CONCLUSION

This chapter is devoted to present the broad conclusions of the present work. This dissertation tried to undertake evaluation of employment growth in the Indian organised manufacturing sector. During the last few years the manufacturing sector has witnessed impressive growth, which has helped the GDP to post historically high growth rates. The study examines industrial performance in terms of the manufacturing output and employment growth, labour productivity and real wages growth as well as employment elasticity for the time period 2000-01 to 2009-10. The findings of this dissertation are based on two digit industry level data from Annual Survey of Industries indicate that the employment in organised manufacturing sector over the period 2000-01 to 2009-10 across states has been different not same. We found the growth rate of output has been higher than the growth rating of employment in most the states. The state-wise growth rates of output has been positive in all the states where as the employment growth rate is negative in three states , viz, West Bengal (-0.1 percent), Jharkhand (-0.97 percent) and Andaman & N Island about (-12.26percent).In terms of annual compound growth rate of employment of the manufacturing sector Meghalaya, Jammu & Kashmir, Uttaranchal, & Himachal Pradesh have registered better performance whereas Delhi, Pondicherry, Kerala and Tripura recorded relatively poor performance during this period. However, Daman& Dui, Dadar & N Haveli and Chhattisgarh are showed improvement whereas West Bengal, Jharkhand, Delhi and Goa registered deterioration in the industrial development during 2000s. The study has observed an employment growth of 5.24 percent per annum for all India during the sample period.

This dissertation has utilized the employment elasticity as a tool for detecting broad trends in employment generation; it has also sought to provide a clearer picture of the diversity in employment outcomes among these different states. The estimate of employees elasticity of output for total manufacturing sector is0.41. The estimates employees elasticities vary from a minimum of 0.03 in Nagaland to a maximum of 1.79 in Tripura. We observed that eighteen state / union territories have elasticities greater than the national level figure of 0.41. The national level estimate of worker elasticity (0.41) is greater than that of non-workers (0.38).

A state-wise analysis reveals wide differentials in the employment performance across states with Maharashtra and Gujarat having significantly increased their share in manufacturing employment and output while Andaman & N. Island and Manipur states have been the biggest

losers. The study has found that distribution of the employment shares of the six states of U.P., Gujarat, Maharashtra, Andhra Pradesh, Karnataka and Tamil Nadu which have more than 5 percent share account for about 63.0 percent of manufacturing output and about 62.3 percent of manufacturing employment in the year 2009-10. The output share is slightly less than that in 2000-01 while the employment share remains same after a decade.

The study has estimated the effect of output growth on employment growth of employment on output growth in organised manufacturing sector. It finds that the impact of output growth on the growth of employment in manufacturing sector is positively and significant in most states. It can be seen that the relationship of output growth with growth of total employees is +ve and significant in 9 states out of 31 namely, Jammu and Kashmir (0.11), Himachal Pradesh (0.23), Uttaranchal (0.34), Delhi (0.35), Manipur (0.30), Meghalaya (0.18), Orissa (0.58), Chhattisgarh (0.21), and Chandigarh (0.58). In rest of the states / union territories, the impact is non-significant except Tripura, where the impact of output growth on employment growth is negative and significant, with employment growth of workers is positive and significant in only 6 states, and with employment of non-workers in 11 states. This shows that the relationship between output growth and employment growth varies across states and across categories of employment.

An important finding of our study is that labour productivity is increasing across major states in chosen time period 2000-01 to 20009-10. We observed that there are 12 states out of 31Meghalaya, Andaman & N. Island, Jammu &Kashmir, Himachal Pradesh, Uttaranchal, Nagaland, West Bengal, Jharkhand, Orissa, Chhattisgarh, Andhra Pradesh, and Maharashtra are registered a growth rate in the level of labour productivity higher that all India growth rate of about 7.30 percent per annum while rest of the states and union territories have shown lower growth rates than the all India growth rate. The growth rates of levels of labour productivity in different states are different and not same. But an important pointed are noted that all states have positive growth rate of labour productivity rest Tripura has a negative growth rate of it. The coefficient of variation of growth rates of various states also shows that the interstate variability in the growth rates of labour productivity.

The present dissertation is carried out to examine the extent of substitution possibilities between labour and capital across major states in organized sector in India during 2000-01 to 2009-10. Estimates of constant elasticity of substitution are useful in the determination of factor demand elasticities, trend of relative factor shares overtime, and explanation of partial factor

productivities. We have found that elasticities of substitution are significant in 19 states and in remaining states are insignificant. The significant elasticities of substitution range from a minimum of 0.50 in Daman & Diu to a maximum of 2.71 in Chandigarh. We have observed that with compare the estimates of elasticity of substitution and state-wise growth rate of labour productivity, it suggest that in the 19 states which the elasticities of substitution are high and significant, the growth of labour productivity is partly due to substitution of capital in place of labour and partly due to efficient use of labour input in the manufacturing sector. The numerical value of elasticity of substitution obtained from constant elasticity of substitution production function based on time series data is more than unity evincing the fact that the substitution possibilities are relatively more in favour of labour across the major states industries.

The interstate year wise performance in respect of employees wage rates is not unique and there are variations from one state to another and year to year, The 14 states Andaman & N Island, Pondicherry, Tamil Nadu, Goa, Himachal Pradesh, Delhi, Jharkhand Orissa, Madhya Pradesh, Gujarat, Daman & Dui, Dadar& N Haveli, and Andhra Pradesh are registered higher growth rates than all India growth rate of level of wage rates of about 3.36 percent per annum.

But in respect of workers growth rate of wage rates level is not satisfactory and it is different for various states. The growth rate of wage rates of all India is also very low with 0.50 percent per annum. The 12 states have negative growth rates. In the context of non-workers the growth rate of wage rates of all India is high with 6.21 percent per annum compare to both employees and workers. And all states have also positive growth rate of level of wage rates

Overview, we conclude the performance of organized sector in most states is not satisfactory especially; it has failed to generate adequate employment. The primary reason for this is widespread automation and decline in labour intensity in most states. These have ensured that the benefits of the rise in labour productivity have largely gone to the surplus earners in the sector, who have been the main beneficiaries in the organised manufacturing sectors of the policies of liberalisation in general and trade liberalisation in particular. What is particularly striking is that even falling real wages in a context of relatively strong growth in organised industry and rising labour productivity have not been sufficient to ensure growth in employment. The negative effects of openness on employment generation have been strong enough to offset any supposed “benefits” of labour becoming cheaper in real terms for employers. This new trend therefore suggests that greater employment generation is not a necessary result of more growth in

organised industry indeed; it could even be associated with falling employment in future as well. This is an extremely important fact that policy makers must take on board, if there is to be even pretence of "more inclusive" economic growth in the country.

Table:Appendix-1

Regression of Productivity Growth on Level of Productivity

Dependent Variable: Employees
Method: Least Squares
Number of Observations: 31

Coefficients	Estimates	Std. Error	t-Statistic	Prob.
C(1)	12.533	2.658	4.716	0.000
C(2)	-0.017	0.009	-1.998	0.055
R-squared	0.121	Durbin-Watson stat		1.844
Adjusted R-Squared	0.091			

Dependent Variable: Workers
Method: Least Squares

Number of observations: 31

Coefficients	Estimates	Std. Error	t-Statistic	Prob.
C(1)	10.257	3.158	3.248	0.003
C(2)	-0.009	0.011420	-0.756	0.456
R-squared	0.019	Durbin-Watson stat		1.902
Adjusted R-Squared	-0.015			

Dependent Variable: Non- Workers
Method: Least Squares
Number of observations: 31

Coefficients	Estimates	Std. Error	t-Statistic	Prob.
C(1)	10.372	2.486	4.172	0.000
C(2)	-0.002	0.004	-0.503	0.619
R-squared	0.009	Durbin-Watson stat		1.945
Adjusted R-Squared	-0.026			

Table: Appendix-2

Regression of Wage Growth Rates on Levels of Wage Rates

Dependent Variable: Employees
Method: Least Squares
Number of observations: 31

Coefficients	Estimates	Std. Error	t-Statistic	Prob.
C(1)	1.831	2.242	0.817	0.4206
C(2)	0.021	0.012	1.675	0.105
R-squared	0.088	Durbin-Watson stat		1.945
Adjusted R-squared	0.057			

Dependent Variable: Workers
Method: Least Squares
Number of observations: 31

Coefficients	Estimates	Std. Error	t-Statistic	Prob.
C(1)	2.490	2.066	1.205	0.238
C(2)	0.019	0.012	1.600	0.120
R-squared	0.081	Durbin-Watson stat		1.979236
Adjusted R-squared	0.050			

Dependent Variable: Non- Workers
Method: Least Squares
Number of observations: 31

Coefficients	Estimates	Std. Error	t-Statistic	Prob.
C(1)	7.1012	2.277	3.119	0.004
C(2)	0.000	0.012	0.036695	0.971
R-squared	0.000	Durbin-Watson stat		2.008
Adjusted R-squared	-0.034			

Table: Appendix-3

OLS Estimates of the Equation : ln(v/L) = a + b ln(w)

State	Intercept	coefficient	R^2	D. W.
Jammu& Kashmir	-35.49	4.37	0.13	0.47
	(-1.42)	(1.91)	_	_
Himachal Pradesh	-13.88	2.42*	0.88	1.03
	(-3.88)	(7.68)	_	_
Punjab	-2.40	1.33*	0.52	1.67
	(-0.49)	(2.97)	_	_
Chandigarh	-18.95	2.71*	0.77	0.83
	(-3.16)	(5.24)	_	_
Uttaranchal	12.99	0.01	0.00	0.54
	(1.62)	(0.02)	_	_
Haryana	2.11	0.93*	0.54	0.62
	(0.61)	(3.09)	_	_
Delhi	5.55	0.60*	0.74	2.39
	(3.96)	(4.89)	_	_

Rajasthan	-5.79	1.66*	0.71	1.29
	(-1.37)	(4.39)	_	_
Uttar Pradesh	1.65	0.98*	0.75	2.13
	(0.72)	(4.83)	_	_
Bihar	-5.62	1.64	0.14	1.28
	(-0.36)	(1.15)	_	_
Nagaland	23.58	-1.21	0.06	1.60
	(1.38)	(-0.71)	_	_
Manipur	6.33	0.43	0.24	2.93
	(2.39)	(1.60)	_	_
Tripura	1.72	0.96	0.05	1.81
	(0.12)	(0.67)	_	_
Meghalaya	-11.97	2.26*	0.75	1.77
	(-2.33)	(4.83)	_	_
Assam	-0.22	1.18	0.11	0.98
	(-0.01)	(1.01)	_	_
West Bengal	-14.35	2.36	0.18	0.45
	(-0.72)	(1.34)	_	_
Jharkhand	-3.10	1.46	0.16	0.98
	(-0.28)	(1.25)	_	_
Orissa	-10.93	2.08*	0.48	0.71
	(-1.25)	(2.73)	_	_

Contd.Appendix -3

OLS Estimates of the Equation : ln(v/L) = a + b ln(w)

State	Intercept	coefficient	R^2	D. W.
Chhattisgarh	5.76	0.65	0.03	0.43
	(0.37)	(0.49)	_	_
Madhya Pradesh	-4.48	1.53*	0.63	1.23
	(-0.95)	(3.70)	_	_
Gujarat	-3.17	1.44*	0.56	0.67
	(-0.62)	(3.17)	_	_
Daman &Diu	7.59	0.50**	0.32	1.94
	(2.67)	(1.95)	_	_
Dadra &N Haveli	10.56	0.25	0.04	2.47
	(2.25)	(0.60)	_	_
Maharashtra	-11.93	2.23	0.12	0.27
	(-0.48)	(1.02)	_	_
Andhra Pradesh	-5.86	1.67*	0.87	1.17
	(-2.36)	(7.32)	_	_
Karnataka	-10.55	2.05*	0.69	1.28
	(-1.91)	(4.24)	_	_
Goa	6.48	0.61*	0.57	1.21
	(2.93)	(3.23)	_	_
Kerala	-0.88	1.17*	0.37	2.10
	(-0.14)	(2.15)	_	_
Tamil Nadu	3.53	0.79*	0.64	1.56
	(1.50)	(3.73)	_	_
Pondicherry	8.28	0.44	0.25	2.65
	(2.74)	(1.63)	_	_
Andaman&N.Island	-15.71	2.55*	0.70	1.90
	(-2.44)	(4.37)	_	_
All India	-6.07	1.67*	0.65	0.42
	(-123)	(3.82)	_	_

Note: (.) contains t-values for the regression coefficients and intercepts. D-W indicates Durbin-Watson statistics. *significant at five percent level and ** significant at ten percent level.