

Economic Policies for Augmenting Rural Employment in India

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Introduction

Indian economy in the post reform period has grown at an average rate of 6.5 per cent, an impressive rate considering the past performances of the economy. The high growth was supposed to create sufficient earning opportunities for masses. Though employment opportunities have increased; this increase has not been in commensurate with the growth of the labour force and at the end of the century incidence of unemployment was as high as 7 per cent on the basis of current daily status (CDS) of employment. Trend in employment at the sectoral level is even more depressing; the organized sectorⁱ, which provides maximum security to the labour, has witnessed only marginal increase (0.53 per cent) in employment in the '90s, that too because of growing private sector. Employment in the public sector enterprises has, in fact, declined; and this process will continue at least for next few years considering the process of downsizing of Government. In the private sector employment grew at an impressive rate (around 2 per cent per annum) during the first half of the '90s. This growth however tapered-off in the successive years on account of various factors, which are of course beyond the subject matter of the present discussion.

In this perspective, the burden of employing ever-growing labour force falls on the unorganised sectorⁱⁱ. The performance of this sector in improving the employment situation of the country has also been splendid. The 9th Five Year Plan (FYP) document reports that more than 95 per cent of jobs created in the '90s have been in the unorganised sector. The unorganized sector often referred to as informal sector, encompasses wide range of activities. Based on location this can be broadly grouped into urban and rural informal sectors. The performance of rural and urban informal sector has however been different; this can be assessed from the fact that urban employment in the recent decades has grown at a rate of more than 2 per cent; while its rural counterpart at merely 0.5 per centⁱⁱⁱ. The employment statistics further indicate that even the unorganized sector in the country has mushroomed more around the big cities. This lop-sided growth of informal sector has caused several problems like that of migration from rural to nearby urban centres.

Considering these facts employment opportunities in rural India need to be increased. Rural employment in India has been synonymous with the employment in agriculture sector; however, with the demographic pressure on land and limited opportunity of expanding cultivated area, role of non-farm sector is becoming important. For the sake of economic / earning opportunities rural sector can be further grouped into farm and non-farm sector. The relative size of the rural non-farm sector in terms of employment is small; this accounts for only 11 per cent of total work force in the country; while its urban counterpart, that is, urban informal sector, employs around 22 per cent of total work force of the country. The small base of non-farm sector and large rural population, in fact, indicates towards employment potential in the rural non-farm sector. The onus of absorbing the growing labour force on non-farm sector further increases, as the most recent (1999-00) Government statistics on employment indicates decline in absolute number of usual (principal + subsidiary) status worker in agriculture, though this decline is not unexpected in a developing economy. The process of rural development has in fact, not created enough employment opportunities for rural labour force. This disconcerting trend has to be reversed by creating more employment opportunities in the farm and non-farm sector. The reversal, however, requires proper policy prescription for these sectors; the present study is an attempt in this direction.

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The present study at the outset reviews trend of rural employment in India. There are several sources for data on employment, decennial census being the oldest source. A regular quinquennial survey on employment and unemployment has started since 1970s; since then six large-scale surveys were done, the last one being in the year 1999-00. The NSSO has incorporated the employment block to its annual consumer expenditure surveys only in 1989-90. These annual surveys are based on thin samples and researchers have raised concerns about its reliability (Sen 2003) and are therefore ignored for the present study.

Review of Government policies related to rural employment is a pre-condition for any policy prescription for the sector. Though it is difficult to delineate the Government policies especially targeted to augment rural employment since employment and output in a sector is often highly correlated; present study briefly reviews Government policies having direct implications for rural employment in the country. The study broadly consists of three sections; Section I discusses trend of rural employment in India, Section II reviews Government policies related to rural employment in the country, finally Section III presents suggestions and policy recommendations for augmenting rural employment in India.

Section I Trends in Rural Employment

It is surprising that employment remained grim in recent decade despite the fact that the demographic pressure slowed down and economic activity peaked up during the '90s. Figures in Box 1 present comparative account of employment in rural and urban sector and some factors determining employment and unemployment situation in the sector. This box presents information on population, labour force, work force and resultant unemployment in the rural and urban sector. Labour force represents supply of labour and is influenced by growth of population, while workforce reflects demand for labour and is influenced by the economic activity in various sectors. The comparative account is based on two reference periods 1983-94 and 1994-00 presenting roughly the '80s and '90s. These are in fact the years for which NSSO's quinquennial survey results on employment and unemployment is available^v. Though decennial census also presents figures related to employment and these figures are for the census years 1981, 1991, 2001; employment estimates from NSS are always preferred over census^v.

Box 1: Sector-wise growth in parameters related to unemployment

	1983-1994			1994-2000		
	Agg'te	Rural	Urban	Agg'te	Rural	Urban
Population	2.0	1.8	3.0	1.9	1.7	2.7
Labour force	2.4	2.2	3.3	1.3	1.0	2.4
Workers	2.7	2.4	3.6	1.1	0.7	2.3
Unemployment	6.0	5.6	7.2	7.3	7.2	7.6

As per the general perception population and labour force has decelerated during the '90s as compared to the earlier reference period. The rate of growth of population and labour force is significantly different in the rural and urban sector; this difference to some extent is exaggerated on account of classification of towns^{vi}. Though some other factors like migration of rural youth to urban centers with increase in education in the rural households^{vii} are not ruled out. Like the supply factor, growth in workforce has also decelerated during the '90s; this decline has been too high causing an increase in the incidence of unemployment during the period. The growth of workforce in the rural and urban sector has further widened, the growth in urban sector declined marginally while in the rural sector this decline was significant. It is surprising that incidence of unemployment in the urban sector is high as compared to the rural sector. In rural sector incidence of unemployment has increased by more than 1.6 per cent during the period. This increase in the rate of unemployment in the rural sector is a matter of concern and requires further probing.

Table 1 presents comparative account of employment trends for nine major industrial categories. This table shows annual compound rate of growth (ACGR) of employment (on the basis of CDS) in rural and urban sector during the reference periods (1983-94, 1994-2000). The employment growth has also been compared with the income growth in the same industrial category. The CSO industry-level information related to income are not available separately for

the rural and urban sector. The employment elasticity as a ratio of growth in employment and income has finally been worked out separately for the nine industries during the reference periods.

Employment in Agriculture

Though share of agriculture in economy has declined during planned development of the country; it still assumes pivotal role in the rural economy. The employment growth in agriculture in rural sector has been abysmally low (0.06 per cent^{viii}), and insignificant during the '90s, though the growth was significant (1.18 per cent) during the '80s. Whereas the growth in agricultural income during the '90s has been marginally higher (0.02 per cent) than the '80s. This trend in fact suggests job-less growth in agriculture; proper understanding about the reasons behind this trend warrants studying the structure of agricultural growth.

Agricultural income as per the CSO annual series consists of income from crop outputs (field and plantation crops), livestock, fisheries and forestry. A temporal comparison of various components of agricultural income and its constituents at 1993-94 prices is being presented in Table 2a, 2b and 2c. Table 2b shows that in forestry and livestock annual compound rate of growth (ACGR) has increased over the previous decades. In the recent decade (1991-03) rate of growth in livestock is more than 4 per cent while in forestry it is less than 0.5 per cent. The GDP fishery has increased at an exponential rate of (ACGR has been) around 2 per cent after the '80s; as a result of this growth fishery has improved its share in aggregate agricultural income from 2.5 to 4.4 per cent between the years 1981 to 2003 (Table 2a). It is interesting to note that the share of livestock has also increased^{ix} during the reference period. With increase in demographic pressure greater focus on allied activity is expected; in spite of these encouraging trends in income stagnation of employment in agriculture and allied activities requires further probe into trends in agriculture and livestock sector / sub-sector.

The structural changes in value of agriculture and livestock output during last three decades has been presented in Table 2c. Information on agriculture and livestock outputs are available at specific disaggregate level. This table presents triennium average, percent share of commodity aggregates during beginning of a decade and also annual compound growth rate (ACGR) in these aggregates during the decade. There has been continuous decline in the share of cereals, pulses, oilseeds and fibres; fibre is essentially aggregates of cotton, jute and mesta. Some commodities for which share in value of output remained almost stagnant are sugar, drugs and narcotics; tea, coffee and tobacco together constitute the group drug and narcotics. The commodities whose share has increased in the value of agricultural output are fruits and vegetables, condiments and spices.

If we collate these trends in commodity aggregates with their trend in India's agriculture export-import basket, it is evident that the share of exportable commodities has increased while that of the importable commodities has declined in the value of output. The share of the commodities in which India has been a traditional exporter remained stagnant during the reference period. This further suggests that the commodities in which country has emerged exporter in recent decades are the one for which share has increased in the recent period. As a matter of fact exports generally increase relative price of the commodity and hence the relative share of commodity in the aggregate value. In other words increase in the share of horticultural products and spices in agricultural output may not result in significant increase of employment in that commodity aggregate. A consistent increase in exports of a commodity also increases its production. There is also a possibility of increase in the production of exportable commodities by substituting it for importable commodities; this substitution will not necessarily increase employment at the aggregate level.

Information related to livestock output is presented separately for milk, egg, wool; these items have bearing for bovines, poultry and ovine rearing, while meat group includes flesh of all these livestock and birds. The historical trend growth in these items suggests that milch animals and poultry are emerging important. The share of output from bee and silk-worm (api and sericulture) even though small (1.3%) has increased; while that of wool and hair obtained from goat and sheep has decreased during the reference period (1971-2003). The share of meat has stagnated; meat and meat products barring poultry meat is the joint product. A decreasing trend in the share of meat products, in combination with the decline in the share of wool and hair

suggests that ovine rearing is getting discouraged; as a matter of fact ovine rearing is highly labour intensive. Again stagnation in the share of meat in light of the structural changes in bovine population^x, suggests that cattle rearing is being transformed from subsistence to commercial level. This kind of transformation unless integrated properly with the processing may not increase employment in the livestock sector.

Non-Agriculture Employment

The ACGR of employment in non-agricultural sector unlike agriculture has been positive and significant during the '90s; this has been so for both the sectors: rural and urban. The annual compound growth rate of employment in non-agriculture sector during (1994-00) has been less than the previous reference period (1983-1994). The non-agriculture industrial categories where employment growth during the '90s was positive and also higher than the previous reference period were manufacturing, construction, trades, transports and business services. This trend in employment growth was slightly different at the sectoral level; in urban sector manufacturing, trade, transport and business services were the industries where employment growth was higher than the previous reference period while in rural sector it is construction, transport and business services.

In manufacturing employment growth was similar in rural and urban sector during the '80s; the disparity in the rate of growth between sectors has surfaced in the '90s. The possible reasons for disparity in rural and urban rate of growth of employment in manufacturing are; a) growing disparity in rural and urban infrastructure facilities with regard to power and telecommunications; b) greater focus on cost-competitiveness, scale economies in the '90s has discouraged rural manufacturing which is generally at small scale; c) uncertain policy environment in relation to small-scale industry; c) with trade liberalization and growing clout of media relative importance of goods produced in metropolitan factories have increased^{xi}.

A detailed study of manufacturing activities under organized and unorganized sector has found that the growth of employment, value-addition and capital in the organized manufacturing sector has grown in the initial period of reform (1984-95), and declined subsequently. Growth in the unorganized sector presents different trend, this has peaked up in the initial phase of partial liberalization (1984-90), flattened during the reform period (1989-95); subsequently unorganized segments not necessarily rural unorganised surged forward following adoption of promotional policies^{xii} towards small-scale industries. This growth has been particularly high for the organic as compared to the inorganic manufacturing units^{xiii} (Unni et al 2001 and Rani and Unni 2004).

The employment growth in construction peaked up during the '90s; though it was high (1.75%) even in the '80s. Construction activity is related with the economic prosperity, demographic pressure also influences construction activities; this will be corroborated with the state-wise analysis of data. Certain economic policies^{xiv} have also encouraged construction activities in the '90s. In urban sector construction activity has peaked up early (in the '80s) while in the rural India this has peaked up during the '90s. The extension of basic infrastructure like road in rural India might have encouraged employment in construction during the '90s.

In transport-storage-communication (TSC), finance-insurance-realestate-business (FIREB) services employment increased in both the sectors, rural and urban. Employment in TSC is more influenced with the investment in infrastructure, in recent years infrastructure is getting high priority, investment is increasing so the employment in this category. Increase in infrastructure has almost direct affect on employment in the real estate; this appears to have some spread effect on the business services. Again with the Government in with-drawl mode, as is apparent with the downsizing of public sectors; employment in utilities, community-social-personal (CSP) services have declined while employment in finance, insurance and business services have increased.

In the '90s employment growth was negative in mining and quarrying, utilities and community services. These industries largely fall under the domain of public sector. Since there is already an effort to downsize the role of public sector, decline of employment in these industrial categories are obvious. In mining decline in employment could also have accentuated because of strict environmental regulations and increased focus towards clean technologies. Strict

environmental regulations have in fact, caused closure of many mining units. Again focus towards cleaner technology, which essentially means use of more gas and oil-based technology rather than coal, has discouraged production of coal while encouraged production of oil and gas. As a matter of fact coal is labour intensive while gas and oil is capital intensive; so this substitution could also have caused decline of employment in mining.

Employment Elasticity

A broad trend of employment across industries and possible reasons for particular trend was explained; this sub-section discusses comparative performance of employment and income in various industries. Table 1 also presents ACGR of income and estimates for employment elasticity. (it is however necessary to investigate that how far employment growth is associated with the growth in income in various industries). It is evident from table that income growth in all employment categories has been positive; nevertheless a comparative account of this growth suggest that for most of the industrial categories it is high during the '90s. The mining and utilities are however exceptions; these are also the industrial categories for which employment growth was negative. The other industrial category for which employment growth was negative was community services, the income growth for this category was positive; this is not unusual considering the fact that income in this category is primarily aggregation of salary of its employees and it is ironical that in spite of all the austerity measures, salaries in the Government sector has not reduced in the country.

The employment elasticity is the ratio of growth in employment to the growth in income in the specific industry. Since employment growth has been negative in mining, utilities and business services employment elasticity has also been negative. In the present table this is being represented as zero. It is interesting to note that employment elasticity in industries other than the above three, increased over the previous reference period. Employment elasticity indicates intensity of labour in that industry, though heterogeneity within the industry at this level of aggregation restricts us to arrive at some solid inference about it. Based on the above trend in employment elasticity it can be argued that intensity of labour in most of the industries has increased during the reference period. In manufacturing increase in elasticity was only notional. Increase in employment elasticity has been very high in transport and business services; but then heterogeneity in these industries are too large to arrive at some meaningful inferences about trend of employment intensity in specific activity of this industry.

In construction and trade there was small increase in employment elasticity. This increase of employment in construction can be taken seriously since heterogeneity in these industries is not large as compared to other industries. There are in fact studies that suggest that some of the non-agriculture industries in recent years are emerging as residuals. Trade especially retail trade presents one such case; with increase in literacy especially rural literacy young people wants to be identified as shopkeepers rather than farmers, rural artisans. Similarly agricultural labourers probably liked to be identified more as construction worker.

Rural Employment Across States

The above analysis pertains to comparative account of employment for major industries at the aggregate level. Certain trends, which were evident at the aggregate level, may emerge robust with the help of state level information. Again some of the industries were focused more towards the rural sector; a detailed analysis of these industries may suggest some measures for increasing rural employment in India.

The proportion of rural employment in different industries has been presented for two time period 1983 and 1999-00 in Table 3. This information based on current daily status (CDS) is for important states of the country, while information based on usual status of employment is presented for all the states in the Annexure Table 1. It is apparent from table that in a span of 17 years share of agriculture in rural employment has declined by only 2 per cent at the aggregate level. There are mixed trends from states; percent share of agriculture has not declined in the state of Andhra Pradesh, Bihar, Karnataka, Madhya Pradesh, Maharashtra. and Orissa. The reasons for non-decline of rural employment in agriculture could be different amongst these states. In certain states like Bihar, Orissa, dearth of opportunity in non-agricultural sector could

have pushed rural workers towards agriculture whereas in states like Maharashtra pull factor could have attracted employment in agriculture. These issues need further probing.

In non-agriculture employment categories manufacturing is the most important; this accounts for more than 7 per cent of rural employment in the country. With increase in demographic pressure on land, one would expect manufacturing to become more important in the rural sector; however there is only marginal increase in its share during the reference period. The share of manufacturing sector has in fact declined in some states like Andhra Pradesh, Bihar, Goa, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Orissa and Punjab. In Assam, Delhi, Gujarat, Haryana, Tamilnadu and West Bengal share of manufacturing has increased during the reference period.

Though reasons behind these trends are different for different states; the changes in infrastructures to large extent explain different trends. In the later group of states rural infrastructure has increased significantly during the reference period. This does not necessarily mean that rural infrastructure in the earlier group of states is poor; as a matter of fact significant increase of rural infrastructure in these states might not have happened during the period. There is evidence at least from Punjab to suggest that even with a relatively better rural infrastructure manufacturing is shifting away from the rural sector; here rural sector is based on the census classification rather than the revenue records.

A greater urbanization and rural urban disparity in infrastructure like assured electricity could also have lead to this situation. The state of Delhi presents a different situation, where rural manufacturing has increased significantly. Arguments generally put forth in developed world to justify manufacturing in rural sector like low cost of living etc, holds good in Delhi. The difference in rural and urban infrastructure from the view -point of manufacturing activity is not significantly different in Delhi. Nevertheless, manufacturing units in rural sector are exempted from some of the strict environmental and fiscal regulations.

The utilities (consisting of electricity, water), mining and quarrying are the employment categories not very important from rural perspective. Both these categories register negative growth during '90s at the aggregate level; the share of mining in rural employment has however increased at the aggregate level. Whereas share of utilities in rural employment like its share at the aggregate level has declined.

Construction has emerged as an important engine for growth in rural employment; its share in most of the states barring Karnataka, Madhya Pradesh and Maharashtra has increased. The states of Bihar and Orissa doing not so good otherwise have done well in construction. It appears that population pressure in these states accompanied with a favourable policy environment for building construction material during the reference period has encouraged construction activity. There can be other reasons such as increase in per capita income for improved construction activity in the country.

Trade is another industry groups where rural employment has increased at the aggregate level and also for most of the states. The state of Andhra Pradesh, Orissa and Tamil Nadu were exceptions. The share of transport in rural employment has increased for all the reference states. The reason is obvious, rural infrastructure is on rise and with increase of basic infrastructure like road in rural sector, transport activity and also employment in this industrial category has increased.

The services are of two categories; community social and personal (CSP) services are largely under the domain of the public sector while finance insurance real estate and business (FIREB) services are under private sector. The share of CSP services in rural employment has also declined in the country, though Assam was an exception. It may be noted that in recent decade there has been greater focus on the Northeastern states including Assam so increase in the share of CSP services is obvious. The share of CSP services in rural employment also might have declined on account of rural urban classification in census. There is possibility that with increase of rural employment in community social and personal services in a place, population around that place increases and with increase of population beyond 5000, village (rural) gets reclassified as town (urban) sector.

The share of FIREB services in rural employment increased marginally at the aggregate level; though this has been one of the best performer for some states such as Andhra Pradesh, Bihar, Gujarat, Haryana, Kerala, Maharashtra, Rajasthan. The share of FIREB services has in fact declined in many states like Delhi, Goa, Karnataka, Orissa and West Bengal. There could be varieties of reasons varying across states for this decline in the share of FIREB services. Unlike other industrial categories the FIREB services require different kind of skill and infrastructure. This definitely requires better literacy. The FIREB services also require more communication related infrastructures; basic infrastructure like road is also important.

With these illustrations about nature and pattern of rural employment across states, it is evident that there are various independent factors which influences employment in different industrial categories. For instance, demography or population pressure influences construction activity, while employment in trade and transport is more influenced with the basic infrastructure like road. The expansion of rural road appears to have been acting either ways; road is increasing rural employment in trade and transport, there is also instance of road discouraging rural but increasing urban employment in manufacturing and business services. The skilled workers from rural area travel to perform their job in a unit located in the urban sector while they live in rural sector as cost of living is low in the area. In spite of it, infrastructure as such is important for employment in most of the industrial categories; the kind of infrastructure however varies across industries; for instance, employment in manufacturing requires more of assured power /electricity; while employment in transport and trade requires basic infrastructure like road; employment in finance-insurance-real estate-business services however require more of communication related infrastructures.

Gender aspects of Rural Employment

In all major industrial categories male dominates rural employment; share of female in total rural employment has however not been insignificant (around 30 per cent). Bulk of female workers is concentrated in agriculture, manufacturing and community services; Table 4 presents gender-wise proportion of rural workers in these industrial categories for important states of India. Like previous comparisons, this state-wise information is also for the year 1983 and 1999-00. It is evident from Table 4 that around 30 per cent of rural workers are female at the aggregate level. The corresponding share has increased marginally (0.5 per cent) at the aggregate level during the reference period. Industrial category-wise gender proportion indicates that females are more concentrated in agriculture followed by manufacturing and business services. The proportion of females in these industrial categories has increased significantly; more than 2 per cent in agriculture and community services while less than 2 per cent for manufacturing at the aggregate level.

Table 4 indicates that trend in gender-wise employment in many states is different than that of the country. In agriculture for instance proportion of female has declined in Bihar, Madhya Pradesh and West Bengal. Amongst these states, Bihar and Madhya Pradesh are the states where proportion of rural employment in agriculture did not decrease during the reference period; this suggests that the pressure on agriculture for rural employment is quite high and in this kind of situation male are generally preferred over females for employment. This reason however does not hold good for West Bengal; as this has experienced spurt in agricultural growth. Participation of females is more in specific agricultural operations and activities; any changes in the structure of agriculture and allied activity in a state can also lead to changes in the woman's participation in an industrial category.

In community social and personal services though share of female in rural employment has increased at the aggregate level. The corresponding share has not increased in the state of Assam, Haryana, Orissa and Rajasthan. These states barring Assam and Rajasthan have registered sharp decline in the share of CSP services in rural employment. The CSP services are considered better than many other employment categories for workers of similar qualification. In this situation competition for getting employed in this category increases and probably male dominates female in this competition since difference between gender in human development related statistics like literacy is more sharp in these states.

In manufacturing over all decline in the share of male was observed, the corresponding share for female however declined in the state of Delhi, Goa, Haryana, Punjab, Gujarat, Maharashtra, Karnataka and Himachal Pradesh. Many of these states have good road infrastructure, there is a possibility that manufacturing units are doing well in their urban centers and rural sector is providing cheap labour to these manufacturing units; and male has some distinct advantages over females in commuting.

The share of female in total rural employment has increased marginally during the reference period. Many states in fact report decline in the share of female in total rural employment. Some of these states are Bihar, Madhya Pradesh, Rajasthan, Delhi, Goa, Haryana and Kerala. Profile of these states present different reasons for decline in the share of female; first group of states suggest penuries as possible reasons for decline in the share of female whereas later group of states suggest urbanization and high mobility of work force as possible reasons for decreasing share of female in rural employment. The share of female in rural employment has increased in relatively well-off states.

It must be noted that the proportion of female in total rural employment has increased (0.52%) marginally; the corresponding share has increased significantly in agriculture, manufacturing and community services; difference in this rate necessarily implies that share of females in other industrial categories has not increased. Trend from states varies widely; there are in fact many states where proportion of female in rural employment has declined for of course wide and varied reasons.

Quality of Employment

The quality is as important as the quantity of employment and in the rural sector disguised unemployment is the most important issue while analyzing quality of rural employment. The NSS data presents a comparative account of usually employed persons and persons employed on the basis of current daily status (CDS) during a year; this difference reveals disguised unemployment in the rural sector. This information is available separately for males and females in rural and urban sectors of India.

Under employment here means that persons though employed on the basis of usual status is not getting sufficient employment in man days to be termed employed on the basis of CDS. Table 5 presents percent distribution of usually employed persons by their broad current daily status (CDS) of employment. Table indicates that out of 100 employed rural male more than 10 per cent of rural male were either unemployed or were not in the labour force during the year 1999-00. A comparison of underemployment across categories of workers suggests that underemployment is the highest for rural females. A relatively high disguised unemployment is a well-recognized problem of Indian agriculture; employment of women is often specific to particular agricultural operations like harvesting, their employment is less frequent as compared to male, a high disguised unemployment for female is therefore obvious.

The level of under-employment is further corroborated with the information in Annexure Table 3, which presents percent of usually employed worker available for additional work with reasons. This table indicates income aspect of employment quality.

The category of employment, self-employed, regular and casual also explains quality of employment. Present study assumes that with increase in the proportion of casual workers in total workers quality of employment decreases since India lacks effective social security measures for casual workers; otherwise also safety nets for poor are too poor in the country. Table 6 presents percent distribution of usually employed persons under different categories of employment during the reference years. It is evident from table that in the rural sector a large proportion of male (54.4%) is self-employed, casual workers are distant second while regular employed workers account for only small proportion (9%) of total workers. The urban sector presents a contrasting picture, regular employed are the most dominant class of worker closely followed by the self-employed workers; casual workers are the least important in terms of numbers. Again across gender problem of casualisation is more acute for females, especially rural female. A temporal comparison of employment categories suggests that casualisation, that is, percent of casual to regular employed workers, is on rise.

In this regard it must be noted that trade union or association is less relevant for casual and self-employed workers (Annexure Table 4), which dominate the rural workforce. Existence of trade unions and its membership provides enough bargaining power to workers and is definitely important to adjudge quality of rural employment. Table 6 further shows that proportion of self-employed workers in rural sector has declined while its share in the urban sector has increased during the reference period. This is quite an interesting finding and requires further probing as to why proportion of self employed workers has declined in the rural sector. It must be noted that self-employed workers are more associated with the own account enterprises; and in this context the above trend is important.

The quality of employment is also related to the type and scale of enterprises. An enterprise employing more than 20 workers is covered under the Factories Act, and this act to some extent protects interest of workers even though it is casual worker. The proportion of salaried workers also increases with the size of enterprises.

Trends in Enterprises

There can be different ways of classifying enterprises; on the basis of number of persons hired, enterprises are own account enterprises (OAEs) and establishments. The establishments on the basis of number of people hired are Directory and Non-directory enterprises; these enterprises vary on the basis of type of regulations. Enterprises can also be classified on the basis of its location: rural and urban; type of activities being performed: agricultural and non-agricultural enterprises. Present study discusses trend in enterprises on the basis of above criteria. Enterprise level information is obtained from the Economic Census, and is available for the year 1980, 1990 and 1998. The Economic Census does not include enterprises engaged in crop production and plantations.

Table 7 presents distribution of agriculture and non-agricultural establishments by size class of employment at the aggregate level. Table suggests that even in the rural sector non-agricultural enterprises in terms of number of units and persons employed are many times (12-18 times) higher than the agricultural enterprises. In urban sector this difference between agriculture and non-agricultural enterprises is even higher. As far as distribution of enterprises according to the size-class of employment is concerned, difference between the distribution of agriculture and non-agriculture enterprises is less in the rural as well as the urban sector. The difference between agricultural and non-agricultural enterprises is significant when distribution of employment is taken into account. In non-agricultural enterprises concentration of employment is higher (33.6%) towards larger establishments; this trend is more pronounced in case of urban sector.

The percent share of non-agricultural enterprises and its trend during last three economic survey 1980, 1990, and 1998 (Annexure Table 5) suggests trend almost similar to that of employment; in rural enterprises per cent share of construction, trade, transport and business services has increased. The share of manufacturing enterprises has declined in both rural and urban sector. This trend is different than that of the employment in manufacturing; there are chances that in the regime of trade liberalization, importance of economies of scale have been realized by the manufacturers and they are trying to consolidate the smaller units into the bigger units. Again not-so-favorable business environment for small-scale industries especially during the early '90s might also have led to closures of many small-scale units. The total numbers of enterprises are not growing proportionately; construction, trade, transport and services are on rise, increase in these units might also have reduced the share of manufacturing in total enterprises.

Even though numbers of enterprises are on rise, for the sake of quality of employment one would expect that average size of enterprises should grow; data from Economic Census (Annexure Table 6) however do not clearly support this; trends are different across enterprises and sectors. The results from survey of enterprises as reported by different issues of the Economic Census by and large reinforces employment results from the NSSO Quinquennial Surveys; this does not suggest any significant improvement on the quality aspect of rural employment in the country.

Pattern of Wages and Salaries

The real wages for an average illiterate employee by industries sex and sectors for the selected years 1987-88, 1993-94 and 1999-00 is presented in Table 8. The real wage is obtained by dividing daily wage / salary as obtained from various NSS round surveys with the consumer price index of agricultural workers (CPIAL) for the corresponding years.

Table 8 clearly shows that average wage for male worker is significantly higher than the average wage of female worker for most of the industrial categories; this difference in wages has been the maximum in manufacturing sector. The wage difference appears to be related to the differences in the productivity of labour in these industrial categories. Though wages for female workers are higher in few employment categories as that of agriculture in the urban sector, transport and storage in both the sectors. A small sample size for these industrial categories restricts us from taking these observations seriously.

In rural India growth of real wages across industries suggests different trends; this growth in real wages are based on three point of time, 1987, 1993 and 1999. Agricultural wages have grown at a faster rate as compared to the non-agriculture wages during the first period (1987-93), whereas during the later period (1993-99) growth in non-agriculture wages has been higher than the agricultural wages. This has probably a lot to do with the physical performances of the sectors during the reference periods; several indices related to agriculture (Annexure Table 8) suggest that performance of agriculture was better during the earlier period. A comparison of real wages during the entire period (1987-99) suggest that rural wages in agriculture, construction and trade has doubled during the reference period. A relatively higher increase in real wages for these industrial categories might also have been because the base year (1987-88), this was a drought year and lower wages in abnormal years cannot be ruled out.

A comparison of male wages between rural and urban sector shows higher wages in urban for most of the industries. This difference in real wages between rural and urban sector was significant in the year 1993-94; subsequently it tapered off and this difference in wages was marginal for most of the industries in the year 1999-00. This phenomenon is disconcerting in light of the general belief that wages in rural sector is low as compared to the urban sector. In the year 1999-00 real wages for agriculture in urban sector is significantly higher; this is quite understandable since marginal value product of agriculture in urban sector is more than the rural. It is astonishing to note that in non-organic manufacturing it is the other way, real wages in rural sector is higher than the urban sector. This again may be because of small samples and wide ranges of non-organic manufacturing. There can also be particular reason for it; in urban sector large proportion of non-organic manufacturing units are in fact in the unorganized sector where minimum wages for workers are not necessarily fulfilled.

Analysis of wage and salaries for industries in the rural and urban sector suggests that real wages have increased in all the employment categories during the reference period (1987-1999). As expected female wages are lower than the male wages. In the rural sector real wages in most of the employment categories was significantly lower than the urban sector in the early '90s; this difference in wages between rural and urban sector tapered-off in non-agriculture employment categories negating the general belief that rural wages are lower than the urban wages.

Section II Review of Government Policies

It is difficult to separate government policies related to employment from the developmental policies since employment is so closely associated with the economic performances. Intensity and productivity of labour of course varies across sectors and in that sense pattern of economic growth affects aggregate employment in the country. Government influences employment generating capacity of an economy by directing policies and investments into sectors and sub-sectors with higher labour intensity, into geographical area with higher employment potential, and into products and choice of techniques which are more labour intensive. There have been ample evidences in this regard from our planned development; Government policies in the recent decade have however undertaken certain steps in light of the globalising world. Trade restrictions

in a large number of commodities have been eased; domestic goods have suffered from export competition, and unit cost of production has emerged as important as the intensity of labour. In this context it is important to know that how Government policies have addressed this trade-off. Present section attempts to review these policies, which have direct bearing on rural employment in the country.

Agriculture & Agricultural Wage Policy

Government policies related to agriculture during the planned development of the country has passed through at least three distinct phases; the first shift in policy was evident in the mid-60s with the growing importance of self-sufficiency in our planners thinking process; the second line of demarcation in agricultural policies surfaced with the emergence of new trade order in the early '90s. In the new trade order with the reduction of trade barriers cost and quality has become important; Government has undertaken some steps to make Indian agriculture cost competitive (Jha B, 2000). The effect on cropped area and cropped productivity, which is closely associated with the intensity and productivity of labour respectively, has however been not very encouraging during the '90s.

Agriculture product matrix has changed significantly in the late '90s (Table 2a, b, and c) and effect of trade liberalization in this change is apparent. This phenomenon for instance, has encouraged production of horticultural crops but these crops are not known for its labour intensity. Similarly liberal import policy for some farm inputs such as pesticides in the '90s has encouraged its use. There are evidences of these chemicals replacing labour in certain regions of the country. Nevertheless in the world agriculture, prices are not downward sticky but in India it is still so. The rigidity in agricultural prices has large ramifications for income and also employment in agriculture, discussed elsewhere in details.

Government policies, which directly influences employment is the price of labour or minimum wages in the country. This assumes more importance when unemployment and increase in wages co-exists in rural India. Though there has been significant increase in real wages for agriculture workers during the '90s, agricultural productivity as apparent from the productivity indices has not increased. This suggests role of minimum wages in increasing real wages for agriculture workers in the country. The minimum wages vary across states and Table 9 presents comparative account of minimum and the prevalent wages in important states in the year 1991 and 2002. The comparison suggests importance of minimum wages, as average wage for most of the states has been higher than the minimum wage^{xv} for agriculture workers. The disparity in minimum wages across states has been high during the early '90s; this to some extent is reduced in the year 2002. The minimum wages for the state of Haryana and Punjab remains significantly higher than the other states. This high agricultural wage and stagnating agricultural productivity in at least rice and wheat crops has encouraged adoption of labour-displacing technology in these states.

Though average wage for states increased at different pace; this growth has been particularly phenomenal for the state of Kerala and Tamilnadu. An extremely modest minimum wages in these states suggests that this increase in average wage is definitely not because of minimum wages; some real factors like high growth of plantation and horticulture crops in these states might have contributed to this phenomenal growth in wages. The analysis of wages for agricultural workers thus suggests a significant increase in real wages for agricultural workers; in most of the states this is not supported by the growth of the real factors. It is difficult to believe that the minimum wages for agricultural workers has not supported this increase in agricultural wages in many states.

Policies related to Rural Industries

In India rural industries are loosely referred to the khadi and village industries and small-scale industries located in the rural sector. Review of policies related to rural industries is therefore more associated with the Government policies for these industries.

Though heavy industries were prioritised in the earlier decades of planned development; to promote rural industrialization the Khadi and Village Industries Commission^{xvi} (KVIC) was

commissioned in the year 1957. Subsequently Khadi and Handloom Boards at the state levels and innumerable institutions and cooperative societies at the disaggregate level were created for development of khadi^{xvii} and village industries^{xviii}. The objectives in khadi and village industries were to promote local-resource based products, traditional crafts in rural areas^{xix} and reduce dependency of rural population on urban markets. The KVIC plays pivotal role in the production and marketing of KVI products. This also promotes rural entrepreneurship^{xx}. The KVIC in its rural employment generating programme (REGP)^{xxi} provides margin money for financing viable village industries projects with an investment limit up to Rs. 2.5 million and Rs. 1 million in case of institution and individual respectively.

The Industrial Policy of the year 1967 reserved certain industries for the small-scale sector; subsequently rural industries also encompass small-scale industries^{xxii} (SSI) located in the rural sector. Government has created several institutions as that of National Small Industries Development Corporations (NSIDC), Small Industries Development Bank of India (SIDBI) to promote small-scale sector. These industries also receive different type of fiscal concessions in lieu of various social objectives it aims to achieve. The small-scale units apart from catering to the needs of rural people were also supplying semi-manufactured or manufactured items to their bigger manufacturing units. The manufacturing costs at rural units were supposed to be less because of lower wages in the rural sector. These cost advantages in rural sector appear to have lost in recent period with the burgeoning disparity in the rural and urban infrastructure. Again the small sector units are dependent on some public sector monopolies for some basic goods and services; and less consideration for cost-efficiency in these units has affected manufacturing cost of the SSI products; while with trade liberalization cost and quality of the products has become important.

The exports market for products obtained from small sectors and the KVI units have also suffered on ground of quality. The cost of the products manufactured in the KVI units despite all fiscal concessions was often not low because of its inefficiency. There have been significant efforts in recent years to reduce inefficiencies in the KVIC. For instance, against the prevailing rebate schemes, market development assistance scheme for the khadi and village industries was launched. The KVIC has introduced franchise scheme for the KVI products. The KVIC has also launched some brands such as "Sarvodaya" for fast moving capital goods as that of toilet shops, pickles, honey; "Khadi" for upmarket and essential products such as essential oils, herbal products, design market; and "Desi Aahar" for organic foods, cereals, spices. To further promote marketing of khadi and village products the KVIC has formed Confederation for promotion of khadi and village industries (CPKVI) by uniting various product-based marketing federation. The CPKVI is expected to take up branding and marketing of the KVI products aggressively.

The global phenomenon of easing of trade restrictions for products, which are already reserved under the SSI, has also created difficult situation for this sector. Many of the SSI products, which were already reserved for the small-scale sector, were in fact de-reserved during the '90s. In a globalising world when unit cost of production and quality of products were becoming important, investment ceiling in small-scale units had constrained technology upgradation during the large part of '90s. In recent years investment ceilings for the small-scale industries were hiked to Rs. 10 million, for selected items this has been hiked to the extent of Rs 50 million. Government has also attempted to revive the sector by infusing credit through SSI specialized bank branches, small and medium enterprise fund under SIDBI, *laghu udyami* credit card scheme etc..

In the globalising world when technology, cost and quality has become so important rural industrialization can not rest solely with the KVI; desired growth in the SSI too requires favorable infrastructure. Considering these bottlenecks in a developing economy, creation of industry clusters is often mooted. Off late this concept has become important in India. Union government has identified 60 industry clusters in the first phase (July 2003) for focused development by including their credit requirements in the state credit plan. Most recently the KVIC with the help of SIDBI and NABARD under the auspices of Ministry of Agriculture and rural industries is trying to implement National Policy for Agriculture and Rural Industries (NPRI); the policy pertains to technological advancement and skill upgradation for effective development of industrial clusters at the district level. This scheme attempts to promote participation of private entrepreneurs and NGOs; on this account this has achieved limited success. The Ministry of Food processing

industry has also set up food parks in different parts of the country. The idea behind this is to provide capital-intensive common facilities such as cold storage, ware-house, quality control laboratories, effluent treatment plants etc. The public sector units or corporates or cooperatives are eligible for grants up to Rs. 4 crore for creation of such facilities. So far 20 food parks have already been sanctioned (Economic Survey 2004), its implementation in actual is however not known.

Direct Initiatives for Employment

Though greater productive employment is generated in the process of economic growth itself, direct state intervention is often required to provide supplementary employment to those, who are bypassed in the process of growth because of certain reasons. Government has initiated several employment generating programmes^{xxiii} on limited scale during the earlier decades of planned development; the sixth plan beginning in 1980-81 has taken some strong initiatives for generation of employment. Subsequently, employment-generating programmes have become part of our planned development. The employment generating programmes largely fall under two broad categories; self-employment generating and wage based employment-generating programmes. The first set of employment generating programme attempts to remove chronic unemployment by providing economic asset to the beneficiary while the second group of programmes provide supplementary employment to the target group of persons to stave-off seasonal unemployment.

Self-employment Generating Programme: The progress of self-employment generating programme in the country has been reviewed in brief. The Integrated Rural Development Programme (IRDP) is one of the most widely known self-employment generating programme launched during the sixth Five Year Plan, 1981. This programme creates self-employment opportunities for targeted rural poor by providing them income-generating assets through bank credit and subsidy. In this programme persons below poverty line (cut off) were selected as target group; at village level this group requires fulfillment of certain categories^{xxiv} of persons. This programme underwent modifications from time to time; for instance, facilitating component like Training of Rural Youth for Self-employment (TRYSEM) was appended with it, also sub-schemes specially targeted towards women such as Development of Women and Children in Rural Areas (DWCRA) was launched under the broad umbrella of IRDP.

Performances of IRDP has been evaluated by several researchers (Nayyar 1998). Many researchers report instances of improper or inadequate targeting, that is non-poor were being selected as beneficiaries of this programme. This problem was more conspicuous during the earlier years of implementation of this programme; subsequently this subsided. In the IRDP bank loan has been the most important component apart from Government subsidy and there have been cases of high default rates (40 per cent) amongst the beneficiaries. Of all the defaulters 41 per cent were found to be willful defaulters during the year 1992-93 (GOI 1994). The basic objective behind the programme has been to enable assisted families to cross poverty line. A significant proportion of the targeted poor families (42 per cent) however failed to cross the poverty line. Though reasons behind poor performances are many, transitory asset is one of the most important. Some review studies suggest that income from majority of assets goes off after 5-6 yrs. In spite of all these flaws some studies argue that overall impact of this programme has been positive, though their effectiveness is quite low and considerably below the official estimates, its performance has also varied across regions (Srivastava 1997). Based on these evaluation reports self-employment generating programme has undergone certain changes over the years.

In April 1999 Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched in April 1999 after review and restructure of erstwhile IRDP and allied schemes. The broad objective and instruments of the programme remains same as that of the IRDP and is implemented on a 75:25 cost-sharing basis between Center and state. There is hardly any study, which reviews this programme. The state-wise performances of this programme in terms of allocations and utilization has been presented in the Annexure Table.

Wage-based Employment Generating Programmes: The examples of wage based employment generating programme are National Rural Employment Programmes (NREP) and Rural Landless Employment Generating Programme (RLEGP) launched during the sixth plan. In the year 1989-

90 two wage-based employment generating programmes were merged into a single wage-employment programme Jawahar Rozgar Yojana (JRY). The JRY with various modifications^{xxv} from time to time existed till the year 1999, when it was renamed as Jawahar Gram Samridhi Yojana. In the year 1993-94 Employment Assurance Scheme^{xxvi} (EAS) was introduced in identified backward blocks by Union Government; though similar programmes as that of Employment Guarantee Schemes (EGS) in Maharashtra has existed since long. The JRY provides employment at the market wage unlike EGS, which provides employment at the minimum wages only.

Apart from provisioning of employment, one of the important objectives of the wage-based employment generating programmes has been creation of rural assets. Some review study reports that a significant proportion of rural assets (around one-fourth in the early '90s) created under these programme were transitory in nature. Rural roads often made with mud without concrete and tar are generally washed away during the rainy season (Nayyar 1998). Again the kind of assets being created under this programme has some distributional impacts; for example high priority on wells in JRY as compared to soil conservation has benefited large farmers more than the small or landless rural persons.

The wage-based employment generating programmes involves considerable Government expenditures, and the extent of coverage of the wage-based employment generating programme is presented in the Table 11. The NSS data for the year 1999-2000 shows that in 7.4 per cent of surveyed households one to two rural males and in 3.2 per cent of surveyed households one to two rural females got work for at least 60 days at the all India level (Table 11). Though the figures for beneficiary households are modest much of the employment activities are concentrated during slack period. This helps in stabilization of income of rural poor and in this sense it is very important. In this perspective there are reasons for its wider coverage. The cost of generation of this much of employment has been very high since administration of these programmes also involves considerable expenditures in items other than the wages and wider coverage would require even more Government expenditures. Our developmental experiences have shown that increase of Government expenditures in these programmes is often associated with the decrease in Government expenditures under other developmental programmes (Mahendradev 2000). Considering the fiscal pressures this trade-off will be even large in recent years.

There are also critiques about multiplicity of programmes; many of these programmes have overlapping objectives. In September 2001 all wage-based employment generating programme were merged into Sampoorna Grammen Rozgar Yojana (SGRY). This envisages generation of 100 crore man-days of employment in a year. The cost share between center and state is 75:25 in this programme. Proper implementation of these programmes is constrained because of top-down approach; therefore the SGRY is being implemented through the Panchayati Raj Institutions (PRI). In February 2001 food for work programme was also launched in limited area for certain period; this was primarily to liquidate large stocks of food during the period and of course to address rampant rural unemployment in the country. Any study to review the SGRY is not available; though financial allocations its utilizations across states have been presented in the annexure table.

In 2004 new United Progressive Alliance (UPA) Government proposes to enforce a national employment guarantee Act that would legally guarantee every household at least 100 days of employment on asset creating public works programme at the minimum wages. The Economists in the National Advisory Committee (NAC) propose to start the programme with the 150 poorest districts; this can be extended to the remaining part of the country within four years. The cost involved in such programme is important since this affects expenditures in other social sectors. The cost of this programme as estimated by the NAC would vary from 0.5 per cent of GDP in initial years to 1.3 per cent of GDP in the fourth year^{xxvii}; though researchers dispute over the cost estimates.

Policies related to Other Institutions

Government has undoubtedly been the biggest agent for agriculture and rural development in India. Implementation of many developmental programmes suffered on account of various

reasons. Most frequently cited reasons are inordinate delays in implementation of programmes, pilferage losses of financial resources, lack of participation of the targeted groups, developmental projects not concerned with the local needs and resources of the people. In order to reduce intensity of some of these problems in the developmental efforts alternate institutions are being encouraged in recent decades. In rural development panchayati raj institutions (PRI) community-based voluntary organizations are the alternate institutions being encouraged to address specific concerns related to rural development in India.

Panchayati Raj Institutions (PRI): Though Panchayati Raj Institutions (PRI) have been existing as a unit of local self-governance for a long time; the constitutional 73rd Amendment Act made it mandatory for all state governments to provide for elected bodies at the village, intermediate and district level. The Eleventh Schedule of the 73rd Amendment Act lists twenty-nine items, which would fall under the purview of the panchayats. Broadly the schedule includes agriculture and allied activities, khadi, village and small industries, all items covered under Minimum Needs Programme (MNP), social welfare, women and child development, health and education, and poverty alleviation programmes. The PRI thus provide the umbrella for integration of various sectoral, poverty alleviation and area development programmes. The preparation of plans and implementation of schemes for economic development and social justice is to be the responsibility of the PRI at the district and sub-district level while the village level PRI would be more responsible for provisioning of civic amenities. The village plans can be dovetailed into block / tehsil / mandal plan which in turn can be integrated into the district plan.

Community-based Voluntary Organisations: In recent decades voluntary organizations alternately non-government organization (NGOs), community-based organization (CBOs) have emerged as an efficient delivery mechanism for developmental programmes. The Seventh Five Year Plan recognizes role of voluntary efforts and made provisions for grants to the voluntary organizations to take up developmental works in rural area. At the center, the Council for Advancement of People's Action and Rural Technology (CAPART) was set up for voluntary action in the field of rural development. Now voluntary organizations are present in almost all developmental sectors with different names as that of Water User Association for irrigation work, joint forest management group for forestry. Over the years these voluntary organizations have taken different forms, like self-help-groups (SHGs) is one. In recent years this has been identified as an important institution for delivery of rural credit in the country.

Section III Suggestions and Policy Recommendations

The suggestions for sustained growth in rural employment may vary across strategies. Agriculture-led development is the most obvious one for India; in this framework agriculture plays the pivotal role, with increase in the productivity of agriculture, industry and other sectors of rural economy is supposed to take off. The recent NSS data suggest similar trend. Present study however argues that increase of remunerative employment in construction, trade and services is not sustainable on a large scale without sufficient growth in agriculture and manufacturing sector. The strategies for growth in rural employment therefore focuses on these two sectors and assumes that growth in these sectors is a precursor for employment growth in other sectors of rural economy. The effect of sectoral policies on increasing rural employment would often take too long a time to be realized. Also considering the grim employment scenario in the country, one cannot ignore the short run measures as that of various employment generating programmes. These programmes even though gets modified at periodic intervals from time to time require periodic toning. Institutional level efforts for rural development have been discussed separately.

Agriculture Production Productivity and Employment

It is interesting to note that in agriculture employment has not increased in spite of significant growth in agriculture during the '90s. In order to increase productive employment in any sector requires growth in intensity and productivity of labour is necessary. In agriculture, employment intensity may increase with expansion of cropped area, the indices of cropped area (Table 10) however shows marginal decline during the '90s. The cropped area is highly associated with the increase of irrigation infrastructure; unfortunately irrigation infrastructure stagnated during the '90s. Again labour productivity is highly associated with the productivity in agriculture, this has

also not increased consistently and significantly during the '90s (Jha B 2004). Irrigation is also the key to agricultural productivity. A sustained increase in irrigation infrastructure, barring certain regions of the country, depends more on public investments in agriculture. All these deliberations emphasize importance of public investment in agriculture.

Considering fiscal pressures lot of expectation is from private investment in agriculture, this has also increased after '80s; there are also reasons for its increase during the '90s. Agricultural growth during the '90s has been more because of the price. And in a neo-classical framework, increase in relative price of its output leads to an increase in private investments in agriculture. The private investments too are of different kinds; investments in employment expanding activity such as in tubewell is constrained in semi-arid and arid regions of the country; there are evidences to suggest that private investments in machinery have increased and this has in fact dis-placed labour (Sidhu and Singh 2004).

For stimulating growth in agricultural productivity non-price factor such as technology is as important as price and investments in agriculture. In recent decade various productivity analysis indicate fatigue in agricultural technological breakthrough. Generation and expansion of technology is largely in the public domain and this situation definitely warrants this institution to become more accountable. There is also scope for increased private participation in generation of technology.

Various labour intensive technological options within or in the periphery of agriculture too have potential to generate higher rural employment. The cultivation of vegetables as compared to crops is more labour intensive their spread depends on many factors such as post-harvest related infrastructures, proximity to urban centers. There is also scope of increasing vertical integration on farm-firm. The mixed farming, that is crop alongwith the milch animals have been in vogue since time immemorial and have lot of potential to further grow. There are now more options for farmers in the form of apiculture, sericulture, rearing of birds and small ruminants on the small family farms. This would increase rural employment especially of women and can also make small farm more viable.

Rural Industrialisation and Employment

Considering the kind of pressure on land it is necessary that rural industries must grow for productive employment in rural sector. Many development economists believe that rural industrialization takes off with surplus in agriculture. This however assumes that bulk of surplus from agriculture is utilized in the rural economy and conditions for manufacturing sector to take-off prevail in the rural sector. In India the state of Punjab presents this situation; as a result of rapid agricultural growth in the '70s rural industries have taken off, subsequently dependence of rural population on agriculture has decreased. Most of the other states have been left out of this process. With trade liberalization proportion of rural expenditure on products not manufactured in rural sector has increased. It is not easy to reverse this trend though there is always possibility of creating the impending conditions, which are essentially rural infrastructures.

The strategy for rural industrialization therefore requires generation of impending conditions like rural roads, electricity and considering the fiscal pressure one cannot expect to grow rural infrastructure as par to urban in one go. There is however possibility for creation of industry clusters, where desired infrastructure for manufacturing can be provided and manufacturing in rural vicinity can take-off in a cost-efficient way. In recent years there has been efforts towards creation of industrial clusters by various ministries and department discussed in previous sections. With the multiplicity of actors there is possibility of efforts going waste; however a proper synergy between various Government departments and Ministries may leave sufficient fund for them to promote industrial clusters in most of the districts of the country.

There is dearth of proper coordination amongst various Ministries, and Government departments for rural industrialization in general; as of now rural industrialization is subject matter of Ministry of Industries, Ministry of Agriculture and Rural Industries, Ministry of Rural Development, Department of Food Processing Industries. The number of public institutions created for rural industrialisation or entrusted with the job of rural industrialization are numerous; lack of coordination at the disaggregate level is often reported.

Rural sector has definite advantage in some products; one set of products, which of course utilize local resource but are semi-processed and is not very scale intensive such as honey, organic foods; the second set of products which are based on local resources but are highly processed and are not scale neutral and technology often capital intensive plays significant role in it, agro-processing is an example. The third set of products is unmanufactured or semi-manufactured but are labour-intensive like traditional crafts. The constraints for these rural industries are different.

To promote production and marketing of such unmanufactured or semi-manufactured products KVIC has been created. The performance of the KVIC has been far-from satisfaction; there is urgent need to reform it. There are suggestions to convert it into a promotional and development agency rather than a financial agency. The KVIC should give stress on product process research, provide technical support to the KVI units, and chalk out market strategies for the product. The *ad-hocism* in providing rebate to khadi sector must be abolished and a medium term strategy on rebate should be chalked out so that production and planning is not disjointed. Efforts must be made to rootout corruption in the khadi rebate disbursal; regular vigilance is needed to check malpractices. Adequate checks needs to be arranged for irregular release of export incentives. The KVIC need to do aggressive marketing since the village resource-based products has a niche in the international market.

Since KVIC has failed miserably in performing its duties there is need to involve private sectors and NGOs in development of khadi and village industries for optimal utilization of resources and opportunities. In order to make KVI products cost competitive the Ministry of Agriculture and rural industry may pursue the case for exemption of Khadi and village products from VAT with the state government; it may be noted that many state governments have adopted the value-added-tax (VAT) system.

In manufacturing agro-processing has some distinct advantage over its urban counterpart. Unfortunately many large-scale processing units have not emerged in rural sector in dearth of favourable conditions. Though there is sufficient scope for small-scale processing units involving latest technology; this has not grown satisfactorily. Business environment^{xxviii} for small-scale industries was not very favourable in the '90s. Uncertainty associated with the reservation of industries must be reduced with some categorical position about it.

There is scope of other industries in rural sector; most of these would however be in the small-scale industries in either organized or unorganized sector. Unfortunately, cost-inefficiencies in production of some basic goods like electricity, steel have implications for growth of rural industries. Most of the basic good producers are in the organized sector, though this is not very important for rural employment, reform to increase cost-efficiency in these goods would promote rural industrialization.

The rural sector in India has large number of artisans. In the changing world demand for some of the artisans products have declined, whereas demand for other skill and labour intensive products, which can be taken up by rural artisans, has increased. The rural artisans can be trained to produce the same products selectively. The selection has to be based on the past work of the artisans, and resource available in that region. This training must be integrated with the production and marketing of the products. The market potential of a product needs to be assessed. Often there is latent demand for a product in the distant market, this may require help of market professionals. Though some public institutions as that of KVIC have been mandated for the similar purpose, they have failed miserably. There is urgency for promotion of some other institutions as that of NGOs, producers associations to undertake this job of training, producing and marketing the products. The NGOs may encourage formation of producers' SHGs to share the benefits of lucrative prices in the distant market.

In India most of the labour welfare policies of Government are geared towards the organized sector; however it is the unorganized sector, which provides bulk of employment to poor, disadvantaged sections of the society. There is dearth of any safety net for them; Government policies, which provide social security may be in the form of health insurance, insurance of workers life for their dependents, is desired; even if this involves considerable public resources.

Employment in Other Sectors (Construction, Trade and Services)

In rural sectors employment growth in other industrial categories such as construction, trade, transport and services has been satisfactory. Employment in these industrial categories depends on different factors; employment in construction for example depends on population pressure and per capita income, employment in transport is directly related with the development of road, similarly employment in trade and services is also affected by infrastructures. Increase of employment in these industrial categories (construction, trade and services) would therefore depend more on increase in per capita income and increase in rural infrastructures. Rural infrastructure is a broad term; there is specificity of industries for particular infrastructure. Infrastructures are often used frequently with the urbanization for explaining these as a factor for growth in rural employment.

Employment Generating Programmes

The recent employment generating programmes SGSY and SGRY unify all self-employment and wage-based employment generating programmes respectively. These programmes attempt to eradicate some of the other anomalies discussed above as that of centralization or top-down approach by increasing participation of PRI.

In the SGSY selection of projects for beneficiaries should be so as to consistently increase the productive capacity of individuals. Assessing suitability of economic activities / enterprises in particular micro-setting may require help of professionals. The financial institutions can provide this help. Considering the kind of pressure on land focus has to be on allied activities, agro-processing and other non-agricultural activities in which the individual in the village has definite cost advantage over others. The default rate of beneficiaries is often high because of low viability of projects in the SGSY. Though there can be different reasons for the same, technical as well as financial. Financial viability of projects can be improved by involving voluntary organizations, self-help-groups (SHGs). Small and scattered production units often come in the way of profitable marketing of the Swarojgaris (beneficiaries). Inadequate advertisements of selected rural handicrafts and similar other products has also constrained its market. Voluntary organizations and similar other institutional arrangements^{xxix} can be of much help in this regard.

The SGRY must be recast in a way that this programme apart from providing short-term employment also helps in building productive capacity of the area so that it generates greater productive employment on sustained basis. The community assets should be such that its benefits are not cornered by selected few. The employment generating programmes must not provide wages more than the minimum wage; ideally food component in wage as in the Food for work programme is best suited in Indian conditions. This has several advantages; this is self-targeted as Indian experiences show that non-poor does not become part of food for work programme; since cash component of wage is less chances of pilferage will be less. In this context it is harsh to say that the food for work programme on a massive scale, scale in terms of coverage of area, number of workers and number of days employed, may be taken up in stead of the proposed Employment Guarantee Programme.

Paucity of funds is often said to constrain wider implementation of wage-based employment generation programme. With decentralization of the EGP there is also suggestion for unification of various labour intensive programmes. Some labour intensive rural works programmes undertaken by different Government departments are soil conservation, watershed development, construction of schools, *pucca* roads etc. If expenditures under all these departments are pooled and work is coordinated at the district level; there is sufficient scope of broadening the wage-based employment programmes and simultaneously creating community assets in the rural sector. This of course requires formulation of district level plan and proper coordination between elected body, bureaucracy, and professionals like subject matter specialists at the district level. This may not remain a far-fetched idea with effective decentralisation.

Revitalizing Other Institutions

An effective PRI however requires that its functions are defined properly subjects are transferred to the PRI as per the eleventh schedule of the 73rd Amendment. This has not happened in few states; in most of the states many of these subjects are not transferred to the respective tier in the PRI, and this is still with the respective departmental heads at the district level. A strong PRI also

requires financial independence of the institutions the constitutional amendment has made sufficient provisions^{xxx} in this direction; this however needs to be implemented in its true spirit (Reddy 2003). In dearth of proper devolution confusion about various stake-holders' role remains and the blame-game amongst them for lack of development would not subside.

Apart from these problems in devolution of powers to PRI, the functioning of PRI is not satisfactory in many states. There are instances that the powers already devolved are leading to certain problems, as that of dominance of major caste groups, in distribution of developmental benefits. Each institution has its own set of problems in evolutionary stage. Its success would depend on how quickly the institutional problems (negative externalities) have been corrected. It appears that the PRI may have to go a long way before the PRI may become an effective mechanism for delivery of developmental programmes inclusive of employment generating programs.

The NGOs have undoubtedly emerged as an important institution for delivering benefits in recent decades; its coverage has however been limited in the country. Though there is no dearth of successful experiences with the NGOs, these experiences need to be replicated throughout the country. There is also potential of innovating with the existing form of the NGOs depending on the developmental needs and experiences of these institutions. Though new form of NGOs as that of the SHGs is in existence, they have played important role in disbursement and utilization of rural credit in the country. There is sufficient scope of further widening the activities of the SHGs. In Indian context this has several merits; firstly, since rural workers are less organized, formation of SHGs may improve their bargaining power in the labour market. Again, lack of adequate literacy often restricts rural persons from participating in welfare schemes; formation of SHGs in cooperation with an effective NGO can help rural workers in obtaining some of these benefits. The SHGs can also help rural producers in getting the advantage of economies of scale since individual producers in rural sector are often too small and scattered.

The CBOs or NGOs can help motivate and organize people; they can provide them an interface with the bureaucracy and elected bodies. Unfortunately close nexus between bureaucracy and NGOs to siphon-off public money is also getting surfaced; then there are also complains about too much of Government interference in the activities of NGOs from certain part of the counties. This warrants effective checks and balances for the NGOs and also transparency in Government's dealings with the NGOs.

The importance of CBOs further increases as movement to empower rural poor through PRI has been stepped up in the country. Though there have been some reports that these two important institutions PRI and CBOs are working at cross-purpose (Bandhyopadhyaya et al 2002); this has primarily emerged because of the ignorance of people / workers in these institutions about their role; Bandhyopadhyaya et al (2002) explains how these institutions can actually complement each other in the developmental work.

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Table 1: A Comparative Account of Growth in Employment and Income for selected Industries / Industry-groups during the 1980s and '90s

Industry / ind groups	ACGR in employment				ACGR in income		Employment elasticity	
	1983-94 Urb	Rur	1994-00 Urb	Rur	1983-94	1994-00	1983-94	1994-00
Field crops@	0.27	0.36	0.23	-3.23	1.10	0.85	0.26	0.23
Plantation crops@	0.59	5.64	-3.35	-14.07	1.29	2.41	0.47	-1.45
Livestock@	-4.05	-1.99	-0.83	-3.75	1.86	1.56	-1.98	-0.73
Fishing @	2.63	-1.03	-6.37	2.51	2.61	1.69	0.73	-0.25
Forestry@	0.47	-0.49	-1.12	2.27	-0.03	0.78	-12.66	0.06
Agriculture & allied	1.13	2.33	0.06	-1.58	1.22	1.24	0.95	-0.03
Mining & quarrying	1.47	1.47	0.27	-1.56	2.61	2.21	0.56	-0.04
Manufacturing	0.89	0.85	0.84	1.32	2.52	3.10	0.34	0.35
Utilities	0.41	0.67	-0.08	-1.22	3.51	2.92	-0.46	-0.26
Construction	1.03	3.11	2.28	2.61	2.1	2.67	0.82	0.89
Trade+Hotels & Restr.	1.67	1.88	1.22	4.31	2.36	3.81	0.76	0.82
Transport+storage+com.	1.16	1.01	2.93	1.92	2.57	3.89	0.43	0.59
Fin+Insu+RE+B. serv	1.18	1.62	1.90	2.72	4.18	3.48	0.36	0.73
Com+Social+Pers. serv	0.66	1.93	-0.63	-2.40	2.40	3.37	0.59	-0.47
Non-agriculture	1.03	1.57	0.91	1.24	2.7	3.39	0.48	0.32
Total	1.11	1.64	0.26	0.99	2.19	2.79	0.54	0.16

Note: In table (@) shows that the employment estimates for respective industrial category is based on UPSS (usual principal inclusive of subsidiary status) while for the remaining categories employment estimates are based on CDS (current daily status). In general there is a correspondence between NSSO employment (here it is based on usual status and includes both principal and subsidiary activities) figures for industries at one digit level and CSO estimates for output. Some industry / industry groups of special interest for rural were compared further. Income for field crop has been arrived at by aggregating outputs of cereals, pulses, oilseeds, sugar, fibres, tobacco and other crops; whereas income from plantation is aggregation of outputs from fruits, vegetables, condiments, spices, tea, coffee, kitchen garden etc.

Table 2: Structural Changes in Agriculture and Allied Sectors

Table 2a: A Comparative account of important sectors / sub-sectors during selected years
Value in billion Rs. At 1993-94 prices

Year	Value of output		Gross Domestic Product at factor cost (GDP)				
	Agriculture	Livestock	Agricul	Fisheries	Forestry	Agri-A	Aggregate
1970-71	115626	25571	121356	3004	13086	137320	296278
1980-81	142555	36682	143431	3952	11910	159293	401128
1990-91	192989	58896	204421	6943	11751	223114	692871
1999-00	246329	83081	286983	10972		286983	1148368
2002-03		93361	263096	12717		289386	1318321

Table 2b: Annual Compound Growth Rates (ACGR) in the value of output in selected sectors

Reference period	Agriculture	Livestocks	Fisheries	Forestry
1971-80	0.1	4.1	1.1	-0.34
1981-90	1.1	4.3	2.2	0.02
1991-00	1.1	4.4	1.9	0.28
1991-03	0.6	4.6	1.9	0.48

Table 2c: Structural Changes in Value of Agriculture and Livestock Output

Items	1970-73	1980-83	1990-93	2000-03	1971-80	1981-90	1991-00	1991-03
A. Agriculture	Percent share in value of output				Annual Compound Growth Rate			
Cereals	35.5	34.8	36.3	33.0	0.2	1.2	0.9	0
Pulses	8.8	7.1	6.1	4.6	-1.2	0.7	-0.2	-1.0
Oilseeds	9.5	8.3	11.3	9.2	-0.5	2.3	0.6	-0.2
Sugar	7.4	7.8	7.8	8.0	0.3	1.4	0.9	0.6
Fibres	4.7	4.4	4.5	3.5	1.6	2.0	0.9	-0.2
Indigo dye etc.	0.01	0.01	0.01	0.01	0	4.2	3.8	4.1
Drugs & nar'cs	1.9	2.1	1.9	2.2	1.1	0.9	1.3	1.2
Cond's & spices	2.5	2.6	3.0	3.7	0.8	1.7	1.8	1.8
Fruits & Veg'les	17.3	18.2	18.2	25.7	0.7	0.8	2.1	2.1
Others	12.5	14.7	10.9	10.1				
B. Livestocks								
Milk etc.	57.3	62.2	65.3	67.6	1.6	2.1	1.6	1.6
Meat etc.	18.6	16.3	17.9	16.8	1.2	2.2	1.4	1.4
Eggs	2.1	2.6	3.3	3.9	2.4	2.9	1.6	2.3
Wool & hair	0.8	0.3	0.3	0.3	0.7	1.3	1.2	1.2
A. & S. culture	1.2	1.3	1.5	1.3	2.0	2.8	0.3	1.0
Others	20.0	17.3	11.7	10.1	1.1	-0.4	4.4	3.4

Table 3: Changing proportion of Industries in total Rural Employment during the Reference Years in Important States of India

State	Agriculture		Mining & Q'rying		Manufacture		Utilities		Construction		Trade & hotels		Transport etc		FIREB services		CSP services	
	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00
Andhra Pradesh	74.93	77.24	0.83	0.91	8.81	6.45	0.11	0.06	2.23	2.65	4.69	4.51	1.64	1.92	0.19	0.27	6.57	6
Assam	78.95	69.91	0.13	0.45	2.89	3.99	0.2	0.06	1.1	1.58	5.57	7.69	1.46	2.76	0.38	0.37	9.31	13.2
Bihar	81.59	81.54	1.1	0.83	6.03	5.5	0.15	0.05	1.32	2.29	3.88	4.16	0.97	1.38	0.12	0.25	4.85	4
Delhi	40.08	15.92	0	3.71	10.08	27.3	0	0.42	0.52	6.43	4.96	22.74	6.32	6.61	1.9	0.38	36.13	16.49
Goa	31.82	27.3	10.34	5.16	19.51	11.76	2.06	0.25	4.99	11.87	6.31	19.73	4.99	9.44	1	0.64	18.99	13.84
Gujarat	82.67	77.21	0.18	0.67	5.37	7.16	0.15	0.25	1.68	3.32	2.6	4	1.21	2.53	0.24	0.45	5.9	4.42
Haryana	73.01	68.24	0.69	0.48	5.01	7.76	0.35	1.12	3.46	6.27	4.13	5.4	2.33	3.66	0.2	0.85	10.82	6.23
Himachal Pradesh	82.42	74.97	0.3	0.23	3.6	3.74	0.57	1.03	5.04	8.38	1.25	3.14	0.73	2.5	0.3	0.36	5.79	5.65
Karnataka	80.43	80.8	0.7	0.71	6.73	6.39	0.09	0.04	2.82	1.6	3.91	4.84	0.88	1.66	0.59	0.33	3.85	3.62
Kerala	54.61	46.07	1.19	1.33	14.94	13.51	0.6	0.23	2.9	7.55	8.12	13.37	3.82	6.15	1.31	2.21	12.52	9.59
Madhya Pradesh	86.61	86.43	1.22	0.81	4.33	4.02	0.1	0.09	2.01	1.8	1.79	2.76	0.37	0.71	0.12	0.15	3.45	3.23
Maharastra	78.5	79.74	0.29	0.21	5.98	5.34	0.35	0.26	5.3	3.15	3.04	3.94	1.1	2.2	0.28	0.49	5.16	4.65
Orissa	74.33	76.29	0.64	1.09	8.29	8.19	0.09	0.14	2.57	4.81	5.43	4.36	0.68	1.01	0.52	0.13	7.45	3.99
Punjab	75.68	72.19	0.05	0.28	6.9	6.4	0.86	1.06	2.59	4.73	3.71	5.96	2.94	3.46	0.35	0.41	6.93	5.52
Rajasthan	84.51	77.39	0.55	1.52	4.37	4.51	0.32	0.17	3.89	7.43	2.04	3.67	0.87	1.91	0.08	0.31	3.36	3.11
Tamilnadu	70.27	67.37	0.64	0.48	11.23	14.42	0.36	0.23	2.61	4.16	5.43	5.35	1.64	2.44	0.61	0.62	7.22	4.93
Uttar Pradesh	80.01	77.74	0.08	0.42	7.02	7.17	0.12	0.11	1.97	3.14	3.32	4.95	1.53	1.91	0.13	0.27	5.82	4.29
West Bengal	69	64.74	0.79	0.44	10.2	14.64	0.19	0.11	2.47	2.73	5.92	8.91	2.8	3.18	0.44	0.4	8.2	4.84
India	77.55	75.89	0.62	0.67	7.17	7.37	0.22	0.18	2.63	3.42	3.9	5.07	1.44	2.1	0.3	0.39	6.17	4.92

Table 4: Changing Proportion of Male in Rural Employment for Important Industries across States of India

State	Agriculture		Manufacture		CSP services		Total Employment	
	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00
Andhra Pradesh	61.99	57.96	61.39	56.9	68.94	62.3	63.66	60.66
Assam	87.83	80.9	78.95	58.57	83.8	90.5	87.86	83.72
Bihar	77.31	79.11	72.57	71.66	84.56	83.27	78.04	80.27
Delhi	63.67	90.71	88.48	95.12	92.32	90.48	81.19	93.57
Goa	56.76	70.87	65.26	88.49	80.58	62.33	70.37	80.01
Gujarat	62.99	60.47	83.54	93.6	85.88	84.82	67.09	67.06
Haryana	78.76	75.27	92.58	98.08	85.98	98.34	81.99	83.33
Himachal Pradesh	55.04	47.94	91.93	98.1	90.76	90.46	62.33	61.91
Karnataka	66.77	63.15	58.05	60.92	82.9	77.35	67.98	65.79
Kerala	74.45	72.99	58.09	53.85	61.76	55.41	73.56	75.33
Madhya Pradesh	62.5	63.74	68.19	64.22	87.38	76.95	64.5	65.55
Maharashtra	58.15	54.56	78.35	83.54	84.03	81.77	62.24	60.75
Orissa	75.39	72.9	66.47	54.53	79.14	81.77	74.85	73.41
Punjab	89.76	70.96	84.6	92.16	87.64	76.92	90.2	79.69
Rajasthan	57.44	57.29	79.4	75.05	85.78	87.12	61.28	64.74
Tamilnadu	61.78	58.08	63.34	61.17	70.99	63.44	65.12	62.08
Uttar Pradesh	77.85	77.27	84.05	82.23	88.9	84.86	79.94	80.34
West Bengal	87.6	88.43	73.68	61.91	80.72	76.89	86.03	85.38
India	69.82	67.81	71.64	70.48	80.76	78.28	71.96	71.44

Table 5: Percent Distribution of Usually Employed (Principal + Subsidiary) by their broad Current Daily Status (CDS) of Employment during the year 1999-00

Current daily status (CDS)	Rural male		Rural female		Urban male		Urban female	
	1999-00	1993-94	1999-00	1993-94	1999-00	1993-94	1999-00	1993-94
Employed	89.7	90.9	67.6	66.4	94.2	94.8	79.1	76.6
Unemployed	5.2	4.0	4.1	3.0	2.7	2.7	2.2	2.4
Not in labour force	5.1	5.1	28.3	30.6	3.1	2.5	18.7	21.0
All	100	100	100	100	100	100	100	100

Source: NSSO (1997), NSSO (2001)

Table 6: Percent distribution of Usually Employed (Principal status) under different Categories of Employment in Various NSS Rounds

Category	Sex	1983		1987-88		1993-94		1999-2000	
		Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
Self-employed	Male	59.5	40.2	57.5	41.0	56.7	41.1	54.4	41.2
	Female	54.1	37.3	54.9	39.3	51.3	37.2	50.0	38.4
Regular employee	Male	10.6	44.5	10.4	44.4	8.7	42.7	9.0	41.9
	Female	3.7	31.8	4.9	34.2	3.4	35.5	3.9	38.5
Casual labour	Male	29.9	15.3	32.1	14.6	34.6	16.2	36.6	16.9
	Female	42.2	30.9	40.2	26.5	45.3	27.3	46.1	23.1
Casualisation index (%)	Male	282.1	34.4	308.7	33.0	397.7	37.9	406.7	40.3
	Female	1140.5	97.2	820.4	77.5	1332.4	77.3	1182.1	60.0

Note: Casualisation is per cent of Casuals to Regular Employed Workers, Source: NSSO (2001)

Table 7: Distribution of Agriculture and Non-Agriculture Establishments by Size- class of Employment in Rural and Urban Sector in the Year 1998

Estab types & Sectors	Parameters	Absolute numbers	One-two	Three-five	Six-nine	10-19	20 & above
<i>Rural</i>							
Agriculture	Est. units	3144	46.1	40.9	9.2	3.0	0.8
	Empl (US)	11504	21.6	41.0	17.3	10.1	10.1
Non-agriculture	Est. units	37923	60.0	28.2	8.3	5.1	2.6
	Empl (US)	179557	18.7	21.8	12.3	13.6	33.6
<i>Urban</i>							
Agriculture	Est. units	575	38.3	45.1	11.1	4.3	1.2
	Empl (US)	2447	16.4	38.9	18.0	12.4	14.2
Non-agriculture	Est. units	48089	39.7	39.5	10.9	6.2	3.7
	Empl (US)	317088	11.0	21.8	11.6	11.8	43.8

Note: Economic Census (CSO, 2001)

Table 8: Real wage / salary earnings for an Average Illiterate Employee by Industries, Sex and Sector (in Rs. per day at 1986-87 price)

Industry division	Rural 1999 - 2000		Rural 1993 - 94		Rural 1987 - 88		Urban 1999 - 2000		Urban 1993
	Male	Female	Male	Female	Male	Female	Male	Female	Male
Agriculture (01-05)	0.145	0.127	0.111	0.108	0.068	0.086	0.183	0.199	0.167
Manufacture (15-27)	0.244	0.098	0.149	0.080	0.137	0.041	0.243	0.116	0.217
Manufacture (23-37)	0.300	0.147	0.219	0.110	0.172	0.081	0.256	0.235	0.238
Construction (45)	0.287	0.190	0.216	0.130	0.126	0.065	0.296	0.156	0.271
Trade (50-55)	0.206	0.357	0.121	0.080	0.085	0.042	0.207	0.162	0.161
Transport & stor (60-64)	0.316	0.364	0.227	0.000	0.165	0.117	0.325	0.393	0.270
Services (65-74)	0.267	0.318	0.126	0.017	0.232	0.161	0.269	0.176	0.220
Services (75-93)	0.363	0.141	0.195	0.073	0.197	0.124	0.390	0.248	0.231

Table 9: A Comparative Account of Average and Minimum Wages (nominal) for Agricultural workers across States

STATES	Average Wages		Minimum Wages	
	1991-92	2002-03	1991	2002
Andhra Pradesh	21.1	59.6	17.1	53.3
Assam	27.2	65.6	32.6	42.0
Bihar	22.2	55.3	16.5	45.2
Gujarat	22.6	66.7	15.0	50.0
Haryana	41.8	83.2		74.6
Himachal Pradesh	34.0	101.0		
Karnataka	16.8	58.4	14.8	51.6
Kerala	39.6	247.1	28.0	35.1
Madhya Pradesh	20.1	49.7	18.4	51.9
Maharashtra	22.9	60.1	16.0	45.0
Orrisa	17.4	58.6	25.0	52.5
Punjab	43.2		37.5	77.0
Rajasthan	31.1	86.1	22.0	60.0
Tamil Nadu	17.6	118.8	14.0	54.0

Tripura	23.6			
Uttar Pradesh	25.2	56.4	18.0	58.0
West Bengal	28.2	80.3	60.5	22.9

Note: Blank space indicates that the corresponding figures are not available

In many states minimum wages vary across regions, this table presents mid value

Table 10: Index numbers of Area, Production and Yield of Foodgrain and Non-foodgrain Crops in India (triennium ending 1981-82=100)

Year	Food grains (wt. 62.92)			Non-foodgrains (37.08)			All principal crops		
	Area	Production	Yield	Area	Production	Yield	Area	Production	Yield
1951	76.4	46.5	64.2	66.6	45.8	75.1	74.1	46.2	67.8
1961	90.9	69.6	81.9	83.8	67.4	84.0	89.2	68.8	82.7
1971	97.9	87.9	93.2	91.1	82.6	91.4	96.3	85.9	92.6
1981	99.8	104.9	105.1	99.4	97.4	99.2	99.7	102.1	102.9
1991	100.7	143.7	137.8	120.0	156.3	128.0	105.2	148.4	133.8
1992	96.0	137.6	136.5	124.8	158.8	123.7	102.7	145.5	131.0
1993	97.0	144.3	142.0	123.2	164.0	130.2	103.1	151.6	137.2
1994	96.7	150.2	146.5	127.3	169.5	132.7	103.8	157.3	140.7
1995	97.6	155.9	150.4	126.2	180.9	138.9	104.2	165.2	145.5
1996	95.3	146.1	143.1	131.8	185.5	135.7	103.8	160.7	139.8
1997	97.4	160.9	154.5	134.6	200.9	143.8	106.0	175.7	149.8
1998	97.6	155.7	148.4	133.6	181.6	132.3	105.9	165.3	141.2
1999	98.6	165.2	154.0	134.8	200.2	141.2	107.0	178.2	148.4
2000	97.0	169.7	159.8	130.7	189.0	136.4	104.8	176.9	149.6
2001	95.4	158.4	152.8	127.0	178.2	133.2	102.7	165.7	144.3
2002	96.0	171.8	164.8	127.6	187.7	138.0	103.3	177.7	153.1
2003	89.1	146.8	150.7	119.6	170.4	130.5	96.2	155.5	141.8

Note: These informations are for the terminal years, for example 1951 means year 1950-51

Table 11: Per cent Distribution of different Households by the Number of Members Who Got Work for at least 60 days in 'Public Works' during the last 365 days in Rural India.

No. of members	Self employed in		Agri. labour	Other labour	Others	Sample households
	Agricult.	Non-agr.				
Male (M): 0	98.7	99.4	98.2	97.2	99.0	70198
M: 1-2	1.3	0.6	1.8	2.8	0.9	1161
M:3&above	0	0	0	0.1	0.1	58

Female 0	99.1	99.6	99.0	99.0	99.6	70831
F: 1-2	0.9	0.3	0.9	0.9	0.2	528
F: 3&above	0	0	0	0	0.1	58

Source: NSSO (2001)

Annexure Table 1: Percent Distribution of Usually Working Persons in the Principal Status* by broad Industry division separately for Rural and Urban Population

State/U.T	Sector	Agricul-ture etc.	Mining & quarrying	Manufact-uring	Electricity water etc.	Constru-ction	Trade Hotels and Restaurant	Transport Storage etc.	Services	
									Fin. Ins. RE. & Bisn.	Pub. Adm. Educn. Comm. etc
		(01-05)	(10-14)	(15-37)	(40-41)	(45)	(50-55)	(60-64)	(65-74)	(75-99)
1		2	3	4	5	6	7	8	9	10
Andhra Pradesh	Rural	78.8	.8	5.6	.1	2.2	4.6	1.7	.2	6.0
	Urban	9.5	.8	19.4	.5	11.5	25.5	9.2	4.2	19.3
Arunachal Pradesh	Rural	83.4	.0	2.8	.3	4.4	.6	.1	.2	8.1
	Urban	8.7	.0	.4	1.8	11.2	33.5	1.0	.9	42.5
Assam	Rural	67.7	.3	4.0	.1	1.8	8.1	2.7	.3	15.1
	Urban	6.0	.5	7.2	.6	5.2	30.0	8.3	5.6	36.6
Bihar	Rural	80.6	.5	6.1	.1	2.2	4.5	1.4	.2	4.4
	Urban	10.9	4.3	17.9	1.2	5.0	29.4	7.0	3.4	21.0
Goa	Rural	28.7	5.8	11.4	.3	12.5	19.0	11.7	.8	9.8
	Urban	1.8	2.7	13.8	1.6	19.0	25.8	17.6	5.0	12.8
Gujarat	Rural	79.8	.4	6.9	.2	2.7	3.9	2.4	.2	3.5
	Urban	9.4	.5	24.6	.5	8.0	27.0	8.4	3.7	17.8
Haryana	Rural	68.5	.4	7.3	.9	6.5	6.0	3.3	.6	6.4
	Urban	9.1	1.8	20.7	.5	6.0	36.6	6.9	2.6	15.8
Himachal Pradesh	Rural	73.6	.0	4.0	1.1	9.2	3.4	2.3	.4	6.0
	Urban	11.0	.0	8.0	3.7	9.8	21.9	5.0	4.8	35.8
Jammu & Kashmir	Rural	76.3	.0	4.2	.4	6.6	3.6	1.7	.2	6.9
	Urban	13.2	.1	8.3	1.3	12.7	27.2	4.1	2.4	30.8
Karnataka	Rural	82.1	.8	5.4	.0	1.5	4.5	1.5	.4	3.8
	Urban	10.8	.3	23.8	.5	9.9	26.4	7.5	5.2	15.5
Kerala	Rural	48.3	1.7	12.6	.2	9.4	11.9	6.2	1.8	8.1
	Urban	9.5	.3	20.2	.5	10.7	30.5	8.7	4.4	15.2

* Usual status figures will be replaced with the current daily status figures in the report.

Madhya Pradesh	Rural	87.1	.4	4.0	.1	1.8	2.7	.7	.1	3.1
	Urban	15.4	1.8	18.2	.4	7.9	26.3	8.2	2.4	19.4
Maharashtra	Rural	82.6	.1	4.9	.2	2.3	3.8	1.8	.3	3.9
	Urban	5.7	.3	13.4	.7	7.9	26.0	11.1	5.9	19.1
Manipur	Rural	75.3	.6	7.4	.0	.9	3.7	1.4	.2	10.5
	Urban	28.3	.9	10.5	.0	4.2	19.9	3.6	1.2	31.2
Meghalaya	Rural	86.5	.7	.7	.0	1.6	4.2	1.1	.2	5.0
	Urban	1.3	0.0	3.8	.3	10.5	22.2	4.8	.9	56.2
Mizoram	Rural	85.5	.3	1.0	.0	1.1	3.0	.1	.1	9.0
	Urban	30.3	1.5	3.8	.0	9.4	18.7	2.9	2.0	31.4
Nagaland	Rural	79.7	.1	.6	.7	.8	2.8	1.3	.1	13.9
	Urban	8.4	.0	6.2	.7	5.2	11.7	.3	2.1	65.4
Orissa	Rural	78.2	.4	8.2	.1	3.2	4.6	1.1	.2	4.0
	Urban	13.0	1.5	19.5	.9	10.1	23.4	7.2	3.1	21.3
Punjab	Rural	72.6	.0	5.9	.8	5.3	5.8	3.8	.3	5.5
	Urban	8.7	.0	22.5	1.2	6.4	31.4	8.5	3.4	18.0
Rajasthan	Rural	77.7	1.4	4.3	.2	7.9	3.5	1.7	.3	3.0
	Urban	12.9	2.4	21.0	.6	10.7	21.5	7.8	3.7	19.4
Sikkim	Rural	60.8	.8	2.5	2.8	3.8	6.3	2.6	.8	19.6
	Urban	2.1	2.3	6.7	1.8	5.3	33.6	4.9	1.9	41.4
Tamilnadu	Rural	67.9	.5	13.9	.2	4.0	5.6	2.6	.6	4.7
	Urban	8.9	.4	28.2	.7	7.3	25.3	8.8	4.1	16.3
Tripura	Rural	45.7	.0	4.0	.0	8.0	11.8	2.3	.1	28.1
	Urban	2.7	.0	3.7	.2	4.1	24.6	4.9	2.8	57.0
Uttar Pradesh	Rural	76.2	.1	7.8	.1	3.3	5.4	2.1	.3	4.6
	Urban	9.0	.0	25.5	.4	6.2	29.5	7.5	2.8	19.2
West Bengal	Rural	63.6	.3	16.6	.1	2.2	8.5	3.3	.4	5.0
	Urban	3.0	.8	25.7	1.2	6.4	25.4	11.2	4.2	22.0
A & N Islands	Rural	65.0	.3	3.2	.8	11.4	4.6	3.9	.3	10.6
	Urban	15.3	.0	12.2	1.9	7.9	22.0	16.0	1.3	23.3

Chandigarh	Rural	66.1	.0	10.2	.0	8.0	6.2	1.6	1.7	6.3
	Urban	1.6	.0	17.7	1.3	6.5	28.2	4.5	6.4	33.7
D & N Haveli	Rural	55.2	1.4	18.4	.0	6.2	2.6	11.0	.0	5.2
	Urban	8.1	.0	54.1	.0	4.9	15.0	6.9	2.2	8.8
Daman & Diu	Rural	34.2	0	12.3	.0	.8	9.1	4.4	.7	8.5
	Urban	11.9	.2	14.8	.0	3.7	36.8	11.4	.8	20.4
Delhi	Rural	7.5	0	26.0	.4	10.0	30.4	8.4	.6	16.6
	Urban	1.7	.0	24.4	.3	5.4	28.5	6.7	5.2	27.9
Lakshadweep	Rural	53.6	0	3.4	.7	8.4	6.5	7.2	.0	20.2
	Urban	24.5	.0	4.6	1.6	9.1	30.0	4.9	.6	24.6
Pondichery	Rural	59.9	0	13.8	2.2	4.7	10.6	1.1	.7	7.1
	Urban	5.4	.0	33.2	.5	13.6	24.1	5.4	3.0	14.8
All India	Rural	76.3	.5	7.4	.2	3.3	5.1	2.1	.3	4.9
	Urban	8.8	.8	22.7	.7	8.0	26.9	8.7	4.1	19.5

Note: The codes are based on National Industries Classification 1998 (NIC1998) at two-digit levels.

Annexure Table 2: Proportion of Rural in Total Employment in different Industrial Categories for Important States during Selected Years

States	Agriculture		Manufacturing		Construction		Trade & hotels		Transport etc		Finance & B. serv.		Cmty & P. serv		Total employment	
	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00	1983	1999-00
Andhra Pradesh	96.9	97.2	63.2	55.6	65.2	46	51.2	40.6	39.6	44.7	21.8	20.7	50.9	51.6	81.3	79
Assam	99.2	98.6	67.2	82.5	74.6	72.2	63.8	61.8	45.6	70.7	57.9	31.2	69.4	70.9	89.3	87.1
Bihar	98.2	98.1	67.3	71.7	70.8	77.1	56.7	50.5	44.6	58.8	31	33.7	59.3	60.2	88.1	88.2
Delhi	82.5	68.1	2.8	7.7	0.7	10	1.8	4.5	7.1	7.2	3.6	0.5	8.4	4.5	7.4	6.7
Goa	87.3	97.6	66.9	46.1	63.3	46.7	35.1	47.2	65.6	43.2	62.4	11.3	40.3	50.8	62.1	54.1
Gujarat	95.8	95.7	29.9	34.8	70	50.1	32.5	26.7	28.8	39.9	19.3	21.2	34.5	34.2	72.5	68.5
Haryana	95.6	94.8	40.2	40.5	79.2	74.4	39.8	30.7	53.7	61.3	14.1	36	46.2	49.2	74.6	71.1
Himachal Pradesh	99.3	98.9	86.4	82	92	91.9	59.8	65.3	83.4	86	59.5	49.7	55.7	66.9	93	92.5
Karnataka	94.5	94.7	41.2	37.4	60.5	29.8	42.3	30.7	23.3	35	26.5	14.5	33.6	37.4	74.4	70.7
Kerala	93.4	91.7	74.2	63.4	67.3	70.8	67.8	56.6	59.5	65.4	57.4	55.1	60.1	59.9	79	72.9
Madhya Pradesh	97.9	96.2	50.2	45.7	69.6	51.6	38.8	29.5	22	26.4	22.1	17.7	41.2	39.6	84.5	80.3
Maharastra	96.4	97.1	31.8	26.2	77.3	47.4	28.6	19.6	19.7	26.1	13.4	12.7	30.6	30.4	69.7	63.3
Orissa	98.5	97.5	75	75.9	82.7	75.6	78.4	56.8	48.7	46.4	57	22.8	65.4	57.1	89.5	87.4
Punjab	96.5	95.6	37.8	34.4	73.1	63.7	30.9	30.8	49.1	45.8	17	14.9	35.7	37.3	70.5	67.5
Rajasthan	95.9	97	52	46.7	73.7	74.9	41.1	41.6	38.5	50	18.8	24.2	42	39.9	84	81.1
Tamilnadu	94.5	94.3	46	46.1	62.8	54.1	42.4	18	31.5	32.5	32.3	20.5	38.7	34.7	69.8	60.2
Uttar Pradesh	97.7	97	60.3	53.8	78.6	67.6	44.3	38.2	48.6	49.9	18	28.3	48.4	47.6	83.4	79.6
West Bengal	98.5	97.9	39.6	56.2	67.2	50.2	47.1	37.6	38.8	39.4	20.1	16.5	40.1	34.5	69.6	67.9
India	96.9	96.7	49.3	47.9	70.9	59.1	45.1	33.8	37.9	42	25	21.2	44.3	43.1	78.5	74.5

Annexure Table 3: Percent distribution of Usually Working Persons Available for Additional Work and their Percent Distribution by Reasons for Seeking Work during the Year 1999-00.

Sectors and Sex	Workers available for additional work(%)	Per cent distribution of workers with suitable reasons			
		Supplement income (R1)	Not enough work (R2)	Both the reasons	Others
Rural male	10.5	57.3	20.4	20.5	1.8
Rural female	8.3	56.5	19.6	21.8	2.1
Urban male	6.1	55.6	22.5	19.8	2.1
Urban female	5.8	64.1	14.6	20.0	1.4

Source: NSSO (2001)

Annexure Table 4: Percent distribution of Usually Working Persons (member) by Existence of Trade Union / Association in their Activity and Membership for Each broad Usual Activity Status

Activity Status	Industry	Rural male	Rural female	Urban male	Urban female
Self-Employed	Agriculture	1.6	.4	3.2	1.1
	Non-agriculture	7.7	3.2	17.4	5.0
Regular Salaried	Agriculture	35.9	62.1	32.9	64.2
	Non-agriculture	43.8	40.2	41.3	36.0
Casual wage labr.	Agriculture	1.2	1.1	2.8	0.7
	Non-agriculture	4.7	4.5	6.7	3.0

Note: Industry with its code in the parentheses are Agriculture (01-05), Non-agriculture (10-93), Activity status with its code in the parentheses as per the NSSO are Self-employed (11-21), Salaried (31). Source: NSSO 2001.

Annexure Table 5: Percent Share of Non-Agricultural Enterprises by Major Activity Groups

Major Activity Groups	Rural			Urban		
	1980	1990	1998	1980	1990	1998
Mining & Qu'ry	0.26	0.34	0.21	0.07	0.08	0.05
Manufacturing	38.78	27.65	24.59	30.35	19.26	16.47
Electricity etc.	0.20	0.22	0.17	0.20	0.17	0.10
Construction	0.81	1.00	1.16	1.01	1.05	0.96
Trade	31.35	34.54	37.76	42.05	44.45	47.5
Hotels & Rest'nt	4.54	4.67	4.23	5.16	4.82	4.63
Transports	1.19	1.79	3.21	2.91	2.79	3.53
Storage & W'se	0.38	0.41	0.16	1.21	1.39	0.46
Communications	0.84	0.68	0.64	0.24	0.21	1.27
F. I. B. services	0.87	1.20	1.62	2.69	3.13	3.75
C. S. P. services	20.66	27.47	26.21	13.58	22.56	21.26
Oth unsp. Acti.	0.12	0.01	0.04	0.54	0.08	0.01
Enterprises (total)	9741	12287	14011	6976	9904	12078

Source: Economic Census (CSO, 2001)

Annexure Table 6: Trend of Average Employment across different Sectors and Types of Enterprises

Type of enterprise	Rural			Urban		
	1980	1990	1998	1980	1990	1998
<i>Agricultural enterprises</i>						
OAE	1.65	1.76	1.72	1.71	1.68	1.71
Establishment	3.39	3.95	3.64	4.30	4.47	4.26
OAE+Estab	1.91	2.02	1.91	2.29	2.26	2.24
<i>Non-agricultural Enterprises</i>						
OAE	1.50	1.44	1.47	1.49	1.43	1.47
Establishment	4.68	4.84	4.63	8.98	7.63	6.61
OAE+Est.	2.24	2.28	2.29	4.09	3.80	3.47

Source: Economic Census (CSO, 2001)

Annexure Table 7: Table SGSY

Annexure Table 8: Table SGRY

ⁱ The organized sector comprising public and private enterprises accounts for around 7 per cent of total work force of the country.

ⁱⁱ The unorganized sector is often referred as informal sector and this accounts for around 93 per cent of total labour force (approx.400 million) of the country in 1999-00.

ⁱⁱⁱ The growth in rural and urban employment to some extent is indicative of the status of urban and rural informal sectors since bulk of employment is in the unorganized sector of the country.

^{iv} The NSS data for employment based on large sample are also available for the year 1987-88, this being a drought year has been ignored deliberately. In the present study a comparison of employment figures between the year 1983 and 1993-94 presents employment growth during pre-reform period; this comparison between the years 1993-94 and 1999-00 presents employment growth during the post reform period.

^v The employment estimates from Census are based on usual status of employment; whereas the NSSO employment estimates are based on usual, weekly and current daily status of employment, the NSSO employment estimates based on current daily status (CDS) is more reliable.

^{vi} Though there are different ways of classifying towns; towns are classified here on the basis of population, as population in a village exceeds figure of 5000, this is referred as town.

^{vii} It is being realized that with increased literacy rural youth do not want to stick to their less-remunerative activity of their parents. A large number of these youths move out of their villages.

^{viii} This change is observed at the third decimal place only.

^{ix} As per the value of output, livestock output in recent year (2002-03) has been one-third of value of crop output, the corresponding figure was only one-fifth of the crop output in the year 1970-71 (Table 2a).

^x The bovine population has almost stagnated after 1987, the share of cross-bred cattle in bovine population has also increased. (Jha 2003)

^{xi} Harris (1984) reports increase in relative importance of goods produced in metropolitan factories in the consumption basket of rural consumers.

^{xii} Examples of promotional policies for small scale industries are like expanding their capacities and raising their investment limits.

^{xiii} The organic units referred here are NIC14 - NIC22, while inorganic are commodities classified under NIC-23 to NIC-36.

^{xiv} Favourable policy environment for cement and other building construction industries and consequent fall in the relative price of these commodities has encouraged construction activity after mid-80s. Introduction of tax incentive in house loan towards the end of the '90s is another incentive.

^{xxv} Few States in specific years are exceptions; for instance Assam and Orissa in the year 1991, and Madhya Pradesh and Uttar Pradesh in the year 2002. The state of agriculture in these states is probably not in a position to support the modest minimum wage in these states.

^{xvi} The KVIC was charged with the function of planning, promoting, organizing and implementing programmes related to khadi and village industries in the country.

^{xvii} Khadi means any cloth woven on handloom in India from cotton, silk or woolen yarn handspun in India or from a mixture of any two or all of such yarns.

^{xviii} Village industries means any industry located in a rural area which produces any goods or renders any service with or without the use of power in which the fixed capital investment (in plant, machinery, land and building) per head of an artisan or a worker does not exceed Rupees fifty thousands.

^{xix} Rural area here is any area classified as village as per the revenue records of the state, irrespective of population. This also included an area even if classified as town provided its population does not exceed 20,000.

^{xx} The KVIC has identified and accredited training centers all over the country to conduct entrepreneurial development programme (EDP) for entrepreneurs.

^{xxi} Ministry of Agriculture and Rural industries is also implementing Prime Minister Rojgar Yojana (PMRY) for generating employment in rural as well as urban sector for educated unemployed. This of course is for a small project amounting to Rs. 2 lakh.

^{xxii} The industrial policy of the year 1967 has classified industries into different categories on the basis of investment in plants and machineries; small-scale industry is one. The existing limit for investments in plant and machineries for small-scale industries ranges from Rs.10 to 50 million.

^{xxiii} Rural works programmes on small scale were introduced in the year 1960-61; wage employment was also provided on public works in identified pockets.

^{xxiv} Target group of beneficiaries in a village must consists of 50 per cent of SC / ST, 40 per cent of women, 3 per cent of physically handicapped and 7 percent as others. Amount of subsidy also varies according to class (25-33.3-50 per cent) with upper limit ranging from Rs. 4000 to 6000 per family.

^{xxv} The JRY based on its experiences with the implementation of the programme was modified several times; in the years 1993-94 allocations under the JRY was subdivided into three streams; first stream with 75 per cent of funds allocated was implemented throughout the country, the second stream with 20 per cent of total allocation was launched in 120 backward districts across states while third stream with around 5 per cent of total fund allocated to JRY was earmarked for special and innovative projects and programmes through voluntary organizations.

^{xxvi} The EAS launched in identified backward blocks assures employment upto100 days during lean agricultural season to those seeking work. This also aims at creation of economic infrastructures and community assets for sustained employment and development.

^{xxvii} The NAC assumed that each person day of employment generated would cost Rs.100 at 2004-05 price, this roughly consists of Rs. 60 as wage and Rs. 40 as cost of administering the programme. Multiplications of numbers of households below poverty line by Rs. 10000 (100 days of employment when per day cost is Rs. 100), the estimated cost will be Rs. 40000 crore per year at 2004-5 price.

^{xxviii} Some problems of the small scale industries still in existence are; prevalence of inspector raj beyond the turnover of Rs.10 million, *ad hocism* and arbitrariness in de-reservation, prevalence of public sector monopolies for provisions of basic goods and services for manufacture, arbitrariness in import tariff changes for goods already reserved in the SSI or is competing good for the SSI.

^{xxix} Contract farming with private entrepreneurs as in poultry with Arambag hatcheries is an example.

^{xxx} Apart from state grants various other categories of finances separately for different tiers have been suggested.