



**Ulandssekretariatet**  
LO/FTF Council

Danish Trade Union  
Council for International  
Development Cooperation

# India

## Labour Market Profile

### 2014

*This Labour Market Profile is a yearly updated report that provides a broad overview of the labour market's situation and development. The report is based on the latest data available and following trends. Each section has also accesses to the sources' links that can be used to go more in-depth on selected themes.*



# India – Labour Market Profile 2014

## Executive Summary

Over the last decade India has entered the world's stage as a major economic power, with growth rates averaging 8% and a capital formation boom in 2004-2008. Millions have been lifted out of poverty and job creation is high. However, since 2011 the economic growth slowed down, reached to a decade low on 3.2% in 2013.

Enforcement of labor law varies from state to state and from sector to sector. The enforcement is generally better in the larger, organized sector industries. It is noteworthy that in recent years several legislations have improved unorganized workers in social security schemes and livelihood rights of street vendors.

There are large regional differences in the Indian labour market. Regional unemployment rates, for example, varied from 0.3% in Mizoram to 20% in Lakshadweep. The labour market is also highly segmented along gender and caste lines. The scheduled castes and tribes, which have historically disadvantaged people recognized in the Constitution of India, occupy worse jobs and are more vulnerable on the labour market in terms of earnings and job security. Only close to three out of ten women participate on the labour market, which is quite low, and those who do are rarely in formal waged employment.

India has a high share of informal employment at 93%. It has remained stable during the last decade. The informal economy is actively changing among gender lines. Short term contracted and casual forms of employment have grown fast, and continually undermine workers bargaining power.

The trade union movement is no longer solely a movement for advancing claims of rights, but carries out technical assistance to the members and participate in dialogue. The movement is split along

party lines and many trade union centres exists. The increasing informalization of work and increased labour flexibility employment challenge the trade unions' membership as well as erosion of social security. A trade union density has been estimated as 9.7% of the total labour force. It is also registered that the membership of Self-Employed Women's Association (SEWA) movement is under a significant growth, increasing 30% in the period 2010 to 2014.

Several strikes happened over the year and there is an active case at the International Labour Organization's (ILO) Complaints Procedure.

The period 2000 and 2012 created jobs by a growth of 2% per year: Agricultural employment has practically not grown in these thirteen years; manufacturing jobs have grown by just an annually 4% while the industry sector declines. The service sector is showing high growth, but the bulk is in retail trade, construction and personal services, which are transitory, low-paying, and tough jobs.

India will soon have the largest and youngest workforce the world has ever seen. Despite its demographic dividend and increased education levels, India faces youth unemployment as a major challenge for the labour market. A new National Youth Policy was presented in 2014 and all government departments have been required to make an effort to ensure youth mainstreaming across sectors and policy areas.

There is a high demand-supply skill gap in India, e.g. the secondary and tertiary education systems are not producing graduates with the skills needed by industry. With a ratio of vocational students to 15-24 year olds at 0.3% it is lower than the average for South Asian countries.

## Contents

<b>Trade Unions</b> .....	<b>4</b>
Trade Unions in India.....	5
<b>Employers' Organisations</b> .....	<b>6</b>
<b>Central Tripartite Structures</b> .....	<b>6</b>
<b>National Labour Legislation</b> .....	<b>7</b>
<b>ILO Conventions</b> .....	<b>8</b>
<b>Trade Union Rights Violations</b> .....	<b>9</b>
<b>Working Conditions</b> .....	<b>10</b>
<b>Workforce</b> .....	<b>11</b>
Unemployment and underemployment .....	12
Sectoral employment .....	13
Migration .....	14
Informal Economy .....	14
Child Labour.....	15
Gender .....	15
Youth .....	15
<b>Characteristics of the Working Age Population</b> .....	<b>16</b>
Vocational training .....	17
<b>Social Protection</b> .....	<b>18</b>
<b>General Economic Performance</b> .....	<b>19</b>
<b>Trade</b> .....	<b>20</b>
Trade agreements .....	20
Export Processing Zones (EPZ).....	20
<b>References</b> .....	<b>21</b>

## Trade Unions

Trade unions in India (2013)	
Number of trade unions	N/A
Dues (median) (INTUC)	Rs 5
Members of trade unions	46,628,724
Trade union members share of labour force	9.7 %
Trade union members to waged workers	38 %
Female member share of trade unions	N/A
Members of affiliated trade unions from the informal economy (SEWA)	1,919,676
Number of CBAs	N/A
Workers covered by CBAs	N/A
Share of workers covered by CBA	N/A
Labour force (2013)	484,653,000

Trade union movement has been present in India for more than a century. The membership growth and coverage has increased. Today, almost 47 million workers are member of trade unions, which equals 9.7% of the share of the labour force. Trade unions take in workers in both the formal and informal sectors. In addition, the movement has well-developed structures both industry-wise and geographically.

The Trade Union Act provides for the rights to form and join unions and bargain collectively. There is no legal obligation for employers to recognize a union or engage in collective bargaining, though. The law prohibits antiunion discrimination and retribution for involvement in legal strikes, and provides for reinstatement of employees fired for union activity.<sup>1</sup>

India has over 19 trade union centres. Although they are independent of the government, four of the five major federations were associated with major political parties. An estimated 80% of unionized workers are affiliated with one of the five major trade union federations. The major centres are:

### All India Trade Union Congress (AITUC)<sup>2</sup>

AITUC is the oldest federation, established in 1920. It represents around 7.5 million workers. The unions affiliated to AITUC are from textile, engineering, coal, steel, road transport, electricity board and of unorganised sector such as *beedi*, construction and head-load workers, *anganwadi*, local bodies and handloom. Recently, a number of agriculture workers' unions have affiliated themselves to AITUC. It is

headed by General Secretary, Mr. Gurudas Dasgupta. AITUC is affiliated with the communist party.

### All India State Government Employees' Federation (AISGEF)<sup>3</sup>

AISGEF is essentially a trade union centre representing 7 million state employees and teachers from 25 states in India, with International Affiliation to Trade Union International of Public & Allied Employees. The foundation of this organisation was laid in 1960. AISGEF is affiliated with the communist party. It is headed by General Secretary, Mr. R. Muthusudaram.

### Bharatiya Mazdoor Sangh - Indian Workers' Union (BMS)<sup>4</sup>

The BMS was established in 1955, founded by the Hindu Ideologue Dattopant Thengadi. It has a membership of little more than 7.6 million workers in 5,000 affiliated unions. BMS is not linked to a political and describes itself as having a nationalist outlook not attached to any –ism (i.e. capitalism, socialism or communism). It is headed by General Secretary, Mr. Shri Virjesh Upadhyay.

### Hind Mazdoor Sabha (HMS)<sup>5</sup>

HMS was founded in 1948. It is one of three Indian trade union organisations affiliated to the International Trade Union Confederation (ITUC). It has a membership of 5.8 million workers in 1,378 unions. It is independent of political parties. It has a stated ideology akin to democratic socialism. It is headed by General Secretary, Mr. Shri Harbhajan Singh Sidhu.

### Indian National Trade Union Congress (INTUC)<sup>6</sup>

INTUC was founded in 1947. It is one of three Indian trade union organizations affiliated to ITUC. INTUC represent 8.2 million workers. It is the trade union organization of the ruling Indian National Congress party. It is headed by National President, Mr. Dinesh Sundriyal.

### Self-Employed Women's Association (SEWA)<sup>7</sup>

SEWA is both an organisation and a movement: As a labour movement, the cooperative movement, and the women's movement. The movement organises poor, self-employed women workers in the informal sector with the aim of promoting self-employment and self-reliance. SEWA was established in 1972 and gained affiliation to ITUC in 2006, which is rather uncommon for an informal sector association. In 2014,

SEWA has around 1.9 million members, while it was 1.4 million in 2011.

SEWA is often considered a model for organising and empowering poor workers in the informal sector, and SEWA's experience and organisation is being used by informal sector associations in other countries, which face similar issues of a dominant labour force in the informal sector. Among others, SEWA has played a central role in the Unorganized Workers Social Security Act from 2008, which included the preparation of the draft bill by request from the government; as member of an Advisory Board at the

national level; founding member of the National Alliance for Social Security (NASA); and awareness raising campaigns. Domestic workers have recently also been involved in the scheme.

SEWA also contributed to the Street Vendors Act from March 2014. It included a strike at Manekchok Natural Market, Ahmedabad, that grew into a phenomenal struggle with SEWA mobilizing vendors in Gujarat, Delhi, Madhya Pradesh, and 10 other states.

SEWA is headed by General Secretary Jyoti Macwan.

<b>Trade Unions in India<sup>8</sup></b>							
<b>Members, Dues, Collective Bargaining Agreements (CBA) and Occupational Safety and Health committees</b>							
<b>Trade Union / Trade Union Centre</b>	<b>Affiliation To national trade union centre</b>	<b>Total Members (2013/14)</b>	<b>Female Members</b>	<b>Dues (per month)</b>	<b>Number of CBAs</b>	<b>Workers covered by CBAs</b>	<b>Number of OSH committees at workplaces</b>
<b>LPF</b> Labour Progressive Federation		611,506	-	-	-	-	-
<b>AICTTU</b> All India Central Council of Trade Unions		639,962	-	-	-	-	-
<b>AIFEA</b> All India Federation of Educational Associations		-	-	-	-	-	-
<b>AIFTU</b> All-India Federation of Trade Unions		-	-	-	-	-	-
<b>AIRF</b> All India Railwaymen's Federation		-	-	-	-	-	-
<b>AISGEF</b> All India State Government Employees' Federation		7,000,000	-	-	-	-	-
<b>AITUC</b> All India Trade Union Congress		7,500,000	-	-	-	-	-
<b>AIUTUC</b> All India United Trade Union Congress		-	-	-	-	-	-
<b>BMS</b> Indian Workers' Union		7,639,000	-	-	-	-	-
<b>CITU</b> Centre of Indian Trade Unions		3,400,000	-	-	-	-	-
<b>HMS</b> Hind Mazdoor Sabha		5,788,822	-	-	-	-	-
<b>IFTU</b> Indian Federation of Trade Unions		-	-	-	-	-	-
<b>INTUC</b> Indian National Trade Union Congress		8,200,000	-	Rs5	-	-	-
<b>NTUI</b> New Trade Union Initiative		1,000,000	-	-	-	-	-
<b>PWTUC</b> Professional Workers' Trade Union Centre		-	-	-	-	-	-
<b>STUC</b> Socialist Trade Union Centre		-	-	-	-	-	-
<b>TUCC</b> Trade Union Coordination Committee		732,760	-	-	-	-	-
<b>UTUC</b> United Trade Union Congress		383,946	-	-	-	-	-
<b>UTUC-LS</b> United Trade Union Centre (Lenin Sarani)		2,000,000	-	-	-	-	-
<b>UWF</b> Unorganised Workers' Federation		-	-	-	-	-	-
<b>SEWA</b> Self-Employed Women's Association	Not TU federation	1,919,676	100 %	-	-	-	-

## Employers' Organisations

There is no nationally recognized umbrella organisation of employers' organisations. However, the government and ILO recognize the Council of Indian Employers (CIE) as the most representative employers' organization.<sup>9</sup>

Apart from the CIE and its constituents, other chambers of commerce and business organisations exist at the national level, such as the Federation of Indian Chambers of Commerce and Industry (FICCI), to which the All India Organisation of Employers (AIOE) is affiliated; the Confederation of Indian Industry (CII); the Associated Chambers of Commerce and Industry of India (ASSOCHAM); and the Progress Harmony Development (PHD).<sup>10</sup>

### The Council of Indian Employers (CIE)<sup>11</sup>

The Council of Indian Employers is the umbrella organization of three employers' bodies: AIOE, Employers' Federation of India (EFI), and the Standing Conference of Public Enterprises (SCOPE). All four organisations are affiliates of the International Organisation of Employers (IOE).

### All India Organisation of Employers (AIOE)<sup>12</sup>

AIOE is an allied body of the Federation of Indian Chambers of Commerce and Industry. It was established in 1932. Its members are employers' organizations, chamber of commerce, and companies.

### Employers' Federation of India (EFI)<sup>13</sup>

EFI was established in 1932. EFI's vision is to protect, promote and champion the interests of employers in India, mainly in the area of Human Resources, Industrial Relations, Employee Issues and other cognate matters at various national and international fora. Its members are industry association.

### Standing Conference of Public Enterprises (SCOPE)<sup>14</sup>

SCOPE was established in 1973. Its mission is to facilitate the endeavours of its members in improving their overall performance and to promote their legitimate aspirations by strengthening their effective and sustained engagement with stakeholders. SCOPE's members are public enterprises of the central and state government and other organizations where government equity is no less than 26%.

## Central Tripartite Structures

### Mediation and arbitration

Mediation and arbitration is regulated by the Industrial Disputes Act:<sup>18</sup> Employers with at least 50 employees must provide for a Grievance Settlement Authority, which can settle individual disputes. Collective disputes are handled differently depending on the industry. The relevant government may at any time refer an industrial dispute to a board for settlement, the Labour Court for arbitration or a Tribunal for arbitration depending on the industry with the dispute.

### Other bi/tripartite organs

- National Minimum Wage Advisory committee
- Central Advisory committee on Minimum wages
- National Social Security Board
- Indian Labour Conference
- Tripartite Committee on Conventions
- Employees' State Insurance Corporation

## National Labour Legislation

### Constitution<sup>15</sup>

The Constitution of India from 1950 is long and explicit; and has therefore been amended 97 times. It prohibits forced labour and child under 14 working under hazardous conditions. The latter remains weak, though (see the section Child Labour). It guarantees equal pay for equal work, freedom of associations, and forming unions. The State shall also secure living wages, just and humane conditions of work and maternity leave.

### Factories Act<sup>16</sup>

The Factories Act from 1948 amended in 1996, regulates Occupational Safety and Health standards, labour inspection, working hours and paid leave in factories and manufacturing processes.

### Trade Unions Act<sup>17</sup>

The Trade Unions Act from 1926, with last amended in 2001, regulates the rights and liabilities of registered trade unions. Law violations of intimidation or suppression of legitimate trade union activities in the organized industrial sector are dealt with under civil judicial procedures because the Trade Union Act does not lay down specific penalties for such violations.

### The Industrial Disputes Act<sup>18</sup>

The Act from 1947 last amended in 2010 regulates individual disputes, collective industrial disputes, strike, lock-outs and establishes Labour Court and tribunals

### The Special Economic Zones Act<sup>19</sup>

The Act from 2005 provides for the establishment, development and management of the Special Economic Zones for the promotion of exports and for matters connected therewith or incidental thereto.

### Mahatma Gandhi National Rural Employment Guarantee Act<sup>20</sup>

The National Rural Employment Guarantee Act from 2005 was a flagship of rural employment programs. It was renamed in 2009 after Mahatma Gandhi. The scheme provides for the enhancement of livelihood security of the households in rural areas of the country. It delivers at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do.

### Unorganized Workers' Social Security Act<sup>21</sup>

The Act from 2008 provides for the establishment of social security schemes for unorganized workers, which is defined as "home-based worker, self-employed worker or a wage worker in the unorganized sector". This Act is known as *Rashtriya Swasthya Bima Yojana* (RSBY).

### The Child Labour Act<sup>22</sup>

The Act from 1986 prohibits the engagement of children in certain employments and to regulate the conditions of work for children in certain other employments. An amendment from 2012 seeks to prohibit the employment of all children under the age of 14 years and to prohibit the employment of "adolescents" (i.e. a person between 14 and 18 years of age) in hazardous employment and occupations.

### Street Vendors Act<sup>23</sup>

The Street Vendors (Protection of Livelihood and Regulation of Street Vending) Act from 2014 aims to protect the livelihood rights of street vendors as well as regulate street vending through demarcation of vending zones, conditions for and restrictions on street vending.

*Several other legislations exist that regulate and set standards and restrictions for the labour market.<sup>24</sup>*

## ILO Conventions

Ratified ILO Conventions <sup>25</sup>		
Subject and/or right	Convention	Ratification date
<b>Fundamental Conventions</b>		
<b>Freedom of association and collective bargaining</b>	C087 - Freedom of Association and Protection of the Right to Organise, 1948	Not ratified
	C098 - Right to Organise and Collective Bargaining Convention, 1949	Not ratified
<b>Elimination of all forms of forced labour</b>	C029 - Forced Labour Convention, 1930	1954
	C105 - Abolition of Forced Labour Convention, 1957	2000
<b>Effective abolition of child labour</b>	C138 - Minimum Age Convention, 1973	Not ratified
	C182 - Worst Forms of Child Labour Convention, 1999	Not ratified
<b>Elimination of discrimination in employment</b>	C100 - Equal Remuneration Convention, 1951	1958
	C111 - Discrimination (Employment and Occupation) Convention, 1958	1960
<b>Governance Conventions</b>		
<b>Labour inspection</b>	C081 - Labour Inspection Convention, 1947	1949
	C129 - Labour Inspection (Agriculture) Convention, 1969	Not ratified
<b>Employment policy</b>	C122 - Employment Policy Convention, 1964	1998
<b>Tripartism</b>	C144 - Tripartite Consultation (International Labour Standards) Convention, 1976	1978
<b>Up-to-date Conventions</b>		
<b>Working time</b>	C014 - Weekly Rest (Industry) Convention, 1921	1923
<b>Occupational Safety and Health</b>	C115 - Radiation Protection Convention, 1960	1975
	C174 - Prevention of Major Industrial Accidents Convention, 1993	2008
<b>Social Security</b>	C118 - Equality of Treatment (Social Security) Convention, 1962	1964
<b>Protection against specific risks</b>	C127 - Maximum Weight Convention, 1967	2010
<b>Freedom of association</b>	C141 - Rural Workers' Organisations Convention, 1975	1977
<b>Labour administration</b>	C160 - Labour Statistics Convention, 1985	1992
<b>Seafarers</b>	C147 - Merchant Shipping (Minimum Standards) Convention, 1976	1996
<b>Vocational guidance and training</b>	C142 - Human Resources Development Convention, 1975 (No. 142)	2009
Fundamental Conventions are the eight most important ILO conventions that cover four fundamental principles and rights at work. Equivalent to basic human rights at work.		
Governance Conventions are four conventions that the ILO has designated as important to building national institutions and capacities that serve to promote employment. In other words, conventions that promotes a well-regulated and well-functioning labour market.		
In addition, there are 71 conventions, which ILO considers "up-to-date" and actively promotes.		

## Trade Union Rights Violations

The International Trade Union Confederation (ITUC) registered several cases in 2013:<sup>26</sup> In February 2013 the Goa's state government prohibited strikes in any form in all transport services carrying passengers or goods by land or water under the Goa Essential Services Maintenance Act.

It was noted in November 2012 that 162 workers employed at PepsiCo in West Bengal organized a union. Instead of negotiating with the newly established union, the company systematically harassed and subsequently dismissed union members. In May 2013, the workers were offered reinstatement on the condition that they would never again join a union. However, 28 workers refused to accept conditions and formed the PepsiCo (Frito-Lays) Workers' Action Committee in August 2013. The International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF) filed a formal complaint against the company for violation of the OECD Guidelines with the U.S. government's National Contact Point.

Both discrimination against trade union leaders and refusal to bargain in good faith have also been registered. First of all, in March 2013 workers from a factory went on a tool-down strike in reaction to the suspension of their union's General Secretary. Wage negotiations between union and management lasted for six months, but wage agreement was not renewed. Secondly, a union demanded the reduction of working hours from 16 to 8 hours without loss of pay and job security, management adopted discriminatory measures against union members. In April 2013, false charges were filed against trade union members, 300 workers had their wages cut without justification and court injunctions were filed to stop trade union meetings.

Right to strike was also activated in July 2013 when a regional manager from an emergency management

services organization announced to hiring new drivers and emergency medical technicians to replace 108 workers who are on strike. Workers were demanding a salary of Rs 15,000 (US\$255) and their work hours reduced to eight hours per day. In addition, in February 2014 the Karnataka High Court ordered Karnataka Petroleum and Gas Workers' Union not to instigate any action within a 500 meter radius of three LPG bottling plants owned by the Indian Oil Corporation Limited in Bangalore, Shimoga, and Belgaum.

According to the U.S. Annual Human Rights Practices Report :<sup>27</sup> there were a total of 91 strikes and lockouts during the period January 1 to July 31, 2013. State and local authorities occasionally used their power to declare strikes illegal and force adjudication. It was also listed that there were no official reports of cases of antiunion discrimination or of retribution or sanctions against employees for trade union activity during 2013. Labor groups reported that some employers continued to refuse to recognize established unions, and established "workers' committees" and employer-controlled unions to prevent independent unions from being established.

ILO has one active case in the Committee of Freedom of Association.<sup>25</sup> The case is confidential and was filed in 2012 by the Centre of Indian Trade Unions (CITU). In addition, the Committee is following up on three cases that involve various anti-union discriminations.

<b>ILO Complaints Procedure<sup>28</sup></b>	
Freedom of Association cases (2013)	
Active	1
Follow-up	3
Closed	65

## Working Conditions

<b>Wages and earnings</b>			
Monthly average and legal minimum wages			
	Source	Current rupees (Rs.)	2011 US Dollar
<b>Average wage (2010)</b>	Global Wage Database <sup>29</sup>	6,273	142
<b>Minimum wage (2011)</b>		2,990	64
<b>Minimum wage for a 19-year old worker or an apprentice (2014)</b>	Doing Business <sup>30</sup>	1,665	28.4
<b>Minimum wage to value added per worker (2014)</b>		0.15	
<b>Wage Share Unadjusted (2009)</b>		30 %	
<b>Growth of real average wage (2000-2010)</b>	Global Wage Database <sup>31</sup>	-2.6 %	
<b>Growth of real minimum wage (2000-2011)</b>		28 %	
<i>Ratio of minimum wage to value added per worker denotes the minimum wage share of labour productivity. Reported as ratio of minimum wage to value added per worker in the Doing Business Report.</i>			
<i>The Wage Share is the share of GDP that goes to wages and other forms of labour compensation. It is not adjusted for the self-employed, and can therefore underestimate the amount of GDP that goes to workers, if there are many self-employed in the economy.</i>			

The minimum age varies from state to state and industry as well giving India a myriad of minimum wage rates. The daily minimum wage (with local cost of living allowance included) varied from Rs. 150 (US\$2.45) in Bihar to Rs. 361 (US\$5.89) in Delhi. Reported by the Global Wage Database, Rs. 115 (US\$2.0) per day is the national minimum wage, which the federal law mandates as a minimum floor.<sup>32</sup> The official estimation of poverty income level was less than Rs. 27 (US\$0.44) per day. State governments set a separate minimum wage for agricultural workers. It is also noteworthy that minimum wage for a 19-year old worker or an apprentice has much lower wages on an estimated Rs. 1,665 (US\$28.4) per month.

The average wage is based on data from the government of India for the manufacturing sector.<sup>29</sup> It

is more than double as high as the average minimum wage calculated by the ILO. The real average wage has been more or less the same over the last decade, a decade which is otherwise understood to have seen the rise of the middle class.

The national poverty line is Rs. 356 (US\$6.1) in rural areas and Rs. 539 (US\$9.2) in urban areas, per capita per month as updated by all-India poverty lines 2004-05. The percentage of minimum wage relative to the current poverty line has been estimated as 58%.<sup>33</sup> It also explains that a higher proportion of self-employed workers (on whom information on earnings is not available) are now in households above the national poverty line.

Labor market policies in India are oriented toward protecting jobs, for example, employment protection laws are considerably tighter than laws in Western countries and most other major emerging economies. According to regulations in India, require not only notification but prior approval by the state to lay-off or retrench workers, individually or collectively. Large firms need prior approval from the government before they can dismiss an employee even if the worker consents to the dismissal.<sup>34</sup> Moreover, efficiency costs of employment protection legislation also outweigh the benefits in terms of worker protection.

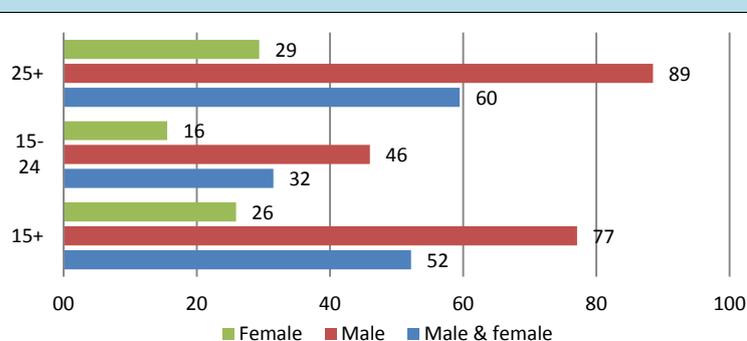
According to the U.S. Annual Human Rights Practices Report<sup>35</sup>, laws on wages, hours, and occupational health and safety do not apply to the large informal sector. Specific data on the number of total labor inspectors is not available, and in general the numbers of inspectors are insufficient to enforce labor law. The report also noted that state governments do not effectively enforce minimum wage law for agricultural workers. Enforcement of safety and health standards has been poor, especially in the informal sector, but also in some formal sector industries. Moreover, violations of wage, overtime, and occupational safety and health standards are common in the informal sector. Workers in small, low-technology factories often were exposed to hazardous working conditions. Industrial accidents occurred frequently.

## Workforce

### Employment rates<sup>36</sup> (%)

(2013), Age and Sex distribution

Sex	Age	Employment rate
Male & female	Total	15+ 52 %
	Youth	15-24 32 %
	Adult	25+ 60 %
Male	Total	15+ 77 %
	Youth	15-24 46 %
	Adult	25+ 89 %
Female	Total	15+ 29 %
	Youth	15-24 16 %
	Adult	25+ 29 %



The employment-to-population ratio is defined as the proportion of a country's working-age population that is employed. A high ratio means that a large proportion of a country's population is employed, while a low ratio means that a large share of the population is not involved directly in market-related activities, because they are either unemployed or (more likely) out of the labour force altogether.

India has a total population of 1.3 billion people out of which the labour force covers slightly more than 484 million workers. Regional variations are significant, where language, ethnic and religious differences affect labour market mobility and thereby maintain regional differences. The Indian labour market is also segmented along several overlapping lines along caste, gender, wage, working conditions and status in employment.<sup>37</sup>

Overall, India has one of the largest gender differences in the world for a country that does not have a majority Muslim population. Currently less than one third of females are entering the labour market. An increased proportion of working-age women in employment in the near future would raise the inverse dependency ratio and boost the demographic dividend in India, which is going through the demographic transition.

India has about the same amount of working poor as South Asia, and slightly more employed women are working poor.

Asia has seen a strong economic growth in the middle class during the last decade. India has seen a steady

increase in the middle class, though not as strong as the growth in upper middle class as the average of Asia: In Asia 23% lived for US\$2-4 a day and 8.5% for US\$4-20 in 1999. In 2008 28% lived for US\$2-4 a day and 21% for US\$4-20. In India 15% lived for US\$2-4 a day and 2.8% for US\$4-20 in 1993. In 2004, 20% lived for US\$2-4 a day and 4.5% for US\$4-20. The dollars are in purchasing power parity. Data after 2004 where the middle class in India especially grew is not available.<sup>38</sup>

### Working Poor<sup>39</sup>

Age 15+

		Share of workers in total employment	
		1.25 US\$ a day	2 US\$ a day
India (2010)	Both	29 %	66 %
	Male	29 %	66 %
	Female	32 %	70 %
South Asia (2010)		27 %	64 %
South Asia (2012)		24 %	61 %

*Working poor measures employed people living for less than US\$1.25 and US\$2 a day, as proportion of total employment in that group*

## Unemployment and underemployment

Unemployment (2011-12) <sup>40</sup>		
	Unemployment (UPSS)	Unemployment (CDS)
<b>Total</b>	3.3 %	6.3 %
Urban	4.7 %	6.3 %
Rural	2.9 %	6.3 %
Male	2.6 %	5.4 %
Female	5.3 %	9.1 %
Mizoram	0.3 %	1.4 %
Lakshadweep	20.4 %	22.4 %
Backward classes	4.8 %	6.9 %

*The UPSS approach counts unemployed if the person was unemployed less than 30 days in the surveyed year. UPSS therefore reflects long-term unemployment.*

*The CDS approach aggregates days of unemployment in the survey period. CDS is analogous though not comparable to time-related underemployment.*

The unemployment rates are lower in rural areas for long-term unemployment. Women tend to have higher unemployment rates than men, especially in urban areas where 3.1% of men and 11.2% of women are unemployed in the so-called 'UPSS approach', i.e. usual principal and subsidiary status.

Rural unemployed men tend not to be unemployed for more than half the surveyed year and therefore not long-term unemployed.

The unemployment rate has been falling in the last decade, but has risen in the last three years. However, unemployment is masked by growth in underemployment, precarious work and informal employment.<sup>41</sup>

The two states Mizoram and Lakshadweep, had the respectively lowest and highest overall unemployment rates. With 0.3% vs. 20.4% unemployment, there are very large regional differences in unemployment in India. Scheduled castes, scheduled tribes and other so-called backward classes have slightly higher unemployment rates.

According to the World Bank, India will soon have the largest and youngest workforce the world has ever seen. At the same time, the country is in the midst of a massive wave of urbanization as some 10 million

people move to towns and cities each year in search of jobs and opportunity. It is the largest rural-urban migration of this century.<sup>42</sup>

While it is easier to absorb new entrants into jobs of lower productivity, it will be more challenging, but critical, for India's future success to meet the people's rapidly rising aspirations by creating jobs of higher quality. This, then, is the crux of India's employment challenge. Continued high growth, though very desirable, cannot necessarily be relied upon to meet India's enormous employment challenges.<sup>43</sup>

According to a research report from The Economist, graduate unemployment remains high despite a labour market crying out for skilled workers. This apparent paradox suggests in part by the region's secondary and tertiary education systems are not producing graduates with the skills needed by industry. Nor is the frequently used 'rote learning approach' conducive to the development of "soft" skills such as teamwork or leadership. Critiques have argued that the country must declare a state of "education emergency" and that a geographic mismatch, sector mismatch and skill mismatch may be unnecessarily confining as many as 300 million people to low-productivity jobs.<sup>44</sup>

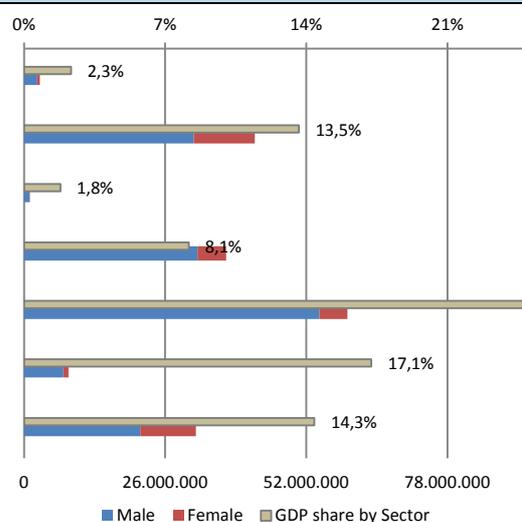
Also a Report on Youth Employment-Unemployment Scenario (2012-13) outlined the critical aspects of employment policy regarding the growing large pool of young people who as new workers face a number of challenges associated with the evolving economic and social structure. Skills mismatch on youth labour markets has become a persistent and growing trend. Over-education and over-skilling coexist with under-education and under-skilling and increasingly with skills brought about by long term unemployment.<sup>45</sup>

According to the World Bank,<sup>46</sup> massive investments will be needed to create the jobs, housing, and infrastructure to meet soaring aspirations and make towns and cities more livable and green. It has also been noted that generating growth is a central to lift the population out of poverty i.e. more than 400 million of India's people still live in poverty. And, many of those who have recently escaped poverty - 53 million people between 2005 and 2010 alone - are still highly vulnerable to falling back into it.

## Sectoral employment

### Employment (2010)<sup>47</sup> & GDP share (2012)<sup>48</sup> Sector & Sex distribution – (Graph without Agriculture)

Sector	Male employment	Female employment	GDP share per sector
Mining and quarrying	2,440,719	454,831	2.3 %
Manufacturing	31,259,289	11,235,830	13.5 %
Electricity, gas and water	1,001,071	101,272	1.8 %
Construction	31,963,760	5,300,455	8.1 %
Trade, hotels, restaurants, transport and communications	54,445,348	5,143,130	25.5 %
Finance, real estate and business services	7,249,699	945,553	17.1 %
Public administration, education, health etc.	21,407,636	10,241,524	14.3 %
Agriculture	128,282,398	62,813,188	17.4 %



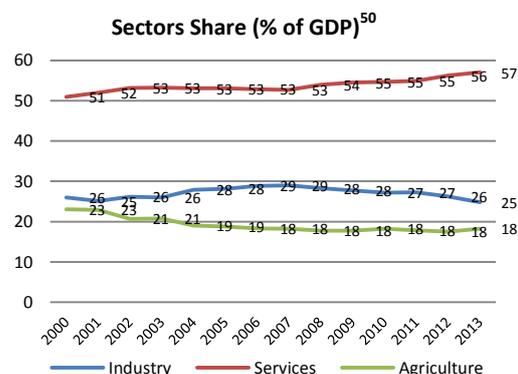
Despite increasing industrialization, 51% of Indians work in agriculture. Agriculture contributes with 17% of GDP. The employment in this sector has been decreasing over the last decade due to improved agricultural productivity. Other large sectors are manufacture and commerce, the latter employing 10%.

Around 65% of employed women vs. 46% men work in agriculture. Outside agriculture most women find employment in the manufacturing and the public sector, especially within education. The Finance, Real Estate and Business Service sector is male dominated, and it has a large contribution to GDP relative to employment.

Although output per worker and wages at larger, formal firms are higher, more than 80% of employment in manufacturing is in micro-firms (firms with 1-4 workers) and small firms (firms with 5-49 workers), a situation that has persisted over time. Half of employment is in own-account manufacturing enterprises that do not employ any wage workers. The concentration of employment in micro and small firms is even higher in services, where 96% of workers are in firms that employ fewer than 50 people.

According to the Indian Labour Journal, the period 2000 and 2012 created jobs by a growth of mere 2% per year. Agricultural employment has practically not grown in these thirteen years. In addition, manufacturing jobs have grown by just an annually 4% as industry languishes. The services sector has demonstrated a growth, but as a recently released

survey from the National Sample Survey Office (NSSO) illustrates the majority is in retail trade, construction and personal services, and these are transitory, low-paying and tough jobs. This emerges from a comparison of jobs data from NSSO report for 2011-12, with a similar report from 1999-2000. This has been a sustained period of economic growth measured in terms of GDP. On the other hand, the construction sector has expanded in terms of jobs: It increased from 16 million to 50 million at a sweltering pace of nearly 17% per year. In rural areas construction jobs grew from about 9.4 million in 1999-2000 to 37.2 million in 2011-12. This makes it the second biggest employer in rural areas after agriculture. It is noteworthy that it is not the high visibility construction boom in cities that stimulated this job growth. Experts believe that public works in the United Progressive Alliance (UPA), the government's job guarantee scheme (i.e. Mahatma Gandhi National Rural Employment Guarantee Act) accounts for some of this boom.<sup>49</sup>



## Migration

India is a country of origin, transit and destination for a large number of migrants on the global platform. Fewer people migrate out of India than the South Asia's average, and India also receives fewer remittances. The top three destinations for migrants are the United Arab Emirates, the United States, and Saudi Arabia.<sup>51</sup>

Opportunities in urban areas for employment, education, among others, have been a pull factor attracting migrants from rural to urban areas. Moreover, India's undocumented foreign workers do not receive basic occupational health and safety protections.

## Informal Economy

Informal employment is estimated to make up 93% of total employment in India.<sup>53</sup> The informal 'sector' has been persistent over the past two decades.

Outside agriculture, 69% are estimated to be employed in the informal sector, and an additional 15% are estimated to be informally employed outside the informal sector. The latter mainly include subsistence workers and family workers.<sup>54</sup> Considering India's success in growth and development in recent years, this is a high share for the informal sector.

Most informal employment is in the agricultural sector, which as of 2010 employed 51% of the population. Depending on the status in employment own-account workers and contributing family workers also make up most of the informal economy, respectively constituting 64% and 17% of the employment. Women are more commonly family workers, whereas men are more commonly own-account workers.

The share of informal employment has increased over the last couple of decades, mainly because the formal public sector has shrunk due to liberalisations in the early 1990s, but it has also happened in the private sector. Likewise contract and casual labour has become increasingly common and increased considerably.<sup>55</sup>

The informal 'sector' has also been characterized as dynamic and actively changing among gender lines. According to a study, female business ownership in India has been identified as an important stepping stone for further advancement at the individual and national levels. It was documented that this increased participation comes at an establishment scale and

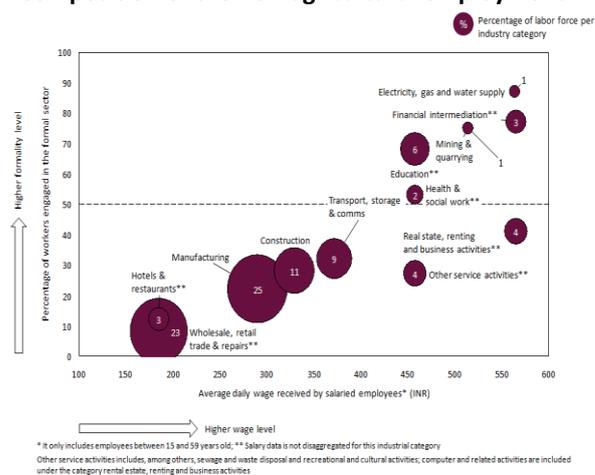
Migration <sup>52</sup>		
Net migration (2008-2012)	India	- 2,294,049
Net migration to average population per year (2008-2012)	India	- 1 : 2,628 inhabitants
	South Asia	- 1 : 1,135 Inhabitants
Personal transfers i.e. remittances received, % of GDP (2012)	India	3.7 %
	South Asia	4.7 %

magnitude that is mostly responsible for the persistence of India's informal sector.<sup>56</sup>

There are both similarities and differences between formal and informal firms in the ranking of business constraints. Both types of firms cite electricity as an important constraint. Informal firms are more likely to cite access to land and transport and less likely to cite corruption and tax administration.<sup>57</sup>

As can be seen from the figure below, the bulk of employment is in sectors that are more informal. Wages also clearly tend to be smaller in sectors with large shares of informal workers, a good indication that working conditions are worse in the informal sector.

## Composition of the non-agricultural employment<sup>58</sup>



Informal industries and/or establishments do not fall under the purview of the Indian Factories Act.<sup>59</sup>

## Child Labour

The overall child labour incidence in India was 12% in 2006, at about the same level as the average for Asian and Pacific countries.

Child labour is higher in rural (13%) areas than urban (9%). There are no gender difference between girls and boys (12%). Poverty is also a factor, with the poorest quintile of households having a higher incidence of child labour (14%) than the richest (6%).

Basic legal protections for children remain weak. Legislation to prohibit work for children under the age of 14 and to proscribe hazardous work for children under 18 has been introduced in Parliament, but has yet to be passed.<sup>60</sup>

## Gender

As noted elsewhere in this report: far fewer women than men are employed, and more women are unemployed and underemployed. Women have a considerably lower education level, and fewer girls than boys enrol in schools, though there is little gender difference for child labourers.

The low employment rate for women is partly due to a definition, where household work is not considered work, but it is also due to social norms and low access to maternity benefits, which combined keeps many women off the labour market. Most employed women also find work in specific areas, such as paid domestic work. More women (96%) than men (91%) also work in the informal 'sector'.<sup>63</sup>

## Youth

The new National Youth Policy from 2014 defines youth as persons aged 15 to 29. This age-group constitutes 28% of India's population. The 2011 Census counted 563 million young people from 10 to 35, according to the 12<sup>th</sup> Five-Year Plan from 2013.<sup>66</sup>

Despite its demographic dividend and increased education levels, India faces youth unemployment as a major challenge for labour market policy. Young job seekers make up 52% of the total unemployed in India. The Youth Policy outlines that the government must increase its investment in youth in order to capitalize on the opportunity they present. For this, all government departments must make a determined effort to ensure youth mainstreaming across sectors and policy areas.<sup>67</sup>

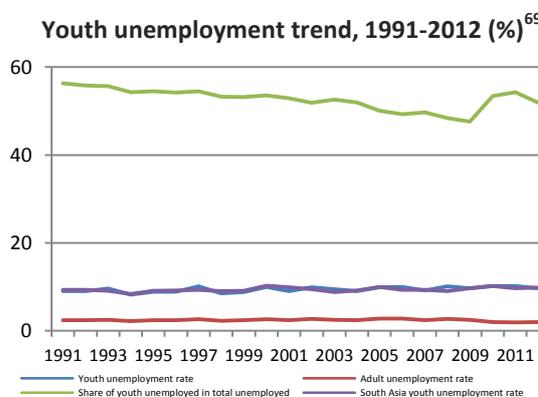
The youth unemployment trend has been quite stable in India on 9%-10% in the period 1991-2012, and following the South Asia's trend and range.

Working children			
Proportion of all children in age group			
Region	Year	Type	Proportion
India (age 5-14) <sup>61</sup>	2006	Child labourers	12 %
Asia and the Pacific <sup>62</sup> (age 5-17)	2008	Children in employment	20.4 %
		Child labourers	13.3 %
		Hazardous work	5.6 %
<i>Children in employment include all children who conduct some kind of work, whereas child labourer is a narrower term without mild forms of work. Hazardous work is the worst form of child labour as defined in ILO C182.</i>			

According to ILO, common forms of gender discrimination include: lack of recognising of household work, sexual harassment, women tend to be in the lower paid and less skilled jobs, less organised, women are often supplementary workers, etc.<sup>64</sup>

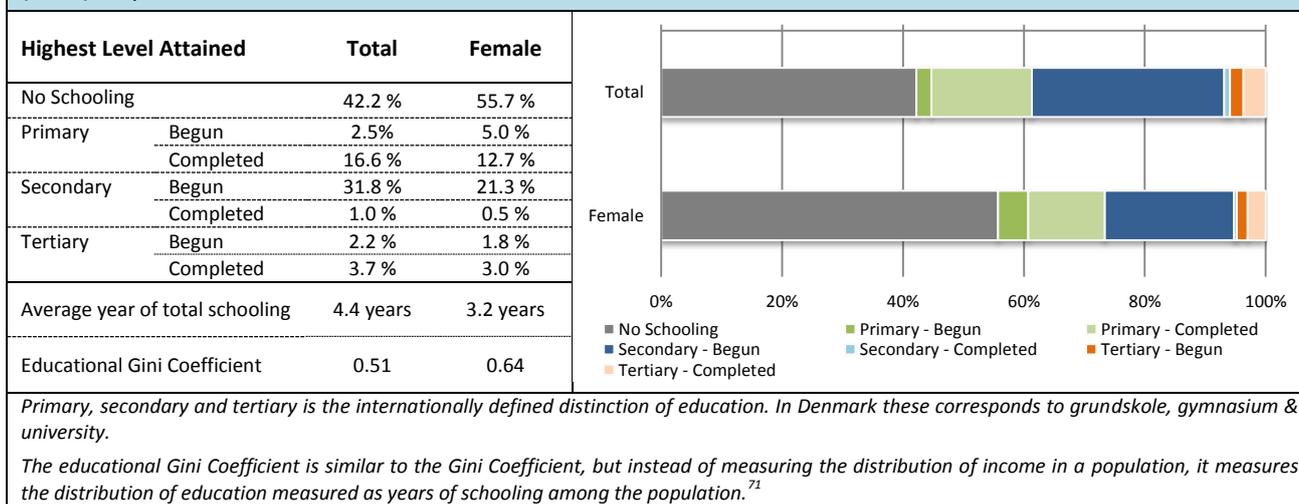
The gender differences are also reflected in an Enterprise Survey from the World Bank in 2006, which reported that 9.1% of firms had female participation in ownership compared to 18.4% for the average in South Asia, and that 5.1% of full time employees were women, compared to South Asia at 13.7%.<sup>65</sup>

According to Friedrich Ebert Stiftung, India's main challenge regarding youth unemployment is the lack of any form of social security system as well as proper and adequate avenues for vocational training.<sup>68</sup>



## Characteristics of the Working Age Population

### Highest level attained and years of schooling in the population <sup>70</sup> (2010), Population 25+, Total and Female



India population is divided between the more than 40% who have never been to school, and those who have education, where most have progressed into secondary schools.

Women are underrepresented in all types of education, especially having more who have no schooling. The graph above shows the educational attainment of all Indians above 25 years, therefore gives a glance of the human capital of the labour force.

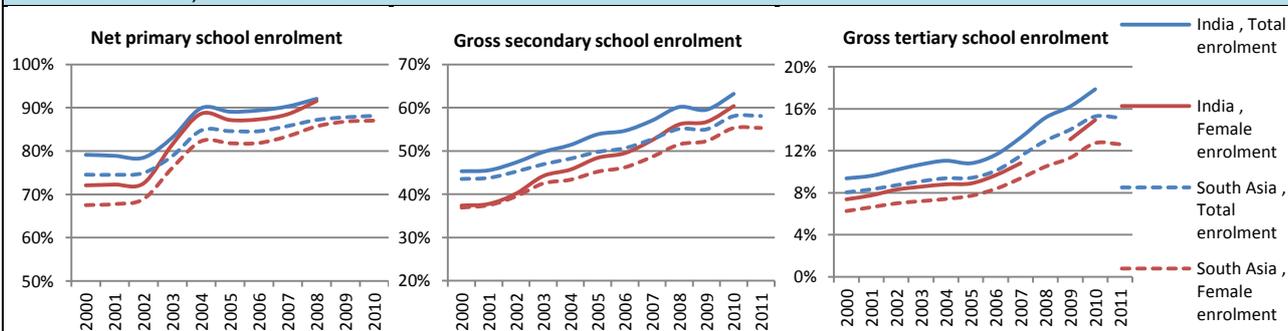
The large number of unschooled and people with less than primary education are a potential problem for

India's development. Most still work in agriculture where formal skills are less needed.<sup>72</sup>

Skill development has gained increased focus. Most conventional skill training is directed at hi-tech sectors, whereas 80% of the population does not possess marketable skills. The lack of identifiable or certified skills limits mobility and employability making it more difficult for these workers to be included in the development that India is undergoing.<sup>73</sup>

India has somewhat higher enrolment rates into primary secondary and tertiary education, than the average for South Asian countries. An average, that mainly includes India.

### Enrolment in Primary, Secondary and Tertiary schools (2000-2011)<sup>74</sup> Total and Female, India and South Asia



Net enrolment is the ratio of children of official school age, who are enrolled in school to the population of the corresponding official school age. Gross enrolment is the ratio of total enrolment, regardless of age, to the population of the corresponding official school age. Gross primary enrolment is therefore sometimes higher than 100%.

## Vocational training

Vocational Training <sup>75</sup>		
Pupils in vocational training (2008)	India	829,377
Ratio of pupils in vocational student to all pupils in secondary education (Average 2006-2008)	India	0.8 %
	South Asia	1.3 %
Ratio of pupils in vocational training out of 15-24 year olds (Average 2006-2008)	India	0.3 %
	South Asia	0.5 %

There is a huge demand-supply skill gap in India. Around 90% of the jobs are "skill based", which demands the requirement of vocational training.

With a ratio of vocational students to 15-24 year olds at 0.3%, the number is rather low, but at a comparable level to the average for South Asian countries.

Most of the Vocational Education Training Institutes have been characterized as structurally rigid and outdated centralized programs that do not have much linking with the prevailing market conditions. Outside the school system, relevant vocational training centers are ill-equipped to handle the demand and are accessible to only a selected number of students who have passed at least level 10 and 10+. It has been estimated that nearly 75 to 80 million jobs will be created in India over the next five years. It has also been assessed that almost 75% to 90% of all additional employment will require some vocational training.<sup>76</sup>

India adopted a National Skills Development Policy in 2009. It aims to guide skills development strategies and initiatives of all stakeholders. It has set an ambitious target of skilling 500 million people by

2022.<sup>77</sup> It has also been assessed that by 2022, the country will see a manufacturing skills gap of nearly 90 million workers, which is almost twice the current figure.<sup>78</sup> Institutional structure has been put in place, but there is still long way to go, according to the Government.<sup>79</sup> Among others, skill formation mainstream to the formal education system has been listed as a necessity.

The National Skill Development Corporation (NSDC) has also made some progress in skill formation targeted particularly at the large unorganized 'sector' that comes through NSDC interventions and initiatives at the State level. So far, about 266,000 workers have received training from hundreds of permanent and mobile training centers across the country.

A recent study from Bertelsmann Stiftung found that to meet the skills gaps, companies resort to technological changes, i.e. replacing labor with new machines. Moreover, companies have expressed interest in working with other companies on skills development and basic training. In particular small firms have expressed interest in cluster-based training. Some of the companies expressed reservations with regard to joint funding models as firms were unwilling to share their proprietary knowledge.<sup>80</sup>

It is estimated that around 16% of firms are offering formal training, which is quite low in comparison with most other countries in the world.<sup>81</sup>

## Social Protection

Public spending on social protection schemes <sup>82</sup> (2012)		
Public social protection expenditure, excl. health	Rupees	1.4 trillion
	US\$	26.4 billion
	% of GDP	1.4 %
	per capita	21.3 US\$
	% of government expenditure	12 %
Public health care	% of GDP	1.0 %
Health social protection coverage	% of population	12.5 %
Trends in government expenditure in health	% changes per year (2007-2011)	11.3 %

Benefits, coverage and contributions to pension schemes <sup>83</sup> (2010-2011)		
Social benefits for the active age	% of GDP	0.6 %
Pensionable (58+) age receiving an old age pension	Proportion of total	24 %
Old age effective coverage as proportion of programs	Proportion of contributory	9.9 %
Active contributors to a pension scheme	15-64 years	7.4 %

Social protection extension has assumed a more importance role in India in recent years. Among others, social security, poverty alleviation and social welfare measures are being implemented by various ministries, along with federal and individual state departments and civil society. However, the coverage remains low, e.g. a little more than one out of ten (12.5%) of the population are covered by health social protection, and one out of four (24%) of persons on a pensionable age are receiving an old age pension.

The Employees' Provident Fund Organisation provides old-age, disability and survivor pensions. Different rules apply to workers who became member of the provident fund after 1995. A gratuity scheme exists for workers in specific industries. Membership of the provident fund is compulsory for workers earning less than 6,500 rupees per month (US\$140) at firms with at least 20 employees. Self-employed cannot join.<sup>84</sup>

The Employees' State Insurance Corporation (ESIC) provides social insurance in the form of medical care, maternity and unemployment benefits, though only about 3% of unemployed receive unemployment benefits. ESIC covers employees earning less than in 15,000 rupees (US\$320) per month in factories with

more than 10 employed, and other firms with 20 or more. Involuntary unemployed are paid benefits at 50% of wages for a maximum of up to a year. ESIC is funded with 1.75% of earnings from employees and 4.75% from employers. ESIC covers 17 million family units and has 66 million beneficiaries.<sup>85</sup>

Since workers in the unorganized economy, which, as previously mentioned, constitute about 93% of the total work force, the coverage of social protection is tiny. Majority of the workers are still without any social security coverage. One of the major insecurities for workers in the unorganized sector is the frequent incidences of illness and need for medical care and hospitalization of such workers and their family members. Despite the expansion in the health facilities, illness remains one of the most prevalent causes of human deprivation in India. The Government has recognized that health insurance is one way of providing protection to poor households against the risk of health spending leading to poverty. The poor are unable or unwilling to take up health insurance because of its cost, or lack of perceived benefits. Organizing and administering health insurance, especially in rural areas, is also difficult. Recognizing the need for providing social security to these workers, the Central Government has introduced the *Rashtriya Swasthya Bima Yojana* (RSBY). Till March 25, 2013, the scheme had 34.3 million Smart Cards, which equals 7.5% of all workers that operate in the informal economy; and 5.1 million hospitalization cases.<sup>86</sup>

Several non-contributory social assistance programmes exist. The programs are either targeted at improving living standards for the poor, form a programmatic approach, or they are social security programmes targeted at the very poor.<sup>87</sup> Unconditional or conditional cash transfer programmes, employment guarantees targeted at various vulnerable groups.<sup>88</sup>

The Mahatma Gandhi National Rural Employment Guarantee Act from 2005 is worth mentioning. It offers 100 days of waged unskilled manual employment each year at a minimum wage for rural households. According to the ILO, it has provided waged employment for a substantial group of rural poor though the programme has a long way to reach its full scale.<sup>89</sup>

## General Economic Performance

Key Facts <sup>90</sup> (2013 est.)				
GDP	GDP per capita (PPP)	GDP real growth	HDI (2012) <sup>91</sup>	Gini Index (2004)
1.67 trillion US\$	4,000 US\$ 169 of 228 countries	3.2 %	0.554 137 of 187 countries	36.8 80 of 141 countries
<p><i>The Human Development Index (HDI) measures the average of a long and healthy life, access to knowledge, and a decent standard of living.</i></p> <p><i>Gini Index of 0 represents perfect equality, while an index of 100 implies perfect inequality. In terms of the ranking, the first country has the highest inequality, while the number 141 has the highest equality.</i></p>				

Doing Business <sup>92</sup>	Control of corruption	Government effectiveness	Rule of Law
142 of 189 countries	-0.42 (2007) -0.57 (2012)	0.11 (2007) -0.18 (2012)	0.11 (2007) -0.10 (2012)
<p><i>A high ranking on the Ease of Doing Business Index means the regulatory environment is more conducive to the start-up and operation of a local firm.<sup>93</sup></i></p> <p><i>The selected Governance Indicators cover the years 2007 and 2012, and ranking from -2.5 to 2.5; i.e. negative tendencies below the zero mean and unit standard deviation, score negative measurements.<sup>94</sup></i></p>			

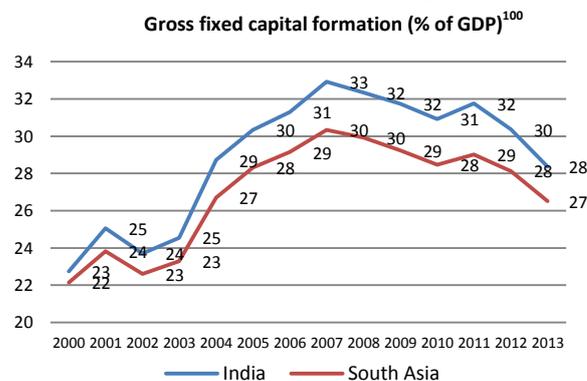
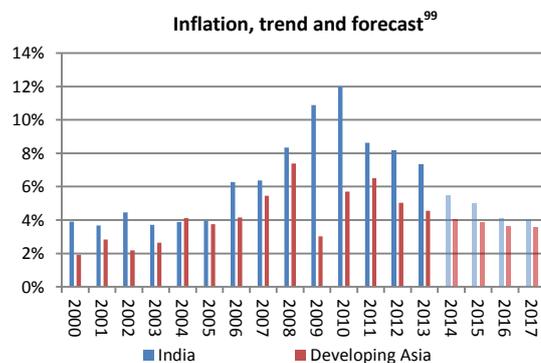
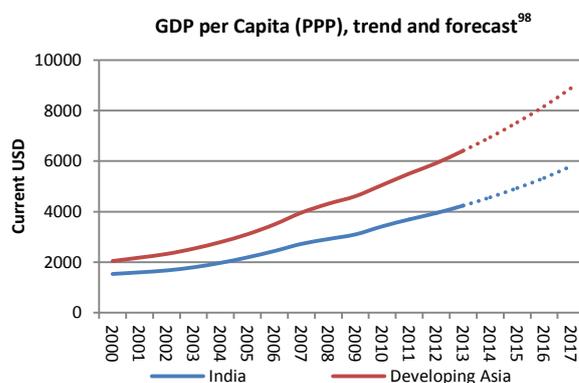
Over the last decade India has grown fast to become one of the world's major economic powerhouses, and millions have been lifted out of poverty. This has also led to increased urbanization, highlighted the inadequate infrastructure and high population density, which are long term challenges.<sup>95</sup> The economic growth has been slowing down to a decade low growth of 3.2% of GDP and struggles to improve the country's wide fiscal and current account deficits. Also the fixed capital formation was started to slowing down in 2007, just as the South Asian's average, which is mainly India itself. Rising macroeconomic imbalances and improving economic conditions in Western countries, led investors to shift capital away from India.

At the medium term domestic demand is strong, and India is integrating well into the world economy. India has utilized its many English speaking workers for information and software industries. But, as previously mentioned, internal language barriers complicates labour mobility within the country. India also struggles to improve the country's wide fiscal and current account deficits.<sup>96</sup>

Inflation has risen in India over the last decade, but has fallen since 2011. It is projected to fall further,

though it still remains above the average for Asian's developing countries. The Indian Central Bank maintains a tight monetary policy, which has curbed inflation, but has also slowed growth. Inflation in particular has increased food prices, undermining household budgets.<sup>97</sup>

The Doing Business indicator ranks India medium to low at 142 out of 189 countries, and stepping down on two steps on the index since 2013/14. India scores very high on Protecting Minority Investors and Getting Credit, while very low on Enforcing Contracts and Dealing with Construction Permits. The country scores medium on the three Governance indicators, with a lower score at Control of Corruption.



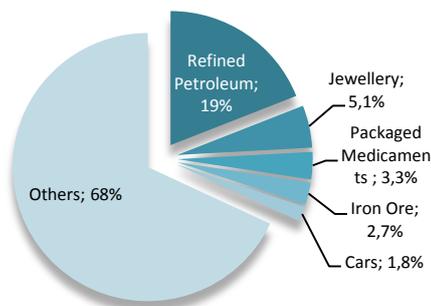
# Trade

Trade and Foreign Direct Investment <sup>101</sup> (2013 est.)			
Exports	Imports	FDI flow <sup>102</sup> (average 2008-12)	FDI Stock
313 billion US\$	468 billion US\$	33.4 billion US\$	310 billion US\$
19 % of GDP	28 % of GDP	2.0 % of GDP	19 % of GDP

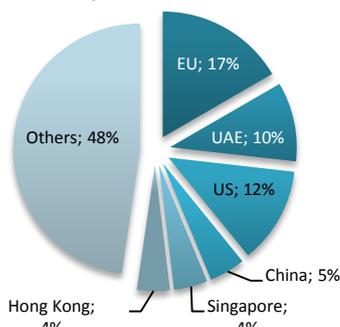
Though there are foreign investments for an estimated US\$310 billion, it is still no more than 19% of GDP, which is a medium range for a developing country. The same applies for the flow of Foreign Direct Investments (FDI). Both are on an increase trend, which is related to the government’s reform in late 2012 that allowed higher levels of foreign participation in direct investment in the economy.

The export industry is rather diversified, making the country less vulnerable to fluctuations in demand within individual product. Compared to many other developing countries, there are sizable exporting industries within machinery, transportation, chemicals, and plastics. These require some skills among workers and can generate skills that could migrate into other industries, both of which can be the source for better jobs.<sup>103</sup>

Main products share of exports (2011)<sup>104</sup>



Main export markets (2013)<sup>105</sup>



## Trade agreements

EU and India is still negotiation a Free Trade Agreement. Negotiations were launched in 2007 and are currently in an intense phase of negotiation on specific issues. Negotiations are behind closed doors, but it is reported that a major roadblock were EU’s insistence on including a social clause on non-trade areas such as human rights, environmental and labour standards, which India opposes, seeing the clause as a cover for protectionism.<sup>106</sup> The European trade union movement has also called for a social clause with proper mechanisms to enforce it.<sup>107</sup>

India benefits from the United States’ Generalised System of Preferences (GSP). GSP is a unilateral trade benefit from the U.S. government, allowing duty and quota free access for some product. A country can be removed if it is violating or do not take steps to uphold the ILO Core Labour Standards. Each country is reviewed annually, by the U.S. government. India is the largest exporters under the U.S. GSP scheme, with around US\$3.7 billion exported within the scheme.<sup>108</sup>

## Export Processing Zones (EPZ)

India's first EPZs were established in 1965. In 2005 the current system was established under the Special Economic Zones Act. According to an ILO survey from 2007, India had eight Special Economic Zones. They had 100.000 employees; 31% of them are females, and they exported for US\$4.9 billion in products such as high-tech, jewellery, gems, pharmaceuticals, leather, textiles etc.<sup>109</sup> The Madras EPZ is a serious player in electronics and IT.

According to the ITUC,<sup>110</sup> workers have the right to organize and collective bargaining in the Zones. In practice, however, entry into the zones is restricted which makes organizing and trade union activities difficult in SEZs. Moreover, since the Zones were declared public utilities in 2001, a 45 day strike notice period is required.

According to a U.S. Annual Human Rights Practices Report,<sup>111</sup> safety conditions were in general better in the EPZs than in the manufacturing sector outside the EPZs. In addition, EPZ workers often were employed on temporary contracts and employee-only restrictions on entry to the EPZs limited union organizers’ access.

## References

- <sup>1</sup> [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2013](#)
- <sup>2</sup> <http://www.aituc.org/>
- <sup>3</sup> <http://www.tradeunionindia.org/>
- <sup>4</sup> <http://bms.org.in>
- <sup>5</sup> <http://www.hmsindia.org.in/>
- <sup>6</sup> <http://www.intuc.net>
- <sup>7</sup> <http://www.sewa.org/> & LO/FTF Council
- <sup>8</sup> <http://www.younionize.info/> & <http://www.aituc.org/> & <http://www.hmsindia.org.in/> & <http://www.intuc.net/> & [ITUC, List of Affiliated Organisations, 2012](#)
- <sup>9</sup> [ILO, Independent evaluation of the ILO's Decent Work Country Programme for India: 2007-2012, 2012](#)
- <sup>10</sup> [ILO, Independent evaluation of the ILO's Decent Work Country Programme for India: 2007-2012, 2012](#)
- <sup>11</sup> [ILO, Independent evaluation of the ILO's Decent Work Country Programme for India: 2007-2012, 2012](#)
- <sup>12</sup> <http://aioe.in>
- <sup>13</sup> <http://www.efionline.in>
- <sup>14</sup> <http://www.scopeonline.in>
- <sup>15</sup> [ILO, NATLEX, Constitution of India](#)
- <sup>16</sup> [ILO, NATLEX, The Factories Act 1948 \(No. 63 of 1948\) \[as amended\]](#)
- <sup>17</sup> [ILO, NATLEX, The Trade Unions Act 1926 \(No. 16 of 1926\) \[as amended\]](#)
- <sup>18</sup> [ILO, NATLEX, The Industrial Disputes Act, 1947 \(No. 14 of 1947\) \[as amended\]](#)
- <sup>19</sup> [Ministry of Commerce, SEZ Act, 2005](#)
- <sup>20</sup> [The Gazette of India, the National Rural Employment Guarantee Act, 2005](#)
- <sup>21</sup> [ILO, NATLEX, Unorganised Workers' Social Security Act, 2008 \(No. 33 of 2008\)](#)
- <sup>22</sup> [ILO, NATLEX, The Child Labour \(Prohibition and Regulation\) Amendment Bill, 2012 \(Bill No. LXII of 2012\)](#)
- <sup>23</sup> [The Gazette of India, the Street Vendors \(Protection of Livelihood and Regulation of Street Vending\) Act from 2014](#)
- <sup>24</sup> [ILO, NATLEX, Country Profile India, Basic Laws](#)
- <sup>25</sup> [ILO, NORMLEX, Country Profiles](#)
- <sup>26</sup> [ITUC, Survey of violations of trade union rights, India](#)
- <sup>27</sup> [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2013](#)
- <sup>28</sup> [ILO, NORMLEX, International Labour Standards country profile, India](#)
- <sup>29</sup> [ILO, Global Wage Database 2012/13](#)
- <sup>30</sup> [IFC & World Bank, Doing Business 2014](#)
- <sup>31</sup> [ILO, Global Wage Database 2012/13](#)
- <sup>32</sup> [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2013](#)
- <sup>33</sup> [Wageindicator.org, India: Minimum Wages FAQ](#)
- <sup>34</sup> [World Bank, South Asia Development Issues, Overview: More and better jobs in South Asia, 2011](#)
- <sup>35</sup> [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2013](#)
- <sup>36</sup> [ILO, Key Indicators of the Labour Market 8th Edition](#)
- <sup>37</sup> [ILO, DIALOGUE working paper No. 30, Sundar, Non-regular workers in India : social dialogue and organizational and bargaining strategies and practices, 2011](#)
- <sup>38</sup> [World Bank, PovcalNet database](#)
- <sup>39</sup> [ILO, Key Indicators of the Labour Market 8th Edition](#)
- <sup>40</sup> [Labour Bureau, Government of India, Reports Released, 2nd Annual Employment-Unemployment Survey Report 2011-12](#)
- <sup>41</sup> [ILO, Independent evaluation of the ILO's Decent Work Country Programme for India: 2007-2012, 2012](#)
- <sup>42</sup> [World Bank, India Overview](#)
- <sup>43</sup> [World Bank, Op-Ed: More and Better Jobs in India, 2012](#)
- <sup>44</sup> [The Economist, Skills development in South Asia, September 2013](#)
- <sup>45</sup> [Ministry of Labour & Employment, Report on Youth Employment-Unemployment Scenario \(2012-13\), Volume III, October 2013](#)
- <sup>46</sup> [World Bank, India Overview](#)
- <sup>47</sup> [ILO, Key Indicators of the Labour Market 8th Edition](#)
- <sup>48</sup> [ADB, Key Indicators for Asia and the Pacific 2012](#)
- <sup>49</sup> [Indian Labour Journal, Volume 55, April 2014, No. 4; p. 366-367 \(The Times of India, 10.02.2014\)](#)
- <sup>50</sup> [World Bank, World Development Indicators](#)
- <sup>51</sup> [World Bank, Migration and Remittances Factbook 2011](#)
- <sup>52</sup> [World Bank, World Development Indicators](#)
- <sup>53</sup> [LO/FTF Council](#)
- <sup>54</sup> [ILO, Key Indicators of the Labour Market 8th Edition](#)
- <sup>55</sup> [ILO, DIALOGUE working paper No. 30, Sundar, Non-regular workers in India : social dialogue and organizational and bargaining strategies and practices, 2011](#)
- <sup>56</sup> [World Bank, Female business ownership and informal sector persistence, India, 2013, WPS6612](#)

- 
- 57 [World Bank, South Asia Development Issues, Overview: More and better jobs in South Asia, 2011](#)
- 58 [Results for Development Institute, Skills for Employability: The Informal Economy, 2012](#)
- 59 [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2013](#)
- 60 [U.S. Department of Labor, 2012 Findings on the Worst Forms of Child Labor, India](#)
- 61 [UNICEF, Childinfo, Percentage of children aged 5–14 engaged in child labour](#)
- 62 [ILO, Accelerating action against child labour, International Labour Conference, 99<sup>th</sup> Session 2010](#)
- 63 [ILO, Independent evaluation of the ILO's Decent Work Country Programme for India: 2007-2012, 2012](#)
- 64 [ILO, Sankaran & Madhav, Gender Equality and Social Dialogue in India, 2011](#)
- 65 [World Bank, India Enterprise Survey, 2007](#)
- 66 [Planning Commission, Twelfth Five Year Plan \(2012–2017\), Economic Sectors, Volume II, 2013](#)
- 67 [Ministry of Youth Affairs & Sports, National Youth Policy 2014](#)
- 68 [Friedrich Ebert Stiftung, Combating youth unemployment in India, March 2013](#)
- 69 [ILO, Key Indicators of the Labour Market 8th Edition](#)
- 70 [Barro, Robert and Jong-Wha Lee, April 2010, "A New Data Set of Educational Attainment in the World, 1950-2010." NBER Working Paper No. 15902](#)
- 71 [Calculation from based on Thomas, Wang & Fan \(2001\), with data sets from Barro-Lee \(2010\) and Psacharopoulos and Arriagada \(1986\).](#)
- 72 [The Economist, The global labour market: United workers of the world, Jun 16th 2012](#)
- 73 [ILO, Independent evaluation of the ILO's Decent Work Country Programme for India: 2007-2012, 2012](#)
- 74 [World Bank, World Development Indicators](#)
- 75 [World Bank, World Development Indicators](#)
- 76 [BASIX Academy for Building Lifelong Employability Ltd](#)
- 77 [Ministry of Labour and Employment, National Policy on Skill Development](#)
- 78 [World Economic Forum, National Skills Development Corporation, India](#)
- 79 [Employment News, Skill Development for Employment Approach in 12th five year plan](#)
- 80 [Bertelsmann Stiftung, Vocational Education and Training Reform in India, Working Paper, 2014](#)
- 81 [World Bank, DataBank](#)
- 82 [ILO, Social Protection, Statistics and indicators](#)
- 83 [ILO, Social Protection, Statistics and indicators](#)
- 84 [International Social Security Association, Country Profiles, India](#)
- 85 [Employees' State Insurance Corporation, Coverage under the ESI Act 1948, Update 31 March 2012](#)
- 86 [National Portal of India, Rashtriya Swasthya Bima Yojana](#)
- 87 [ILO, GESS, Social Protection Floor in India, 2011](#)
- 88 [Brooks World Poverty Institute, Barrientos et al., Social Assistance in Developing Countries Database, Version 5.0 July 2010](#)
- 89 [ILO, Employment Working Paper No. 105, Addressing the employment challenge: India's MGNREGA, 2011](#)
- 90 [CIA, The World Factbook, India](#)
- 91 [UNDP, Human Development Index trends](#)
- 92 [IFC & World Bank, Ease of Doing Business 2014, India](#)
- 93 [World Bank & IFC, Doing Business, Methodology](#)
- 94 [World Bank, Worldwide Governance Indicators](#)
- 95 [World Bank, India Overview](#)
- 96 [CIA, The World Factbook, India](#)
- 97 [The Economist, Indian inflation: Bringing tears to Indians' eyes, Jan 21st 2011](#)
- 98 [IMF, World Economic Outlook Databases](#)
- 99 [IMF, World Economic Outlook Databases](#)
- 100 [World Bank, World Development Indicators](#)
- 101 [CIA, The World Factbook, India](#)
- 102 [World Bank, World Development Indicators](#)
- 103 [Hausmann et al., The Atlas of Economic Complexity, 2011](#)
- 104 [MIT, The Observatory of Economic complexity, What does India Export](#)
- 105 [European Commission, DG TRADE, Bilateral Relations, Statistics](#)
- 106 [Jatkar, Human Rights in the EU-India FTA: Is it a viable option? ECDPM, Vol 1\(2\), 2012](#)
- 107 [ITUC, EU-India Summit: Unions Demand Attention to Impact on Workers, 10 December 2010](#)
- 108 [Office of the United States Trade Representative, Generalized System of Preferences \(GSP\)](#)
- 109 [ILO database on export processing zones \(revised\), 2007](#)
- 110 [ITUC, Report for the WTO General Council review of Trade policies of India, 2007](#)
- 111 [U.S. Department of State, Annual Country Reports on Human Rights Practices, 2013](#)