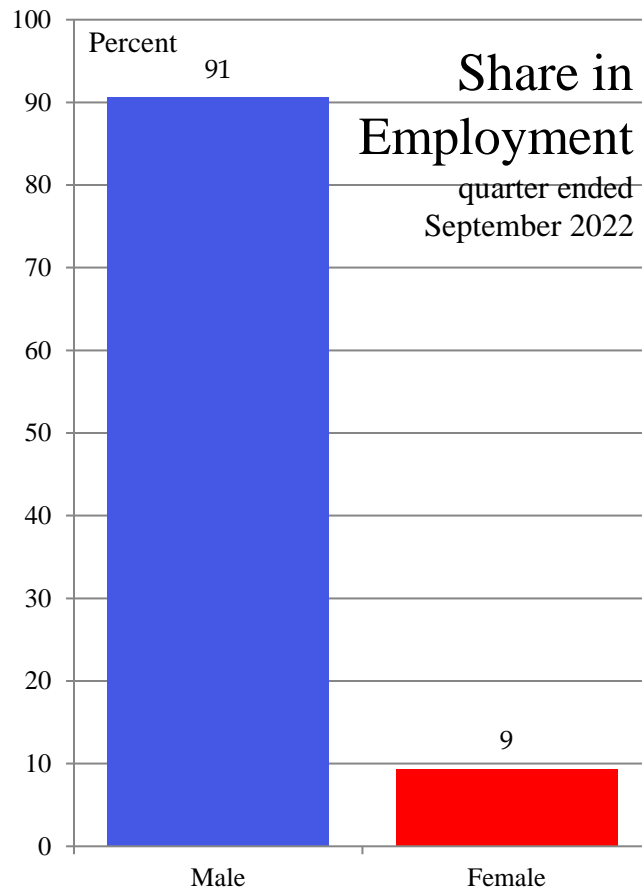
Story 4

The Gender Chasm



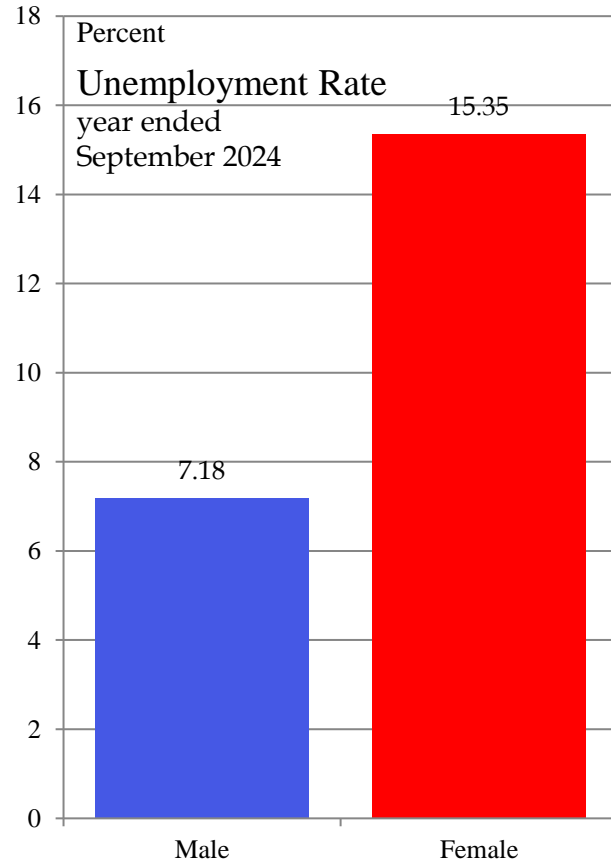
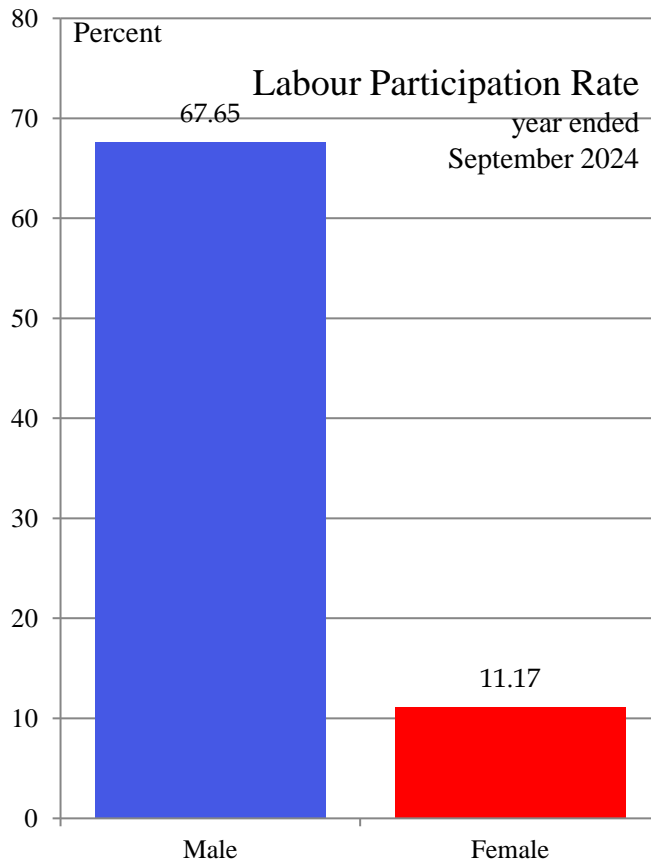
Story 4

A Big Improvement



Story 4

An Unfair Deal



Summary

- Employment was sliding till September 2022; has turned around
- Salaried employment has risen but is of poor quality
- Entrepreneurship has improved but is of poor quality

- Labour participation rate still lower than in 2019
- Employment rate still lower than in 2019
- Unemployment rate is elevated at about 8%

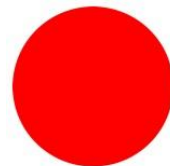
- A big gap between male and female employment
- Female employment has seen a big increase recently
- Female labour continues to face a very unfair deal

Thank You

Mission | Help our clients take informed decisions

Vision | Be the most effective source of economic information & knowledge solutions

Values | Independence | Integrity | Reliability



CMIE

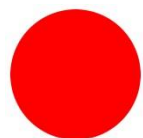
Employment in India

Additional Slides

Mahesh Vyas

EGrow Webinar Series

October 25, 2024



CMIE

Centre for Monitoring Indian Economy Pvt Ltd.

Consumer Pyramids Household Survey



Centre for Monitoring Indian Economy Pvt Ltd.

Consumer Pyramids Household Survey

Consumer Pyramids Household Survey (CPHS) is

- a pan-India household survey
- of a panel of sample households,
- to capture fast-frequency measures of household wellbeing

CPHS is Different

- Continuous survey, not periodic
- Designed for generating fast-frequency measures
- Changes in Panel sample designed for decadal changes
- Urban India is oversampled
- Comprehensive survey on wellbeing
- Employment is defined relatively stringently
- Privately funded.

A Continuous Survey

Consumer Pyramids Household Survey (CPHS) is

- Administered thrice in a year:
 - January 1 - April 30
 - May 1 - August 31
 - September 1 - December 31
- The CPHS never stops
 - Continuous survey since January 1, 2014
 - Survey administered through personal interviews at households
 - Survey was administered telephonically during the Lockdown
 - Interviews conducted every day by a plan
 - Supervision, validation & acceptance on day of interview or +1
 - Estimations every day.

A Survey for Fast Frequency Data

- Interviews planned & data collected by a daily plan
- Data collection is 100% on Mobile App from Day 1
- Data 100% checked by Supervisors in near-real time
- ~1,000 households interviewed per day
- End-of-Day Data Accepted available for immediate use
- No post-hoc removal of outliers
- Enables weekly & monthly estimates

Changes in Panel Sample

- Different because CPHS is a Panel sample survey
- Changes because of initial problems in Gujrat & Kerala
- Expansions into Tripura, Meghalaya & Sikkim
- Expansions to cover larger rural sample
- Recent corrections for missing poor households in rural Jharkhand & south Chhattisgarh & for missing children
- Changes warranted by lack of Population Census
- Rolling 5-year panel sample from 2024

Urban Sample is Oversampled

CPHS over-samples urban households

- Urban India merits a larger sample
- Over-sampling compensated by appropriate weights
- Weights generated by projecting population
- Population projections temporally & spatially granular
- Enables temporal & spatial granularity of estimates
- Weights provided to all users of raw CPHS data

Comprehensive Survey on Wellbeing

Wave-wise snapshots

- Demography
- Education & Employment
- Assets & Liabilities
- 4-monthly snapshots by interviewing every 4 months

Monthly time-series

- Individual incomes
- Household incomes
- Consumption expenditure
- Achieved by asking past 4 months data every 4 months

Employment is Defined Stringently

- A person who is engaged in an economic activity for wages or profits on the day of the interview (or previous day, if the day's status is unclear) is considered employed.
- Paid or unpaid holidays/leaves are employed-days if continuity of employment is reasonably assured.
- Full-time work on family business is considered employed even no wages are paid or no profits shared in cash, if the returns from the business are well shared within a joint family. Eg husband and wife running a farm fulltime together or two brothers running a shop fulltime together.
- Business person who receives no wages but receives only profits (or incurs losses) is also considered employed.
- Part-time family labour for no wages or profits is not employment.
- Employment for only one hour in a week does not justify assigning the “employment” status to the person.

Employment is Defined Differently

- The reference period for the Economic Activity Status is of a Day and not a 7-day period. The Status is therefore unambiguous.
- The unambiguous Status removes the arbitrary priority assigned to employment status in the 7-day reference period case.
- Unemployed has two flavours in CPHS -
Unemployed willing and actively looking for employment
Unemployed willing but not actively looking for employment
- Occupation is independent of employment.
- Occupation covers economic and non-economic activities.
- Employment / Unemployment Status is marked independent of occupation. This enables a student to be employed as well.
- Employment is marked independent of wage earning. It is rare but possible to find people who were employed but did not get wages.

Funding for Independence

Consumer Pyramids Household Survey (CPHS) is

- Financed entirely internally by CMIE
- The employment module was sponsored briefly by BSE
- No sponsors for 8 of 10+ years of CPHS
- CPHS is partly financed through annual subscriptions
- 90% of subscriptions are from academic institutions
- Other services of CMIE cross-subsidise CPHS

Survey Design, Sampling & Execution



Centre for Monitoring Indian Economy Pvt Ltd.

Survey Design

Creation of Homogeneous Regions and Selection of Villages

– Homogeneous Regions

- Neighbouring districts of similar agro-climatic conditions, urbanisation & female literacy
- Within each Homogeneous Region two broad strata were formed – rural and urban

– Villages (Rural Primary Sampling Units (PSUs))

- From each rural region of each Homogeneous Region, villages were selected through a Simple Random Selection process
- 2,975 villages were selected in January 2014; increased later.
- Current sample comprises 3,965 villages

Sample Towns

Selection of Towns & Census Enumeration Blocks

– Stratification of towns within HRs

- Stratification because the variance of indicators within towns is very high – Gurgaon and Rewari are in the same HR; Bangalore and Kolar are in the same HR;
- Four urban strata based on town size as per 2011 Census
 1. Very large towns that had more than 200,000 households.
 2. Large towns that had between 60,000 and 200,000 households.
 3. Medium sized households that had between 20,000 and 60,000 households
 4. Those with less than 20,000 households were the small towns.

– Towns

- From each urban strata of each Homogeneous Region, towns were selected through a Simple Random Selection process.
- 318 towns selected in January 2014; increased to 328.

– Census Enumeration Blocks (Urban PSUs)

- 21 CEBs selected per selected Town by Simple Random Sampling
- 7,706 CEBs selected in January 2014; increased to 8,181.

From PSUs to USUs

Selection of Ultimate Sampling Units (USUs, households)

- No Stratification of PSUs
 - CPHS is not particularly purposive (unlike PLFS or CES)
 - Enumeration of all households was not practical
- Method of selecting households
 - Systematic Random Sampling
 - Senior team sent to PSUs (in 2013) to build the sample
 - Enter PSU from East, else North, else West, else South
 - Accept a Random Number, N from Head Office
 - Select Nth household alternately from left and right of street
 - Continue till selection of 8 households from PSU

CPHS Sample Size & Its Distribution

State	Urban Sample			Rural Sample		Total Sample
	Towns	CEBs	Households	Villages	Households	Households
Andhra Pradesh	15	428	6,208	191	3,056	9,264
Assam	4	92	1,179	36	576	1,755
Bihar	16	369	5,078	269	4,304	9,382
Chandigarh	1	37	456	0	0	456
Chhattisgarh	9	202	2,864	121	1,935	4,799
Delhi	1	81	880	31	495	1,375
Goa	2	41	648	26	416	1,064
Gujarat	18	430	5,658	213	3,408	9,066
Haryana	12	294	4,210	104	1,664	5,874
Himachal Pradesh	2	45	640	40	640	1,280
Jammu & Kashmir	4	81	1,228	85	1,360	2,588
Jharkhand	8	187	2,534	136	2,176	4,710
Karnataka	17	495	7,173	211	3,376	10,549
Kerala	10	228	3,362	89	1,424	4,786
Madhya Pradesh	17	382	5,232	248	3,968	9,200
Maharashtra	37	929	13,626	388	6,208	19,834
Meghalaya	1	21	336	44	704	1,040
Odisha	12	258	3,737	189	3,024	6,761
Puducherry	3	65	980	31	496	1,476
Punjab	12	314	4,472	143	2,288	6,760
Rajasthan	21	495	7,270	247	3,952	11,222
Sikkim	1	21	336	30	480	816
Tamil Nadu	21	546	7,674	204	3,264	10,938
Telangana	10	336	4,598	113	1,808	6,406
Tripura	2	49	728	29	464	1,192
Uttar Pradesh	45	1,118	15,909	477	7,631	23,540
Uttarakhand	4	85	1,242	50	800	2,042
West Bengal	23	552	6,989	220	3,513	10,502
India	328	8,181	115,247	3,965	63,430	178,677

Uniform Execution of CPHS over Time

Month Slot	Week Slot	Rural Sample		Urban Sample		Total Sample	
		Nos	(%)	Nos	(%)	Nos	(%)
1	1	3,920	25.28	6,856	24.01	10,776	24.46
	2	3,904	25.18	7,162	25.08	11,066	25.12
	3	3,856	24.87	7,357	25.77	11,213	25.45
	4	3,824	24.66	7,178	25.14	11,002	24.97
Month 1	Weeks 1-4	15,504	24.44	28,553	24.78	44,057	24.66
2	5	3,840	24.93	7,012	24.52	10,852	24.66
	6	4,080	26.48	7,197	25.17	11,277	25.63
	7	3,695	23.98	7,323	25.61	11,018	25.04
	8	3,791	24.61	7,062	24.7	10,853	24.67
Month 2	Weeks 5-8	15,406	24.29	28,594	24.81	44,000	24.63
3	9	3,776	23.19	7,098	24.64	10,874	24.12
	10	4,141	25.44	7,342	25.49	11,483	25.47
	11	3,999	24.56	7,348	25.51	11,347	25.17
	12	4,364	26.81	7,015	24.36	11,379	25.24
Month 3	Weeks 9-12	16,280	25.67	28,803	24.99	45,083	25.23
4	13	4,144	25.52	7,243	24.72	11,387	25.01
	14	3,952	24.33	7,666	26.17	11,618	25.51
	15	4,048	24.93	7,496	25.59	11,544	25.35
	16	4,096	25.22	6,892	23.53	10,988	24.13
Month 4	Weeks 13-16	16,240	25.6	29,297	25.42	45,537	25.49
4 Months	16 Weeks	63,430	100	115,247	100	178,677	100

1 Week = 7 days or 8 days depending upon the month

16-Week Distribution of the Sample

	Monthly Slot1				Monthly Slot2				Monthly Slot3				Monthly Slot4			
	W1	W2	W3	W4	W5	W6	W7	W8	W9	W10	W11	W12	W13	W14	W15	W16
Round1	January				February				March				April			
Round2	May				June				July				August			
Round3	September				October				November				December			
Weekly Sample	10,776	11,066	11,213	11,002	10,852	11,277	11,018	10,853	10,874	11,483	11,347	11,379	11,387	11,618	11,544	10,988
Monthly	44,057				44,000				45,083				45,537			

Geographical Spread

Consumer Pyramids Household Survey (CPHS) is

- Administered by 24 offices across India
 - Srinagar, Chandigarh, Rohtak, Delhi, Agra, Jaipur
 - Lucknow, Patna, Ranchi, Kolkata, Guwahati, Bhubaneswar
 - Mumbai, Pune, Goa, Nagpur, Ahmadabad, Indore, Raipur
 - Bangalore, Hyderabad, Chennai, Madurai, Kochi
- Administered across the country, except in
 - Arunachal Pradesh, Nagaland, Manipur, Mizoram
 - Andaman & Nicobar Islands, Lakshadweep, Dadra & Nagar Haveli and Diu & Daman

Survey Execution Human Resources

Approach

- No external agencies involved
- Focus on building internal capabilities for long run.

Core Execution Team

- ~275 interviewers
full-time engagement; paid per successful interview
- ~100 supervisors
regular CMIE employees
- ~25 managers
regular CMIE employees

Core team supported by CMIE research and IT teams

100% Digital

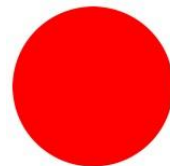
- Entirely internally developed and managed
- Database management systems are internal
- Mobile App development is 100% internal
- Supervisory App development is 100% internal
- Financial settlements are digital, internally developed
- Weekly financial settlements with no intermediaries
- Direct Bank Transfers – No Paper, No Cash.

Thank You

Mission | Help our clients take informed decisions

Vision | Be the most effective source of economic information & knowledge solutions

Values | Independence | Integrity | Reliability



CMIE