

## **Work Opportunities for Indian Rural Labour Force—Recent Knowledge and Thinking<sup>1</sup>**

N.S. Sastry

*Council for Social Development, New Delhi*

I am thankful to the Indian Society of Agricultural Statistics for having elected me as the Sessional President of the 56<sup>th</sup> Conference of the Society. I feel greatly honoured by this gesture. The Secretary of the Society informed me that one of the duties of the Sessional President is to deliver a Technical Address during the Conference. After some thought, I decided to select this topic for my address, because it is a topic of current interest and is also likely to be of some value to agricultural statisticians.

Rural India in 1999-2000 had an estimated population of 727.5 million out of which 270.4 million were in the labour force, 250.9 million in work force and 19.5 million unemployed on current daily status basis according to the National Sample Survey Organisation (NSSO) and population count from 2001 Census. The number of unemployed increased from 14.3 million in 1993-94 to 19.5 million in 1999-2000. On a comparable basis, the number of unemployed decreased from 16.3 million in 1983 to 14.3 million in 1993-94. Thus in Rural India, the unemployment rate went down from 7.96% in 1983 to 5.61% in 1993-94 but then increased to 7.21% in 1999-2000. The number of unemployed in 1999-2000 would have been much higher than 19.5 million in rural India but for the very heavy deceleration in the growth of the labour force from 2.15% per annum between 1983 and 1993-94 to 0.96% per annum between 1993-94 and 1999-2000. The present rising unemployment is primarily an outcome of a declining job creating capacity of growth in the economy observed since 1993-94. The employment growth in rural India fell to 0.67% per annum between 1993-94 and 1999-2000 from 2.4% per annum in the past between 1983 and 1993-94. The clear message is that if the experience of the late nineties is repeated in future, then rural India is going to face increasingly higher incidence of unemployment, with an ever-increasing gap between the demand and supply of work opportunities.

The importance of the rural sector in India can be appreciated by noting that in 1999-2000, 74.4% of total labour force, 74.5% of total work force

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<sup>1</sup> Technical Address delivered at the 56<sup>th</sup> Annual conference of Indian Society of Agricultural Statistics at University of Agricultural Sciences, Dharwad (Karnataka) on 18 December, 2002

and 73.4% of total unemployed on current daily basis were located in rural India. Work opportunities for rural labour force are therefore crucial for India.

Looking at the relationship between unemployment and poverty in rural India, the unemployment rate is much higher in the lower consumption classes : 11.31% in monthly per capita expenditure (MPCE) class of less than Rs. 225; 9.62% in MPCE class of Rs. 225 to 255; 8.12% in MPCE class of Rs. 255 to 300; 7.46% in MPCE class of Rs. 300 to 340 as compared to 7.21% in rural population in 1999-2000.

The fall in the employment growth rate per annum in rural areas was observed in many states during the period 1993-94 to 1999-2000 as compared to the period 1983 to 1993-94 on current daily basis: Andhra Pradesh (0.29 from 2.88), Bihar (1.48 from 2.33), Haryana (1.96 from 2.22), Himachal Pradesh (0.19 from 2.64), Jammu & Kashmir (1.25 from 4.48), Karnataka (0.80 from 2.65), Kerala (-0.12 from 2.67), Madhya Pradesh (0.92 from 1.85), Maharashtra (0.50 from 2.35), Orissa (1.03 from 1.55), Punjab (1.45 from 2.63), Rajasthan (0.50 from 2.38), Tamil Nadu (-1.13 from 2.06), Uttar Pradesh (0.61 from 2.14), West Bengal (-0.25 from 3.25). In Gujarat, the growth rates on comparable basis were 2.05 and 2.09 and in Assam 1.87 and 1.52. The magnitude of slow down in the rate of growth of employment in rural areas indicates a highly desperate picture across the States. Kerala, Tamil Nadu and West Bengal in fact witnessed negative growth rates of employment in the recent period (1993-94 to 1999-2000).

Large inter-State differentials were observed in 1999-2000 in the unemployment rate (as per cent of labour force) on current daily basis in rural areas. It was as high as 21.7% in Kerala, 17% in West Bengal, 13.5% in Tamil Nadu; 8.1% in Andhra Pradesh. At the lower end, Himachal Pradesh recorded the lowest rate 2.4%, Rajasthan 2.8%, Uttar Pradesh 3.6%, Punjab 3.7%, Madhya Pradesh 3.8%, Karnataka 4.3%, Haryana 4.7%, Gujarat 4.8%, Maharashtra 6.5% as compared to 7.2% at all India level.

Labour force participation rates in rural India on current daily basis in 1999-2000 were 51.5% for males and 22% for females. While there was not much difference in the male and female unemployment rates as per cent of labour force on current daily basis in rural areas at all India level, differences were observed in several States in 1999-2000. In Kerala, unemployment rate was 26.1% for females and 20% for males. In West Bengal, female unemployment rate was 25.1% as compared to male unemployment rate of 15.2%. In Assam, unemployment rate was 12.5% for females and 6.4% for males. In Himachal Pradesh, female unemployment rate was 9.0% as compared to only 3.4% for males. On the other hand, there were States where recorded female unemployment rate was lower than that of males. For example, in Tamil Nadu, female rate was 12.3% and male rate 14.3%. In Haryana, female rate was 1.8% as compared to male rate 5.3%.

In the younger age group (15-29 years), unemployment rate in rural India in 1999-2000 was 11.1% for males as compared to 9% in 1993-94 on current daily basis. For females, the corresponding rates in 1999-2000 and 1993-94 were respectively 10.6% and 7.6%. It may also be noted that the unemployment rates on current daily basis both for males and females in the younger age group (15-29 years) were much higher than the corresponding rates over all age groups for males (7.2%) and for females (7.0%) in rural India in 1999-2000. Youth unemployment is a matter of serious concern in general and more particularly in some states like Kerala (32.3% for males and 45.8% for females), West Bengal (23% for males and 39.1% for females), Tamil Nadu (19.7% for males and 15.3% for females), Assam (12.3% for males and 24.9% for females) in rural areas in 1999-2000 on current daily basis.

In order to capture the complexities of employment situation in predominantly agrarian and unorganized economy like India, the estimates of employment and unemployment by NSSO are based on three concepts: Usual Status (US); Current Weekly Status (CWS) and Current Daily Status (CDS). The three concepts are based on three different reference periods for ascertaining the activity status of a person. Under the US concept, the reference period is one year and the activity status of a person as employed, unemployed or out of labour force is determined on the basis of activity pursued by him for the major part of the year. On the CWS criterion, a person is considered as employed or unemployed if he has worked or has not worked though was available for work, respectively, even for one hour during the preceding week. Under the CDS approach, the unit of classification is half a day. Under this approach, the person days are distributed by activity category during an average week. Underemployment is commonly defined as the underutilization of workers' labour time. Some of the persons categorized as usually employed do not have work throughout the year due to seasonality in work or otherwise and their labour time is not fully utilized – they are, therefore, underemployed. A measure of visible underemployment is obtained by cross classifying persons by their usual and current daily statuses. It is observed that the proportion of person days of the usually employed, utilized for work, is lower (68%) for females as compared to the males (90%) in rural India during 1999-2000. It is also observed that if the work is not available, large portion of females (28% in 1999-2000) in rural India withdrew from the labour force rather than report themselves as unemployed.

The mode of employment is witnessing change in rural India. The incidence of self-employment on usual status basis has been consistently on the decline both for male and female workers: for rural males it declined from around 60.5% in 1983 to 55% in 1999-2000 and for females it dropped from 61.9% to 57.3%. Employment on casual labour basis has increased in rural India. The increase has been fairly steep in the case of rural male workers from 29.2% in 1983 to 36.2% in 1999-2000. In the case of rural female workers, casual labour increased from 35.3% in 1983 to 39.6% in 1999-2000. In rural

India, casual wage employment is steadily increasing at the cost of self-employment. It may be noted that casual labour is higher in female workers than in the case of male workers in rural areas. Increasing casualisation of rural labour was witnessed in several states including Andhra Pradesh, Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Tamil Nadu, Uttar Pradesh, West Bengal. For rural areas, the declining incidence of self-employment may be throwing some people out of self-cultivation only to swell the ranks of the landless agricultural labourers. In fact, for rural male workers, self-employed in agriculture declined from 48.8% in 1983 to 42.5% in 1999-2000. For female workers in rural India, self-employed in agriculture declined from 48.5% in 1983 to 45.9% in 1999-2000. On the other hand, casual wage employment in agriculture increased from 17.2% in 1983 to 20.4% in 1999-2000 for rural male workers; and in case of rural female workers the same increased from 26% in 1983 to 29.6% in 1999-2000.

We now turn to some perceptible trends in the structure of rural employment. The share of the agricultural and allied sector in rural work force on usual status basis declined from 83.4% in 1977-78 to 76.3% in 1999-2000 while that of the rural non-agricultural sector increased from 16.6% to 23.7% over the same period. In rural India, the proportion of male workers engaged in agriculture and allied sector has been steadily declining from 80.7% in 1977-78 to 71.4% in 1999-2000. The dependence of rural female workers on agriculture and allied sector too witnessed a steady decline from 88.2% in 1977-78 to 84.7% in 1987-88 but thereafter the proportion of these workers remained more or less constant at 85-86 per cent. The employment base of rural female workers remains heavily tagged with agriculture; even in 1999-2000 not more than 13.7% of them could get absorbed in the network of non-agricultural activities. For rural male workers, excessive dependence on agriculture as a source of livelihood has steadily been melting down and their employment base has clearly witnessed a moderate degree of diversification into manufacturing, construction, trade, hotels and restaurants, transport, storage and communications and other services.

State level picture of the break-up of rural workers on usual status basis into agricultural and non-agricultural sectors is very important. The proportion of rural workers engaged in agriculture and allied sector continued to decline during the periods 1983 to 1993-94 and 1993-94 to 1999-2000 either fairly noticeably or at halting pace in the States of Andhra Pradesh, Assam, Haryana, Himachal Pradesh, Jammu & Kashmir, Kerala, Madhya Pradesh, Punjab, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. However, in Gujarat, Karnataka and Maharashtra, the declining proportion during 1983 to 1993-94 converted itself into an increasing proportion during 1993-94 to 1999-2000. For rural male workers, only Assam, Himachal Pradesh, Kerala, Punjab and Uttar Pradesh showed a greater pace of shift from agriculture to non-agriculture during 1993-94 to 1999-2000 as compared to the period 1983 to 1993-94; and for rural females only Bihar, Jammu & Kashmir, Orissa, Uttar Pradesh and West

Bengal showed this tendency. On the whole, it is clear that the process of structural transformation of the rural work force that was steadily tilting in favour of non-agricultural jobs during the decade 1983 to 1993-94, both for male and female workers, in most states, either got reversed in some states or witnessed a halting pace in others during the period 1993-94 to 1999-2000; only in a few states did the noticeable shift from agriculture continued during both the periods. It may, however, be noted that in no fewer than 15 states, the share of rural female workers in agricultural employment was not less than 75% in 1999-2000; it is only in West Bengal and Kerala that rural female workers commanded a fairly respectable proportion of non-agricultural employment.

We now discuss the observed trends in the annual compound growth rate of employment on usual status basis in rural areas of the country during the two periods 1983 to 1993-94 and 1993-94 to 1999-2000. The overall rate of growth of employment for rural workers declined from 1.75% per annum during 1983/1993-94 to a low of 0.66% per annum during 1993-94 to 1999-2000; for rural male workers, it declined from 1.94% to 0.94%; and for rural female workers, it declined from 1.41% to a low of 0.15%. In the agriculture and allied sector, the rate of growth of employment for rural workers declined from 1.38% per annum during 1983/1993-94 to meager 0.18% per annum during 1993-94 to 1999-2000; for rural male workers, it declined from 1.47% to 0.32%; and for rural female workers, it declined from 1.24% to -0.02%. In the non-agriculture sector, the rate of growth of employment for rural workers declined from 3.23% per annum during 1983/1993-94 to 2.31% per annum during 1993-94 to 1999-2000; for rural male workers, it declined from 3.44% to 2.62%, and for rural female workers, it declined from 2.58% to 1.21%. However, within non-agricultural sector, particularly in construction, the rate of growth of employment for rural workers increased from 5.18% per annum during 1983/1993-94 to 6.43% per annum during 1993-94 to 1999-2000. Similarly, within non-agricultural sector, in transport, storage and communications, the rate of growth of employment for rural workers increased from 4.58% per annum during 1983/1993-94 to 7.29% per annum during 1993-94 to 1999-2000. In agro-based manufacturing products, the rate of growth of employment for rural workers increased from 1.45% per annum during 1983/1993-94 to 2.16% per annum during 1993-94 to 1999-2000.

The State level trends in growth of employment for usual status workers in major economic sectors in rural areas between the two periods 1983 to 1993-94, and 1993-94 to 1999-2000 are also of significant interest. In 15 states comprising Andhra Pradesh, Assam, Bihar, Haryana, Himachal Pradesh, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal, there has been deceleration in annual compound growth rate of employment of rural workers in agriculture between the two periods 1983/1993-94 and 1993-94 to 1999-2000. Only in Gujarat from 0.92% to 2.33% and Punjab from -0.86% to 1.53%, acceleration of the growth rate between the two periods was recorded in

agriculture. It is disappointing that in the five States (Assam, Haryana, Himachal Pradesh, Tamil Nadu and Uttar Pradesh) negative growth rate was observed in the period 1993-94 to 1999-2000 as compared to positive growth during 1983/1993-94 in agriculture. Overall picture on employment in agriculture in the period 1993-94 to 1999-2000 is disturbing and the labour absorptive capacity of agriculture as a whole is under stress. In transport, storage and communication sector, improvement in annual compound rate of growth of employment of rural workers between the two time periods was recorded in 12 States comprising Andhra Pradesh, Assam, Bihar, Gujarat, Himachal Pradesh, Karnataka, Kerala, Maharashtra, Orissa, Punjab, Rajasthan, Uttar Pradesh. Similarly, the construction sector too has an air of employment buoyancy. In this sector, employment growth rate for rural workers registered improvement between the two time periods in 11 States comprising Assam, Bihar, Haryana, Jammu & Kashmir, Karnataka, Kerala, Madhya Pradesh, Orissa, Punjab, Tamil Nadu, Uttar Pradesh. For future employment plans in rural areas, construction sector stands out as a serious contender. In respect of manufacturing, a few remarkable examples of improved growth rate of employment of rural workers are Bihar (from -2.63% during 1983/1993-94 to 9.71% during 1993-94 to 1999-2000), Haryana (from -0.23% to 10.10%), Jammu & Kashmir (from 2.03% to 7.10%), Kerala (from -0.63% to 2.26%), Madhya Pradesh (from 0.92% to 3.50%), Orissa (from -0.63% to 4.48%), Punjab (from -0.64% to 6.83%) and Uttar Pradesh (from 1.05% to 4%).

We now turn our attention to the employment and unemployment situation in social groups: Scheduled Castes (SC), Scheduled Tribes (ST) and Other Backward Classes (OBC) in rural areas. The Worker Population Ratio (Number of persons employed per 100 population) on usual status for rural males in Scheduled Castes was 55% in 1983 and 1993-94 but fell to 53% in 1999-2000 and for rural females in SC, it decreased from 38% in 1983 to 35.5% in 1993-94 and further to 32.5% in 1999-2000. For rural ST, the Worker Population Ratio was 59% in 1983 and 1993-94 and fell to 56% in 1999-2000 in respect of males and it was 48% in 1983 and 1993-94 and fell to 44% in 1999-2000 for females. For OBC in rural India, during 1999-2000, the Worker Population Ratio was 53% for males and 30% for females. In the general population, the Worker Population Ratio on usual status was 55% in 1983 and 1993-94 but fell to 53% in 1999-2000 for rural males; and it was 34% in 1983 and 33% in 1993-94 and fell to 30% in 1999-2000 for rural females. It may be noted that ST females in rural India have higher Worker Population Ratio than SC females, OBC females and females in all categories.

Unemployment rate (as percentage of labour force) on current daily basis in rural India decreased from 11.9% in 1983 to 8.1% in 1993-94 but then increased to 9.8% in 1999-2000 for SC males; it decreased from 14.9% in 1983 to 8.1% in 1993-94 but then increased to 9% in 1999-2000 for SC females. This unemployment rate decreased from 5.1% in 1983 to 4.3% in 1993-94 but then increased to 5.6% in 1999-2000 for ST males and it decreased from 6.3% in

1983 to 3.8% in 1993-94 but then increased to 4.5% in 1999-2000 for ST females. In the general population, this unemployment rate decreased from 7.5% in 1983 to 5.6% in 1993-94 but then increased to 7.2% in 1999-2000 for rural males; it decreased from 9% in 1983 to 5.6% in 1993-94 but then increased to 6.8% in 1999-2000 for rural females. It may be noted that the unemployment rates for rural SC males and females are higher than the corresponding rates in general population. For OBC in rural India, the unemployment rates in 1999-2000 on current daily basis were 6.2% for males and 6.3% for females.

Unemployment rate on usual status basis for persons of age 15 years and above decreased from 8.8% in 1993-94 to 6.8% in 1999-2000 for rural males with educational level secondary and above (educated) and for rural females the same rate decreased from 24.9% in 1993-94 to 20.4% in 1999-2000. For both males and females in rural India, this unemployment rate was higher for the educated than that among those whose education level was lower than secondary.

Among the male migrants, 48% in 1993-94 and 30% in 1999-2000 migrated due to reasons related to employment in rural areas of India. Among the female migrants, 8.3% in 1993-94 and only 1% in 1999-2000 migrated due to reasons related to employment in rural India. In 1999-2000, among males, movement for employment reasons was the highest for rural to urban movements – about 57% of these movements were caused by reasons relating to employment. About 31.4% of rural to rural movements among males were due to reasons related to employment in 1999-2000. Among females only 2.8% of rural to urban movements and 0.9% of rural to rural movements were due to reasons related to employment in 1999-2000. Of the males migrated in rural areas till the survey (in 1999-2000), proportion of migrants for employment reasons was the highest in Haryana (40%), followed by Rajasthan (39%), Maharashtra (39%) and Punjab (37%).

In the light of the recent trends observed in employment, unemployment and underemployment of rural labour force, at this stage, it is pertinent to quote the analysis made in the Report of the “Special Group on Targetting Ten Million Employment Opportunities per year” submitted to Planning Commission in May, 2002, with which the author has also been associated. The Report states: “Among the sectors outside the organised ones, agriculture, which was the major employment generating sector in the past, has almost stopped absorbing any more labour in the period 1993-94 to 1999-2000. As a result, in spite of a higher overall GDP and agriculture growth in the 1990s compared to the 1980s, the overall growth of employment fell from 2.7% per annum observed between 1983 and 1993-94 to 1.07% between 1993-94 and 1999-2000. In fact, the incidence of unemployment today would have been much higher but for the slowing down of the labour force growth significantly in the recent past. The labour force growth was 2.43% between 1983 and 1993-94 and it came down to 1.31% per annum between 1993-94 and 1999-2000. The trend of a slow down in

the employment growth and increase in the incidence of unemployment is of greater concern especially when one considers the backward regions, Scheduled Castes and Scheduled Tribes, other weaker sections of the population including females, youths and educated.

Along with the above unfavourable trends indicating possible rise of unemployment in future, several healthy trends were also observed in the late 1990s suggesting that the work force in India is slowly getting tuned to meet the present needs in the context of growing competition and globalization. The growth of the rural non-farm sector is seen to be much higher than that of the agriculture one, which has helped absorption of the excess labour from agriculture in the rural non-farm sector. The real wages of casual labour are also seen to be increasing faster than in the past, both among agricultural and industrial workers. But this is accompanied by increasing casualisation of labour. It is however, difficult to establish the extent of benefits in terms of net average earnings accruing to the workers and whether the quality of their jobs has improved. Considering both the pluses and minuses of the emerging trends in the employment situation, the Group views that to reach the country's development target both in output and employment, in viable and equitable fashion, several major changes from the past economic policies and launching of innovative pro-employment programmes will be needed in the immediate future failing which the level of unemployment as also the quality of employment may deteriorate significantly below the present level".

The above mentioned Special Group in its Report attempted to quantify the number of job opportunities to be created, given the Tenth Plan target of 8% growth of GDP, and the employment targets of absorbing all the new entrants to the labour force during the Five years of the Tenth Plan and removing unemployment by the end of the decade. According to the Group, Agriculture including National Watershed Development Project for Rainfed Areas, Farm Management Programme, Agro Clinics, Greening India Programme, Watershed and Wasteland Development, Medicinal Plant Cultivation, Bamboo Development and Energy Plantation like Ethanol, etc., is likely to generate 9.06 million additional programme based jobs and only 0.41 million additional jobs on the basis of growth consistent with 8% overall GDP growth during the Tenth Plan period. Special employment programmes such as Rural Employment Generation Programme (REGP) of KVIC (Khadi & Village Industries Commission), Prime Minister's Rozgar Yojana (PMRY) in Small Scale Industries, Cluster Development Programme of Small Scale Industries, Sampoorna Gramin Rozgar Yojana (SGRY), Pradhan Mantri Gram Sadak Yojana (PMGSY) and Swarna Jayanti Gram Swarozgar Yojana (SGSY) are likely to generate 7.06 million additional job opportunities during the Tenth Plan period. It is expected that growth based total additional job opportunities will be 29.67 million (60%) and programme based total additional job opportunities will be 19.32 million (40%) during the Tenth Plan period. In terms of total employment in the Terminal year of the Tenth Plan, agriculture may

contribute 52%, secondary sector 14% and Services (tertiary) sector 34%. It is thus expected that in the year 2006-2007, employment generation in agriculture (primary sector) may be 202.46 million, secondary sector may contribute 56.57 million and Services (tertiary) sector may contribute 133.32 million, thereby generating total employment of 392.35 million in the country (rural and urban combined).

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