

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 productive human resources.

LABOUR PRODUCTIVITY

4.2 Comparison of Labour Productivity Growth across APO member countries during the year 1995 to 2005 as depicted in **Table 4.1** shows that labour productivity growth in 2005 has been the highest in Mongolia (14.42%), followed by India (6.33%), Vietnam (5.78%), Pakistan (5.71%), Fiji (5.28%), Sri Lanka (4.74%), Indonesia (4.66%) and so on. India ranks 2nd among the 17 APO member Countries for which the study has been made. The labour productivity growth for India exhibited an increase during the latest year under consideration.

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 1.07% in 2002 to 6.33% during 2005 thus maintaining a satisfactory level in labour productivity. The labour productivity growth in India was 5.48% and 6.33% during 2004 and

2005 respectively. It may be noted that India's labour productivity growth during 2005 was the second highest among the 17 APO member countries. The labour productivity growth during 1995 to 2005 in India has all along been better than the comparative position in respect of benchmark countries such as United States (Excepting China), thus indicating the shift towards betterment of Indian economy through higher labour productivity in all these years of globalization.

4.4 A statement giving the labour productivity measures in terms of Gross Domestic Product (Purchasing Power Parity) per Person Employed per Hour and Overall Productivity-Real Growth i.e. Percentage Change of Real GDP per Person Employed in Asian Countries and four benchmark countries during 2007 from the World Competitiveness Year Book 2008 are given in the **Table 4.2**.

4.5 The comparison reveals that productivity in India during the year 2007 in comparison to other select Asian countries is the lowest at 3.14 US\$. The labour productivity in select ten Asian Countries has been reported to the highest at 36.81US\$ in case of Singapore followed by Hong Kong (34.67 US\$) and Japan (31.60US\$) and the countries with labour productivity in proximity with India are Indonesia (3.96US\$), China – Mainland (4.15US\$) and Philippines (4.03US\$).

4.6 The labour productivity in four benchmark countries during 2007 is measured to be much higher at 46.02 US\$ for United States of America, 41.34 US\$ for Australia, 39.87 US\$ for Germany and 37.68 US\$ for United Kingdom.

4.7 The growth in overall productivity estimated in terms of “Percentage Change of Real GDP per Person Employed” in India during 2007 is, however, observed to be 5.92%, which is higher than four benchmark countries as well as all other Asian Countries except China (10.55%).

4.8 The observations in World Employment Report, 2004-05, ILO in respect of variations in Labour Productivity among different countries need to be kept in mind for comparing the labour productivity among different countries, which is given as quoted below:

“There is wide variation in labour productivity among different countries in the world owing to a host of factors, most of which are directly and positively related to the level of economic development of the countries concerned. It is important to underscore the fact that differences in labour productivity levels have essentially nothing to do with differences in how hard workers work – on the contrary they often indicate differences in working conditions. A poor worker in a developing economy can work long hours, strenuously, under bad physical conditions, but yet have low labour productivity and, therefore, receive a low income because he or she lacks access to technology, education, or the factors needed to raise productivity. Similarly a worker in a highly developed economy may have high labour productivity despite working relatively fewer hours.”

MEASURES FOR INCREASING LABOUR PRODUCTIVITY

4.9 Increasing labour productivity is not an automatic process. A developing country needs to have a certain level of human capital, and technological and industrial endowment in order to reap the benefits of higher labour productivity under the regimes of free trade and consultancy services in both the formal and informal sectors during liberalization. It also requires substantial investment in vocational training facilities in order to enable job aspirants to harness emerging

employment opportunities while making the final products globally competitive.

4.10 The basic thrust for enhancing labour productivity throughout the country is emphasized by way of overall skill development and up-gradation through:

- * **Development of 500 ITIs into Centres of Excellence**
- * **Up-gradation of 1396 ITI under Public Private Partnership through Institute Management Committee.**
- * **Skill Development Initiative.**
- * **Establishment and Up-gradation of ITIs in North-Eastern States, Sikkim and Jammu & Kashmir**
- * **Training for industrial workers for skill up-gradation**
- * **Align and start courses as per industrial needs**
- * **Introducing courses on Information Technology**
- * **Industry – Institute linkages**

NATIONAL PRODUCTIVITY COUNCIL

4.11 The National Productivity Council is an autonomous body and is partly 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 13 Regional Professional Management Groups (RPMGs).
- * 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 of the economy.

- * It has instituted National Productivity Awards for selected sectors of the economy such as agriculture and food processing industries with the objective to recognize the enterprises, which excel in productivity performance and to motivate other enterprises to enhance their productivity.

Prime Minister's Shram Awards

4.12 To give recognition to outstanding contribution towards production and productivity, technological innovations, cost saving, import substitution, saving of foreign exchange and for showing exemplary zeal and enthusiasm in the discharge of duties, the Ministry of Labour and Employment administers a scheme entitled 'Prime Minister's Shram Awards' for workers (as defined in Industrial Dispute Act, 1947) employed in

departmental/public sector undertakings of the Central/State Governments and the manufacturing units employing 500 or more workers in the private sector in recognition of their performance, devotion to duty etc. Only those workers are eligible for the awards, who are engaged in manufacturing and productive processes and whose performance is assessable. These awards are announced every year generally on the eve of either Republic Day or Independence Day. The awards in the order of precedence are Shram Ratna, Shram Bhushan, Shram Vir/Shram Veerangana and Shram Shree/Devi. The cash prize and number of awards for each category are given in **Table 4.3**

4.13 Besides the cash prize, the awardees also receive a "Sanad" from the Prime Minister.

4.14 The Prime Minister's Shram Awards for the year 2006, announced on the eve of Independence Day, 2008 to 59 workers including 2 women workers, are proposed to be given away by the Hon'ble Prime Minister shortly.

Table 4.1

LABOUR PRODUCTIVITY GROWTH (%) (Growth in real GDP per person employed)												
Sl. No.	Country	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
1.	Bangladesh	2.66	2.36	3.22	3.46	3.23	4.38	3.00	1.17	0.77	3.43	3.59
2.	ROC	5.18	6.06	5.12	3.40	4.71	4.60	-1.10	4.55	3.09	4.50	2.15
3.	Fiji	0.48	0.67	-7.41	-1.03	6.63	-2.85	0.50	0.90	-0.39	4.95	5.28
4.	India	5.13	5.35	1.32	3.70	3.68	1.32	2.40	1.07	5.70	5.48	6.33
5.	Indonesia	8.16	2.94	2.68	-15.49	-0.62	3.63	2.70	3.41	3.39	3.64	4.66
6.	Iran	-0.42	3.09	2.17	0.10	-1.41	2.35	1.00	3.17	3.07	1.58	0.37
7.	Japan	1.93	2.95	0.20	-1.43	0.52	2.99	0.70	1.9	1.96	2.88	1.77
8.	Korea	6.22	4.66	2.85	-0.89	7.61	4.06	1.80	4.13	3.21	2.83	2.84
9.	Malaysia	7.94	0.10	5.18	-7.68	3.30	3.20	-1.90	4.28	1.96	5.94	4.52
10.	Mangolia	30.50	0.88	3.50	1.90	1.87	1.73	-1.80	0.31	0.71	8.37	14.42
11.	Nepal	2.79	1.67	0.21	0.72	1.73	0.00	-1.70	1.12	2.82	0.78	0.97
12.	Pakistan	4.57	2.34	-4.77	-2.40	1.58	5.60	0.00	-0.50	2.81	0.98	5.71
13.	Phillipines	2.65	-1.01	8.83	-2.19	0.43	5.93	3.30	-0.19	4.75	5.65	1.49
14.	Singapore	7.51	1.16	5.98	-4.34	5.56	7.53	-4.20	3.24	2.02	5.15	1.23
15.	Sri Lanka	3.70	0.00	4.86	-2.88	3.71	2.25	-0.40	-0.50	4.54	3.96	4.74
16.	Thailand	5.25	5.39	-3.98	-6.31	2.00	3.20	-0.40	2.21	4.42	3.39	2.91
17.	Vietnam	7.16	6.81	5.91	3.94	2.95	2.25	4.10	4.32	4.42	5.20	5.78
Benchmark Countries												
01.	USA	1.13	2.35	2.30	2.78	3.02	1.11	0.70	1.99	1.75	3.16	1.39
02.	China	10.05	8.56	7.88	6.58	6.40	7.41	6.90	8.04	9.00	8.90	9.34

Source : Estimated from "APO Productivity Data Book 2008", Tokyo, Japan

Table 4.2			
Labour Productivity - Asian Counties, 2007			
S. No.	Name of the Country	Gross Domestic Product (at Purchasing Power Parity) per Person Employed Per Hour (In US \$)	Percentage Change of Real GDP Per Person Employed)
1.	China-Mainland	4.15	10.55
2.	Hong Kong	34.67	3.73
3.	India	3.14	5.92
4.	Indonesia	3.96	4.00
5.	Japan	31.60	1.62
6.	Republic of Korea	21.64	3.74
7.	Malaysia	14.34	4.12
8.	Philippines	4.03	5.75
9.	Singapore	36.81	-1.56
10.	Thailand	6.54	3.17
Benchmark Countries			
1.	United States of America	46.02	1.07
2.	Germany	39.87	0.83
3.	Australia	41.34	1.31
4.	United Kingdom	37.68	2.29

Source : World Competitiveness Yearbook 2008, Institute of Management & Development, Lausanne, Switzerland (National Productivity Council is the Partner from India)

Table 4.3		
Prime Minister's Shram Awards The Cash Prize and Number of Awards under different Categories		
Name of awards	Amount of Cash Prize (in Rupees)	Number of Awards
Shram Ratna	2,00,000.00	01
Shram Bhushan	1,00,000.00	04
Shram Vir/Shram Veerangana	60,000.00	12
Shram Shri / Devi	40,000.00	16

