



RURAL EMPLOYMENT TRENDS IN INDIA: PAST AND PRESENT ESTIMATES FROM NSSO DATA

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Abstract

The paper examines the employment-unemployment trends in rural India by utilizing the National Sample Survey Organization (NSSO) data pertaining to different years. On the basis of the findings the study revealed that rural India have witnessed occupational diversification in terms of slow but steady declining trends of primary employment and that of increase in secondary and tertiary activities. With in rural non-farm activities manufacturing, transport, storage and communication showed significant growth during the studied period. On the basis of the findings, the study suggests that efforts are required to in the direction of rural infrastructure and skill formation to enhance the employment opportunities in rural parts of country.

Key Words: Economic Reforms, Liberalization, Non-farm Employment.

I.INTRODUCTION

Employment growth in India has always been the integral part of development policy in India. With the onset of economic planning in 1950s, Government of India has pushed various policies and programmes for generating diverse employment opportunities particularly in the rural parts of the country. Since 1991, Government of India adopted the policies of Liberalisation, Globalisation and Privatization and thus opened the Indian economy to the intense competition of global world. Under the reforms, the areas which were reserved earlier for Public sector by and large opened up for private sector with a view to enhance the productivity and efficiency of these enterprises. Since the advent of economic reforms a debate has started among the economists, policymakers and researchers about the impact of these reforms on the various sectors of Indian economy. Since the advent of economic reforms, India's structural transformation failed to generate employment opportunities in the rural parts of the country. As a matter of fact, still nearly three-fourth of the rural workforce largely depended on agriculture sector as the main source of livelihood, with industry and services constitute only minimal shares of employment respectively. Against the current scenario of Indian economy, the proposed paper seeks to study the pattern of rural employment-unemployment in India by utilizing the data culled from various NSSO rounds. Thus, the objectives of the study include:

- i) To study the trends in employment and unemployment in India;
- ii) To evaluate the pattern of rural non-farm employment in India;
- iii) To provide policy options to enhance employment opportunities in the rural parts of the country.

The paper is organized as follows. After discussing the nature and impact of economic reforms on the structural transformation in Indian economy in section I, Section II deals with the data sources and methodology. Section III examines the trends in Labour force participation Rate (LFPR) and Work force Participation Rate (WFPR) in India for the various NSSO years. . This section also gives pattern and growth of rural non-farm employment in India pertaining to the period 1993-94 to 2009-10. Section IV concludes the study with some policy options.

II.DATA SOURCES AND METHODOLOGY

The results of the study are mainly based on the secondary data sources collected from the various quinquennial reports on employment and unemployment published by National Sample Survey Organization (NSSO). The study also utilized different secondary sources to collect to fulfill the said objectives. The results of the data collected thereby are given in the form of simple statistical tools like percentages and proportions.

III.RESULTS AND DISCUSSION

Rural Labour Force and Workforce Participation Rate in India.

This section shows the trends in rural Labour Force Participation Rate (LFPR) and Workforce Participation Rate (WFPR) in India pertaining to the various NSSO rounds. Table 1 gives gender wise trends in Labour Force Participation Rates in rural India during various NSSO rounds. The long-term trend of labour force participation rate shows the continues decline both for males and females with some fluctuations between 1999-2000 and 2004-05.



Table 1: Labour Force Participation Rate (LFPR) Usual Status (Principal Subsidiary) (in %)

NSS Round/Year	Rural			India (Rural+Urban)		
	Male	Female	Persons	Male	Female	Persons
50 th Round/1993-94	56.1	33.1	44.6	55.2	24.8	30.88
55 th Round/1999-2000	54.0	30.2	42.1	54.1	22.45	28.78
61 st Round/2004-05	55.5	33.3	44.1	56.3	25.55	31.64
64 th Round/2007-08	55.9	29.2	42.55	56.75	21.9	28.87
66 th Round/2009-10	55.6	26.5	41.05	55.75	20.55	27.59

On the other hand, Table 2 gives Work Force Participation Rate (WFPR) which shows the actually worked or employed in the total population. From the Table 2, it is seen that, the Workforce Participation Rate (WFPR) remains around 40 per cent during the studied period.

Table 2: Work Force Participation Rate (WFPR) Usual Status (Principal+Subsidiary) (in %)

NSS Round/Year	Rural			India (Rural +Urban)		
	Male	Female	Persons	Male	Female	Persons
1990	55.3	29.2	42.25	53.3	21.75	37.53
1991/Census	52.5	26.7	39.6	50.7	17.95	34.33
1992	55.6	31.3	43.45	53.15	22.95	38.05
50 th Round/1993-94	55.3	32.8	44.05	53.7	24.15	38.93
55 th Round/1999-2000	53.1	29.9	41.5	52.45	21.9	37.18
61 st Round/2004-05	54.6	32.7	43.65	54.75	24.65	39.7
64 th Round/2007-08	54.8	28.9	41.85	55.1	21.35	38.23
66 th Round/2009-10	54.7	26.1	40.4	54.5	19.95	37.23

Source: NSSO Rounds various years and All India Census Data 1991.

Table 3, gives unemployment rate based on different criteria. From the Table 3, it can be seen that the unemployment rate based on different criteria has witnessed continues decline till 61st round of NSSO, after which all the measures witnessed noticed small increase. It can also be seen from Table 3 that, the unemployment rate based on Current Daily Status (CDS) remained high throughout the studied period, which reflects the inability of farm, and related activities to absorb rising rural labour force.

Table 3: Unemployment Rates (per 1000 persons in labour force)

NSSO Round (Year)	Unemployment Rate(Rural India)							
	PS	PS+SS	CWS	CDS	PS	PS+SS	CWS	CDS
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
27 th Round/1972-73	-	12	30	68	-	5	55	112
32 nd Round/2004-05	22	13	36	71	55	20	41	92
38 th Round/1983	21	14	37	75	14	7	43	90
43 rd Round/1987-88	28	18	42	46	35	24	44	67
50 th /1993-94	20	14	31	56	13	9	29	56
55 th /1999-2000	21	17	39	72	15	10	37	70
61 st Round/2004-05	21	16	38	80	31	18	42	87
66 th Round/2009-10	19	16	32	64	24	16	37	80

Employment & unemployment indicators are measured in three different approaches, viz **usual status (US)** with a reference period of one year, **current weekly status (CWS)** with one week reference period and **current daily status (CDS)** based on the daily activity pursued during each day of the reference week. Usually unemployed excluding the subsidiary status workers is referred to as **usual status (adjusted)**.

It maintains from the above discussion that, since the advent of economic reforms the phenomenon of comparatively higher economic growth rate has not translated into similar reduction in unemployment rate. High population growth rate, in fact,



has reduced worker population ratio in urban areas and amongst females in rural areas whereas it remains same in case of rural males in 2009-10 as compared to 2004-05.

Pattern of Rural Non-Farm Employment in India

Table 4 elucidates the gender-wise pattern of employment in the rural non-farm sector in terms of shares of major activities in India.

Table 4: Sectoral Distribution of the Rural Non-Farm Employment in India (1993-94 to 2009-10) (in %)

Sectors	1993-94			1999-2000			2004-05			2009-10
	M	F	P	M	F	P	M	F	P	P
1. Agriculture and allied activities	74.0	86.2	78.4	71.4	85.4	76.3	66.5	83.3	72.7	67.6
ii. Mining and Quarrying	0.7	0.4	0.6	0.6	0.7	0.5	0.6	0.3	0.5	0.6
iii. Manufacturing	7.0	7.1	7.0	7.3	7.6	7.4	7.9	8.4	8.1	7.2
iv. Electricity, Gas and Water Supply	0.3	-	0.2	0.2	-	0.2	0.2	-	0.2	0.2
v. Construction	3.2	0.8	2.4	4.5	1.1	3.3	6.8	1.5	4.9	9.4
2. Secondary Sector (ii+iii+iv+v)	11.2	8.3	10.2	12.6	9.4	11.4	15.4	8.3	13.7	17.4
vi. Trade, Hotels and Restaurants	5.5	2.1	4.3	6.8	2.0	5.1	8.3	2.5	6.1	6.4
vii. Transport and Communication	2.2	0.1	1.4	3.2	0.1	2.1	3.9	2.0	2.5	2.9
viii. Other Services	7.1	3.4	5.7	6.1	3.7	5.2	5.9	3.9	5.0	5.4
3. Tertiary Sector(vi+vii+viii)	14.8	5.06	11.4	16.1	5.8	12.4	18.1	8.4	13.6	14.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: NSSO Reports various rounds and Jeemol Unni (2011).

It is seen from Table 4 that though a large share of rural workforce is largely dependent on agricultural and allied activities, its relative importance has declined continuously during the period under study. The share of agriculture and allied activities in employment was around 78.4 per cent in 1977-78 which declined to 68 per cent in 2009-10. Such a decline in the share of primary activities in the rural labour force is more associated with the decline in the share of male work force as compared to females. On the other hand, the respective share of secondary sector increased from 10.2 per cent to 17.4 percent during the same period. Among the major secondary activities, the share of construction activities increased from 2.4 per cent in 1993-94 to 9.4 per cent in 2009-10. The respective share of tertiary activities is recorded 14.7 per cent in 2009-10.

Rate of Growth of Rural Non-Farm Employment in India

Table 5 below provides the long-term rate of growth of rural employment in India based on Usual and Principal Status for the years 1993-94/1999-2000 and 1999-00/2009-10 .

Table 5: Rate of growth of Rural Employment in India (UPSS)

Sector	1972-73/1977-78	1977-78/1983	1983/1987-88	1987-88/1993-94	1993-94/1999-2000	1999-00/2004-05	2004-05/2009-10	1972-83/1983	1983-1993-94	1993-94/2004-05	1999-00/2009-10
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
Primary Sector	1.66	1.49	0.28	2.17	0.20	1.29	-1.65	1.60	1.35	0.69	-0.19
Mining & Quarrying	5.82	6.11	5.58	1.09	-1.25	2.11	5.21	6.09	2.99	0.26	3.65
Manufacturing	5.36	3.50	4.33	0.35	1.62	4.09	-2.74	4.47	2.04	2.74	0.62
Utilities	17.17	1.66	11.12	5.15	-8.29	1.83	1.19	8.95	7.66	-3.82	1.51
Construction	0.92	6.32	18.45	-3.50	6.44	10.50	13.61	3.79	5.36	8.27	12.04
Secondary Sector	4.71	4.08	7.57	-0.53	2.55	6.03	4.65	4.47	2.87	4.11	5.34
Trade,	7.62	3.19	4.06	3.37	3.76	6.23	0.66	5.38	3.67	4.88	3.41



Hotelling etc.											
Transport & Communication etc.	6.77	8.07	5.13	3.79	6.75	6.33	2.58	7.60	4.36	6.56	4.44
Financing, Insurance, Real estate & business services	10.62	15.32	-7.21	4.45	4.27	8.41	2.07	13.33	-0.72	6.13	5.20
Community, social and personal services	4.08	2.26	0.40	5.99	-0.99	1.38	0.16	3.19	3.56	0.08	0.77
Tertiary Sector	5.72	3.58	2.13	4.64	2.12	4.52	0.90	4.69	3.56	3.20	2.70
All Non-Agricultural	5.23	3.82	4.91	1.98	2.32	5.25	2.83	4.58	3.22	3.64	4.03
Total	2.21	1.89	1.19	2.12	0.67	2.29	-0.34	2.08	1.72	1.40	0.96

Source: T.S. Papola and P.P.Sahu (2012) and K.V. Ramaswamy and Agarwal (2012)

The results of the table shows that primary sector which consists of agriculture and allied activities registered a negative rate of growth (-0.19) between 1999-2000 to 2009-10. Such distress employment growth in the agricultural sector reflects the failure of this sector in absorbing large chunk of rural labour force which are largely dependent on farm activities for their livelihood. On the other hand, the importance of off-farm activities has increased manifold in the rural parts of the country during 1999-00/2009-10. The rate of growth of employment in all the non-agricultural activities registered a significant growth of 4.03 per cent between 1999-2000 and 2009-10. Among the major non-farm activities, rate of growth of employment was registered highest for construction activities. During 1993-94/1999-2000, it was 6.44 per cent, which rose at a dramatic rate of 12.04 per cent during 1999-2000/2009-10. Among the other off-farm activities transport, storage and communication, financing, insurance, real estate and business services noticed significant rate of growth of employment during the same period.

IV. Concluding Remarks and Policy Options

The paper studies the employment trends in rural India by utilizing the National Sample survey Organization (NSSO) data pertaining to different years. The collected data have been tabulated and presented with the help of percentages and averages. On the basis of the findings the study revealed that rural India have witnessed occupational diversification in terms of slow but steady declining trends of primary employment and that of increase in non-farm activities. The results of the study also point towards the rising trend of self-employed activities in rural parts of India. With in rural non-farm activities manufacturing, transport, storage and communication showed significant growth during the studied period. On the basis of the findings, the study suggests that efforts are required to in the direction of rural infrastructure and skill formation to enhance the employment opportunities in rural parts of country. Adequate attention needs to be given on many sectoral policy constraints creating hurdles in the way of gainful employment opportunities in rural areas. In the era of globalization and liberalization, government should promote human capital formation in the form of improving skill formation and health measures to improve the efficiency and productivity of rural workers. Government must create an environment and conditions for gainful transfer of labourers from farm to non-farm sector, which will help sustaining rural livelihood and poor employment scenario in India particularly in the rural areas. Above all, female labour participation must be encouraged in the process of economic growth so they can enjoy the fruits of economic growth. Last but not the least, those sectors need to be promoted having high employment absorption potential in rural areas.

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