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# Research Digest



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**Working Paper No. 237***([http://www.icrier.org/publication/working\\_papers\\_237.html](http://www.icrier.org/publication/working_papers_237.html))***Do Labor Intensive Industries Generate Employment? Evidence from firm level survey in India**

June 17, 2009

*Deb Kusum Das**Gunajit Kalita*

This study attempts to analyse the issue of declining labour intensity in India's organized manufacturing in order to understand the constraints on employment generation in the labour intensive sectors. Using primary survey data covering 252 labour intensive manufacturing-exporting firms across five sectors—apparel, leather, gems and jewellery, sports goods, and bicycles for 2005-06 an attempt is made to find out the factors which constrain employment generation in labour intensive firms. The study shows several constraints in the path of employment generation in labour intensive sectors—shortage of trained skilled workers, infrastructure bottlenecks, low levels of investment, labour laws and regulations, and a non-competitive orientation that adversely affects exports. The study suggests a set of policy initiatives to improve the employment potential of these sectors.

**Working Paper No. 236***([http://www.icrier.org/publication/working\\_papers\\_236.html](http://www.icrier.org/publication/working_papers_236.html))***The Employment Potential of Labor Intensive Industries in India's Organized Manufacturing**

June 17, 2009

*Deb Kusum Das**Deepika Wadhwa**Gunajit Kalita*

This paper attempts to identify and examine labor intensive industries in the organized manufacturing sector in India in order to understand their employment generation potential. Using the data from the Annual Survey of Industries (Government of India, various issues), the labor intensity for 97 industries at the 4-digit disaggregate level was computed for the period 1990-91 to 2003-04. The study identifies 31 industries as 'labor intensive industries' within India's organized manufacturing sector. The study finds that labor intensity declined not only for capital intensive industries but also for labor intensive industries during the selected time period. The increase in output failed to generate enough employment growth resulting in a significant decline in employment elasticity. The paper seeks to identify the plausible factors that could have had an impact on labor intensity as well as on the performance of the organized manufacturing sector over the study period.



**Working Paper No. 235***([http://www.icrier.org/publication/working\\_papers\\_235.html](http://www.icrier.org/publication/working_papers_235.html))***The Two Waves of Service-Sector Growth**

May 18, 2009

*Barry Eichengreen**Poonam Gupta*

The positive association between the service sector share of output and per capita income is one of the best-known regularities in all of growth and development economics. Yet there is less than complete agreement on the nature of that association. Here we identify two waves of service sector growth, a first wave in countries with relatively low levels of per capita GDP and a second wave in countries with higher per capita incomes. The first

wave appears to be made up primarily of traditional services, the second wave of modern (financial, communication, computer, technical, legal, advertising and business) services that are receptive to the application of information technologies and increasingly tradable across borders. In addition, there is evidence of the second wave occurring at lower income levels after 1990. But this change in the second wave is not equally evident in all economies: it is most apparent in democracies, in countries that are open to trade, and in those that are relatively close to the major global financial centers. This points to both political and economic conditions that can help countries capitalize on the opportunities afforded by an increasingly globalized post-industrial economy.

**Notes****CONTACT US:**

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