

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

UNSTARRED QUESTION NO:965
ANSWERED ON:27.02.2006
DECREASE IN LABOUR COST
Chinta Mohan Dr. ;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether labour cost has been decreasing for the last five years in the industrial establishments of the country;
- (b) if so, the details thereof;
- (c) whether the share of labour cost in total production cost during the year 2004-05 has been reduced to 8.13 percent against the 9.54 percent during the year 2000-2001;
- (d) if so, whether increase in salaries in the country is higher in comparison to other Asian countries during the said period;
- (e) if so, the reaction of the Government thereto;
- (f) whether the labour cost is likely to be reduced as a result of use of modern technology; and
- (g) if not, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF LABOUR & EMPLOYMENT (SHRI CHANDRA SEKHAR SAHU)

(a) to (g): A Statement is annexed.

Statement referred in reply to parts (a) to (g) of Lok Sabha Unstarred Question No. 965 by Shri Rajiv Ranjan Singh "Lalan" and Dr. Chinta Mohan regarding Decrease in Labour Cost for answer on 27.2.2006.

According to information furnished by the Labour Bureau, in respect of establishments covered under the Annual Survey of Industries during last four years, while labour cost per manday worked and wages/salaries per Manday worked have increased, the percentage of labour cost to total cost of production has declined, as indicated below:-

Year	Labour cost per manday worked (Rs.)	Wages/salaries per manday worked (Rs.)	Percentage of labour cost to total cost of production
(1)	(2)	(3)	(4)

1999-00	238.49	181.04	7.84
2000-01	256.45	198.88	7.78
2001-02	271.96	207.47	7.68
2002-03	285.05	218.31	7.15

While the information corresponding to Column (3) above for other Asian countries is not available, decline in the percentage of labour cost to total production cost could be due to a number of factors like improvement in work environment, efficient use of various inputs, modern technology, etc.