

CENTRE FOR DEVELOPMENT STUDIES

Working Paper No.79

SOME ASPECTS OF THE
UNEMPLOYMENT PROBLEM IN KERALA

Mridul Eapen

Centre for Development Studies
Ulloor, Trivandrum 695011

January 1979

SOME ASPECTS OF THE UNEMPLOYMENT PROBLEM IN KERALA*

Growing unemployment has become commonplace in India and in regions such as Kerala, where wage/salaried employment forms a major share of total employment its incidence is even higher.^{1/} Both in rural and urban areas, Kerala has the highest rate of unemployment among all the states. In 1972-73 the unemployed as a percentage of the labour force in rural areas is 11.9 per cent in Kerala, 3.1 per cent in Tamil Nadu, 2.8 per cent in West Bengal, 2.4 per cent in Maharashtra, 1.9 per cent in Gujarat and 1.1 per cent in Punjab.^{2/} In urban areas the difference is even higher.

In an attempt to understand the relative acuteness of the problem in Kerala, an earlier study entitled Poverty and Unemployment in Kerala (hereafter referred to as UN Report) highlighted certain peculiar features of the state which mark it out from the rest of India.^{3/} However, the study essentially dealt with certain broad characteristics of the labour force and did not study in depth particular aspects of the unemployment problem. In addition it primarily covered the period upto the mid-sixties. Now, with the availability of the 27th Round of the National Sample Survey Organisation (NSS) on Employment/Unemployment we can extend our analysis into the early seventies.^{4/} In this paper an attempt is made to provide a more detailed analysis of the unemployment situation in terms of certain characteristics such as its rural-urban, sex and educational distributions, which have not received

* I am grateful to Dr. A.Vaidyanathan for valuable comments and suggestions on an earlier draft.

sufficient attention so far, with particular reference to trends over time. We also attempt to relate this to trends in employment and real output which have occurred over this period. Although it is true that the problem of unemployment is more complex than can be explained in terms of a fast growth in the labour force and slow growth in opportunities for employment, this type of an analysis would help in a clearer understanding of the magnitude and particular manifestation of the problem in Kerala.

The first part of the paper deals with the data base in brief and trends in overall participation rates. In the second part we analyse the growth in unemployment and its characteristics. Finally we study the above in relation to trends in employment and output over the period under study.

I

Data Base

Clearly in an economy like ours, which is following a capitalist path of development but in which there exist several other forms of production and organisation of work, a single measure or estimate of unemployment cannot adequately capture the many facets of the problem. There have been strong critiques of the existing measures of unemployment^{5/} and some efforts have been made to improve upon them.^{6/} Without getting into the problems of definition and measurement of unemployment, but bearing in mind the limitations underlying the existing approach,^{7/} we use the NSS estimates which are available for a fairly long period of time. For Kerala tabulations are available in respect of 1958-59 (14th Round), 1960-61 (15th Round), 1965 (survey conducted by the Kerala Bureau

of Economics and Statistics) and 1972-73 (27th Round). It appears that within the overall framework of NSS methodology the data from round to round are on the whole comparable.^{8/} The other sources of data on unemployment such as the decennial Censuses and Employment Exchange statistics are too well known now for their limitations and hence their use is restricted.^{9/} The estimates of employment in the organised sector are taken from the EMI and the output data from the estimates of Net Domestic Product at constant prices compiled by the State Bureau of Economics and Statistics.

As is well known, the NSS estimates are in respect of the economic status of individuals in the sample households who may be (a) gainfully employed if they have some gainful work, however nominal, on at least one day during the reference period, namely a week; (b) unemployed if they are without gainful work throughout the week and report themselves as seeking or available for work and (c) not in the labour force (such as students, houseworkers, too old, too young etc). The Bureau Survey on Unemployment for 1965 uses the same concepts and methods as those of the NSS.

The NSS methodology was modified in some respects in the 27th Round following which we have three rates of unemployment for the year 1972-73, a detailed description of which is available in a survey paper by Raj Krishna.^{10/} For our purpose we use the "person-week" rate of employment/unemployment which is similar to the concept and method of measurement of activity status in the earlier rounds, except for a difference in respect of the base population, which has been adjusted for.^{11/}

Trends in Participation Rates

Table I* gives the economic classification of the total population according to current activity status for the different time points. We find that upto 1965, the overall participation rates for both males and females did not change much; for males the rate was about 46 per cent and for females it was between 17-18 per cent (see below).

Proportion of Population in the Labour Force - Kerala

(in per cent)

	1958-59			1960-61			1965			1972-73		
Labour Force	M	F	P	M	F	P	M	F	P	M	F	P
	46.6	18.2	32.1	46.5	17.0	31.5	46.0	18.3	32.0	47.8	23.2	31.5

Source: Table I

Subsequently there was an increase: while participation rates rose marginally for males, in the case of females the increase was sharp: from 18.3 to 23.2 per cent between 1965 and 1972. One must be cautious in inferring about trends on the basis of sample survey data partly because they relate only to a few points of time and also because we do not know the errors attached to sampling estimates. Also the increase in female participation between 1965 and 1972-73 is so contrary to the picture of declining female participation all over the country as brought out by the 1971 census.^{12/} However, this rise is in line with findings of recent studies at an all-India level which show an increase in female participation since 1971.^{13/} While the reasons for this sharp increase in female participation have to be investigated in depth, it is interesting to note that it has occurred during a period when

* All basic tables are given at the end of the paper and summaries where necessary are given in the text.

male unemployment rate has increased considerably (as we shall see later).

The unemployed as a proportion of total population has stood around 3 per cent and as a proportion of the labour force it has remained around 9 per cent upto 1965 (see below). However with population growing by more than 2 per cent per annum these

Proportion of Population/Labour Force Unemployed in Kerala

(in per cent)

	1958-59			1960-61			1965			1972-73		
	M	F	P	M	F	P	M	F	P	M	F	P
1. Unemp. as a prop. of population	3.7	2.3	2.9	3.3	2.4	2.8	3.3	2.6	2.8	5.4	3.4	4.3
2. Unemp. as a prop. of lab. force	7.9	12.6	9.0	7.1	14.1	8.9	7.2	14.2	9.1	11.3	14.7	12.3

Source: Table I

figures imply an increase in the absolute numbers of the unemployed at roughly the same rate as total population. During the subsequent period, there seems to have been a sharp increase in the rate of unemployment; as a proportion of total population it rose substantially from around 2.8 per cent in 1965 to 4.3 per cent and as a proportion of the labour force, the unemployment rate which was about 9 per cent in 1965 rose to over 12 per cent in 1972-73. While it increased for both males and females, the increase in male unemployment was markedly greater. On the basis of NSS data it appears that the absolute numbers of unemployed in Kerala has risen

from 4.73 lakhs in 1960-61 to 5.45 lakhs in 1965 and further to 9.45 lakhs in 1972-73.^{14/}

The severity of unemployment in Kerala comes out even more sharply when compared with all-India figures. Data for more or less comparable Rounds of the NSS show that participation rates in the country have always been much higher and unemployment rates much lower than in Kerala. Unlike in the State where the overall rate of unemployment had remained constant upto the mid sixties, it showed a decline at the all-India level. However, as in Kerala unemployment rose in the early 70's though not as sharply.^{15/}

II

These aggregates however conceal considerable variations in the distribution of the unemployed by region, sex and education. In what follows we have brought together the relevant data from the NSS. It should be noted that the pattern revealed by these should be viewed as being indicative rather than as precise measures. Apart from the gaps in NSS tabulations, because of the variations in sample size and the generally small size of state samples especially in earlier years, the estimates at the state level are likely to have a large (and varying) margin of error, and these will be greater as one attempts a disaggregated analysis.

(a) Rural-urban distribution

From the tables we see that overall rural unemployment rate which was higher in the initial period than in urban Kerala fell consistently upto 1965 while the urban rate rose and by that

year was actually much higher than the rural rate (see below).

Percentage Distribution of the Population according to Activity in Rural and Urban Kerala

	1958-59		1960-61		1965		1972-73	
	Rural	Urban	Rural	Urban	Rural	Urban	Rural	Urban
1. Gainfully emp.	30.5	27.3	28.8	29.0	29.2	28.2	31.2	29.8
2. Unemployed	3.6	2.2	3.2	2.4	2.8	4.2	4.2	5.9
3. Labour Force (1+2)	34.1	29.5	32.1	31.4	32.0	32.4	35.4	35.7

Source: Table I

Note: Columns add upto 100.0 if we include those not in the labour force.

Since the rural-urban dichotomy is far less pronounced in Kerala^{16/} - in fact the state is characterised by a kind of rural-urban continuum, - one might expect that, unlike in other parts of the country, a larger proportion of the rural labour force might seek employment in urban areas without actually migrating. That the rate of unemployment (as percentage of labour force) in rural areas relative to that in urban areas has declined is consistent with this.^{17/} So are the observed facts of a lower proportion of urban population in Kerala and a lower rate of growth in urban population as compared to all-India.^{18/} However the data show that the rate of unemployment has grown considerably faster in urban Kerala and by 1965 was in fact much higher than the rural rate, unlike in the rest of the country where the urban rate continued to be lower than the rural rate upto the mid sixties. Since rural migration has evidently not accelerated the only explanation for this high rate of growth in urban unemployment in Kerala seems to be the relatively sluggish growth of urban

economic activity even in relation to the relatively slow growth of the urban population.

Since 1965 both rural and urban unemployment rates have risen sharply and by 1972-73 had reached 12 and 16 per cent respectively of the labour force. This rise has occurred along with an increase in participation rates which in the absence of a significant demographic shift^{19/} implies a growth in labour force faster than population. One needs to explain why in the face of rising unemployment the participation rates rose. Does it indicate a reversal of the historical declining trend in participation rates especially of females as reported in the UN study?^{20/} Does it have something to do with the spread of education (matriculation and above) or is it that the opportunities for earning a subsistence for low income households have shrunk to a point which forces a larger proportion of their numbers to offer themselves for work? That it implies both, and more so the latter, is supported later by the educational distribution of the unemployed which shows a sharp increase in the rate of unemployment among those who are illiterate, literate but below matric and those above matric. Another interesting fact which we notice from the 1972-73 data is that rural unemployment rate which had been declining upto 1965 rose substantially in 1972-73, and the ratio of rural to urban rate of unemployment which had declined upto 1965 rose in 1972-73.^{21/} The increase in rural unemployment after the mid sixties is much sharper in Kerala as compared to all-India. This indicates a sharp deterioration in the employment situation in both rural and urban areas in 1972-73 in Kerala.

(b) Unemployment by Sex

If we look at the female-male distribution of the unemployed we find that the proportion of population unemployed is generally lower for females (see below).

Percentage Distribution of Population according to Sex

	1958-59		1960-61		1965		1972-73	
	M	F	M	F	M	F	M	F
1. Gainfully Emp.	42.9	15.9	43.2	14.6	42.7	15.7	42.4	19.8
2. Unemployed	3.7	2.3	3.3	2.4	3.3	2.6	5.4	3.4
3. Lab. Force	46.6	18.2	46.5	17.0	46.0	18.3	47.8	23.2

Source: Table I

Note: Columns add upto 100.0 if we include those not in the labour force.

However since female participation rates are much lower, female unemployment rates as a proportion of the labour force are much higher. This suggests that not only is our economic system unable to involve women into productive activity as much as it should (because of the much lower female participation rates) but it in fact discriminates against them in a situation of stagnant employment growth.

Interestingly however, since 1965 the overall unemployment rate among females has not risen much although participation rates have, especially in rural areas. In other words a growing proportion of females are seeking and finding work. On the other in and while male participation rates do show some increase, the

unemployment rates have risen much faster. In fact male urban rate of unemployment has been consistently rising since 1958-59, (female urban unemployment rate also rose sharply between 1960-61 and 1965 but since then the increase in male unemployment was higher). From about 3 per cent (as a proportion of total population) in 1958-59 male unemployment rate rose to 5.7 per cent in 1965 and to 7.2 per cent in 1972-73. Rural male unemployment rate which had consistently declined upto 1965 rose sharply in 1972-73. In the latter years of course, female unemployment rates also increased mainly in urban areas. It appears therefore that in an overall situation of rising male unemployment, females going out to work is on the increase. Why this has happened and what is the nature of activity in which the females are being absorbed in a situation of increasing difficulty for males in securing jobs, on what terms, and what intensity with what impact on wage rates are all questions which need investigation.

The trends in Kerala stands in sharp contrast to those observed in all-India. In the country as a whole upto the mid-sixties both rural and urban rates of unemployment for males and females declined, whereas for Kerala, as we saw, urban unemployment rate had been rising. And unlike in Kerala the relative rural to urban rates of unemployment increased upto 1966 for all India, since the rural unemployment rate declined at a lower rate than the urban. It was only in 1972-73 that the urban rate of unemployment rose very sharply bringing about a situation Kerala faced by 1965; the increase in urban unemployment rate between 1966-67 and 1972-73 is much sharper than in Kerala over the similar period. Rural unemployment rate also increase in 1972-73 but to a much

lesser extent. For the country as a whole, too, there was an increase in participation rates for both males and females between 1966-67 and 1972-73 but the increase is much less pronounced, especially in the case of females, than in Kerala. The reversal of the declining trend in the rate of unemployment after the mid sixties for the country as a whole could be explained by economic stagnation resulting from a deceleration in the rate of growth of output in industry and in agriculture in the post mid-sixties period. However in the case of Kerala, we will see, the picture is somewhat different.

(c) Educational Distribution

Looking at the incidence of the unemployed by educational level, we find some interesting trends. The UN Report had dealt with this aspect in some detail, and certain features highlighted here were brought out in the Report; however the emphasis here is in particular on trends.

Kerala is well known for its high levels of literacy, 60 per cent against the all-India average of 29 per cent.^{22/} This also implies a more literate labour force; conversely it is found that in Kerala because of free schooling and inadequate growth of employment opportunities there is a tendency to prolong the period of education, so that a much higher proportion of the population in the prime working age groups are classified as students.^{23/} Kerala is also well known for the highest rate of 'educated' (that is matriculates and above) unemployment: in 1972-73 16 per cent of all matriculates were unemployed in Kerala as against 9.9 per cent in Andhra Pradesh, 6.1 per cent in Maharashtra, 2.2 per cent in Punjab.

In rural areas of Kerala the incidence is even higher. However in terms of absolute numbers, the illiterates and those literate but below matric form the bulk of the unemployed.^{24/}

The classification categories in respect of education have changed from Round to Round; we have brought together in Table 2 (at the end) as far as possible comparable data on the classification of the population by economic activity and educational status. We cannot use the 1958-59 data which are very scanty; in respect of 1960-61 the urban break up is not available. The data^{below} indicate that the incidence of unemployment is highest for matriculates throughout the period except for rural Kerala in 1972-73. Educated unemployment is higher for females and in rural areas. However it may be noted that while the rate of unemployment in rural Kerala rose significantly among the matriculates upto 1965, after this period it rose very sharply for the illiterates, those below matriculation^{25/} and those with higher degrees.

Percentage Distribution of the Unemployed according to level of Education - (in per cent)

Base: Education level

<u>Unemployed</u>	<u>Illiterate</u>	<u>Lit. below matric</u>	<u>Matric</u>	<u>Above matric</u>
1960-61 (Rural)	2.3	3.6	11.8	14.3
1965 (Rural)	1.4	2.6	18.9	8.2
1965 (Urban)	1.2	4.3	14.9	5.1
1972-73 (Rural)	4.4	5.4	17.3	26.9
1972-73 (Urban)	2.7	8.1	12.1	10.3

Source: Table 2

It seems to have become increasingly difficult to secure jobs even with higher education; at the same time persons with no education are also finding it much harder to obtain work (especially in rural areas) indicating a worsening situation for those already in a weak position. If now we also look at the change in the proportion of gainfully employed under each educational category, we find that it has increased very sharply in the case of illiterates and for females. This suggests that the increase in participation rates since the mid sixties, and of females in particular, has largely been among the illiterates.

Percentage Distribution of the Gainfully Employed according to Level of Education

Base: Education level

		Illiterate		Lit. below matric		Matric		Above matric	
		M	F	M	F	M	F	M	F
<u>Gainfully Employed</u>									
1960-61	(R)	28.4	19.2	49.2	12.2	51.0	25.0	80.0	50.0
1965	(R)	31.6	19.0	48.2	13.0	43.7	21.9	52.2	47.2
1965	(U)	25.4	17.1	43.6	12.1	59.7	17.7	75.9	47.8
1972-73	(R)	49.1	29.0	39.7	14.6	38.7	14.3	54.5	38.3
1972-73	(U)	41.6	25.8	33.9	10.8	44.3	15.0	59.7	36.5

Source: Table 2

As compared to Kerala, the problem of educated unemployment is much less acute for the country as a whole though, as in Kerala, among all the educational categories the highest proportion unemployed is among the matriculates. However a significant difference which

we find between Kerala and the country as a whole is that the sharp increase in the rate of unemployment among the illiterates and below matric categories observed in the case of former is absent in the case of the latter.^{26/}

It is clear from the above that the phenomenon of massive growth in the numbers unemployed both in rural and urban areas, primarily in the less educated categories, is unique to Kerala and sharply focuses on the severity and magnitude of the problem in the State.

III

Employment and its Pattern

Total employment has grown but by less than the growth in labour force. In absolute numbers, while the labour force increased from 53.41 lakh persons in 1960-61 to 77.11 lakhs in 1972-73 that is, an increase of about 23.70 lakhs, (based on the NSS estimates) employment rose by only a little over 18 lakhs. Now, part of the increase in labour force may be on account of natural additions (either because of growth of population or changes in the age composition) or on account of higher participation rates. As observed earlier the latter has to a large extent been responsible for the above increase in the labour force. The fact that unemployment rates are also higher reflects the inability of the system to absorb larger numbers into productive activity.

Taking the employment pattern we find (see Table 3) that in rural areas more than 50 per cent is employed in agriculture

both for males and females. Manufacturing is the next largest employer of labour, especially females, who dominate the traditional industries like coir, cashew, which still account for the major share of employment in the industrial sector. Other important sectors are trade commerce, services and transport and communication in urban areas. It is interesting to note that the rural employment pattern differs significantly from that of all-India. At the all-India level, almost 80 per cent of the persons are employed in agriculture and those engaged in manufacturing in rural areas is much lower. Further, a much larger proportion of females are engaged in manufacturing in rural areas in Kerala unlike at the all-India level.^{27/}

In the urban sector, though as in the rest of the country agriculture absorbs a much lower proportion, and trade and commerce a much high proportion of the employed persons, the rural-urban differences in the structure of employment is much less pronounced in Kerala than in the rest of the country. And in sectors such as manufacturing and commerce, the establishments are typically small scale and dispersed and most of the industries, as in rural areas except for a limited amount of heavy industries - are agro based.

The period under survey appears to have witnessed some interesting changes: (a) the proportion of persons engaged in agriculture in rural areas declined between 1958-59 and 1960-61. However, from 1965 there has occurred a substantial increase in this proportion especially among females and in rural areas. Over the period 1960-61 to 1972-73 the growth in employment in agriculture (estimated from Table 5) appears to have been of the order of 4.06 per cent per annum.^{28/}

(b) The proportion of persons in the manufacturing sector has declined rather sharply especially in rural areas. There has been an overall decline in the absolute number of persons employed in this sector with the urban areas showing a marginal increase. It is interesting to note that the proportion of females employed in manufacturing (which is much higher than the all-India figures) shows a sharp decline even as female participation rates have risen substantially after 1965. Most of the increase in female employment has taken place in agriculture and to some extent in trade and commerce and services; (c) a sector which has grown in terms of employment, both in rural and urban areas is trade and commerce and services, the former registering an overall annual increase of about 5.7 per cent and the latter an increase of 3.33 per cent per annum. ^{29/}

It would be pertinent here to relate the growth in total employment during this period to trends in organised sector employment (primarily non-agricultural) and its distribution over the different major industry groups (see Table 4). A break up according to the public and private sector is also available. Employment in the organised sector has increased by less than 2 lakhs over the 13 year period under study, and most of the increase (about 1.2 lakhs) took place in the public sector; private sector employment grew by a mere 50,000 persons. Moreover most of the increase in public sector employment has occurred in the categories, Manufacturing and Services the latter consisting almost entirely of Government services. In the private sector, only 'Services' shows a growth in employment. Almost all other

categories including Manufacturing have stagnated in terms of employment. This has been noted in official reports and it has been observed that although more and more institutional finance was being provided for the private sector, it is not contributing to employment.^{30/}

We earlier saw that non-agricultural employment has grown mainly in Trade and Commerce and Services. It is clear from trends in organised sector employment that while it has contributed substantially to growth in employment in Services, mainly in the category of Public Administration, in the case of Trade and Commerce, the organised sector accounts for less than 3 per cent of total employment. Hence, though some increase did take place the bulk of the increase in employment in this sector must have occurred in the unorganised sector.^{31/}

It appears therefore that most of the increase in non-agricultural employment has occurred in the unorganised sector of the economy. In fact, trends in registrations in Employment Exchanges which would indicate the desire of the unemployed to secure organised sector employment (even conceding the major limitations of Employment Exchange data) show that in the last decade or so while the number of registrants grew at the rate of 18 per cent per annum in Kerala, employment in the organised sector grew at the rate of less than 2 per cent per annum.^{32/}

Output Trends

How do these trends in employment relate to the growth in real output in the different sectors of the economy? Can we explain the acute unemployment situation in the early 70's in

Kerala in terms of a stagnation in the growth of industrial and agricultural output as has been noted at the all-India level? We see below that Kerala does not follow the all-India pattern. For in Kerala, as we saw unemployment in urban areas had started rising even before the mid-sixties and in addition the rate of growth in output, does not show any marked deceleration in the post mid-sixties period.

It is interesting to note that the sectoral distribution of output in Kerala is significantly different from that of all-India (see Table 5)

Table 5

Sector-wise Distribution of National Income, at constant prices, 1972-73 (in per cent)

	<u>Kerala</u>	<u>India</u>
1. Agriculture and allied services	42.6	40.9
2. Mining and Manufacturing	13.4	23.7
3. Transport, Communication and Trade	22.6	16.5
4. Finance and Real Estate and Community and Personal services	16.4	18.9

Source: Economic Review - Kerala, 1974, State Planning Board, Trivandrum.

Agriculture contributes a much higher proportion of the national income and manufacturing very much less than for all-India; income generating from the tertiary sector too is higher for Kerala. The total real net domestic product grew at the rate of 4.20 per cent between 1960-61 and 1972-73, and shows no deceleration in the post mid-sixties period (it grew

at an annual rate of 4.58 per cent from 1965-66 to 1972-73). Unlike at the all-India level, Kerala is one of the few States which experienced an acceleration in the rate of growth of agricultural output in the post-mid-sixties.^{33/} Industrial output too does not show any marked deceleration in the latter half of the sixties.^{34/} In any case, the latter contributes much less to the total output than at the all-India level. Further, there is reason to believe that given the very sharp increase in prices of Kerala's major exports - tea, cashew kernels, fish, coir products and pepper in recent years, the terms of trade may have shifted in favour of Kerala which implies real income growing at a faster rate than real output. Hence although in quantitative terms, the rate of growth in real output has not been low or has not decelerated in Kerala since the mid-sixties, what has perhaps happened is that the growth in real output which did occur was very unevenly distributed between sectors as also within sectors such that its impact on unemployment has been marginal and would, in effect, have led to a worsening of the economic situation of substantial sections in the economy. This has to be analysed in depth; however our data on trends in output and employment indicates the existence of such forces during the period.

(See Table 6)

For instance in manufacturing/ the rate of growth of output has been among the highest, about 7 per cent per annum; if we exclude the unorganised sector, the growth rate is even higher. However as we noted earlier in terms of employment, "organised" manufacturing sector contributed only marginally.

Growth rates of State Domestic Product- Industry wise:
1960-61 to 1972-73

	<u>Simple Growth Rate</u> <u>between 1960-61 to</u> <u>1972-73</u>
	(in per cent)
Net State Domestic Product	4.19
1. Agriculture	2.43
(a) Fishing	5.52
2. Manufacturing	7.12
(a) Registered	13.86
(b) Unregistered	0.58
3. Trade and Commerce	6.57
4. Community and Personal Service	5.09
(a) Public Administration	14.14

Source: Statistics for Planning, Bureau of Economics and Statistics, Kerala, 1977.

There are no reliable estimates of employment in unorganised manufacturing to establish the rate of change. Indirect evidence however, such as increasing problems these industries face in securing raw materials and marketing the products as well as a tendency for some of the activities to be shifted out of the state point to a decline in employment in such units. At the same time the practice of informalising parts of the production process to evade labour legislation etc. and the fact that a large part of such activity may be 'non-establishment' suggests that what may be occurring is a decline in the intensity/employment rather than

the number of workers. Hence manufacturing as a whole, even in the sector which has grown in terms of real output, has stagnated in terms of employment.

In the case of agriculture however, although output grew at a relatively moderate rate, about 2-3 per cent per annum employment has grown substantially. Now, the increase in agricultural output has been on account of both area and productivity increases,^{35/} more so due to the former. However most of the area expansion has been with respect to commercial crops like coconuts, rubber, cardamom, coffee etc. which require a relatively much lower input of labour. It could be therefore that the large increase in employment under agriculture is in fact a reflection of greater sharing of available work with a consequent decline in the quantum of employment. On the other hand the fact that acreage under cash crops has increased and such crops have witnessed very sharp increases in prices in recent years,^{36/it} suggests the possibility that the gains in agriculture may have been very unevenly distributed. In another allied activity of agriculture viz. fisheries, recent findings show that growth has been very uneven. While the mechanised fishing sector has grown rapidly and reaped the benefits of the boom in fish exports but which has a much lower employment potential, the traditional sector has stagnated and except in rare instances, real incomes of a vast majority of fishermen have declined amidst run away profits made by the mechanised sector.^{37/}

In some other major sectors of employment such as Trade and Commerce and Services, real output grew moderately in the former and in the latter the growth rate was very high in the case

of Public Administration. Employment too has grown in the organised sector in the case of services; however in the case of Trade and Commerce, growth in employment has been very fast and most of it as we saw has occurred in the unorganised sector.

It appears therefore that in certain sectors such as Manufacturing where output growth has been very fast, additional employment generated has been marginal whereas in some others such as Services, both output and employment growth have been high, while in Trade and Commerce and Agriculture employment generated has been much higher than output growth. Because of the uneven growth in employment, especially the sluggish growth in the organised sector, pressure of work seekers would be the highest on sectors which are growing such as Services or increasingly people would be forced to accept work in the 'unorganised sector' of the economy. The impact of such a development in particular the increase in female workers on wage rates, earnings and economic conditions of large sections of the working class must have been significant. It may be that people are willing to work for lower wage rates and unfavourable conditions of work, as is the case in the unorganised sector,^{38/} in the face of shortage of employment opportunities or it may be that work is available at the going wage rate but at a much lower level of intensity. In fact recent studies suggest a decline in intensity of employment in industries such as cashew and coir^{39/} which employ the bulk of the industrial work force. Hence together with the deteriorating unemployment situation since the mid sixties it appears that in terms of intensity of work, the position of certain categories of even the employed has worsened.

are limited at least in respect of crop production since the availability of cultivable land itself is limited and the increasing bias towards commercial crops in the overall cropping pattern also limits the more intensive use of land. It is necessary therefore that employment potential be generated in the non-agricultural sector which even despite its dismal performance in the past is the sector that offers a potential. This appears to be increasingly recognised in official circles too since the emphasis in solving the unemployment problem is now on rapid industrialisation in the state. However how far such a programme would succeed depends on the extent to which such far reaching changes can be accomplished within the organisational and institutional framework as it exists.

Conclusion

The above analysis clearly points to a deterioration in unemployment and the inadequacy of development that has occurred in the past to solve the problem. A solution which is being increasingly sought in recent years is the scope offered by migration. The setting up of the Kerala Overseas Development and Employment Consultants Ltd. by the State Government is evidence of this. Kerala has had a long history of migration and in recent years especially there has been a boom in the number of persons seeking jobs abroad. As of November-December 1977 there were a total of 1.35 lakh Keralites employed outside India, ^{40/} which is just about one per cent of the labour force. Whether this alternative is sustainable in the long run is questionable (besides the uneven impact of such migration) if one analyses in depth the nature and causes of the recent outflow which has been amply brought out in recent studies of the problem. ^{41/}

This problem of growing unemployment in both rural and urban areas, the former being more serious because of the much larger numbers, is sharply coming to the fore in most developing economies. The fact that growth in agricultural output has stagnated, or even in regions where it has risen, it has not generated sufficient employment opportunities is being recognised; employment in manufacturing and other non-agricultural employment sectors has also remained sluggish. There is increasing awareness, therefore, of creating additional employment opportunities within agriculture itself. However in the case of Kerala it appears that the possibilities of raising employment opportunities within agriculture

Table 1: Percentage Distribution of the Population according to Activity - Kerala

	1958-59						1960-61											
	Rural			Urban			Rural			Urban								
	M	F	P	M	F	P	M	F	P	M	F	P						
1. Gainfully Emp.	42.8	18.8	30.5	43.2	11.4	27.3	42.9	15.9	29.2	41.9	15.8	28.8	44.7	13.1	29.0	43.2	14.6	28.7
2. Unemployed	4.2	3.0	3.6	3.0	1.4	2.2	3.7	2.3	2.9	3.2	3.3	3.2	3.5	1.4	2.4	3.3	2.4	2.8
3. Labour force	47.0	21.8	34.1	46.2	12.7	29.5	46.6	18.2	32.1	45.1	19.1	32.1	48.2	14.5	31.4	46.5	17.0	21.5
4. Persons NLF	53.0	78.2	65.8	53.8	87.2	70.5	53.3	81.7	67.9	54.9	80.9	67.9	51.8	85.5	68.6	53.5	83.0	64.5
5. Unemployed as a percent of labour force	8.9	13.8	10.6	6.5	11.0	7.5	7.9	12.6	9.0	7.1	17.3	10.0	7.3	9.7	3.0	7.1	14.1	8.9
	1965						1972-73											
	Rural			Urban			Rural			Urban								
1. Gainfully Emp.	42.8	15.9	29.2	41.7	14.6	28.2	42.7	15.7	29.1	42.6	20.4	31.2	41.1	16.8	30.8	42.4	19.8	30.8
2. Unemployed	5.1	2.5	2.8	5.7	3.6	4.2	3.3	2.6	2.8	5.1	3.4	4.2	7.2	4.5	5.9	5.4	3.4	4.3
3. Labour force	45.9	18.4	32.0	47.5	18.2	32.4	46.0	18.3	32.0	47.7	23.8	35.4	48.3	21.3	35.7	47.8	33.2	35.1
4. Persons NLF	54.1	81.6	68.0	52.5	81.8	72.0	54.0	81.7	68.0	52.5	76.2	65.6	51.7	78.7	65.3	52.2	76.8	64.9
5. Unemployed as a percent of labour force	6.8	13.6	8.8	12.0	19.8	13.0	7.2	14.2	9.1	10.7	14.3	11.0	14.9	21.1	16.5	11.3	14.7	12.3

Notes: 1. The average for rural/urban areas has been computed by using the Census break up of population into 1/3 as weights.
 2. Gainfully Employed in the 27th round refers to person-weeks working. Unemployed to person weeks seeking or available for work and persons not in the labour force to person-weeks not available for work.
 3. The 1972-73 figures have been adjusted for the exclusion of 0-4 age group on the basis of the 1961 age distribution of population.

Sources: 1958-59, NSS 14th Round, Report Nos. 1 & 5, Bureau of Economics & Statistics, Kerala
 1960-61, NSS 16th Round, Report Nos. 4 & 12, Bureau of Economics and Statistics, Kerala
 1965, Bureau Report on Unemployment.
 1972-73, NSS 27th round, Report Nos. 255/6, NSSO, Government of India.

Table 2: Percentage Distribution of Population by educational level - Kerala

Base: Educational Level

	Illiterate			Literate below Matric			Matric			Above Matric		
	M	F	P	M	F	P	M	F	P	M	F	P
196-164 (Rural)												
1. Gainfully Emp.	28.4	19.2	22.8	49.2	12.2	32.1	51.0	25.0	40.8	80.0	50.0	71.4
2. Unemployed	0.9	3.2	2.3	4.3	2.8	3.6	7.8	25.0	11.8	-	50.0	14.3
3. Labour force (1+2)	29.3	22.4	25.1	53.5	15.0	35.7	58.8	50.0	52.6	80.0	100.0	85.7
4. Not in labour force	70.7	77.6	74.9	46.5	85.0	64.3	41.2	50.0	47.4	20.0	-	14.3
1955 (Rural)												
1. Gainfully Emp.	31.6	19.0	24.2	42.2	15.0	31.8	43.7	21.9	36.5	52.2	47.2	52.0
2. Unemployed	1.1	1.5	1.4	3.0	2.1	2.6	16.3	24.2	18.9	7.3	11.5	8.2
3. Labour force (1+2)	32.7	20.6	25.5	51.2	15.1	34.4	59.9	46.2	55.4	60.5	58.7	60.2
4. Not in labour force	67.3	79.4	74.4	48.8	84.9	65.5	40.1	53.8	44.6	39.5	41.3	39.8
1965 (Urban)												
1. Gainfully employed	25.4	17.1	20.3	43.6	12.1	29.0	59.7	17.7	43.9	75.9	47.8	66.8
2. Unemployed	0.9	1.5	1.2	5.2	3.2	4.3	11.5	20.6	14.9	4.0	7.5	5.1
3. Labour force (1+2)	26.3	18.5	21.5	48.8	15.3	33.3	71.2	36.4	58.8	79.8	55.4	71.9
4. Not in labour force	73.7	81.5	78.5	51.2	84.7	66.7	28.8	61.6	41.2	20.2	44.5	28.1
1972-73 (Rural)												
1. Gainfully employed	49.1	29.0	35.6	39.7	14.6	28.0	38.7	14.3	27.6	54.5	38.3	43.1
2. Unemployed	4.8	4.2	4.4	6.3	2.5	5.4	17.3	17.5	17.3	27.8	13.5	26.9
3. Labour force (1+2)	53.9	33.2	40.0	46.0	17.1	33.4	56.0	31.8	44.9	82.3	55.8	75.0
4. Not in labour force	46.1	66.8	50.0	54.0	82.9	66.6	44.0	68.2	55.1	17.7	43.2	25.0
1972-'73 (Urban)												
1. Gainfully employed	41.6	25.8	31.1	38.9	10.8	25.4	44.3	15.0	32.2	59.7	36.5	49.4
2. Unemployed	3.9	2.1	2.7	11.0	4.9	8.1	11.4	12.9	12.1	11.1	9.8	10.3
3. Labour force (1+2)	45.5	27.9	33.8	49.9	15.7	33.5	55.7	27.9	44.3	70.8	46.3	59.7
4. Not in labour force	54.5	72.1	66.2	50.1	84.3	66.5	44.3	72.1	55.7	29.2	53.7	40.3

Source: NSS Rounds, as given in earlier tables

Note: Corresponding educational categories have been selected from the 27th Round. Percentage column-wise, add upto 100.

Table 3: Percentage Distribution of gainfully employed persons by industry groups: Kerala

	1958-59					
	Rural			Urban		
	M	F	P	M	F	P
1. Agri. etc.	59.3	54.3	57.7	18.7	14.6	17.9
2. M & Quarry	0.6	0.1	0.4	0.3	-	0.2
3. Manufacturing	15.8	29.8	20.2	25.4	36.4	27.6
4. Construction	2.3	1.5	2.0	2.4	-	1.9
5. Elec. Gen. & C.	0.2	-	0.2	0.6	-	0.4
6. Tr. & Con.	8.0	2.4	6.2	15.8	2.9	13.1
7. Transport & Communications	3.4	0.6	2.6	8.6	-	6.8
8. Services	9.2	10.4	9.6	22.6	36.1	25.4

Table 3 (Contd.)

	1960-61						
	Rural			Urban	Total		
	M	F	P	P	M	F	P
1. Agri. etc.	53.7	44.8	51.2	19.1	53.6	54.1	53.8
2. M. & Quarry	0.6	-	0.4	0.1	1.1	0.5	1.0
3. Manufacturing	20.9	42.0	26.7	26.4	12.3	21.8	16.9
4. Construction	2.4	0.3	1.9	2.8	2.5	0.5	2.0
5. Elec. Gen. etc.	-	-	-	1.1	0.3	-	0.2
6. Trade & Commerce	8.3	1.0	6.3	13.8	10.6	2.4	8.4
7. Transport & Communications	2.1	0.3	1.6	9.3	3.1	0.2	2.3
8. Services	3.4	8.4	8.4	24.2	15.1	18.1	19.9

Table 3 (Contd.)

	1972-73					
	Rural			Urban		
	M	F	P	M	F	P
1. Agri. etc.	58.8	62.0	59.8	19.1	22.8	20.1
2. M. & Quarry	0.6	0.1	0.4	0.2	-	0.1
3. Manufacturing	13.3	23.4	16.8	19.0	27.8	21.6
4. Construction	3.4	1.1	2.7	3.9	2.2	3.4
5. Elec. Gen. etc.	0.2	0.2	0.2	0.7	0.7	0.7
6. Trade and Commerce	11.6	3.8	8.9	23.8	6.2	18.3
7. Transport & Communications	3.4	0.6	2.4	10.5	1.5	7.6
8. Services	8.8	8.5	8.6	22.9	39.5	27.7

Source: NSS Rounds as given in earlier tables.

Note: a) Sex-wise break up of 1960-61 urban data not available
 b) Rural-Urban break up for 1965 not available.

Table 1: Employment in the Organised Sector in Kerala (in numbers)

	Public sector				Private sector				Total
	Manufac- turing	Trade & Com. & Comm.	Services	Total	Manufac- turing	Trade & Com. & Comm.	Services	Total	
1960-61	n.a	n.a	n.a	338773	n.a	n.a	n.a	537814	
1961-62	n.a	n.a	n.a	355852	n.a	n.a	n.a	567069	
1962-63	n.a	n.a	n.a	331606	n.a	n.a	n.a	607450	
1963-64	12128	5127	154530	417542	190708	12741	93028	658946	
1964-65	13255	6326	159699	443810	217509	14858	93005	694159	
1965-66	14361	6417	167232	448895	215742	16896	92338	709407	
1966-67	15754	6616	166847	428501	196935	17261	103140	589167	
1967-68	16770	6844	169396	434807	201530	19156	106829	702797	
1968-69	18317	7334	173274	434467	204083	19426	112694	715317	
1969-70	18216	10868	17885	409562	182364	17109	115640	702880	
1970-71	20866	12847	189752	386454	168056	17465	117718	701766	
1971-72	21548	14060	193174	416514	169927	16502	122156	753722	
1972-73	352293	14713	201873	423185	134124	16901	125289	775478	

Source: Statistics for Planning, Bureau of Economics and Statistics, 1977, Government of Kerala.

n.a. - not available.

Footnotes

1. For instance of those employed, 63 per cent were classified as "working on wages and salaries" in Kerala, while for India the figure was 31.0 per cent during the first half of the sixties. See Poverty, Unemployment and Development Policy, Centre for Development Studies, U.N., 1975.
2. These figures are from the 27th Round of the National Sample Survey Organisation for 1972-73 as given in Raj Krishna, Rural Unemployment - A Survey of Concepts and Estimates for India, World Bank Staff Paper No.234, April 1976. Since then another Survey on Unemployment has been conducted by the Bureau of Economics and Statistics Kerala for the year 1977-78. Data have not been fully processed; however some preliminary results for one round (May 1977 - August 1977) which should be treated as tentative show that unemployment rate in rural Kerala has risen even further to 18.3 per cent. Similarly in urban Kerala. See, Unemployment Survey, 1977-78, provisional figures published for 1st Round, Bureau of Economics and Statistics, Kerala, 1978.
3. U.N. Report. op.cit.
4. With the availability of the 1977-78 data on Unemployment (see op.cit.) we would be able to extend our analysis further.
5. See among others, Report of the Committee of Experts on Unemployment Estimates, Planning Commission, 1970 (popularly known as the Dantwala Committee Report).
6. In the 25th Round of the NSS to some extent and the 27th Round in particular an attempt was made to incorporate some of the recommendations of the Dantwala Committee.
7. See for instance the arguments put forth for reorganising the NSS survey completely in Krishna Bhadrwaj et.al, On the measurement of Unemployment in Rural India, Centre for Development Studies, 1976.
8. Raj Krishna op.cit.
9. Dantwala Committee Report, op.cit.
10. Raj Krishna Op.cit.
11. The 27th Round covers populations of age 5+ (years) and the estimates of employment/unemployment are based on this. However if we estimate the rates with total population as the base (that is, including 0-4 years) as was done in the earlier Rounds the two sets of estimates vary widely. We have therefore revised the figures as given in the 27th Round downwards to adjust for this factor.

12. Female participation rate as a proportion of total female population was 19.7 per cent according to the 1961 census and it declined to 13.5 per cent in 1971. See U.N. Report op.cit.
13. Nirmala Banerjee, Women Workers and Development, Social Scientist, March 1978.
14. The currently unemployed according to the first Round of the 1977-78 survey is estimated at 15.45 lakh persons.
15. The comparable Rounds of the NSS for all-India are 14th, 16th, 19th or 21st Rounds (the latter two are part of the integrated household surveys) See P.Visaria, App.II in Dantwala Committee Report op.cit. and the 27th Round. In the latter the unemployment rate is 1.7 per cent as compared to 1.0 per cent in 1966-67 - the increase is much less sharp when compared to Kerala.
16. This is a well known fact and has been highlighted in quite a few studies. See for instance, Census of India - Kerala, 1971, General Report.
17. The ratio of rural to urban rates of unemployment was 1.45 in 1958-59, 1.31 in 1960-61 and 0.57 in 1965.
18. While the percentage of urban population was 18.0 in 1961 for India and it increased to 20.0 in 1971, the figures for Kerala are 15.1 and 16.2 respectively.
19. The age distribution of population in 1961 and in 1971 was as below:

	1961			1971		
	M	F	P	M	F	P
0 - 14	44	42	43	41	40	40
15 - 59	51	53	52	53	54	53
60 and above	6	5	6	6	6	6
All age groups	100.0	100.0	100.0	100.0	100.0	100.0

Source: Census of India - Kerala, 1961 & 1971.

No major change has occurred in the age distribution of the population, especially in the working age group 15 - 59 (though within this broad category substantial changes have occurred).

20. U.N. Report, op.cit.
21. The relative rural to urban rate which was 0.67 in 1965 rose to 0.72 in 1972-73. See Footnote 17.

22. Census, 1971, op.cit.
23. See U.N. Report, op.cit.
24. For 1972-73 the classification of the population by educational level is on base education. However in the 1965 survey on Unemployment both a classification according to education and activity status as base is available. With economic activity as a base, we find that of the unemployed more than 60 per cent are illiterates and below matric. See 1965 Survey, op.cit.
25. This ties up with other data tabulated in the 27th Round which shows a very considerable increase in the numbers seeking wage employment in rural Kerala. This is also the category in which the proportion of illiterates and below matriculates is very high.
26. This observation is based on estimates from comparable rounds for all-India, op.cit.
27. Comparable rounds, op.cit.
28. However compared to 1958-59 the increase in the proportion of persons engaged in agriculture is not so sharp except in the case of females. But since we had mentioned that the size of the sample may have been much smaller in the earlier rounds, we analyse mainly the trends since 1960-61.
29. These are simple growth rates estimated between the two years 1960-61 and 1972-73.
30. See, Economic Review, Kerala, State Planning Board, 1974.
31. That the unorganised sector is much larger than for all-India has been clearly brought out in a study by C. Mohan, Some Aspects of Employment and Earnings in non-agricultural Activities in Kerala and all-India, M.Phil dissertation, C.D.S., 1978. Within this sector, the highest proportion of employment is accounted for by trade and commerce and manufacturing.
32. Economic Review, op.cit.
33. A.V. Jose, Real Wages, Employment and Agricultural Labourers in India, Economic and Political Weekly, March 25, 1978.
34. Industrial output grew at an annual rate of 7.12 per cent between 1960-61 and 1972-73; and from 1965-66 to 1972-73 the rate of growth was 7.11.
35. A.V. Jose, Growth and Fluctuations in Indian Agriculture, 1956-57 to 1972-73, Working Paper No.58, Centre for Development Studies, Trivandrum, 1977.

36. For instance between 1960-61 and 1974-75, while whole-sale prices of all crops rose by a little less than 200%, the index for non-food crops grew by 300 per cent.
37. John Kurien, Entry of Big Business into Fishing: Its Impact on Fish Economy, Economic and Political Weekly, September 9, 1978.
38. C. Mohan, op.cit.
39. See for instance, K.P.Kannan, Employment, Wages and Conditions of Work in the Cashew Processing Industry, Working Paper No.77, Centre for Development Studies, 1978.
40. Figure as estimated in a recent survey by the Bureau of Economics and Statistics, Kerala, 1977.
41. See ~~Economist, December 10, 1977~~ *Raju Kurian, Letters Emigration from Kerala (unpub paper).*

...

This work is licensed under a
Creative Commons
Attribution – NonCommercial - NoDerivs 3.0 Licence.

To view a copy of the licence please see:
<http://creativecommons.org/licenses/by-nc-nd/3.0/>