

Changes in the structure of employment in rural areas

[Business](#), [Employment](#)



(i) To study the emerging structural characteristics of the labour market in rural areas; (ii) To examine the levels of and trends in employment and unemployment in the last three decades; (iii) To understand the inter-relationships among economic growth-employment/unemployment and wages, and (iv) To suggest policy and programme interventions on the basis of (i) to (iii). Methodology The reference period of the study covering almost 25 years (1971 to 1993-94) include a few epochs of agricultural and rural development viz. green revolution and post-green revolution phases, era of poverty alleviation programmes and the early phase of die new economic policy interventions.

Provision of gainful employment on a sustainable basis to the vast number of assetless workforce and small landholders in rural India is one of the best means to improve the livelihood systems of the people. An understanding of the structure of labour market(s) in rural India and the factors influencing the functioning of the markets is an essential pre- requisite in the design of public interventions.

The main purpose of this study is to analyse the changes that had taken place in the rural labour markets since the advent of green revolution till the introduction of the " New Economic Policy". The main thrust of data analysis was to trace the inter-relationships among economic growth-employment-wages with special reference to the hard core poverty regions. The main databases for this study, include Population Census Report, Rural Labour Enquiry Reports and the Quinquennial Survey data of NSSO on " Employment and Unemployment". Findings

The changes in the labour markets Of rural India have been influenced by the structural changes occurring in eight states viz. , Andhra Pradesh, Bihar, Gujarat, Madhya Pradesh. Maharashtra, Orissa, Uttar Pradesh and West Bengal since then,, account for over 70 per cent of the population and workforce. Furthermore, over 80 par cent of rural poor who inhabit these states may also have contributed to the qualitative changes in the labour markets. Bihar, Himachal Pradesh, Kerala, Uttar Pradesh and West Bengal had been experiencing acceleration in die growth of workforce.

The number of female workers grew faster than that of male workers in Andhra Pradesh, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra and Tamill Nadu. These trends indicate feminisation of rural labour markets. The last few decades witnessed a remarkable rise in the number of labour households and more so the agricultural labour households, thus pushing the supply curve of labour towards right. The deterioration in levels of living of these labour households is expected due to the falling share of agriculture in the state domestic product unless compensated for by productivity rise in agriculture.

Assam, Gujarat, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra and Rajasthan are the states where these changes have been found to be remarkable. It is to be noted that in Haryana, Himachal Pradesh, Jammu & Kashmir and Rajasthan, both the shares of labour and agricultural labour households have been on the decline thereby indicating a growing number of self and/or regular employed. The data of NSSO for the vears 1987-88 and 1993-94 on landlessness point out that the phenomenon of landlessness has

considerably reduced in several states, which is a welcome sign from the view-point of unemployment and poverty eradication.

One of the disturbing characteristics of Indian (rural) labour markets is high prevalence of child labour and there was heavy concentration of child workers in Andhra Pradesh, Rajasthan, Tamil Nadu, Karnataka, Maharashtra, Madhya Pradesh and Orissa, in most of these states the incidence of poverty was also rather high. A soothing factor is that not only the 'child labour' problem has been waning but also the average number of days of work per annum among usually employed children has been declining.

The self-employment status of households in rural India has considerably reduced from over almost 57 per cent in 1977-78 to 50 percent at the beginning of 90s and the households in agricultural sector suffered more on this account. The proportion of wage employed households was more or less constant and accounted for 30 per cent of the total rural households. The Indian rural labour market is characterised by the predominance of self and wage employed in agriculture.

A rise in the share of agricultural labourers' has been an universal phenomenon confirming the marginalisation phenomenon; however the degree of increase varied across the states and over time. Furthermore, male workers joined the ranks of agricultural labour and a reverse pattern i. e. rise in 'cultivator' category was observed among female workers. Another disquieting feature has been the increasing degree of casualisation among

female labourers and falling trend in regular employment, while incidence of casual labour was more among males.

The regular employment was moderate in the case of females. The percentage of self-employed male workers was more in the North-West region. The casualisation of male labour was higher in South, West and East zones of India. As for female workers, there was an inverse relation between self-employment and casualisation and in states with high poverty incidence, the latter phenomenon has been on the rise. The wage rates were found to be low in several states but were high in prosperous states of the North-West region and also in Kerala and West Bengal.

In general, the trends in wage rates (Rs/day at constant prices) were favourable to working classes, more so during the 80s and in particular among poverty stricken states like Madhya Pradesh, Orissa and Uttar Pradesh. The gender disparities in daily earnings were conspicuous and in several states these varied between Rs 5 and Rs 6. The trends in employment levels during the reference period indicate that the employment levels for males were high and were hovering around certain levels during the green and post-green revolution periods and declined thereafter.

There were low in Kerala and high in states of Andhra Pradesh, Tamil Nadu, Rajasthan, Madhya Pradesh, Maharashtra, Orissa and Punjab. The evidence was inadequate to infer that employment levels have been falling sharply in the transition phase of the new economic policy era. Juxtaposing the data on employment levels with the population growth, one may infer that in the late

80s and 90s the number of unemployed persons might have gone up significantly. The employment levels among females were lower than those for males. In several states, female employment levels were higher In 1993-94 than in 1987-88.

As per the usual status of approach the number of employed males had gone up from over 127 millions in 1972-73 to about 166 millions in 1993-94; the corresponding figures were 71 millions and 93 millions, respectively, for females. The rate of employment of males (females) had been growing at the rate of 1.47 (1.52) per cent per annum which was well below the rates of growth of population and labour force. There was deceleration in the employment growth during the decade ending 1993-94. Interestingly, the growth rates of employment for females were higher than that of males during 70s and 80s. whereas the early 90s witnessed a faster growth of employment for males. This indicates that development process initially favoured females but it could not be sustained. A silver lining in the growth process has been that in most of the poverty affected states or states having concentration of chronic unemployed persons, the rates of growth of employment (of males) had been remarkable high in 90s.

As per the usual status approach the number of employed males had gone up front over 127 millions in 1972-73 to about 166 millions in 1993-94, the corresponding figures were 71 millions and 93 millions respectively for females. The development process has also contributed qualitatively to the employment scenario in terms of providing greater employment opportunities for persons (15 years & above). The proportion of " households

without a working member " and " households with a lone female worker had come down drastically, which can be construed as a positive change as far as the structure of labour market is concerned.

Furthermore, the duration of employment for males and females had gone up by 50 days and 86 days per annum respectively during the 20-year period. Salaried employment was abysmally low though exhibiting promising signs. A disturbing trend was the increase in the number of days of self-employment for children. Taking 273 standard days per annum as the full employment norm the degree of underemployment(employment gap) among agriculture labour households at All-India level was 11 per cent and 40 per cent, respectively for men and women in 1987-88.

The underemployment has been declining for both the categories and in fact Assam could offer full employment opportunities for these two categories among agriculture labour households. While child labour has been a more serious phenomenon in states like AP, the intensity of this problem has been on the rise elsewhere (Assam, Bihar and West Bengal). Most of the child workers, however, have been engaged in household enterprises (including agriculture). The importance of agriculture, as a source of employment for agricultural labour households has not declined over time and on the contrary it gained more prominence.

Thus it can be inferred that rural economy has not been sufficiently diversified and there could be barriers for labour force to move to non-agricultural avocations, which need to be addressed. The chronic or open

unemployment has not been a serious issue in the labour markets of rural India. However in absolute terms the magnitude is very high. The trend was positive until 1987-88 but unemployment rates declined thereafter. The fall in unemployment levels in the contrary phase of the new economic policy (3 per cent for males) was contrary to the general expectations.

The unemployment rates were consistently higher among females (than for males) but they were fluctuating. The comparison of unemployment levels across Usual Status (US), Current Weekly Status (CWS) and Current Daily Status (CDS) approaches will help capture the underemployment phenomenon as well. During 1972-73, 1977-78 and 1983, the unemployment rates for males and females under CDS were almost twice those under CWS approach which simply reflect the levels of underemployment.

The unemployment levels were high in most of the states during the green and post-green revolution periods but the early phase of liberalisation witnessed a fall in unemployment in 11 out of the 17 major states. The unemployment scenario based on CDS approach indicates that unemployment levels were highest in 1972-73 in several states but female workers were at a disadvantage compared to males. The underemployment was measured by adopting several criteria like unemployment based on CWS or CDS among those usually employed.

The visible underemployment did not exhibit any clear pattern but invisible underemployment (i.e. reporting inadequate employment) was found to be high. The percentage of persons seeking alternate work was also found to be

increasing. The invisible underemployment was rampant during 1987- 88 but fell significantly by 1993-94 and more so among males. Over 50 percent of those underemployed were seeking additional work, a fact to be taken cognisance while designing employment programmes.

The wage employment programmes of India (centrally sponsored schemes) aim at generating of employment opportunities in lean periods but the average number of days of employment per beneficiary was not sufficient enough to make a dent on un- or underemployment. The JRY and EAS have acquired prominence in the gamut of poverty alleviation programmes and without these, the (un) employment scenario and wage rates could have been qualitatively different. The share of employment under JRY among the poverty stricken states had been improving over time; but Orissa, Rajasthan and West Bengal have to make further strides in this regard : Kerala, a state known for the prevalence of chronic unemployment, could not reap much benefit from JRY.

The existence of wage differentials between male and female workers under JRY, more so in a state like Kerala was rather disturbing. The growth effects on employment were mixed and were favourable during green and post-green revolution periods but late 80s and early 90s witnessed a fall in employment elasticities in several states. The situation in regard to female workers was relatively better. The effect of economic growth was more pronounced on wage rates and rates of growth in wages in various states testify the same.

The rise in wages in the poverty stricken states has been a favourable symptom of the growth process on the whole. The growth effects on employment and wages of male workers were positive but low in the case of the former. The data did not lend support to the view that the new economic policy would adversely affect the rural employment scenario, atleast during the initial phase. Conclusions The foregoing empirical investigations reveal that the structure of labour markets in rural India had undergone significant quantitative and qualitative changes during the 25-year period ending 1993-94.

The contribution of demographic factors and the concomitant effects on labour supply and participation and also the role of technology, in influencing the demand patterns for labour in eight major states (e. g. Bihar, Madhya Pradesh, Maharashtra, Uttar Pradesh and West Bengal) need monitoring to gauge the emerging employment scenario and challenges posed by the development process. In fact, these are the states with high levels of poverty as well. Attention needs to be paid in arresting the increasing trend in casualisation since it has been prevalent more so. In the states with high poverty ratios.

The public policy oil sustainable development cannot ignore the demographic factors and the employment and wage elasticities of economic growth (per capita SDP) amply demonstrate that the benefits of development were nullified to a large extent by, population explosion. The issue of linking of adoption of family planning as all entry point to participation in public works, warrants consideration. The self and wage

employment programmes like Swarnajayanti Gram Swarajgar Yojana (SGSY) and Employment Assurance Scheme (EAS) may- have to be dovetailed with the strategy of development of agriculture and non- agriculture in rural areas.

Reduction of workforce from agriculture and non-agricultural sectors which are pre-requisites for improving the well-being of rural households, can be the crux of future development policy. In this backdrop the current emphasis on participatory planning in a decentralised framework appears to be appropriate. A develop strategy of integrating self and wage employment programmers with the growth process and promotion of Human Resource Development along capacity building of local institutions would help fulfil the goal of employment for all on a sustainable basis.