

# How Indians earn.

This article was published on 07 Dec 2016.



A fifth of bread-winners in India are in the salaried class, a third are labourers, and a little less than half of bread-winners are self-employed. Photo: Pradeep Gaur/Mint

Most of India's salaried class lack either written job contracts or benefits such as provident fund, shows the ICE 360 survey

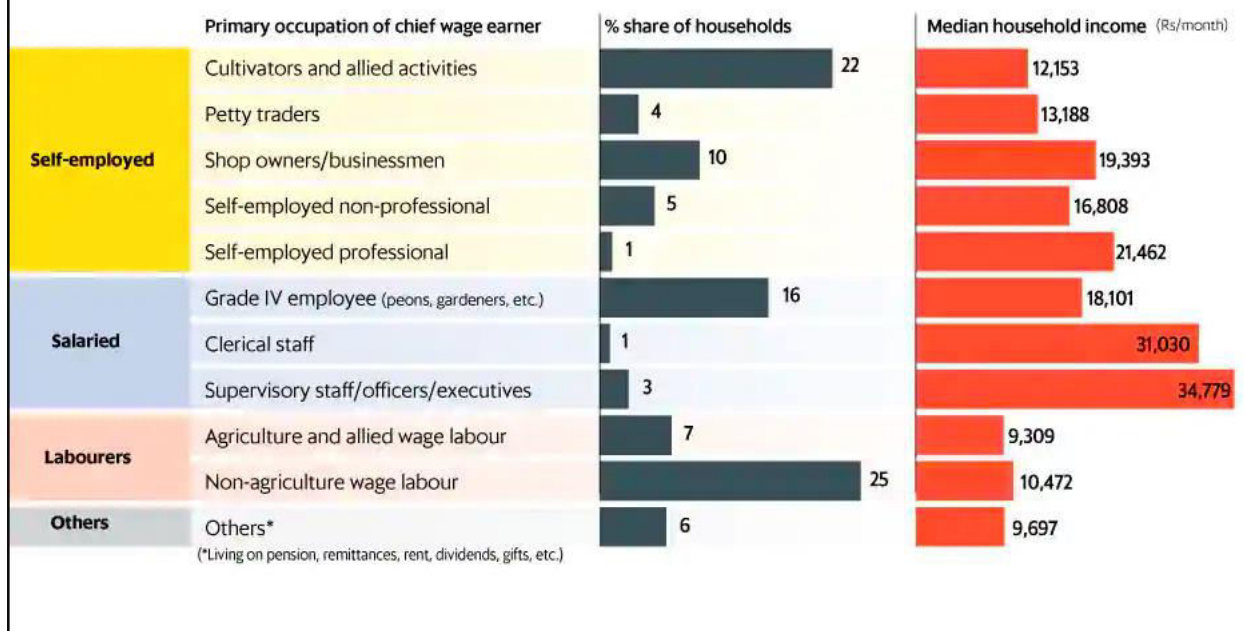
**New Delhi:** A fifth of bread-winners in India are salaried employees, a third are labourers, and a little less than half of bread-winners are self-employed, according to fresh data from a large-scale nationally representative survey conducted this year. The 'Household Survey on India's Citizen Environment & Consumer Economy' (ICE 360° survey) shows that the self-employed category is a very diverse category, including highly paid professionals as well as poorer petty traders.

The survey also suggests great diversity in the ranks of salaried workers, with less than half of them having written job contracts, and only a little over a third of them having provident fund (PF) benefits.

Overall, 42% of chief wage earners are self-employed. Twenty-two per cent are engaged in farm and allied activities, 10% are shop owners or businessmen, 5% are self-employed non-professionals, 4% are petty traders, and only 1% of bread-winners are self-employed professionals, the survey shows.

## Occupational profile

42% are self-employed, 32% are labourers and 20% are salaried workers in India



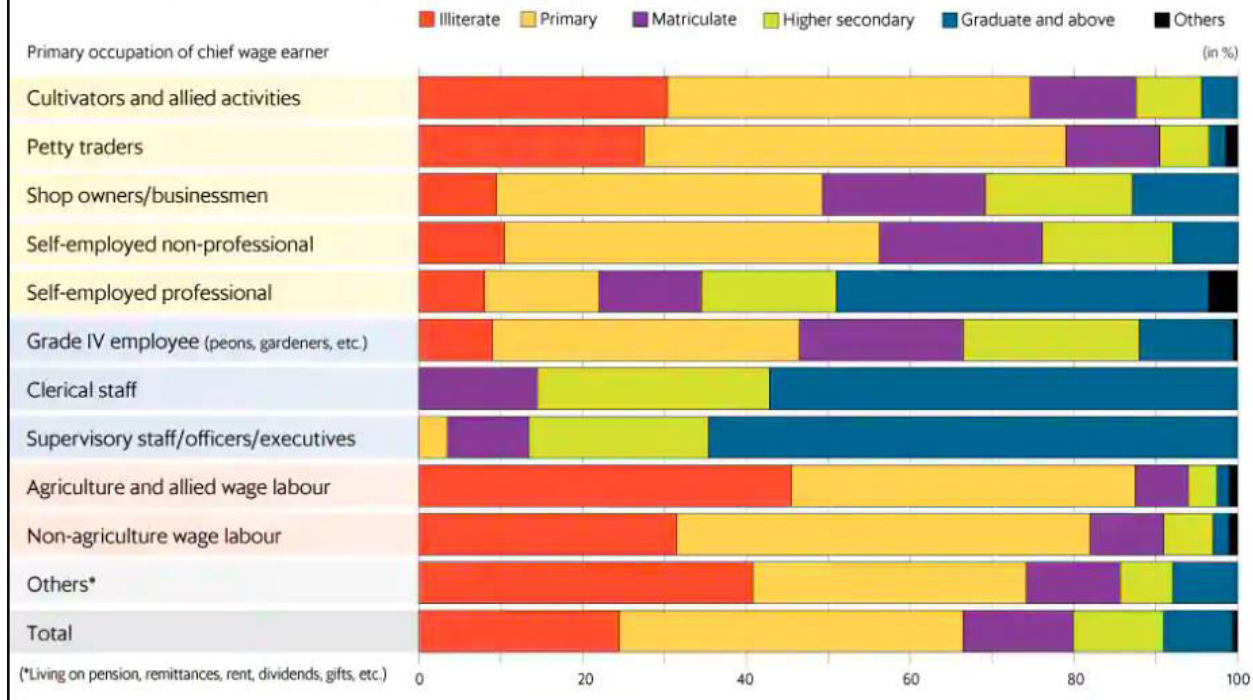
Within the salaried class, grade IV employees (including peons, housekeeping staff, gardeners, etc.) outnumber both clerical staff and supervisory staff (and officers and executives) by a wide margin. Sixteen per cent of bread-winners are grade IV employees, while only 1% are officers or executives, the survey shows.

Over the past few years, there have been several reports on how post-graduates and doctorates have been applying for jobs of peons and clerks. The ICE 360° survey provides a fair sense of the extent of such under-employment. More than a tenth of grade IV employees are graduates, the survey shows. The share of graduates among grade IV employees (11%) nearly equals the share of graduates among shopkeepers and businessmen (12%).

The share of graduates among clerical staff at 57% is only a little less than the share of graduates among supervisory staff (and officers and executives) at 65%. The share of graduates among clerical staff is higher than the share of graduates among self-employed professionals, the data shows.

## Educational qualifications

11% of grade IV employees (such as peons, gardeners, etc.) and 57% of clerical staff are graduates

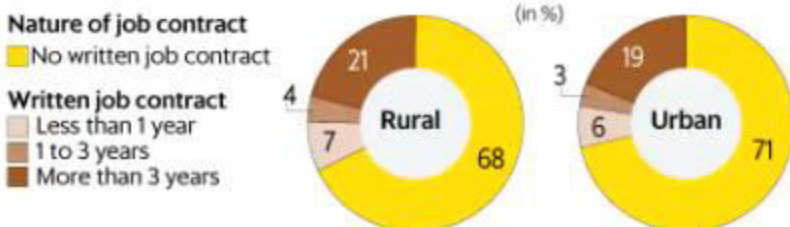


The survey highlights the fragile nature of employment in India. The survey shows that 68% of salaried workers in rural India, and 71% of salaried workers in urban India do not even have a written job contract. The share of workers with benefits such as maternity leave and PF contributions from employers is even lower. Like the class of self-employed workers, the salaried class is also a very heterogeneous group, the survey suggests.

The ICE 360° survey was conducted by the independent not-for-profit organization, People Research on India's Consumer Economy (PRICE), headed by two of India's best-known consumer economy experts, Rama Bijapurkar and Rajesh Shukla. The survey is among the largest consumer economy surveys in the country. The urban sample of the survey is comparable to that of the National Sample Survey Office (NSSO) consumer expenditure survey conducted in 2011-12. While the NSSO surveyed 101,651 households of which 41,968 (41.3%) were urban households, the ICE 360° survey covered 61,000 households of which 36,000 (59%) are urban households. The rural sample of the ICE 360° survey is less than half of the NSSO sample. Nonetheless, all the estimates of each region have been derived by adjusting for the respective population of those regions.

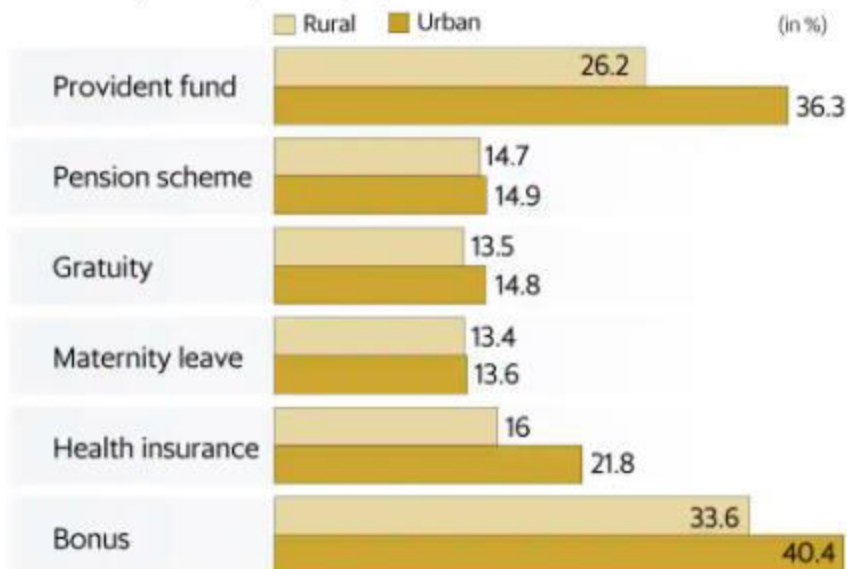
## Insecure jobs

Most salaried workers in India do not have a written job contract



Less than a fifth of all employers provide maternity benefits to salaried workers, and only a little over a third provide provident fund facilities

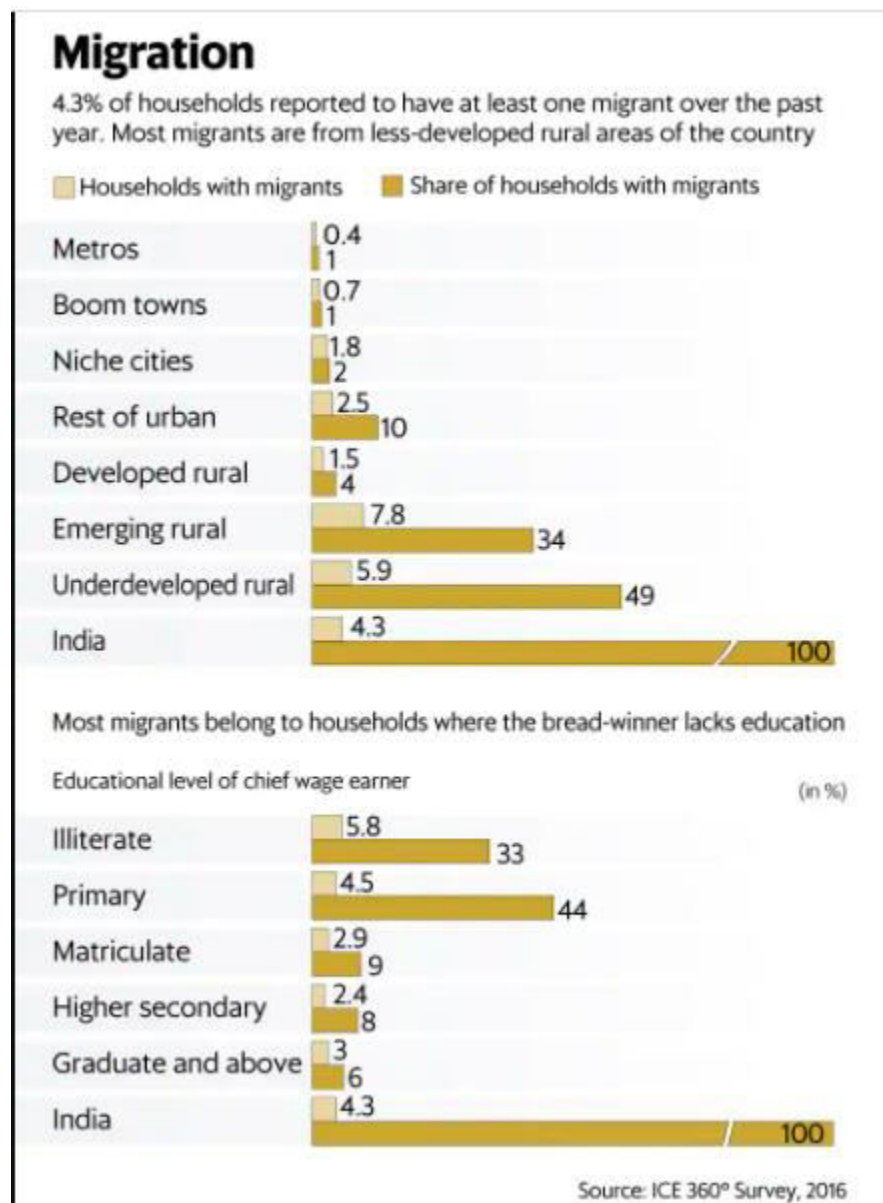
Benefits provided by the employer



The classification of bread-winners (or chief wage earners) differs from NSSO's classification as in the ICE 360° survey, principal activity of the bread-winner is based on the economic activity from which the highest income is derived, whereas the NSSO classification is based on the economic activity on which the individual spends the most time.

A notable feature of this survey is that it is representative at the level of economic clusters. Urban India has been divided into four clusters: metros (population more than 5 million), boom towns (2.5 to 5 million), niche cities (1 to 2.5 million) and other urban towns (less than 1 million). Based on a district development index, rural India has been sub-divided into three different clusters: 'developed rural', 'emerging rural', and 'underdeveloped rural'. The first category includes districts such as Bathinda (Punjab) and Kangra (Himachal Pradesh). The second category includes districts such as Latur

(Maharashtra) and Kamrup (Assam), while the last category includes districts such as Kalahandi (Odisha) and Bastar (Chhattisgarh).



The survey shows that 4.3% households reported having at least one member who migrated to another place over the past year (2015-16). Most such migrants belong to under-developed rural areas and to poor households where the bread-winner is either illiterate or ill-educated. Roughly nine out of 10 migrants reported work-related (or money-related) reasons for migrating. Forty-seven per cent cited “no work” at the current place of residence as the reason for migrating. An additional 37% of those who migrated did so to “earn more money”.