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PRODUCTIVITY

4.1 Productivity is a measure of efficiency with which resources, both human and material, are converted into goods and services:

- Faster rate of economic growth can be ensured through accelerated production and higher productivity in all branches of economic activity. The productivity of human resources (labour), being an important input besides land and capital, plays a significant role in determining the overall economic growth of a nation.
- Apart from the level of human skills, the quality of raw materials and the technology employed are also responsible for increasing productivity.

4.2 Comparison of Productivity Indices of Asian Countries during the year 1995 in Table 4.1 on base 1988=100 shows that the growth of productivity has been the highest in Malaysia, followed by Republic of Korea, Singapore, Republic of China, India and so on. India ranks 5th among the 18 Asian Countries for which the study has been made. It may be further noted that the productivity indices of Republic of China, Hong Kong, Indonesia, Republic of Korea, Malaysia, Nepal, Pakistan and Thailand constantly recorded improved trend. The productivity indices in India, too, recorded a rising trend. Comparative picture of labour productivity indices in Asian countries is given in **Table 4.1**.

Table 4.1

Comparison of Labour Productivity Indices – Asian Countries								
Country / Year	1988	1989	1990	1991	1992	1993	1994	1995
Republic of China	100	106.25	111.65	117.86	123.03	129.10	134.55	141.04
Fiji	100	99.19	101.77	99.50	101.54	101.39	104.83	-
Hong Kong	100	102.93	106.83	110.60	117.96	121.63	123.82	127.30
India	100	110.97	114.89	116.27	113.59	118.19	119.55	124.70
Indonesia	100	107.40	113.08	121.89	127.02	134.78	143.31	-
Islamic Republic of Iran	100	99.71	108.09	115.78	117.92	119.09	116.53	117.14
Japan	100	105.49	109.25	111.28	111.34	110.39	111.30	113.00
Republic of Korea	100	102.19	108.37	115.25	118.84	123.33	130.37	138.34
Malaysia	100	105.39	110.53	116.45	121.90	126.72	134.39	143.30
Nepal	100	104.65	108.99	115.15	119.59	122.60	131.31	134.10
Pakistan	100	101.45	103.10	112.48	116.38	115.09	116.73	118.88
Philippines	100	104.48	104.41	101.77	98.11	98.04	99.43	102.19
Singapore	100	104.84	107.16	111.79	114.84	125.55	133.52	140.93
Thailand	100	110.85	112.16	130.01	135.73	143.14	160.45	-

Source: PRODUCTIVITY STATISTICS Asian Productivity Organization, Japan.

Base: 1988=100

4.3 The labour productivity growth in India measured in terms of growth in real GDP per person employed is worked out to be ranging from 3.12% in 2000 to 6.84% during 1996 thus indicating the overall improvement in labour productivity in the country. The labour productivity growth in India was 5.37% and 4.21% during 1998 and 2001 respectively which is better than all other Asian countries. However, in some of the Asian countries, the labour productivity growth has been higher than India.

4.4 The comparative picture of labour productivity growth in Asian countries is given in Table 4.2.

Table 4.2

LABOUR PRODUCTIVITY GROWTH (%)								
(Growth in real GDP per person employed)								
Sl. No.	Country / year	1995	1996	1997	1998	1999	2000	2001
1.	Bangladesh	0.71	-0.15	3.12	1.74	1.18	3.17	1.63
2.	Republic of China	2.74	7.49	5.64	4.40	5.35	4.57	1.97
3.	Fiji	0.63	-1.13	-3.40	1.84	8.02	-0.91	N.A.
4.	India	6.42	6.84	3.74	5.37	4.90	3.12	4.21
5.	Iran	1.39	3.01	2.42	3.06	-0.34	2.32	2.31
6.	Japan	1.79	3.00	0.79	-0.47	0.95	2.93	0.89
7.	Republic of Korea	6.55	4.70	4.43	1.15	9.07	2.80	3.39
8.	Malaysia	6.62	5.70	5.60	-1.79	3.86	6.10	0.29
9.	Mongolia	4.62	4.73	3.94	0.92	3.35	5.33	-3.24
10.	Nepal	2.94	1.62	-0.18	0.37	1.53	0.59	-1.12
11.	Pakistan	4.67	4.05	-4.21	-1.54	1.86	5.24	0.09
12.	Philippines	2.05	0.42	2.72	-1.29	-0.49	10.28	-2.80
13.	Singapore	4.69	5.30	3.63	-2.94	5.51	-1.51	-0.08
14.	Sri Lanka	3.96	0.35	4.99	-2.18	2.99	2.20	-0.37
15.	Vietnam	7.13	6.98	5.85	3.54	2.61	4.67	4.13

Source: APO Asia Pacific Productivity data & Analysis 2003, Tokyo, Japan.

4.5 The labour productivity growth during 1995 to 2001 in India has all along been better than the comparative position in respect of benchmark countries like Australia, Germany, United Kingdom and United States thus indicating the shift towards betterment of Indian economy through higher labour productivity in all these years of globalization as indicated in the table below:

Benchmark Countries: -

Sl. No.	Country	1995	1996	1997	1998	1999	2000	2001
1.	Australia	0.00	2.65	2.62	3.34	2.16	0.01	1.77
2.	Germany	1.80	0.95	1.90	-2.93	0.77	1.30	-0.07
3.	United Kingdom	1.68	1.47	1.55	1.78	1.19	1.67	1.83
4.	United States	1.16	2.09	2.14	2.77	2.53	2.43	-0.28

Source: APO Asia Pacific Productivity data & Analysis 2003, Tokyo, Japan.

NATIONAL PRODUCTIVITY COUNCIL

4.6 The National Productivity Council is an autonomous body and is funded by the Government of India:-

- It aims at dissemination of knowledge and experience in productivity, promotion of consciousness and improvement in productivity, strengthening of the performance and competitiveness of the economy and improving the conditions and quality of working life.
- It operates through Regional Directorates and Regional Offices.
- Ministries of the Government of India and representatives of employers' and workers' organizations are members of the council.
- It undertakes training programmes in the area of management services, industrial training and human resource development and also provides consultancy services in both the formal and informal sectors.
- It has instituted National Productivity Awards for selected industry groups with the objective to recognize the enterprises, which excel in productivity performance and to motivate other enterprises to increase their productivity.

PRIME MINISTER'S SHRAM AWARDS

4.7 To give recognition to outstanding contribution towards production and productivity, technological innovations, cost savings, import substitution, saving of foreign exchange, and for showing exemplary zeal and enthusiasm in the discharge of duties, the Ministry of Labour administers a scheme entitled "**Prime Minister's Shram Award**" to workmen (as defined in Industrial Dispute Act, 1947) employed by the Departmental / Public Sector Undertakings of the Central and State Governments. Only those workmen are eligible for the Award who are engaged in manufacturing and productive processes and whose performance is assessable. These Awards are announced every year on the eve of Independence Day. The awards in the order of precedence are Shram Ratna, Shram Bhushan, Shram Vir and Shram Shri / Devi. The cash prize and the number of these awards for each category in a year are under:-

Name of the Award	Amount of Cash Prize	Number of Awards
Shram Ratna	Rs.2,00,000/-	1
Shram Bhushan	Rs.1,00,000/-	2
Shram Vir	Rs.60,000/-	6

Shram Shri / Devi	Rs.40,000/-	8
	Total	17

- 4.8 Besides the cash prize, the awardees also receive a 'Sanad' from the Prime Minister.
- 4.9 The Hon'ble Prime Minister distributed the Prime Minister's Shram Awards on 25th April 2003 for the year 2001 to 37 workers including 1 woman. The Awards for the year 2002 and 2003 were announced on 25th January 2003 and 14th August 2003 respectively.
- 4.10 From the year 2004, the private sector units employing more than 500 workers have been brought within the ambit of the Prime Minister's Shram Awards. The number of awards has also been increased to 33 from the present level of 17. Further an award of Shram Veerangana has also been introduced along with Shram Vir.

However, in some of the Asian countries, the labour productivity growth has been higher than India. which includes Republic of Korea (6.55%), Malaysia (6.62%) and Vietnam (7.13%) as against India (6.42%) in 1995; Republic of China (7.49%) and Vietnam (6.98%) as against India (6.84%) in 1996; Republic of China (5.64%); Republic of Korea (4.43%), Malaysia (5.60%) and Vietnam (5.85%) as against India (3.74%) in 1997; Republic of China (5.35%) and Republic of Korea (9.07%) as against India (4.90%) in 1999 and Republic of China (4.57%), Malaysia (6.10%) and Vietnam (4.67%) as against India (3.12%) in 2000.

4.4 Occasionally, the labour productivity growth has been better in some other Asian countries than India. These are Mongolia (3.94% and 5.33%) respectively in 1997 and 2000; Fiji (8.02%) & Singapore (5.51%) in 1999; Pakistan (5.24%), Bangladesh (3.17%) and Philippines (10.28%) in 2000.