

Post - Reform Rural Employment Scenario in India With Special Reference to Tamil Nadu

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Abstract

This paper highlights the extent and the emerging role of economic reform in determining the level of farm and non-farm employment in rural India by reviewing the past performance and postulating the conditions for employment generation and the predicted sustainable growth thereby. It attempts a diachronic and synchronic study of the problems associated with unemployment, and disguised unemployment, since the year of Reform. In the first section, attention is drawn to the conditions impacting on the pace and pattern of employment growth in rural India and rural Tamil Nadu, both in qualitative and quantitative aspects. Further, the performance of rural sector in employment generation is reviewed on well-established parameters, bringing out the pattern of employment growth witnessed during the last decade of reforms by discussing the exogenous and endogenous factors responsible for changes in the sector.)

Moreover, the paper documents trends in employment generation in rural sector of the country and the State of Tamil Nadu in the pre-reform and post-reform period. Though Tamil Nadu even as a late comer, has earned the reputation of being at the forefront of Economic Reforms in the country by implementing initiative in fiscal correction and restructuring of the state economy, there remains still significant uncovered areas in rural front, more particularly in rural employment generation. It is imperative that the State needs to address these problems, if it is to derive full benefits of reforms already launched and to make development more balanced, broad-based and sustainable. In the final section, key issues and Government initiatives, which have wider ramifications for achieving rapid employment generation and sustainable growth are outlined.

Introduction

The upward movement in Indian labour force combined with backlog of unemployed persons and underemployed persons presented a big challenge to development planning in general and manpower planning in particular, both at the national and state levels. The increasing inability of agricultural sector to absorb additional labour force and the near failure of rural industrialisation to open up new employment opportunities of any meaningful magnitude had aggravated the problem further. Moreover, as the vast majority of rural labour force consists of unskilled illiterates and semi-literate people who are suitable to manual work only, their absorption in non-agricultural activities either within the rural areas, or in the urban sector has also become a severe impediment.

A self - employed person helping in a cottage enterprise can never be unemployed in the sense in concept is used in the industrialised which this countries. Therefore, the concepts of employment and unemployment as used in advanced countries are meaningless in the case of own-account workers who constitute overwhelming proportion engaged in productive in rural India. This is the reason for the small proportion of chronically unemployed persons at the national and state levels.

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While employment in general, has been a major failure of the macro economic policies of previous reform decade, the decline in agricultural and non - agricultural employment generation has probably been the most starting one and has taken place on account of Indian social and political configurations, resource endowments and the following structural characteristics.

They are:

1. The existence of high degree of under employment
2. A strong dualism between organised and unorganized sectors, especially in manufacturing, sometimes, but not always and this translates into the dualism between large scale and small scale
3. The continuing significance of agriculture as a major employer
4. Emergence of services sector as the largest employer, often as a refuge sector
5. The involvement of by far the larger share of the workforce in what is essentially low productivity employment.

For the first few decades after independence, the country had import - substituting industrialisation strategy, with the attendant development of some industry and associated dualism in the economy, as well as regulation of much economic activity. From the year 1980 onwards, the nation slowly moved to a strategy of development based on export - orientation, liberalization and privatization based on the marketist neo-liberal economic paradigm. Subsequently, in the early 1990's the country went through fairly comprehensive policies of liberalisation, privatisation, and globalisation.

Rural Employment in India

The Census of India 2001 and the NSS 55th Round Survey reveal a very dramatic slowdown and decline of employment in rural India. The NSS data show that the employment elasticity of agricultural output (the rate of change of employment per unit change of GDP in agriculture) has fallen from 0.7 in 1987-88 to 1993-94, to only 0.1 in the period 1993-94 to 1999-2000. By far, employment elasticity is the lowest yet as observed in Indian agriculture since such data began to be collected.

Chart 1 Rates of Growth of Agricultural Employment

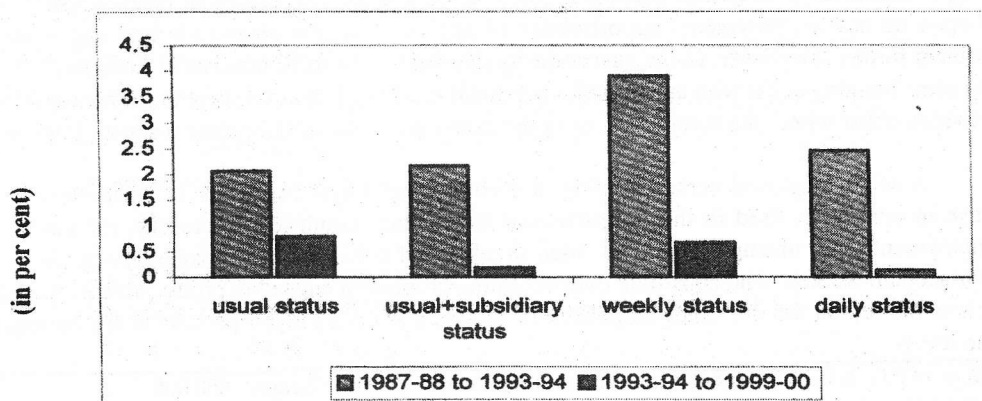
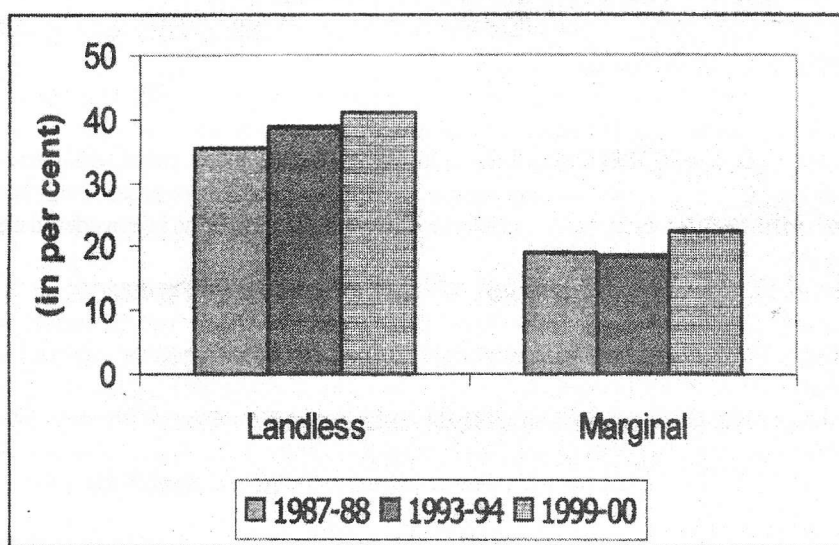


Chart 1 indicates the evidence from the NSS results. The employment growth rates are provided for the periods 1987-88 to 1993-94, and 1993-94 to 1999-2000 using NSS data. It may be noted that these reflect the people employed rather than the actual work since there is no real estimate of days, hours worked. The above chart shows a very substantial decline by all indicators of employment, to rates that are far below the rates of growth of population over these periods. Both in terms of principal activity and principal plus subsidiary activities, there is evidence of very significant fall in employment growth.

Chart 2 : Proportion of Landless and Marginal Farmer Households, Rural India



Over this period, many small and marginal farmers have lost their land and forced to work as landless labourers. This is indicated on an all India level in the above chart 2. There has been a very large increase in landless households as a percentage of total rural households, from around 35 percent in 1987-88 to as much as 41 percent in 1999-2000. Surveys have further observed increasing leasing in by large farmers from small land owners. Similar trends have been reported in rural Tamil Nadu also.

Rural Employment in Tamil Nadu

The number of persons employed per thousand population is referred to as the worker population ratio (WPR). The usual status definition, which refers to what the person usually, does over the year in question can be interpreted as a stock measure of employment.

Table 1 : Worker Population Ratio

(Per '000' persons)

	USUAL STATUS		WEEKLY STATUS		DAILY STATUS	
	1993-94	1999-00	1993-94	1999-00	1993-94	1999-00
Rural Male	692	594	567	566	500	493
Rural Female	478	430	410	381	324	304
Rural Persons	539	513	486	474	411	399

Source : NSS 50th and 55th Rounds.

NSS 55th Round defines usual status as one where activity status of a person is determined with reference to a longer period than a day or a week. Under weekly status, a person who reports having worked at least for any one day during a period of seven days proceeding, is deemed to be employed. Under daily status, if a worker worked four hours or more, he is considered employed for the whole day.

Among the major states of India, Tamil Nadu stood first by the 'usual', 'current weekly', and 'current daily'. Tamil Nadu finds second place by 'usual' and current weekly', statuses and fifth in 'current daily' status. But it is depressing to note that Tamil Nadu WPR as measured by daily and weekly statuses has been much lower than the usual for the rural area and they indicate higher incidence of underemployment in the state. NSS 50th and 55th Round results revealed that significant changes have taken place in worker population ratio of Tamil Nadu.

Table 2 : Distribution of Usual Status workers by Sex and Area

	1993-94			1999-2000		
	Estimated Pop (Lakhs)	WPR	Estimated Workers (Lakhs)	Estimated Pop (Lakhs)	WPR	Estimated Workers (Lakhs)
Rural Male	190.8	692	114.9	197.6	594	117.3
Rural Female	186.8	478	89.3	194.2	430	83.6
Rural Persons	377.6	539	204.2	391.8	513	200.8

Source : NSS 50th and 55th Rounds.

Table 2 shows that rural working population ratio of the state by usual status had fallen from 53.95 percent in 1993-94 to 51.3% in 1999-2000. However, working population ratio of rural females has gone down marginally from 47.8 percent to 43.0 percent during the same period. Working population ratio of rural males witnessed a steep decline from 69.2% to 59.4%. Therefore, the decline in working population ratio of rural males has been relatively higher in rural areas. Another significant fact observed is the both in rural and urban areas, the female WPR had declined at a faster rate than that for males. During this period, the estimated number of workers had increased by 4.2 lakhs from 285.6 lakhs to 289.8 lakhs as against the addition of 26.6 lakhs between 1987-88 and 1993-94. Thus, the rate of increase in the workers has also small compared to the position that obtained during the preceding survey.

Table 3 : Employment Structure by Usual Status in Tamil Nadu (in lakhs)

	1993-94			1999-2000		
	Pri. & Sub	Prin.	Sub.	Pri. & Sub Prin.	Sub.	
Rural Male	114.90	112.19	2.71	117.36	116.37	0.99
Rural Female	89.30	75.65	13.65	83.51	77.88	5.63
Rural persons	204.20	187.84	16.36	200.98	194.25	6.74

Source : NSS 50th and 55th Rounds.

The analysis of table 3 points out the employment structure by usual status (principal and subsidiary status) which shows that rural employment in the subsidiary status had witnessed a significant decline from 16.36 lakhs in 1993-04 to 6.74 lakhs in 1999-2000. In the same way, a number of rural male workers also declined from 2.71 lakhs to 0.99 lakhs in the above period. It is observed that the usual rural male workers under principal status have registered increases from 112.19 lakhs to 116.37 lakhs and rural females registered an increase from 75.65 lakhs to 77.88 lakhs between 1993-94 and 1999-2000. The number of female workers in the subsidiary status has come down from 16.45 lakhs to 7.62 lakhs. In the case of rural females, the decline in the subsidiary status employment has been phenomenal, around 60 percent.

Sub-Sectoral Analysis of Employment

Workers employed in agricultural sector has gone up from 137.19 lakhs to 153.4 lakhs in 1993-94 and subsequently declined to 144.4 lakhs in 1999-2000. Thus, the share in total employment had declined from 53.2 percent in 1987-88 to 49.8 percent in 1999-2000.

Table 4: Sectoral classification of workers in Tamil Nadu

Sectors				Growth Rate (%)	
	1987-88	1993-94	1999-00	1987-88/ 1993-94	1993-94 1999-00
1. Agriculture	137.9	153.4	144.4	1.79	(-) 1.00
2. Manufacturing	49.4	50.5	53.0	0.37	0.80
3. Services	28.5	33.2	28.8	2.63	(-) 2.41

Source: NSS 43rd, 50th, and 55th Rounds.

Next only to agricultural sector, manufacturing sector provides higher volume of employment, registering an increase from 49.4 lakhs in 1987-88 to 53.0 lakhs in 1999-2000 with a corresponding share of 17.07 percent and 18.3 percent respectively. The growth rate of employment in agriculture has declined from 1.79 percent in 1987 to 1994 to a minus growth rate of (-) 1.00 percent in the period 1993-2000.

Sex Composition of Workers in the Primary Sector:

The drop in the absorption capacity of agriculture is reflected by the fall in the employment of both male and female workers in the primary sector, and this is shown in the following table 5

Table 5: Composition of primary workers by sex in Tamil Nadu (%)

NSS	Primary Sector	
	M	F
1977-78	57.4	73.2
1983	49.2	70.4
1987-88	46.1	65.8
1993-94	45.5	67.3
1999-00	42.9	62.8

Source : NSS 32nd, 38th, 43rd, 50th and 55th Rounds

While the share of male workers in the primary sector employment has been steadily declining from 57.4 percent in 1977-78 to 42.9 percent in 1999-2000, the share for females dropped from 73.2 percent to 62.8 percent. There is some consolation in the structural change in the female employment in that the loss of share in the primary sector employment for females has more or less been compensated by the gains in the secondary and tertiary sector²

Changing Structure of Workforce

It is observed in the following table 6 that in rural India, the proportion of self-employed males has declined from 41.4 percent in 1993-1994 to 35.8 percent in 1999-2000.

Table 6 : Changing Structure of Workforce in India (in lakhs)

	1993-94*			1999-2000*			
	Self Employed	Regular/ Salaried	Casual	Self Employed	Regular/ Salaried	Casual	
Rural Male	47.55 (41.4)		14.36 (12.5)	52.95 (46.1)	42.05 (35.8)	17.97 (15.3)	57.55 (48.9)
Rural Female	37.41 (41.9)	4.64 (5.2)	47.23 (52.9)	31.73 (38.0)	5.76 (6.9)	46.01 (55.1)	
Rural Persons	84.96 (41.6)	19.00 (9.3)	100.18 (49.1)	73.78 (36.7)	23.73 (11.8)	103.46 (51.5)	

* Estimated total number of workers : 285.53 lakhs

** Estimated total number of workers: 289.81 lakhs

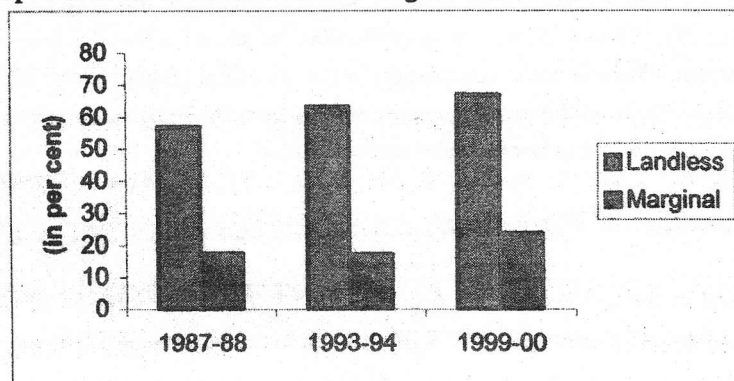
Figures in brackets indicate percentage share to total workers.

Source : NSS 50th and 55th Rounds

The proportion of self-employed rural females has fallen from 41.9 percent to 38.0 percent. However, the proportion of self-employed casual rural males has increased from 46.1 percent to 48.9 percent along with an increase in the proposition of casual self employed rural females from 52.9% to 55.1%.

The chart 3 provides indication of land holding changes in terms of the proportion of landless and marginal households to the total over the periods 1987-88 to 1999-2000.

Chart 3: Proportion of Landless and Marginal Households, Rural Tamil Nadu



In the chart, the columns revealed substantial increase in the proportion of landless and marginal (that is with operated holdings less than 0.4 hectares) in the above stated time duration i.e., from 1987-88 to 1999-2000. It is observed that the pattern of greater landlessness is something that is common to all States. Further, NSS 50th and 55th Rounds have pointed out substantial deceleration in agricultural employment growth from 0.84 percent to (-) 1.99.

NSS data for the country and the Tamil Nadu State revealed that even for those who saw themselves as usually employed, there were difficulties in getting jobs on a weekly or daily basis. Further, the data also indicate a decline in the number of those classified as self employed in agriculture. The inference is that the number of those working on household operated landholdings has gone down. One common explanation for this phenomenon hinges on the explanation of the non-agricultural sector in the rural areas. According to this, labour has been moving out of agriculture in the standard way predicted by the Lewis Model without affecting productivity in agriculture because of the prevalence of disguised unemployment in agriculture. This is a positive development reflecting the acceleration of the growth and development process. The problem that arises here is that non-agricultural employment growth is inadequate to counterbalance the sharp deceleration in agriculture employment growth. Some observers attributed this to a distress phenomenon (or push process) with rural residents desperately searching for whatever jobs are available or can be described as work.

Economists have pointed out that technological and cropping pattern changes might have reduced labour demand in agriculture. One technological change that has taken place in the last decade of reforms is in the form of mechanization that is labour saving in nature. This has not only reduced labour demand but also made smaller farmers worse off relatively.³

It is a matter of concern when the labour force of Tamil Nadu is increasing at a faster rate of about 1.4 percent per annum, the agricultural sector employment which accounted for a dominant share of 60 percent per annum in total employment had declined by the 153.39 lakhs in 1993-94 to 144.29 lakhs in 1999-2000.⁴

Similar trend is observed at the national level on account of a slower growth rate of agricultural employment, the number of employed workers in agriculture declined from 2424.6 lakhs in 1993-94 to 2375.6 lakhs in 1999-2000 accounting for a deceleration of (-) 0.34 percent.⁵

Further, generating adequate non-farm employment opportunities to meet the demands of growing rural labour force is a challenging task as the rate of growth of labour force is likely to be much higher than the population growth. It is estimated that with the population growth during the seventies and early eighties being very high exceeding 1.8% for Tamil Nadu and 2% for all India, its influence on the growth of labour force during the ensuing decade is likely to be maximum.

Moreover, cropping pattern changes towards horticulture and floriculture is a factor that is attributed for the reduction of demand for labour in agriculture. Further, pattern of land relation in rural India is another important reason for the large fall in employment elasticity of agriculture output growth. Besides, those occupying small holdings tend to intensively use land and labour to achieve higher productivity per land unit than larger farms. Typically this means that they will be employing more household members at least in some agricultural work, whether as principal or subsidiary activity.

The phenomenon that is observed at all-India level, of increasing landlessness of the rural population, may also lead to less employment generation in agriculture land as sold to big farmers may not result in more demand for labour in the farm sector. The total proportion of landless in the farm sector and marginal farmer households by 1999-2000 was nearly two-thirds of the total number of rural households. Reduced inability of small farms has led to substantial increase in landless population. Viability is eroded on account of virtual collapse of rural credit, in the organized sector, especially for small cultivators. A number of input costs have also increased, as subsidies were sought to be reduced on fertilizer and as various other costs as water rates and other user charges have gone up. Since seasonality of agricultural operations means that most cultivators, whatever the size of holding, need to hire in some more labour during peak seasons, this has had the dual effect of increasing costs and raising the opportunity cost of own cultivation during peak seasons.⁶

The process of trade liberalization has meant that domestic agricultural prices have less relation to domestic demand and supply conditions and are more correlated with international price movements than before. This means that even the harvest is lower or there is crop failure, cultivators do not get any recompense in terms of higher prices, farmers who raise crops by borrowing money from informal credit sources at very high interest rate find it difficult to repay when there is crop failure or output prices remain low. All these could be the reason why the proportion of rural households that is not operating any land at all has increased so much, over the period. This in turn would mean that there would be less number of people reporting themselves as self employed in agriculture and a general reduction in employment generation because less number of people would be hired than who had lost employment from own-cultivation.

Employment Generation Schemes

Special agencies such as Small Farmers Development Agency (SFDA) and Marginal Farmers and Agricultural Labourers Development Agency (MFAL) were created in 1970-71 to help small and marginal farmers in irrigation schemes, land levelling, soil conservation, dairy development, poultry breeding and piggery development. During the Fifth plan, SFDA and MFAL were merged together to form a single programme. In addition to this, a special programme was initiated for drought prone areas known as the Drought Prone Areas Programme (DPAP).

Besides, many schemes have been initiated so for providing employment to rural poor, important among them being the Rural Works Programme (RWP), Cash Scheme for Rural Employment (CSRE), Employment Guarantee Scheme (EGS), Food for Work Programme (FWP), National Rural Employment Programme (NREP) and Rural Landless Employment Guarantee Programme (RLEGP). While NREP was launched in the sixth plan, RLEGP was introduced in August 1983, specifically with the object of providing employment to the rural landless. NREP and RLEGP were merged together to form a new scheme, Jawahar Rozgar Yojana (JRY) in 1989-90. JRY was in existence till 1998-99. With effect from April, 1999, JRY was restructured and renamed as Jawahar Gram Samridhi Yojana (JGSY).

Swarnajayanti Gram Swaroggar Yojana (SGSY)

SGSY was launched in April 1999 and is the only self-employment programme currently being implemented. It aims at promoting micro enterprises and to bring the assisted poor families (Swarozgaris) above the poverty line by organizing them into self-help groups (SHGS) through the process of social mobilization, training and capacity building and provision of income generating asset through a mix of Bank Credit and Government Subsidy. Since inception of the scheme up to December 2002, a total allocation of Rs. 4,335.70 crore was made available by the center and the States. Total funds utilized were Rs. 3,496.66 Crore, to benefit 32.48 lakh Swarozgaris.

Table:7 Employment Generation Among Weaker Sections Through Swarnajayanti Gram Swarozgar Yojana (SGSY) Program from 99-00 to till data in Tamil Nadu (in lakhs)

	99-00	00-01	01-02	02-03	Total
No. of self help groups formed	28133	55487	22967	14399	120986
Revolving fund released to self help groups (No.s)	6464	11053	8285	11009	36811
Revolving fund amount released	649.615	1253.330	828.500	1100.925	3832.370
Category benefited: SC	30173	39855	24278	23221	117527
ST	1309	1788	1521	812	5430
Women	52139	73384	50785	54860	231168
Physically Handicapped	547	306	285	635	177.3

Source: <http://www.ruralbazar.tn.gov.in>

Swarnajayanti Gram Swarozgar Yojana (SGSY) in Tamil Nadu

It is obvious from the following table that massive employment opportunities among weaker sections has been generated in Tamil Nadu since the inception of Swarnajayanti Gram Swarozgar Yojana (SGSY) programme from 1999-2000 to till date. Ample information and opportunities were created as a result of which 28,133 self help groups were formed and nearly Rs.649.615 lakhs of rupees were released to benefit 30173 SC's 1,309 ST's 52139 women and 547 physically handicapped people were benefited. Subsequent year 2000-2001 witnessed phenomenal increase in the formation of self-help groups accounting for 55,487 with a revolving fund amount of 1253.330. Number of people benefited also has increased considerably among SC's accounting for 39,855 and the number of women also increased considerably to 73,784. Similar growth trend has been noticed in employment generation in the years 2001- 02 and 2002-03 for all the four years together for 1999-2003 total number of self help groups formed is estimated at 1,20,986 with a revolving fund amount of 3832.370 lakhs of rupees. Thus, under the SGSY programme so far phenomenal progress has been observed that 117527 beneficiaries belonging to SC, 5430 beneficiaries to ST, 177 beneficiaries and women beneficiaries accounted for more than 231000 till date.

Sampoorna Grameen Rozgar Yojana (SGRY)

Sampoorna Grameen Rozgar Yojana was launched in September 2001. The scheme of Jawahar Gram Samridhi yojana (JGSY) and Employment Assurance Scheme (EAS) have been fully integrated with SGRY. The objective of the scheme is to provide additional wage employment along with food security, creation of durable community, social and economic

Sampoorna Grameen Rozgar Yojana (SGRY) in Tamil Nadu

The Government of Tamil Nadu has been implementing Sampoorna Grameen Rozgar Yojana (SGRY) to create social assets such as construction of school buildings, water tanks, primary health centres in rural Tamil Nadu for generating employment opportunities. The following table reveals the progress made in Sampoorna Grameen Rozgar Yojana since its implementation in the State from 2001 onwards. The programme has been implemented under two phases Sampoorna Grameen Rozgar Yojana I and Sampoorna Grameen Rozgar Yojana II with a total allocation of Rs. 25619.800 lakhs. However, expenditure incurred towards SGRY I and SGRY II has been less at Rs. 22813.118 lakhs out of this amount the State of Tamil Nadu has spent Rs. 7493.908 lakhs as its share amount of this employment generation scheme. Further, the Government of India allotted 248896 tonnes of food grains for distribution among workers as partial payment of wage. However, the utilization of food grains seems to be less at 175035.549 tonnes. Though the total number of works taken up so far under the scheme is 1,25,884 the completed number of works stood at 87,284 generating 350.071 lakhs mandays.

Conclusion

Since, the agricultural sector does not hold out substantial hope for rural people in view of the uncertain climatic conditions and increased input prices, the other alternative is to develop the non-farm sector. In addition to the above stated employment generation programmes, development of micro enterprises in agricultural export and agro-processing industries holds the key for faster rural employment. As per Economic Census data, 77 percent of enterprises belong to own account enterprises, which do not engage hired labour. These enterprises are unable to attract capital and technology due to the inherent constraint of being small family based enterprises. Many of these rural enterprises use obsolete technology and therefore, are highly vulnerable to market fluctuation and competition from products of the organized sector. This situation will have to be changed in order to create an environment conducive to the growth of the non-farm sector. Given the inability of agriculture to absorb incremental additions to the labour force, rural industries provide the only avenue for employment generation in the future.

Micro enterprises should be motivated to adopt new technologies by facilitating innovative institutions to develop infrastructure and resource support for minimizing the economic, cultural and social risks by the rural poor. Employment generation programmes should be made as pro-poor, pro-nature, pro-jobs and pro-women schemes to empower the rural poor with the purpose of expanding their employment. However, to achieve this, structural rigidities of the rural economy have to be removed. In addition to the distribution of surplus land amongst agricultural workers and provision of additional employment opportunities through the development of small and cottage industries in rural areas, general improvement in the rural economy along with better working conditions and provision of social security measures are essential for the generation of more farm employment.

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