

CHANGING WORKFORCE OF MUMBAI: A CRITICAL ANALYSIS

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Introduction

Cities are regarded as engines of economic growth. A City serves as a catalyst for development within their respective wider regions. Cities and their metropolis regions function as the centres, nodes and gateways of global business, culture and social relations for their macro regions. They are the hubs where the global flows originate, to be channelled and arrived (Serbers K, et.al, 2005). The workforce of any given country always depends upon the economic changes initiated by the country. Now many cities are facing the multidimensional crisis of unemployment, poverty, environmental degradation and breakdown of urban centres and infrastructure irrespective of their potential (ILO, 1998).

Colonial rule by British before her independence, industrialization and urbanization process and her entry into global economy have created many changes to the workforce of India. Mumbai is the first Indian city to experience the economic, technological and social changes associated with the growth of India. This paper has selected an Indian City, Mumbai to study the changing nature of workforce in the city.

Objectives and methodology

The major aim of this paper is to analyse the changing pattern of workforce of Mumbai, India. The following specific objectives are taken:

- a) To study the population growth in the city over the years (1901 to 2001);
- b) To analyse the changing pattern of workforce from 1961-2001;
- c) To explore the trend of involuntary unemployment; and
- d) To study the linkages between involuntary unemployment (whose jobs are interrupted) and the workforce participation of other family members.

Development of Mumbai city:

The transition of Mumbai from a mere cluster of seven islands to the present megapolis is quite amazing. Mumbai city was known as Bombay until 1995. These seven islands which

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constituted the present Mumbai city were given in dowry to the British Crown Prince Charles II by the Portuguese in 1661. The British Government, considering these islands as useless, leased them to the East India Company (EIC). The EIC realized the potential of Mumbai's strategic location and natural harbour with deep water took advantage of them. The consolidation of power of the company in India and its transfer to the Crown in 1857 ushered a new age for the islands. Mumbai became the capital of Bombay Presidency, controlling with the adjoining territory, the whole of Saurashtra, Karnataka and the Konkan regions. Then the opening of the Suez canal in 1869, Mumbai became the nearest Indian port to Europe for EIC, a key advantage over the other ports of India; and Mumbai turned into a window to the West and the gateway to India for British trade. During Industrial revolution in England, Mumbai became the major channel through which Indian raw cotton was shipped to Europe.

From the middle of 19th century Mumbai itself entered into the industrial era. Mumbai's port functions were rapidly transformed from exporting to importing. Making use of the imported British technology and using the availability of indigenous capital, Indians themselves started to invest in cotton based industry (Edwardes, 1902 in Jacquemin, 1999). The import trade stimulated the development of import substituting manufacturing, especially in cotton textiles, although the manufacturing base remained narrow and rather specialized. The Second World War resulted into more diversification of Mumbai's manufacturing sector with an expansion of basic metals and engineering functions. During 1865 Bombay earned 70 million pounds sterling in cotton trade. This money was spent on the city's infrastructural development schemes which attracted huge investments into the city. In 1865 Mumbai had 31 banks, 8 reclamation companies, 10 shipping companies, 20 insurance companies and 62 joint stock companies.

During the early 20th century, manufacturing sector (vigorous and diversified), played a vital role in the development of Mumbai city. This has been important not only as a direct employer, but also as the force behind the emergence of wide range of services and financial activities in the city. These, in turn, have created the business agglomeration economies and manual labor pools making Mumbai very attractive as a location for public and private sector offices. Its economic base is oriented towards international and national markets rather than regional markets, and the city is now India's leading financial and business centre. Mumbai is the state capital of Maharashtra and the first Indian city to experience the economic,

technological, and social changes associated with the growth of capitalism in India. It is also the financial and commercial capital of India. Mumbai accounts for about one percent of the total population of India but as per capita of income it is almost three times that of India. Today Mumbai with its urban agglomerations is the sixth largest city in the world. The liaison between the city's development and workforce is quite noticeable.

The island city had physical constraints to expand territorially (Fig. 1). So after implementation of a series of reclamation schemes, the present Mumbai forms a peninsula rather than group of islands (Fig.2). As per the recent Census Greater Mumbai covers an area of 603 km.².

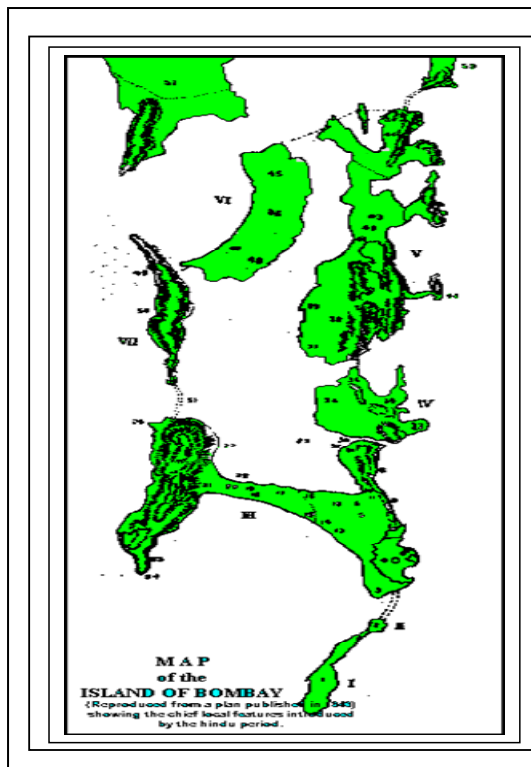


Figure 1: Earlier aerial view of Mumbai as cluster of seven islands



Figure 2: Current aerial view of Mumbai

1.Growth of Population in Greater Mumbai

During 1661, Mumbai had a mere population of 20,000 and the major economic activity was fishing and agriculture (Kosambi, 1986 quoted in Jacquemin, A.R.A, 1999). With the growth of the city, the population too started growing tremendously. Under the colonial British rule the port acted as major employer and attracted many in to the city. Since then, the tremendous increase in population in Mumbai is attributable to exclusive migration rather than other

reasons. Table no. 1 shows the increasing volume and growth rate of population in the city as per the national census. The growth rate of the city is always high. The absolute number of population has increased from less than one million in 1901; from nearly 3 million in 1951 to 12 million in 2001, a nearly four times increase in just fifty years. During 1941–1951 the city experienced an unprecedented population growth rate (75%) mainly because of the influx of refugees due to the partition of India into India and Pakistan. During partition of India in 1947, millions of Hindu refugees fleeing from Pakistan were settled in Mumbai by the Indian Government which had provided asylum to them. The share of population growth of the city was attributable to migration, and share of natural increase was very less (Singh, 2007). In the beginning many laborers from the nearby districts of Bombay have migrated in to the city later employment aspirants from all over the country flocked into the city looking for job opportunities. Mumbai is the fifth populous city in the world after Tokyo, Sao Paulo, Mexico and New York (UN, 2001) and is expected to be the second most populous city after Tokyo in 2015.

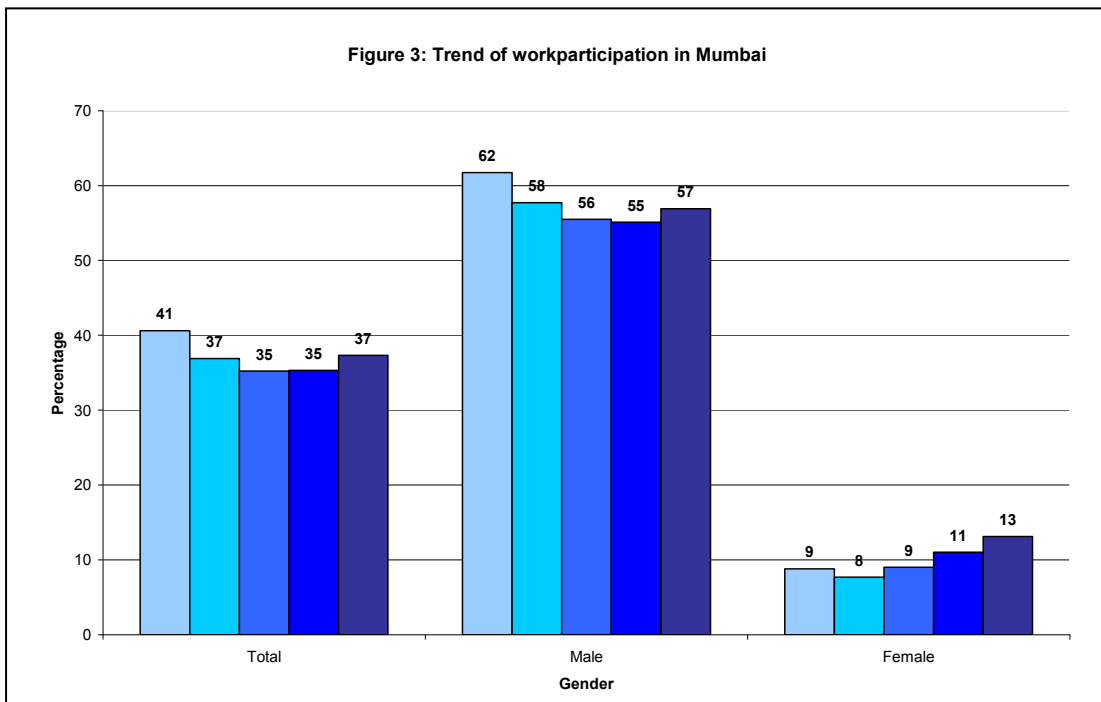
According to the most recent three decennial censuses, the reasons for migration were, employment and business for male all duration migrants (Table 2). This confirms that the migrant workforce into the city. According to the reasons for migration into the city, majority of the male migrants have stated work or business related reasons. The female migrants have stated marriage as the reason for entering into the city.

2. Pattern and trend of workforce participation in Mumbai

The changing workforce participation in the city is explained below by using Indian decennial censuses. The magnitude of workforce has increased gradually over the census years of 1961-2001 (Table 3). However the gender data reveals that the growth of male workforce was increasing in a very slower phase, where as the female workforce of Mumbai was increasing in a faster phase. Especially, after the structural reform in 1991, the female workforce has increased substantially during the decade 1991 – 2001.

The Work Participation Rate (WPR) in the city is showing a wavering trend - a steep decline from 1961 to 1981 (40.6 percent to 35.2 percent) and a slight rise since 1991, from 35.3 percent in 1991 to 37.3 percent in 2001 (Figure 3). Men's main involvement in the workforce is always higher in the city as compared to other districts of Maharashtra. However, female workforce participation is the least in Mumbai among all the districts of

Maharashtra. Male WPR too showing the same trend during 1961-2001, where as, female WPR is been increasing steadily during this period.

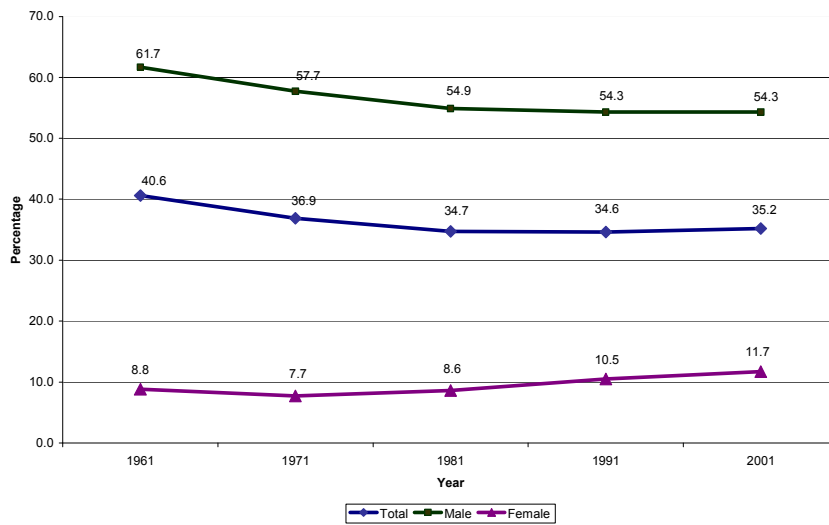


The different categories of workers as main workers¹ and marginal workers², shows another trend. Male WPR as main workers has declined steadily, from 62 percent in 1961 to 54 percent in 2001. The female WPR as main workers has increased steadily, during this period. However, the increase in female WPR is very remarkable between 1981 to 1991 and 2001, that is, 9 percent, 11 percent and 12 percent respectively (Figure 4.a).

¹ Those workers who had worked for the major part of the reference period (i.e. 6 months or more) were termed as Main Workers.

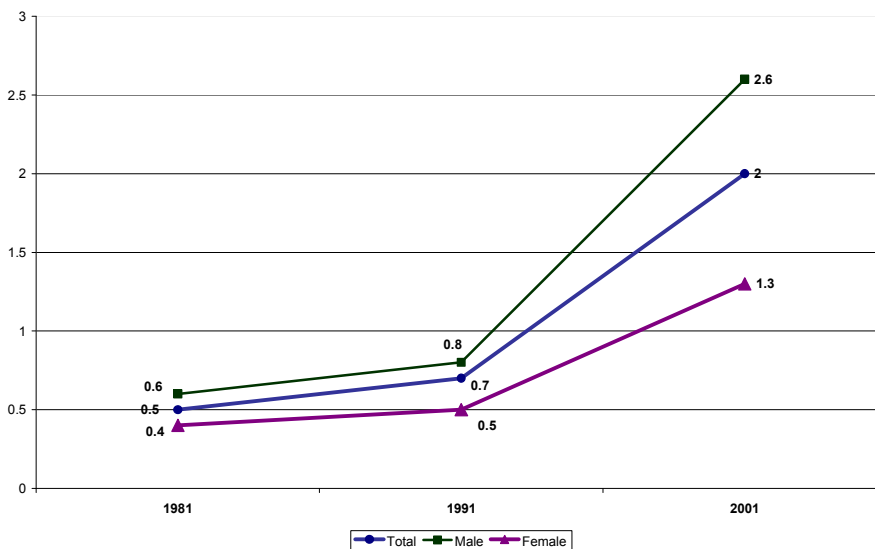
² Those workers who had not worked for the major part of the reference period (i.e. 6 months or more) were termed as Marginal Workers.

Figure 4.a. Changing workforce participation among main workers



Indian census has started collecting information on marginal workers since 1981 census. The share of marginal workers is increasing steadily since 1981, from 0.5 percent in 1981 to 2 percent in 2001. The increase in marginal workers between 1991 and 2001 is quite noticeable for men as well as women (Figure 4.b).

Figure 4.b: Changing work participation among marginal workers



Age Specific work participation rate

Age specific analysis of work participation shows some interesting findings. The data is analyzed for the three decades of 1981, 1991 and 2001. On the whole, child workforce

participation shows of signs of decline, especially female workforce has declined significantly. On the whole male adult workforce has slightly decreased in these three decades. But type of work-wise age specific work participation analysis shows that the rate of male main workers has come down, while the rate of male marginal workforce has increased. The female adult workforce remains the same in the last three decades. The significant change in the workforce participation was found among the elderly workforce. The overall male and female elderly workforce participation has increased significantly. While elderly main workforce has increased from 2.9% to 3.5% in the 3 decades, the elderly marginal workforce has declined from 5.6% to 3.4% indicating more and more elderly are remaining in full-time employment. There is substantial increase in the workforce participation of female elderly in both the category of employment – main and marginal workers.

Industrial category of workers

Industrial classification of workers by their employment is highlighting the shift between different occupational status of workers for the years 1961-2001 (Table 6). The proportion of manufacturing industrial workers has declined remarkably since 1981, that is, 42 percent in 1981 to 29 percent in 2001. The possible reasons for this decline are discussed in the later part of this paper. Construction industry has boomed doubly since 1961, that is, 3 percent in 1961 to 6 percent in 2001. Trade and commerce industry also increased steadily during this period from 18 percent during 1961 to 33 percent during 2001, a remarkable increase is observed between 1991 and 2001. This clearly indicates a shift in the economic activities is emerging in Mumbai, that is, from manufacturing to service sector.

Currently Greater Mumbai is dominated first by tertiary sector – wholesale and retail trade, transport, storage and communications, finance, insurance, information technology, real estate, community, social and personal services – followed by secondary sector activities –manufacturing and repair, electricity, and construction .

Industrial Activity in Mumbai

a. Closed down industries

The following table no. 6 highlights that many registered factories have been closing down since 1991. Between 2004 and 2005 there is very marginal increase in the number of registered factories. The number of closed down factories shows that during 2000 more than

500 factories were closed. Year 2000 around 700 factories in Mumbai are closed down. The workers in the factories show a decline over the years. The number of registered factories and the workers working in those factories (only whose information are provided) are reduced from the 1991 level to 2005 level – total workers from 466 thousand in 1991 to 135 thousand in 2005. Among male and female workers in the registered factories too show a declining trend, as the numbers of units are closed down. It is worth noting that around hundreds of factories close every year and a high magnitude of workers, whose employments are interrupted.

b. Industries by workers' strength

The table below reveals that the number of very small industrial units as well as very large industrial units have decreased in the city during the years 2000 to 2005. It is significant to note that the decline in large factories must have led to large scale interrupted employment for many.

Unemployment in Mumbai

The unemployment at the national level is increasing steadily, from 9.2 percent during year 2000 to 10.4 during 2003. According to Census 2001 the unemployment is 5 percent among total Mumbai population, 5.1 percent among male population and 4.9 percent among women population (persons seeking or available for work). Underemployment (working but seeking or available for work) among the marginal workers is one percent - for men 1.5 percent and for women 0.4 percent (Not given separately in the table).

According to NSSO unemployment rate is defined as the number of persons unemployed per thousand persons in the labourforce, employed and unemployed taken together. NSSO measured unemployment with three different approaches, usual status with a reference period of one year, current weekly status with one week reference period and current daily status based on the daily activity during each day of the reference week. Table no.8 gives the usual status adjusted (this is calculated excluding subsidiary workers, which would be conceptually lower than the unemployed in the principal status from four rounds of NSSO, 43rd, 50th, 55th and 61st). Unemployment rate by usual adjusted status has declined for among men during 1987 till 2005, whereas for women this showed a sharp increase during 1999-2000 and reduced to almost half during 2004-05.

Current scenario

According to the latest census, the Indian workforce is 400 million, that also young workforce. Indian Government's adoption to global economy since 1991 has resulted into several changes in the Indian economy. Government's effort into globalising the Indian economy has opened up the entry of foreign products into local markets with lesser price tags. The industries/companies that cannot withhold the competition/pressure from these multinationals/private entrepreneurs forcing the existing working factories, either to close down or sell their investments to these foreign/private companies. Globalization prompted reduction of the customs duties on foreign imports; many drugs manufactured in India have become costly compared to the foreign goods in the Indian market. As a result, the owner of these factories are closing down their units and throwing the workers out of employment. Economic reform process reduced the demand for local labour as the result of importing cheaper goods and recessing in industrial sector. The Indian labour market is started to see a lot of changes. Firms increasing tendency for off-loading or sub-contracting and preference for cheaper forms of contract labour.

There are two questions used by National Sample Survey Organisation (NSSO) are more relevant for this study. First one is, '*Reason for becoming unemployed for those who had work in the past*'. This information on reason for becoming unemployed was collected for those who were employed in the past. The coding structure for this question is, a) Loss of earlier job; b) Quit earlier job; c) Layoff without pay; d) Unit closed; e) Lack of work in the enterprise; f) Lack of work in the area; and g) Others. And the second one is '*Reason for quitting the earlier job*' for the above respondents who have stated that they have 'Quit their earlier job'. The coding structure is a) Work not remunerative enough; b) Unpleasant environment; c) Employer harsh; d) To avail the benefits of VRS; and e) Others.

As the reasons given for quitting the job are of voluntary nature, those respondents were not taken for the study. The respondents who have given reasons for break in employment besides, 'quit earlier job' and 'others' are clubbed together and termed as 'involuntarily unemployed' or 'employment interrupted workers' for this study.

The following table provides information of the unemployed persons in urban India, aged 15 to 59, by their reasons for break in employment (Table- 9). The persons who have ever worked

'quitting earlier job' as a reason for break in employment are increasing for both male and females. However, the increase is very prominent for urban females, i.e., 6 percent during 1993-94 to 19 percent during 1999-2000 and 23 percent during 2004-05. According to this survey data the involuntary unemployment or interrupted employment for men has decreased since the survey periods, 66 percent during 1993-94 to 63 percent during 1999-2000 to 62 percent during 2004-05 among urban males. This decline is very steep for urban females, that is, 69 percent during 1993-94 to 48 percent during 1999-2000.

The above table highlighted the proportion of involuntary workers in urban India, which constitute a major chunk of the reason for not working. The impact of global economic change is largely seen in cities and could be much more in Mumbai. To state an example, during 1997-99 in the Mumbai – Thane region alone around 30,000 workers have lost their jobs in the pharmaceutical Industry.

The latest NSSO data at the regional level, Mumbai provide this information. So it is decided to use to study the proportion of involuntarily unemployed persons in the city. The table below shows the percent distribution of unemployed who ever worked in the age group of 15 to 59 in Mumbai. Involuntary unemployment is more than double among male than females, 65 percent and 29 percent respectively.

An effort is made to study the comparison between the general households and the unemployed household characteristics (Table 11). The female headed households are higher among the unemployed households than the general households, that is, 15 percent to 10 percent respectively. Number of persons living in the households of unemployed is nearly 10 percent points higher than the general households. The age composition of household members shows that working age group (15-59) is higher in unemployed households. Persons seeking or available for work are very high in unemployed households than in normal households, 16 percent to 2 percent respectively. The households are divided in to quintile by their household per capita expenditure, Q1 to Q5 (lowest to highest).

Many labour studies have highlighted that other members of the households are used as assets in time of unemployment in the household. This study analysed the usual activity status of the wives, daughters-in-law and unmarried daughters and sons (Table 12).

As principal activity status, the labour force is high among the wives and unmarried daughters and sons of unemployed households than general households. Most of the working wives, daughters-in-law and unmarried daughters and sons are in regular salaried jobs. The workers divided by the industrial category (NIC-2004). The finding suggest that the household members in unemployed households are mainly employed in the following industries than the general households – wives are employed in service (2) industry; daughter-in-laws are employed in manufacturing (2) industry; daughters in service (2) industry and private households with employed persons; and sons in manufacturing (2), transport and storage, service 2 and private households with employed persons.

Conclusion and discussion

Though manufacturing sector played a vital role in the development of Mumbai city, the role of the port of Mumbai has been important not only as a direct employer, but also as the force behind the emergence of wide range of services and financial activities. These, in turn, have created the business agglomeration economies and manual labor pools making Mumbai very attractive as a location for public and private sector offices.

The evidence from the decennial censuses reveals that the work participation rate is declining in Greater Mumbai in the recent years, nearly three percent points less from 1961 to 2001. Gender specific result reveals that though men's work participation is declining, whereas female work participation is increasing. Work participation of the elderly is also increasing. The reason for this trend could be as the work participation of the main earner (male adult worker) is interrupted due to retrenchment and factory closure, other adult members in the family, i.e. female adult and elderly have to seek employment. The work participation of members in a household is much higher in the unemployed households. It is generally observed that the spouse, unmarried children and other members had to seek work in order to supplement the household income. Thus the increase in female and elderly female work participation in Mumbai could be the result or an adaptation strategy taken by unemployed households.

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