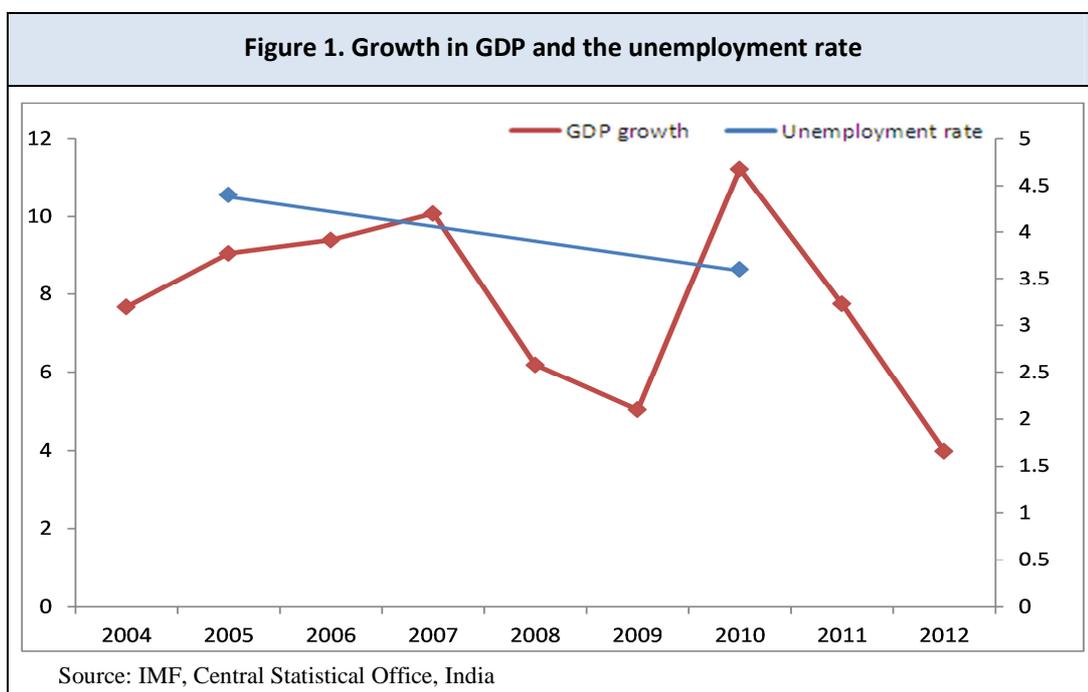


World of Work Report 2013

Snapshot of India

Economic growth is decelerating...

- The economic recovery that commenced in 2010 has not been sustained. GDP growth declined to 4% in 2012 from 11% in 2010 largely due to declines in corporate sector investment, foreign direct investment and exports.
- The unemployment rate, which was stagnant at 4% since the early 2000s, declined to 3.6% in 2009-10.
- The female labour force participation declined by 8 percentage points between 2004 and 2005 (37%) and between 2009 and 10 (29%).

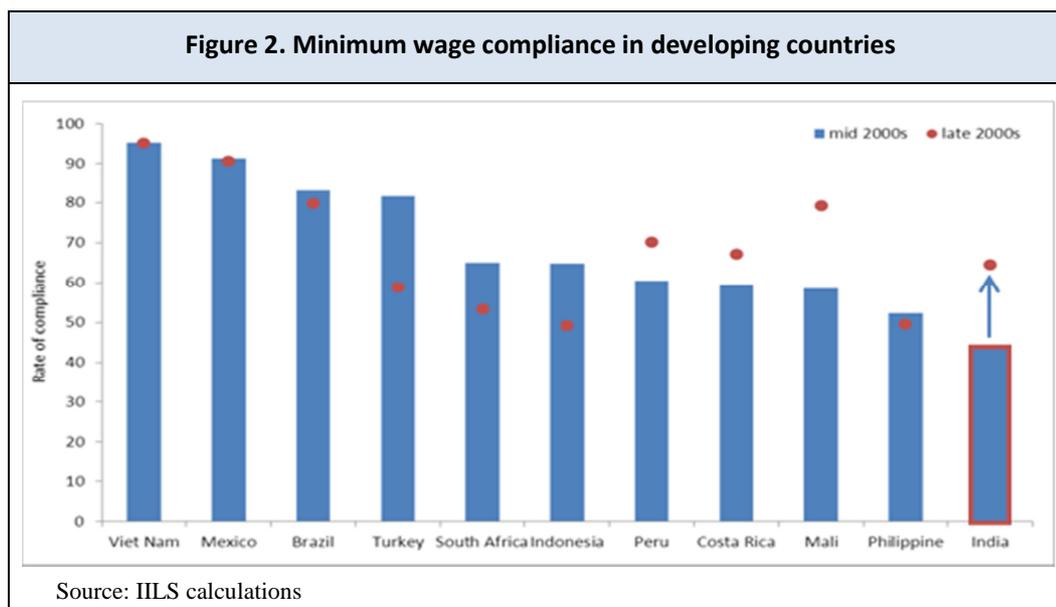


...quality of employment and poverty levels remain a concern...

- The quality of employment remains a major concern in India with 84% of the work force in informal employment. The high growth rates experienced before the crisis did help in reducing poverty from 37.2% in 2004-5 to 29.8% in 2009-10 and has lifted millions out of poverty. Though both these issues remain a major concern for the Indian economy.
- Furthermore, there is a rise in the middle class by almost 6% between 1999 and 2008, accounting for more than 25% of the total population, which would lead to an increased demand for consumer goods. Efforts should be made to tap this growing market to boost economic growth.

...minimum wages and social protection could help in improving the quality of employment.

- The Report shows that the proportion of workers receiving minimum wages have increased by more than 20 percentage points (more than the double for women) in the period between 2004-5 and 2009-10, reaching a level of 65%.
- The improvement in compliance could partly be attributed to the MGNREGA which provided (until most recently) minimum wages for undertaking unskilled work in most of the rural areas. The scheme also placed upward pressure on market wages in both rural and urban areas, and provided an opportunity for workers to bargain for better wages.
- The Report shows that minimum wages in India have also helped in reducing wage inequality (-0.01) especially at the bottom part of the wage distribution (-0.13).



Stimulating domestic demand could help in rebalancing the economy.

- *Rebalancing demand through minimum wage increase:* India, as most of the developing countries, needs to boost domestic sources of growth in order to counteract the weakening export prospects to crisis-hit advanced economies. A way to trigger domestic demand is to increase the purchasing power of the domestic economy by ensuring that minimum wages are revised regularly.
- *Improving compliance:* The challenge for India is to improve and achieve full compliance with regard to enforcing of minimum wages. This requires political will. However, the recent experience with the MGNREGA shows that political will along with the active role of civil society could help in improving compliance.
- *Addressing under-employment:* The previous efforts put forward under the MGNREGA helped in reducing under-employment and increased the purchasing power of the low-income households. Such efforts could be strengthened to ensure that there is sufficient domestic demand.

World of Work Report 2013: Repairing the economic and social fabric is available at (www.ilo.org/INST). For further comment, journalists are invited to contact Uma Rani (tel: +41 22 799 7521; email: amara@ilo.org) or Raymond Torres (tel: +41 22 799 7908; email: torresr@ilo.org), Director, of the ILO's International Institute for Labour Studies.