

# Holidays in India- Too Much Play



Submitted by:

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## SUMMARY

Among the many exclusive powers of government there is one which is little discussed yet has far reaching consequences. It is the power to declare public holidays. To what extent this power is exercised and to what end are interesting questions which this study has sought to answer. In India it is a common perception that there are 'too many holidays.' This study answers precisely how many for the whole country and for each state.

Holidays increase leisure time, enable the celebration of culture and provide a boost to tourism. On the other hand, they reduce work and hence output. Governments around the world set aside a certain number of days as holidays, some of which are given to government employees only and others to every person. In India, this varies from state to state. This study gathers data on the different number of holidays given by different states in India and compares them with GDP per capita for different states. It also measures flexibility in holiday policies by calculating the ratios of compulsory to optional holidays in different states. A positive correlation is observed between flexibility and per capita GDP indicating the need for flexibility. The study examines state laws governing leave in the private sector and compares them across states. It also gathers data on holidays given by different High Courts in the country and compares them with judicial backlog. A negative correlation between the two is observed indicating that fewer holidays may potentially be one of the solutions to reducing judicial backlog.

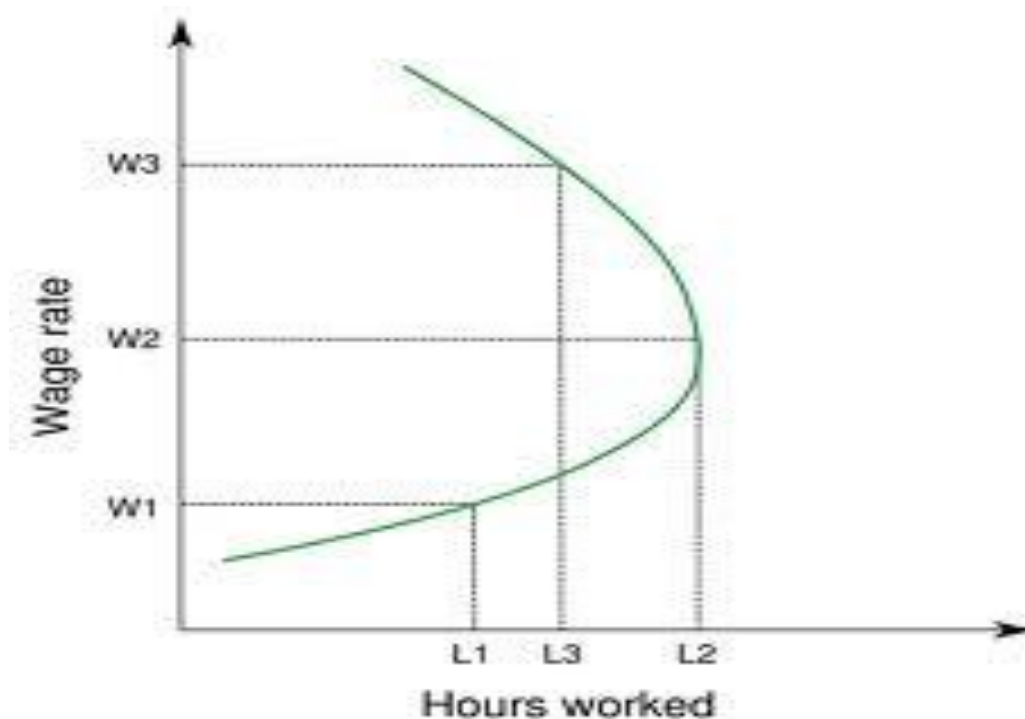
The proportion of religious holidays in the holiday lists of different states gives an interesting indicator of the commitment to secularism across states. The proportion of minority religious holidays is not only relevant in the context of secularism but also, the study argues, constitutes an inefficient allocation of holidays when such holidays fall in the lists of compulsory holidays across states disproportionate to the relative size of minority populations. Finally the study examines India's holiday policy in an international context and looks at the impact on unpaid work on the net benefits of holidays. It is found that the impact is significant but not strong enough to affect the fundamental relationship between holidays and work.

## Holidays in Theory

India is known for the diversity of its religions, cultures and languages and this diversity is celebrated in its many festivals and holidays. While this bodes well for the attractiveness of the country to tourists, it also results in lost output and inefficiency. The quantum and distribution of holidays differs for different states, sectors and courts in India and affects output in each of them. This study focuses on compilation of data on holiday policies across different states and sectors and briefly examines its implications on other socio-economic and administrative variables.

Holidays which are strongly linked to the economic concept of leisure have varied economic effects. On the one hand through increasing leisure time they may increase the happiness of individuals. An OECD Report<sup>1</sup> in 2009 found that “average country levels of life satisfaction are reasonably positively correlated to leisure time.” The same report also found a positive correlation between mandatory holidays and leisure time.

It further goes on to state that “leisure possesses the characteristics of a normal good: more is demanded as incomes rise.” This fits in well with the concept of the backward bending supply curve of labour which postulates that more labour is supplied by a worker as wages are increased until a point is reached beyond the worker decreases his supply of labour. This is due to the prevalence of the income effect which reduces desire to work over the substitution effect which increases desire to work due to rising income.



<sup>1</sup> OECD, Society at a glance 2009 – Special Focus - Measuring leisure in OECD Countries, 2009, (available at [http://www.oecd.org/document/24/0,3343,en\\_2649\\_34637\\_2671576\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/24/0,3343,en_2649_34637_2671576_1_1_1_1,00.html) as visited on 13-7-2011)

The provision of mandatory public holidays enables people to spend time and interact with one another. This would not be possible in the absence of holidays or where there is substitution of holidays with individualised leave policies. Finally, holidays enable the celebration and expression of religious, cultural, linguistic and other social identities. This is enshrined in the Indian Constitution in Articles 29 and 30 which recognize cultural rights as well as in Article 51 A which establishes the fundamental duty of all Indian citizens to value and preserve the rich heritage of India's composite culture.

However the current system of public holidays is also susceptible to criticism on several grounds. Too many holidays have a negative effect on output. The National Labour Commission has called for a limit on the number of holidays declared in a year<sup>2</sup>. The adjustment of the quantum of holidays according to industry if not firm may be more efficient than a 'one size fits all' system. Even in government, different departments have different work-loads which peak and trough at different times in the year calling for holidays to be tailored to those schedules. A corollary of this argument is that the distribution of holidays should also be tailored to the individual work-loads of different entities rather than historical-cultural calendar. Another alternative could be an entirely flexible system allowing each individual employee to choose the quantum and distribution of holidays subject to the overall firm efficiency. Also public holidays or common holidays lead to a clogging of the transport and tourism infrastructure. This recently induced China to rethink its system of giving weeklong holidays called 'golden weeks' in favour of more evenly distributed public holidays.<sup>3</sup> Also when public holidays are given to government employees, the effects of them extend beyond the government to private firms and organizations dependant on government services, in effect a negative externality. Finally the multi-religious and multi-cultural character of India leads to the incorporation of holidays of different socio-cultural groups into public holiday lists whose benefits to people outside the group is questionable.

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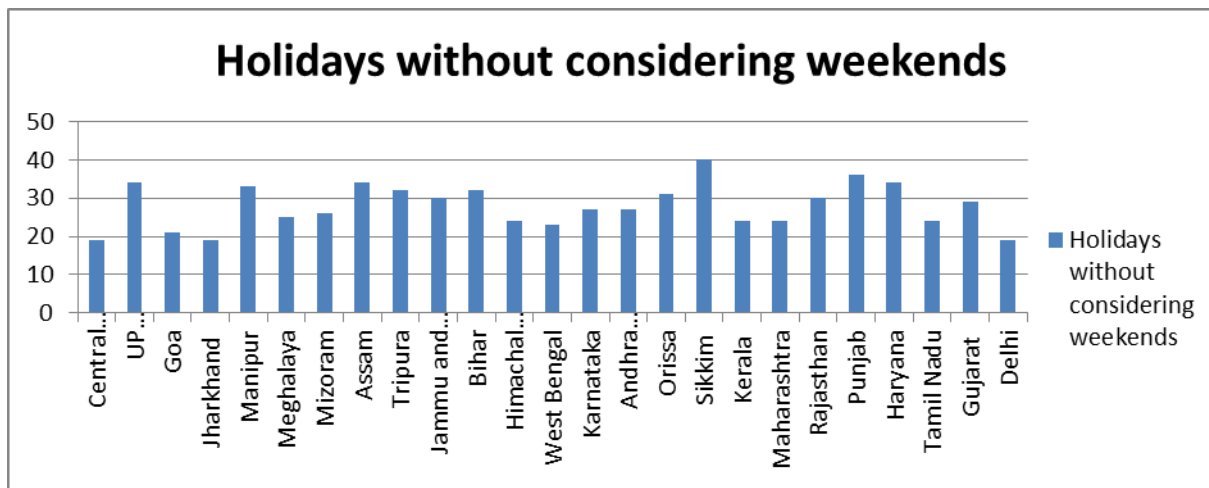
<sup>2</sup> Report of the 2<sup>nd</sup> National Commission on Labour, Chapter VI – Review of Laws, 2002, p. 374

<sup>3</sup>'Golden Weeks or Silver Days', 22<sup>nd</sup> November 2007, The Economist, (available at <http://www.economist.com/node/10184647> as visited on 13<sup>th</sup> July 2011)

## HOLIDAYS IN GOVERNMENT

India being a federal state has different numbers and distributions of holidays for its central and state governments. Holidays are divided into 'gazetted' and 'restricted' holidays, the former being compulsory and given to all employees (with the exception of essential services such as police) and the latter being availed of by employees at their choosing subject to a maximum, ordinarily of two holidays, out of a list stipulated by their respective government. The first list effectively accords primacy to the socio-cultural benefits of common holidays and the second to the efficiency and flexibility created by optional holidays. Upon analysis of official notifications and circulars of the Central and various state Governments, the following distribution is observed:

### Gazetted Holidays and Restricted Holidays



#### Notes:

1. Full table in Appendix 1
2. 24 out of 28 Indian States are covered in this comparison. Delhi is also considered
3. No adjustments have been made for holidays falling on weekends or the specific weekend policies of different states (which will be addressed subsequently for a smaller cross-section of states) for reasons of variations in weekend policies of organizations within a state, lack of data on all the above states and to correct for the coincidental overlap between holidays and weekends which varies from year to year
4. The maximum number of restricted holidays that can be taken by an employee (ordinarily two in number) have also been added
5. Local Holidays (holidays which are given to specified areas within a state) and holidays which may be given only to specific sections of people are ignored to keep uniformity and also due to their low number in relation to the overall number of holidays in a state

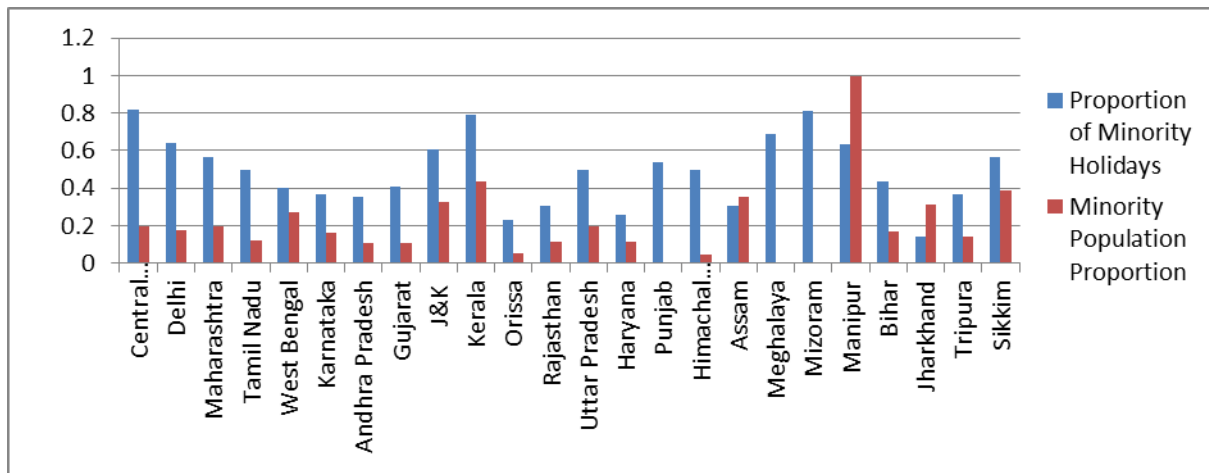
The data shows wide variations across states ranging from 40 holidays in Sikkim to 19 in the Central Government, Delhi and Jharkhand. It has a mean of 27.88 and a median of 27. Thus approximately the Indian State gives 1 month off in the form of various public holidays distributed around the year to its

employees. Setting aside socio-cultural considerations, it is worthwhile to examine whether this has an implications in economic terms.

A comparison of this data with data on GDP per person in Purchasing Power Parity terms per state as reported in 'The Economist'<sup>4</sup> gives a correlation of -0.36 indicating that per capita GDP varies inversely with the number of holidays given. Though it is difficult to infer causality from this, the number of holidays given by each state government can be taken to be a rough indicator of its over-all prioritization of economic growth relative to other objectives and its commitment to achieving it.

The lists of gazetted holidays are highly diverse, recognizing the festivals of several different social groups yet according the benefits of these festivals to people outside those groups as well. This calls into question the effectiveness of these lists in enabling people to express and celebrate their socio-cultural heritage. In the Central Government's list of gazetted holidays alone 9 out of 14<sup>5</sup> specified gazetted holidays are festivals pertaining to different religious minorities yet given to the majority community as well.<sup>6</sup> The argument that such holidays must be retained for their beneficial effects on national integration is tenuous. It may be argued that the proportion of such holidays may reflect the proportion of minorities in the total population. However as the data below show, this is not true.

The ratio of minority holidays to all compulsory religious holidays<sup>7</sup> are given below providing an indicator of the lost efficiency on account of this factor in different states.<sup>8</sup> Minority population proportions are also shown.<sup>9</sup>



Note: Full table in Appendix 3. Demographic data for Mizoram, Meghalaya and Punjab are not available.

The average proportion of religious minorities is 0.23 while the average proportion of religious minority holidays is 0.48, more than double their proportion.

<sup>4</sup> The Economist, An Indian Summary, July 2011, available at <http://www.economist.com/content/indian-summary> as visited on 13th July 2011 (For more data refer to Appendix 2)

<sup>5</sup> 3 additional holidays are selected by Employees Welfare Co-ordination Committees in different states taking the total number of gazette holidays to 17

<sup>6</sup> Minority Religion is defined for the purpose of this analysis as any religion other than the Hindu Religion

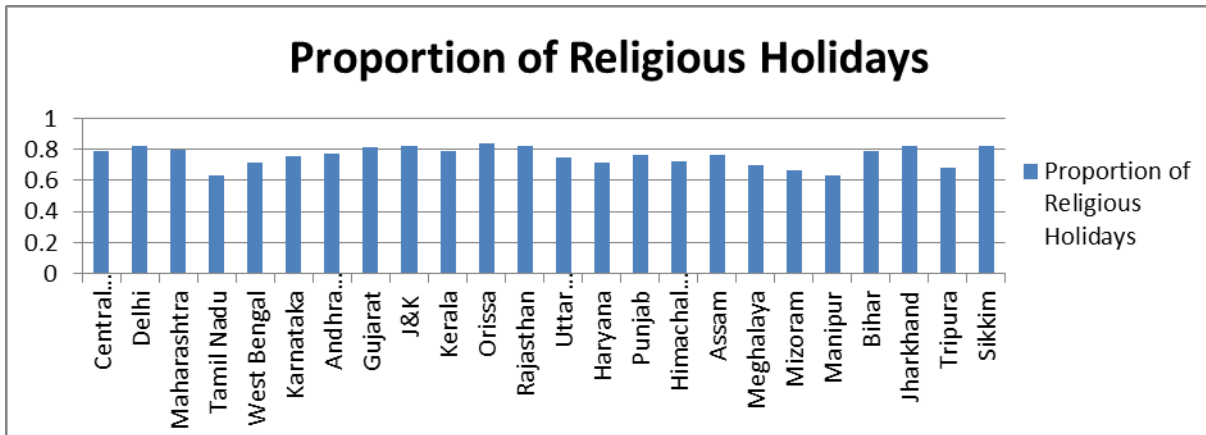
<sup>7</sup> From Central and State Government Official Calendars for 2011

<sup>8</sup> Full Table in Appendix

<sup>9</sup> 2001 Census Figures (available at <http://hinduism.about.com/library/weekly/extra/bl-population1.htm> as visited on 21st July, 2011)



Another interesting finding comes from examining the proportion of religious holidays to total gazetted holidays which may provide a rough indicator of how secular a state is. Delhi has the highest number of religious holidays whereas Tamil Nadu, the least. Many North-eastern states also feature near the bottom of this list; however this is due to a large number of ethnic rather than religious based holidays given by them. The distribution is shown below:

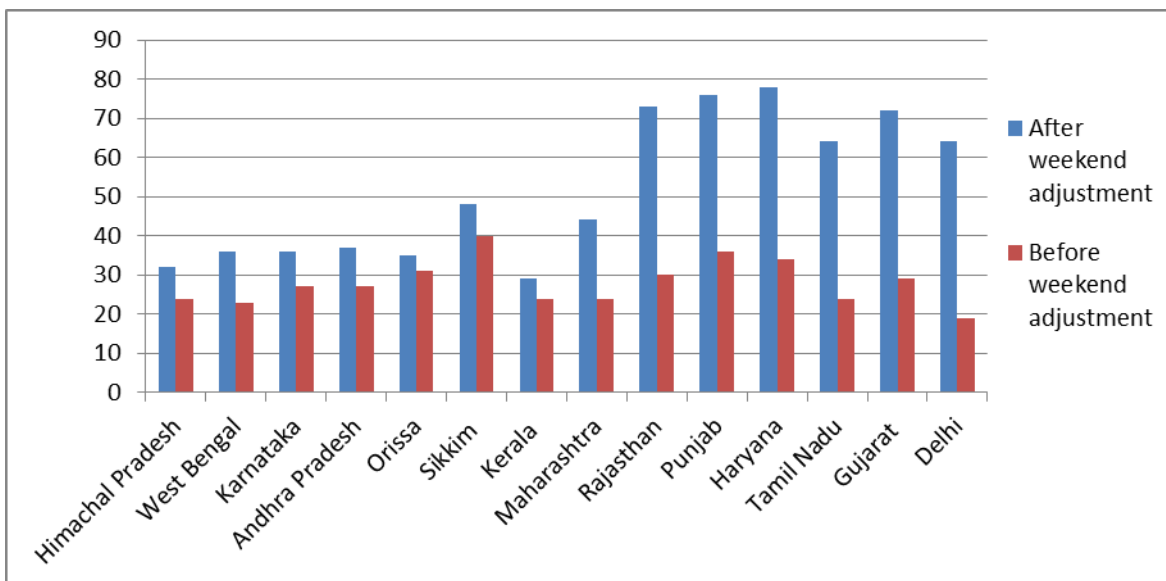


Note: Full table in Appendix 3

### Weekend Adjusted Holidays for Selected States

Weekend policies such as whether there is a 5 day week or 6 day week have a direct bearing on the number of holidays in total. The availability of government services on weekends may be especially important to private sector workers whose working hours during the week preclude them from using those services in the week.

Given below are data before and after weekend adjustment for selected states<sup>10</sup>:



Note: Full table in Appendix 4

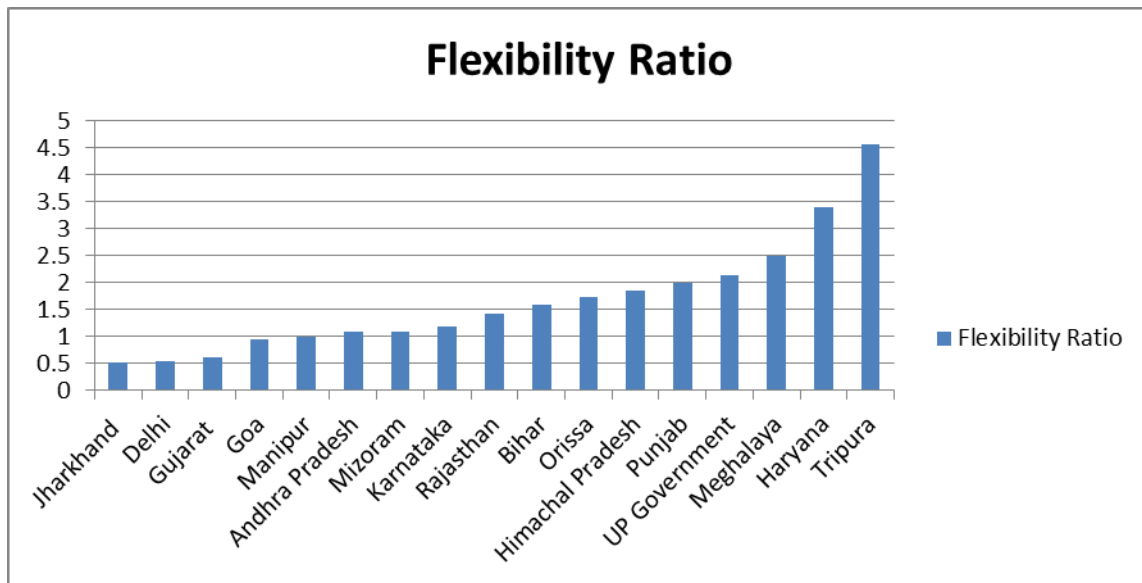
<sup>10</sup>Note: Sundays are not added since they are holidays for all states. Holidays falling on weekends are deducted.

The weekend adjustment significantly alters the ranking of some states in terms of holidays with Haryana displacing Sikkim as the State with the largest number of holidays. However other states such as Kerala are not greatly affected.

**Restricted Holidays**

The lists of restricted holidays give an idea of the weightage attached to the principle of flexibility by different states. This information however is better conveyed by the ratio of restricted to gazetted holidays rather than a simple comparison of restricted holidays alone<sup>11</sup>.

Below is a ranking of states in terms of the ratio of gazetted to restricted holidays, a higher ratio denoting less flexibility.



Note: Table in Appendix 5; Jharkhand and Sikkim excluded due to extreme figures.

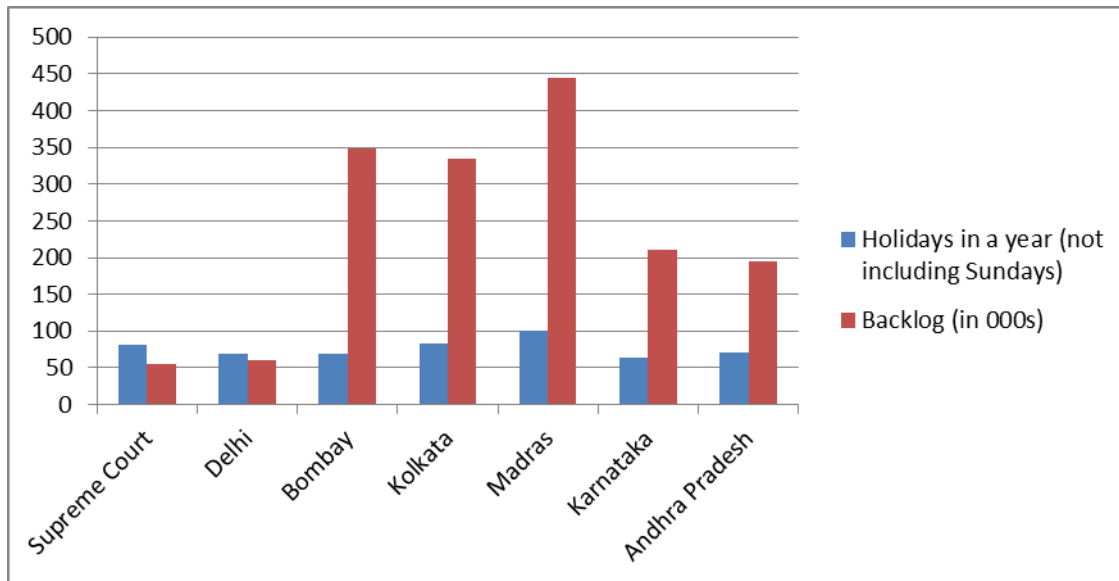
Thus Jharkhand, Central Government, Delhi and Gujarat offer more flexibility in their public holiday policies than Haryana, Tripura and Meghalaya. The States of J&K and Sikkim are outliers with flexibility ratios of 15 and 40 respectively. By comparing this ratio as well to data on per capita GDP a negative correlation of -0.12 is observed indicating that the lesser the flexibility, the lower the GDP.

**COURT HOLIDAYS**

The Indian Court system is notorious for its delays and the huge backlog of cases. One of the contributing factors to this backlog is arguably the sheer number of holidays taken by various courts. Represented below is data on holidays of the Supreme Court and High Courts of major states and the backlog of cases in each.<sup>12</sup>

<sup>11</sup>Full data on distribution of restricted holidays in Appendix

<sup>12</sup>Assumption of approximate constancy of court holidays is made. Data on Holidays reflects 2011 Court calendars however latest available data on pendency shows position on 30-9-2010



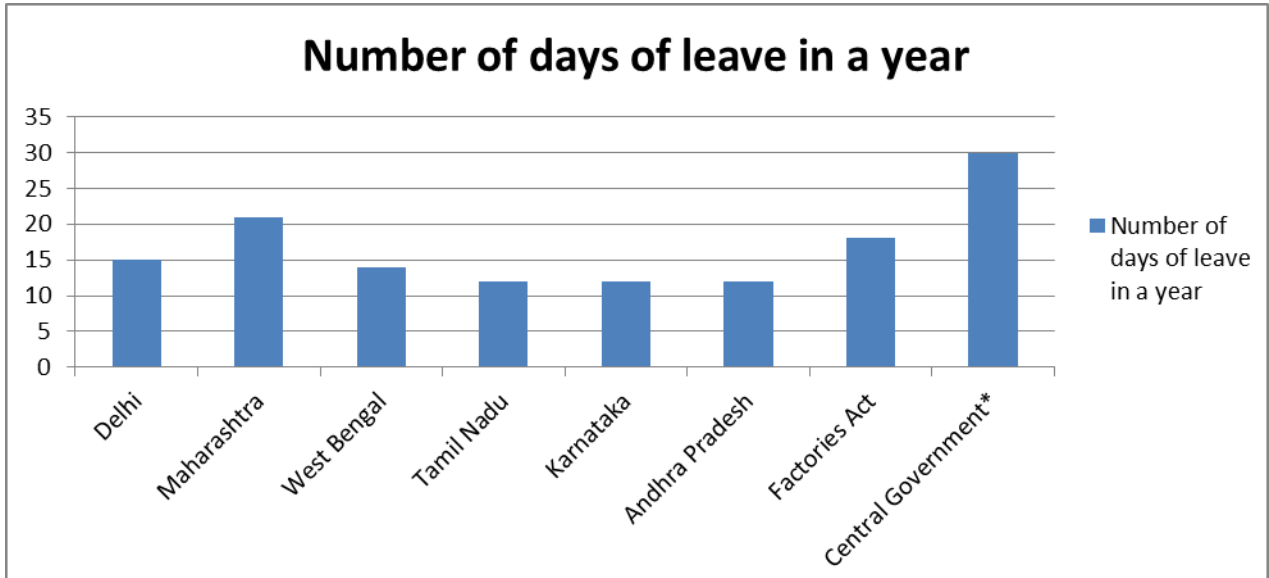
Note: Full table in Appendix. Data obtained from websites of Supreme Court and High Courts; Court News, published by Supreme Court of India, Vol. 5, Issue 4, October 2010 (available at <http://supremecourtindia.nic.in/> as visited on 14-7-2011)

A positive correlation of 0.533774392 between Court holidays and backlog is observed indicating the existence of a link between the number of holidays taken and the pendency of cases.

## PRIVATE SECTOR

While the lists of gazetted and restricted holidays apply to governments, other enactments such as the Factories Act and various Shops and Establishments Acts prescribe holidays for the private sector. While the Factories Act applies throughout the country, the shops and establishments acts change from state to state enabling analysis of the effects of different levels of stringency of these laws with respect to holidays. These enactments make it mandatory for enterprises to grant various kinds of leave to employees such as regular, sick and casual leave and a certain number of days off per week. For simplicity of comparison<sup>13</sup> an analysis of regular leave in Shops and Establishments Acts of different states as well as the Factories Act, 1948 is made below:

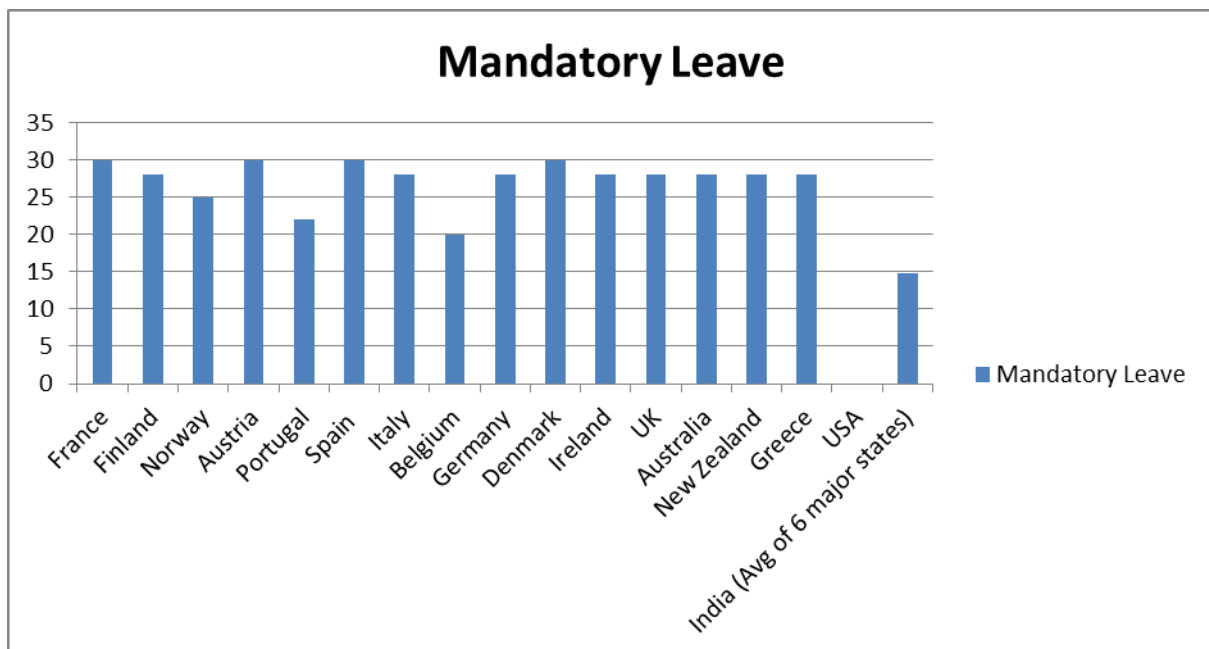
<sup>13</sup>Some states do not categorize leaves into different categories. Others grant discretionary powers in matters of weekly holiday declaration to State or local authorities. Sick leave is contingent in nature.



Note: Full table in Appendix 6; Data on ‘central’ government refers to central government employees to facilitate comparison with the private sector laws in various states. Data obtained from Central and State laws.

The data shows Tamil Nadu and Karnataka as having the least onerous holiday requirements and Delhi as having the most. However all private sector laws prescribe lesser holidays than that prescribed for Central Government employees.

The availability of data at an international level<sup>14</sup> facilitates the comparison of the above data with holidays in other nations given below:



Note: The USA only mandates leave for government contractors and sub-contractors in the private sector which has been excluded from consideration.

<sup>14</sup>Rebecca Ray and John Schmitt, No vacation nation USA – a comparison of leave and holiday in OECD countries, European Economic and Employment Policy Brief, No 3 – 2007

This comparison between holidays mandated by laws governing private sectors in different countries reveals that in respect of the private sector India has one of the least stringent holiday policies internationally.

However this does not necessarily mean that Indians work less hard since holidays do not take into account, unpaid work such as household chores. Also working hours per day have not been considered. A more comprehensive picture is given by the OECD's 2011 study<sup>15</sup> which measures paid and unpaid work across different countries in minutes per day. An analysis of that data shows a negative correlation between leave and paid work, a positive correlation between leave and unpaid work and an overall negative correlation between leave and total work. However despite having the 2<sup>nd</sup> least number of mandated holidays, India's ranking in total hours worked on an average slips to 5<sup>th</sup> place when total work (including unpaid work) is taken into account. Thus while mandatory holidays do have the effect of reducing total work, this effect is somewhat muted by unpaid work done on holidays.

Country	Leave	Paid Work in minutes per day	Unpaid Work in minutes per day	Total Work in minutes per day
USA	0	289	207	496
India (Avg of 6 major states)	14	295	191	486
Norway	25	263	188	451
Belgium	20	227	200	427
France	30	251	197	448
Portugal	22	295	233	528
Australia	28	238	243	481
New Zealand	28	271	227	498
UK	28	261	211	473
Finland	28	250	201	451
Ireland	28	271	213	483
Germany	28	232	212	445
Denmark	30	225	217	441

<sup>15</sup>OECD, Society At a Glance, 2011 (available at [http://www.oecd.org/document/24/0,3746,en\\_2649\\_37419\\_2671576\\_1\\_1\\_1\\_37419,00.html](http://www.oecd.org/document/24/0,3746,en_2649_37419_2671576_1_1_1_37419,00.html) as visited on 10<sup>th</sup> July 2011)

Italy	28	259	215	474
Spain	30	276	198	475
Austria	30	306	203	509
Correlation between leave and paid work	-0.35531			
Correlation between leave and unpaid work	0.170489			
Correlation between leave and total work	-0.23417			

## Conclusion

The data presented and analysed in this paper show that holidays have an effect on output whether it be in the form of per capita GDP, court backlog or simply time worked. Thus it is worthwhile for governments to consider these effects while formulating policies and laws on holidays. A 'smart' holiday policy would be one which is reasonable in terms of the number of holidays, flexible by offering many optional holidays and relevant in terms of the types of occasions chosen as holidays. The study indicates to what extent the States of India are fulfilling these objectives.

## Appendices

### 1 – Distribution of Holidays across the Central and State Governments without adjusting for weekends

State	Holidays without considering weekends
Central Government	19
UP Government	34
Goa	21
Jharkhand	19
Manipur	33
Meghalaya	25
Mizoram	26
Assam	34
Tripura	32
Jammu and Kashmir	30
Bihar	32
Himachal Pradesh	24
West Bengal	23
Karnataka	27
Andhra Pradesh	27
Orissa	31
Sikkim	40
Kerala	24
Maharashtra	24

Rajasthan	30
Punjab	36
Haryana	34
Tamil Nadu	24
Gujarat	29
Delhi	19

## 2. Raw Data on GDP Per Capita PPP in dollars as reported in the Economist<sup>16</sup>

UP Government	1586
Goa	7406
Jharkhand	1695
Manipur	1440
Meghalaya	2269
Mizoram	2074
Assam	1843
Tripura	2014
Jammu and Kashmir	1847
Bihar	1019
Himachal Pradesh	3781
West Bengal	2429
Karnataka	3199
Andhra Pradesh	3047
Orissa	2190
Sikkim	2646

<sup>16</sup> The Economist, An Indian Summary, July 2011, available at <http://www.economist.com/content/indian-summary> as visited on 13th July 2011



Kerala	3350
Maharashtra	4743
Rajasthan	2093
Punjab	4267
Haryana	5326
Tamil Nadu	3549
Gujarat	4132
Delhi	5887

### 3. Data and Computation of Religious and Minority Religious Holidays

Gover nment	Irreli gious	Hi nd u	Mu sli m	Chri stia n	Ja in	Bud dhis t	Si kh	Pa rsi	Ot her s (Et hni c etc )	Total (Gaze tted)	Tota l Reli giou s	Prop ortio n Relgi ous	Total Minorit y/Total Religio us	Prop ortio n of Mino rity Popul ation
Centra l Gover nment	3	2	4	2	1	1	1	0	0	14	11	0.785 714	0.8181 82	0.195
Delhi	3	5	4	2	1	1	1	0	0	17	14	0.823 529	0.6428 57	0.18
Mahar ashtra	4	7	4	1	1	1	1	1	0	20	16	0.8	0.5625	0.196
Tamil Nadu	8	7	4	2	1	0	0	0	0	22	14	0.636 364	0.5	0.119
West Bengal	6	9	3	2		0	1	0	0	21	15	0.714 286	0.4	0.275
Karnat aka	6	12	4	2	1	0	0	0	0	25	19	0.76	0.3684 21	0.161
Andhr	5	11	4	2	0	0	0	0	0	22	17	0.772	0.3529	0.11



Jharkhand	3	12	2	0	0	0	0	0	0	17	14	0.823529	0.142857	0.314
Tripura	9	12	4	2	0	1	0	0	0	28	19	0.678571	0.368421	0.144
Sikkim	7	14	1	2	0	6	0	0	9	39	32	0.820513	0.5625	0.391

Note: In states where the Hindu religion is not the majority religion, appropriate adjustment of the definition of minority has been made

#### 4. Weekend Adjustment

State	Before Weekend Adjustment	After Weekend adjustment
Himachal Pradesh	24	32
West Bengal	23	36
Karnataka	27	36
Andhra Pradesh	27	37
Orissa	31	35
Sikkim	40	48
Kerala	24	29
Maharashtra	24	44
Rajasthan	30	73
Punjab	36	76
Haryana	34	78
Tamil Nadu	24	64
Gujarat	29	72
Delhi	19	64

## 5. Restricted Holidays

State	Gazetted Holidays	Restricted Holidays	Flexibility Ratio
Jharkhand	19	37	0.513514
Central Government	19	35	0.542857
Delhi	19	35	0.542857
Gujarat	29	47	0.617021
Goa	21	22	0.954545
Manipur	33	33	1
Andhra Pradesh	27	25	1.08
Mizoram	26	24	1.083333
Karnataka	27	23	1.173913
Rajasthan	30	21	1.428571
Bihar	32	20	1.6
Orissa	31	18	1.722222
Himachal Pradesh	24	13	1.846154
Punjab	36	18	2
UP Government	34	16	2.125
Meghalaya	25	10	2.5
Haryana	34	10	3.4
Tripura	32	7	4.571429
Jammu and Kashmir	30	2	15
Sikkim	40	1	40
Assam	34	N/A	N/A
West Bengal	23	N/A	N/A

Kerala	24	N/A	N/A
Maharashtra	24	N/A	N/A
Tamil Nadu	24	N/A	N/A

#### 6. Court Holidays and Backlog

Total Holidays	Supreme Court	Delhi	Bombay	Kolkata	Madras	Karnataka	Andhra Pradesh
General Holidays	11	17	13	21	18	19	13
Saturdays	0	12	22	20	39	12	11
Vacations	70	41	35	42	44	33	47
Total	81	70	70	83	101	64	71
Notes: All sundays being off for all courts, they are ignored. 2012 spillovers ignored							
Backlog of Cases	54562	60375	347618	333763	444979	209843	194691

#### 7. Private Sector Holidays

State	Quantum of Regular Paid Leave
Delhi	15
Maharashtra	21
West Bengal	14
Tamil Nadu	12
Karnataka	12
Andhra Pradesh	12
Factories Act	18
Central Government	30

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