J. Krishnamurty

Employment in India: An Opening Statement*

IT is fitting that IASP should have chosen employment in India as one of the major themes of this Conference. Issues relating to employment are intimately linked to issues relating to the population itself and provide a meeting ground for the professional demographer and the professional economist. I must first give you an idea of the papers which have been prepared for this session and then highlight the issues which, need to be discussed thoroughly in the Conference.

There are a total of ten papers for this session. Inevitably they reflect the interests and concerns of the individual authors, though they all fall broadly within the theme. Four papers deal with the question at the all-India level; while the remaining six, take up general or specific issues at the State or at the local level.

The paper on 'Re-orientation of Employment Policy' examines at a level of considerably generality, the Indian situation where employment has become a priority, given population growth, and the futility of purely production oriented planning. It draws attention to the need for (1) changes in the investment-mix, (2) dispersed rural industrialization, (3) more effective manpower planning and educational policy, (4) a reorientation in agriculture, and (5) changes in fiscal policy. One may, however, doubt whether the planning process in India has really been so production or output oriented. Afterall, increases in per capita income over the last thirty years have been rather slow. In this context, the real

"Organiser's Statement on Employment in the Plenary Session of the VIII Annual Conference of the IASP. *op. cit.*

question is: can we have *both a* higher output growth rate *and* a greater rate of expansion in productive employment opportunities?

The paper on 'Non Agricultural Employment Situation in India', concentrates on just one data source—the establishment data of the 1971 Census—to show that employment in non-agricultural establishments is concentrated in a few states. It does not relate this to non-agricultural employment as a whole (in establishments *and* elsewhere), for though 30 million people worked in establishments, about 55 million people in the same year (1971) were reported as working in the non-agricultural sector. It could also profitably examine the data of the Economic Census and of the NSSO on factory and non-factory establishments.

This brings me on to the first invited paper on 'State of Employment in India' which covers a considerable ground and raises important issues. To begin with, it argues that there is no one to one correspondence between the recorded work characteristics of the population and the recorded detailed structure of national income. Economic activity is partially covered in differing degrees by employment censuses or surveys and in national income estimation. It however, overdraws the distinction between "Western" and "Indian" definitions of economic activity. In both, self consumption by the producer of agricultural output *is* included: the important difference is that the *proportion* of self consumption is low in US and high in India. Yet it systematically builds an Aunt Sally to shy at. For example in Section II it states "... economic activity in the western societies is considered as a part of socially useful activity but is distinguished from other parts of socially useful activities by the condition that in its conduct money transaction is involved . . .".

It suggests the adoption of the concept of socially useful population (SUP) instead of work force or labour force or economically active population. Again the position it takes is unfair to the opposite views in suggesting that for urban females, since 10% are productively employed, by implication 90% are *unproductively employed.* The implication is just not there. Some of 90% could be unproductively non-employed, some productively non-employed and rest could be unproductively employed.

The more serious question relates to positive side of the position. It seeks to estimate the potential supply of socially active population (SAP) by first eliminating certain categories from the population by the so called objective criteria like age, sex, residence and education characteristics, but it does not want to impose non-objective characteristics like labour force status. Here it turns what are really shades of grey into black and white. For example, it would exclude from SAP some groups as not being a part of potential supply. It does not make clear what supply they do not form a part of. To put it simply: if activity and potentiality are defined widely enough, the real issue is to determine who-if anybody—is SIP (socially inactive population). Virtually everbody performs a

social role-why exclude beggars, the under 15's, the over 60's, students etc? Also even if they are not SAP today, they might do so at a future date-so they do have potential. The emphasis in the paper is on showing that economically active population (EAP) is arbitrary, but SAP is not, for SAP is a larger set of which EAP is a sub-set. But looked at in another way, SAP is a sub-set of the total population. Everybody in the population is either actually or potentially active why cut anybody out? And why use arbitrary criteria for doing so? who is to decide who is to be excluded i.e. who generates utility or satisfaction to the members of the household?

While it is in order to argue that preclassification of the population into usual and weekly status categories on the basis of an arbitrary categorisation of economic activity is unsound, the alternative is less than clear. It, however, discusses at length the data sources available. These estimates of SAP also encounter serious data problems which I am sure will be readily admitted.

The second invited paper on 'Unemployment in India: The Broad Magnitudes' has a very limited purpose. It attempts to present trends in unemployment over the 1970's after rendering the data comparable to the extent possible. It asserts that there was a marked deterioration in the situation over the period, in the context of rapid growth in population and in the number of work-seekers.

The paper on 'Some Areal Dimensions of Work Force Participation in Karnataka' attempts to explain WFPR variations in terms of variables like village size and irrigation and size class of cities, using Census data of workers. Two limitations of the paper need to be mentioned.

(1) WFPR's used are all crude; age-specific rates are not used,
(2) the results presented relate to districts categorised by the size distribution of villages. It would have been better to have the exercise at the village level itself, rather than for just 19 districts. Also the classification of districts by type of villages does not appear to be based on mutually exclusive classes (See Table 1, notes)

Net we have a consideration of the impact of migration on employment and unemployment in the Brahmaputra Valley and shows that a large part of employment in the organised sector goes to outsiders (defined by mother tongue or birth place). It is argued, but not shown, that the Assamese tend to get concentrated in the lower categories of the organised sector. All this is familiar but what is missing is an examination of the linkage effects of the growth of the organised sector on employment opportunities in the unorganised (Assamese) sector of the economy.

Then we have the results of a micro study in Bengal showing the limited impact of government programmes on the agricultural labour households. They highlight the absence of alternative opportunities outside agriculture, low levels

of literacy and the impossibility of genuine land reform under the present socio-economic framework.

The paper on 'Occupational Mobility in Urban Areas around Calcutta' suggests that mobility is limited in rural and urban areas. Mobility tends to be higher with education which in turn is higher for high caste Hindus compared to Muslims and Scheduled Caste Hindus. Mobility is examined both between generations and between the individual and his household.

Then we have the paper on 'Employment Opportunities in Delhi' based on the data of the Live Registers of the Employment Exchange. 'Placement Probabilities' and 'Relative Traffic Intensities' are computed for each year from 1961 to 1979. The approach of this paper is questionable for a number of reasons, of which only a few need be mentioned here. It is assumed that all registrants are unemployed and that the ratio of registered stock to unemployed stock remains roughly constant over 19 years, and further that the placement data of the Exchanges are reliable. It is well known that a large proportion of employers do not use the Exchanges, central legislation notwithstanding. It should have been possible to use EMI data instead (on A N). Therefore, neither the ratios nor the inferences drawn about them carry conviction.

Finally, we have the paper on 'Work Status of Female Migrants Before and After Migration'. This is a case study of Salem based on a 1% Sample. The main results relate to the different kinds of women migrants. For associational migrants, work status before and after migration is much the same; marriage migration upsets work status; distress migration floods the labour market and voluntary migration increases workers; and students attracted to the city. A rather serious drawback with the study is the sample size -481 female migrants. Many of the crucial tables in the paper are based on less than 100 observations. Yet, 8 x 6 = 48 cells are presented in all tables and major conclusions drawn on the basis of these tables.

What then are the issues we should concern ourselves with, in the broad area of employment in India, For the sake of convenience, we may begin by broadly dividing the subject into labour supply and labour demand and concern ourselves with different segments of the labour force.

We could begin by examining the perspective on the labour force and its likely expansion given the scenario on population growth. Likely changes overtime in participation rates by age, sex, residence etc. need to be taken into account to get an idea of the pressure on the labour market from the supply side. Here, whatever the differences between analysis, the pressure of numbers is compelling; there is no doubt that labour force growth will accelerate at least for the next decade, even as population growth hopefully decelerates. But we need also to discover who these added members of the labour force will be in order to know the problem and to set about trying to solve it.

On the demand side, this much is clear: employment opportunities would

have to expand quite rapidly, at rates well over 3 per cent per year, if full employment is to be achieved in the forseable future. This would imply *both a* higher output growth *on the average* than we have known in the past *and* a higher rate of employment. Here one has to ask whether in practice the tendency for employment growth to fall short of output growth can to some extent be averted-especially when high output growth is a vital necessity. To be specific, if we find that a 4% growth rate of employment is necessary, would this require (say) a 7% growth rate of output, or could be consistent with a 5% growth of output? This raises a whole host of questions on feasible growth options, trade offs and policy instruments.

The planner also seeks to ensure a balance between demand and supply of labour over time. While labour supply can be reasonably well measured (though it does have problems), labour demand is more difficult to estimate. Efforts in this direction especially by the Planning Commission so far have not been very successful. Yet, obviously, better estimates ofjobs created or work opportunities arising from investment and income growth are needed for planning. What can be done?

More specifically, within the broad specification of supply and demand, a number of issues have to be tackled. Who are the unemployed or grossly under-employed? Are they poor? Are they the young? Are they the educated? Are they men or women? Are they casual labourers or the self employed? Do they need wage employment or self employment? Is this to be achieved by the normal growth process or are special schemes necessary which the government would undertake? Are the target groups well identified? Do the target groups need more days of work per year or better remuneration per day of work? Are we in a position to locate target groups, ensure that benefits are delivered to them, and monitor their progress?

Equally, one could ask the questions the other way around: Who are the most needy? Are they the openly unemployed, the educated or the population with assets? Is employment the real problem or lack of access due to absence of skills, assets etc.?

While it would be quite time consuming to get to grips with all these issues and their inter-relations, attention may be briefly drawn to some facts which sharpen the focus on the main issues.

1. 86% of the usually unemployed in 1977-78 were in the 15 29 age groups, (males only). Many were entering the labour force for the first time.
2. Literates tend to have higher unemployment rate than illiterates, and the proportion of literates in the labour force is rising over time. Especially in urban areas, matriculates and graduates in their twenties face serious unemployment. Again the more educated may perceive unemployment more clearly and have reserves to endure longer waiting period.

3. The overwhelming proportion of those who worked at all during their survey week, worked on all 7 days of it. Only about 20% did not (NSS). This does suggest that for many it is not extra work, but better remuneration that is needed.
4. Unemployment rates tend to be higher for members of the labour force coming from the poorer households. About 51% of unemployed person were accounted for by persons from households below the poverty line (Rs. 50 in rural areas and Rs. 70 in urban areas in 1977-78). This, however, also raises the question of how important is the alleviation of unemployment among non-poverty households which account also for half of person/day unemployment.
5. The proportion of the labour force coming from casual labour households has been rising over the 1970's. These people have virtually no assets and need remunerative wage employment. In 1977-78, self employed households constituted about a half of all households and had unemployment rates well below average. Other households correspondingly had rates above the average. In rural India, the self employed's unemployment rate (daily status) was 3.2 per cent, while for other households it was 13.7 per cent and in urban areas the percentages were 5.6 and 11.9 respectively. These relate to men. For women too the other households have much higher unemployment rates than the self employed households. To some extent there may be a perception or measurement problem, but it is clear that as the proportion of self employment declines, the employment problem will become more open and the demand will be for wage employment for the assetless.