



# World of Work 2009

## Snapshot of India

### *India has fared the crisis relatively well...*

- The growth in the Indian economy experienced a modest slowdown in the wake of the current financial crisis, but has recovered in the third quarter.
- The most recent survey results show that employment has increased by 500,000 in some key sectors in the third quarter 2009, after a decline of 130,000 in the first quarter.
- Though remittances have remained stable so far, at around \$52 billion or 4% of GDP in 2008-09, the effects could be felt with a lag. For example, workers who lose their jobs abroad and return home tend to bring in accumulated savings –a once and for all effect.
- Active countercyclical monetary and fiscal policies have played a strong role in the recovery, which commenced in the second quarter of 2009.
  - This includes, credit support for small producers and increased allocations for the National Rural Employment Guarantee Scheme (NREGA).
  - Additionally, the Rajiv Gandhi Shramik Kalyan Yojana (unemployment allowance and upgrading of skills) for targeted groups was extended to meet the special needs during the crisis.

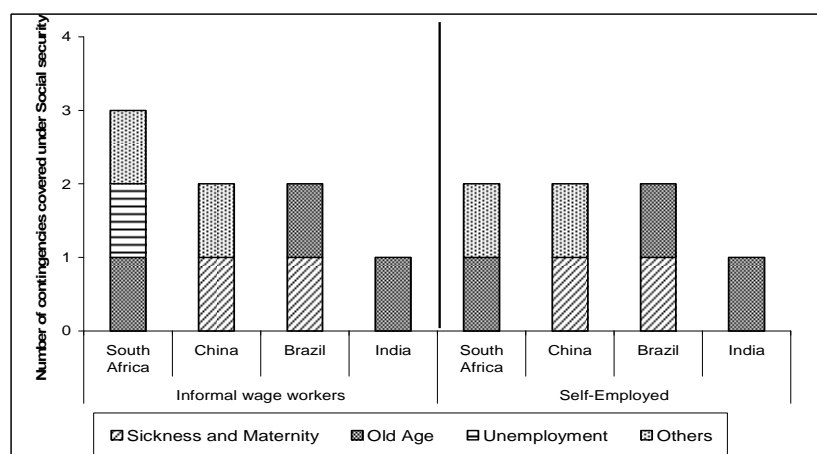
### *... but still faces significant employment and social deficits, aggravated by the crisis*

- The slowdown in the economy has had an adverse impact on the quality of employment that could further increase informal employment, which currently stands at 93% of the workforce.
- The most recent survey results provide evidence that in some of the high growth industries the new jobs created are of a contractual and casual nature without security of employment and social protection. Additionally, the overall earnings of workers have declined by 1.3% in the second quarter of 2009.
- There are provisions for a number of programmes such as the Rashtriya Swasthya Bima Yojana (National Health Insurance Scheme) and Aam Aadmi Bima Yojana (People's Insurance Scheme) for certain targeted groups. Yet, basic social protection in India remains weaker than in other emerging economies (see figure 1):
  - In India, there is no provision other than means tested pension for old age and widows for informal wage workers.
  - The only social security provision for self-employed workers is widows pension, while other emerging economies have other social security provisions like, disability, means tested family allowance or sickness and maternity benefits.

**The challenge for policy makers is to bring about synchronized reforms in both the real and financial sector, inspired by the Global Jobs Pact**

- For the financial sector to fully serve the needs of the real sector there is a need to address several inadequacies in the financial system ranging from the credit culture to financial exclusion and poor services:
  - *Investments in infrastructure projects and agricultural development:* this not only creates employment in the short-run but can resolve under-employment in the long-run.
  - *Continued support for SME lending:* Priority sector lending to agriculture and small producers would enable both an increase in productivity and ensure productive employment.
  - *Increased allocation for NREGA:* Efforts could be made to extend to program urban areas, which can help address under-employment.
- The majority of the workers do not have adequate social security. The Unorganized Workers Social Security Act passed in 2009 can be used as a vehicle to provide minimum social safety nets for all, which would be especially beneficial during times of crisis.
- Although the *World of Work Report 2009* finds that employment in high carbon intensive industries is relatively low in India (15%) compared to other economies, measures to increase energy efficiency would prove beneficial for supporting more productive and greener employment opportunities.

**Figure 1. Emerging economies having social security provisions for informal wage and self-employed workers**



SOURCE: ILS estimates

*World of Work 2009: The Global Jobs Crisis and Beyond* is available at ([www.ilo.org/INST](http://www.ilo.org/INST)). For further comment, journalists are invited to contact Uma Rani (tel +41 22 799 7521; email [amara@ilo.org](mailto:amara@ilo.org)) or Raymond Torres (tel: +41 22 799 7908; email: [torres@ilo.org](mailto:torres@ilo.org)), Director of the ILO's International Institute for Labour Studies.