

Productive employment and sustainable livelihood: The Indian Situation

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The Labour Force and Employment

The total labour force in India in 1990 was 313.4 million. It has been growing at about 2 % per annum and, by 1995, the total labour force was estimated at 344.3 million. The backlog of unemployment was 23 million in 1991–92 (Eighth plan Estimate, 1992). However, another estimate, quoting employment exchange statistics, the figures are as follows.

Table 1. Unemployment as Registered

Employment exchange statistics in thousands (000)	1994–95	1993–94	1992–93	1991–92
N° of live registers (end period)	36,635	36,039	36,306	36,552
N° of Registrations	5931	5674	5100	6079
N° of placements effected	212	217	229	259
Placement as % of registrations	3.6	3.8	4	4.3

Moreover, looking to the constituents of the labour force, one comes across startling facts. There were 80.2 million women in a total labour force of 313.4 million in 1990, or, according to the Human Development Report (1992) produced by the United Nations Development Programme (UNDP) women constitute 25.6% of the labour force in India. The labour force (the number of adult men and women willingly participating in productive activity), should include people in the 15–59 years age group. But India's labour force included 13.64 million under 14 children (1981 Census) and 17.36 million by the end of 1983, (NSS survey). These are underestimated because, as of 1981, out of 158.8 million children (6–14 years), 82.2 million were not enrolled in schools. What explains such a big chunk of non-school going, non-working children if not by child labour? Unofficial estimates of child labour in the country at present range from 44 to 100 million. Besides, this labour force also includes bonded labour. So the real extent of employed labour would be less than the Eighth Plan Estimate (301.73 million).

Employment by usual status includes a certain degree of underemployment. Since the definition of worker's status takes no cognizance of productivity or earnings, it is difficult to assess the real extent of underemployment.

It is important to keep in mind that underemployment and disguised unemployment are ways of work-sharing. Although it gives them opportunities for participation in productive activities of society, work-sharing in a situation of low productivity keeps a larger number of people under poverty line.

Another important aspect of employment is that much of its growth is poverty induced. This employment does not help reduce poverty. Rather it is an indicator of the difficult livelihood of growing number of people. There has been a high growth of such poverty induced employment in construction and certain low productive activities.

A more careful look at the available statistics reveals that meaningful employment opportunities have been

available for an extremely small section of the society.

Rural Sector – The Primary Employment Pool

Agriculture, the most important source of employment in the rural sector has suffered from a steep decline in investment (from 15% of total investment in 1980–81 to 9% in 1993–94). A chain of good monsoons could not raise agricultural output. A major reason is lack of improvement in land quality. In addition, investment is not forthcoming for improving large tracts of land affected by steadily increasing desertification, water logging and salinity.

Of late, growth in the rate of casual labour is significantly marked in the agriculture sector. The consolidation of small and marginal farms have swelled the rank of wage labour and non-farm self-employment. During 1977–78 and 1987–88 agriculturally self employed slid from 53.39% to 49.07% of the rural workforce.

Big farmers survived. The increasing use of machinery pushed down the demand for wage labour. In hostile terrain agricultural activities could not generate opportunities for utilisation of employment on account of lack of investment and necessary infrastructure. The employment elasticity in agriculture (in terms of person days of employment generated) has declined from 0.64 (1972–73 – 1977–78) to 0.36 (1983 –1987–88). As a result, the excess supply of rural labour has led to the following:

- * Stagnation of wages (except in green-revolution states);
- * Supply-induced labour spill-over (from 3.24% in 1977–78 to 6.21% in 1987–88) to poorly paid non-farm activities. This labour mostly consists of women, children and others with little bargaining power. Moreover stress employment in carpet weaving/matchstick making created bonded labour exposed to various occupational health hazards;
- * The increase (to 10 million) in migrant labour (The push factor induced) causing cross-regional labour flows.

The Rural Sector Sapped

The most blunt fallout of the structural adjustment programme (SAP) was the curtailment of the fertilizer subsidy and simultaneous skyrocketing in PDS issue prices. Despite the blessing of an unusual string of good monsoons, the open market price of food grains has registered a 60% rise, hampering food security of worker households, most of whose income is spent on food grains, i.e. cereals. The agricultural labour consumer price index (CPI-AL) rose much more than the Wholesale Price Index (WPI) and CPI for other population groups. The agricultural wages could hardly keep pace with the CPI-AL inflation rate. The decline in real wages (while real earnings dropped still further because of rise in unemployment) has worsened their life conditions.

On the other hand, in the course of increased globalisation and commercialisation, the corporate sector is poised to enter agricultural production in a big way. Agro processing and food processing have attracted direct foreign investment especially encroaching upon the sources of livelihood of the women. Pruning of subsidised credit facilities and the move to cover the costs through user charges in case of irrigation and transport threatens to hamstring the small farmers.

The shift in cropping pattern from foodgrains to cash crops with linkage to agro-processing industries and export with the highly probable concomitant of mechanisation threatens to further hijack productive landed resources from the poor, narrow down their scope for employment and endanger their livelihood by weakening food security.

Direction of Industrial Growth and Labour

Industrial production, of course, has registered healthy growth in 1994 and investments have also shown an upward trend. Besides large disbursements made by all-India financial institutions, equity raised from the market has remarkably grown. But the trend of investment shows a bias towards capital-intensive and import-driven manufacturing production. The very significant investments made for the growth of large scale industry during a whole decade (1983–92) appear to have reduced aggregate employment in organised industry (Growth of employment in organised sector has been less than 1%).

On the other hand, notwithstanding a 6.7 per cent increase annually in the value added per worker in real terms during the eighties, the wages went up by only 3.2 per cent (Annual Survey of Industries). Real earnings rose only on account of increased person days per worker. Instead of employing new labour employers got overtime done by the existing workforce. So, increase in real wages was small (1.6%) and fell far behind as compared to the increase in productivity.

As regards job security the situation is equally grim. The 1976 Industrial Disputes Act, making government permission necessary to effect lay offs, retrenchment and closure has been made applicable to establishments employing 100 or more workers since 1982. In fact, this act has been useless in deterring employers from resorting to lockouts, lay-offs, retrenchment and closures during the 80s.

Urban Labour and Livelihood Nepped

In lieu of import of intermediate goods in 80s, liberalisation under the new economic policy (NEP) in 90s has come to mean direct import of consumer goods, direct foreign investment and export promotion. Naturally capital intensive, overly mechanised and sophisticated production plants would come in and greatly accelerate marginalisation of labour. Production, targeted to international market, would turn away from domestic needs and demands. The anti-labour 'flexibility' exhibited by the employers in face of governmental laxity is acquiring dangerous proportions under the phase of market-ascendancy.

More than the growth of unemployment, the changing nature of employment indicates a tough time ahead for workers. The industries which grew faster during the 80s were those having lower employment elasticity and a technological amenability for decentralised, non-factory production and subcontracting; i.e. electrical machinery, transport equipments, chemicals and garments.

On the contrary, some industrial houses have also attempted to shift production from organised to unorganised sector, furtherexpanding the already over-grown informal sector in India's economy (which is characterised by prevalence of poverty and social insecurity) and thus worsens the picture of deprivation. The marginal diminution of unemployment rates was due to this growth in temporary and casual job opportunities. The initial adjustment years were characterised by severe recession and resultant increase in the number of lockouts, retrenchments and closures as well as non-payment of wages. The trend of informalisation and casualisation steadily increased. The increase in poverty-induced female participation in wage labour indicated the income squeeze on the urban lower middle class and the poor.

Recently, urban lower middle class and the urban poor have been badly affected by the sharp increase in food prices. Wages in organised sector have not kept pace with inflation, e.g. wages of lowest paid textile workers and miners have dropped significantly in the post reform period. Further worsening their situation, the massive reduction of public sector investment, and commercialisation and privatisation of some existing PSEs have brought about unprecedented retrenchment of labour. An estimate puts SAP induced redundancy of labour at 2.4 million (1.1 million in public sector + 1.3 million in private sector) in 1994.

Fuel has been added to the fire by the dramatic changes gathering in welfarist administration force during the 80s and getting entrenched under SAP. There has been drastic cuts in budgetary allocation to government departments as well as in equity support/grants to parastatal agencies. This has discouraged them from undertaking financially unprofitable welfare projects like providing water supply and sanitation facilities in slum and low-income areas. This has negatively affected the life chances of vulnerable sections of urbanites.

Benefits of rapid industrial growth already is concentrated in a few hands, would be still further concentrated in even fewer hands, thereby sharpening intra-urban inequality. The symptoms have come: an upward trend in the poverty ratio and crude death rate for urban areas.

Access to Productive Resource and Employment : Overt Strategies

Towards protection and furtherance of the livelihoods of the poor, poverty alleviation strategies have aimed at stepping up their command over productive resources. More equitable distribution of ownership and access to land and a more efficient credit delivery system have been emphasized. However their haphazard impact and absence

of supportive and complementary measures have considerably affected the efficacy of programmes.

Land and Land Reforms

The main thrust of land reforms, until recently, was on redistribution of ownership by successive lowering of the ceiling on agricultural holdings and redistributing the surplus land among landless and marginal holders. Except states like West Bengal and Kerala, this programme had not made headway. The land declared surplus was much less than what was anticipated; land acquired was much less than the land declared surplus, land distributed among landless labourers and marginal farmers was much less than the land acquired; and land which could actually be cultivated was much less than that acquired.

Besides, land reforms remained almost exclusively focussed on privately owned agricultural holdings. Due attention was not paid to common lands. The degradation and disappearance of the commons or their usurpation by the rich and powerful villagers has undermined opportunities for income generation for the poor (where dependence on commons has been proportionately higher) from the products of the commons.

Admittedly, of course, land reforms have played a role in arresting further expansion of large holdings and in contributing to the emergence of a middle peasantry. Most states have also done better in tenancy protection as compared to their performance in implementation of ceiling legislation. Sharecroppers in many parts of the country, as of now, have a better security of tenancy and a fair share of produce than in the past.

But under the current policy perspective of structural adjustment and liberalisation, the little gain achieved through land reforms would be like a straw in a vast deluge. More over the SAP further complicates the situation where farming no longer remains a productive occupation for a vast majority of small and marginal farmers and often, of the medium farmers. (as evidenced by the spurt in casualisation of agricultural labour and the slump in number of independent farmers). Against this backdrop the almost imminent corporate takeover of landed resources and their profit-oriented unsustainable utilisation for production (agricultural and otherwise) for distant markets remains a real danger.

Credit

The poor have little in terms of assets (as usually defined). In a cash-strapped situation making productive use of their skills depends on their access to affordable credit. Though far-reaching changes have been introduced in the credit delivery system through expansion of branch network of commercial banks, mandatory lending to priority sector, and favourable interest rates for the poor etc., inadequate and cold response from the financial institutions have thwarted the objective of widening access to easy credit. In the absence of an appreciation of the poor's needs and aspirations, lending to them has been seen as a burden by the financial institutions.

The big institutions find the small business of the poor to be too petty to justify their involvement. Many of their enterprises (particularly by women) are not recognised as productive enough to be creditworthy.

The problem of service fees, lengthy processing of loans, and collateral requirements etc. were preventing financial institutions from being pro-poor. The innovation of regional rural banks (RRB) also could not help. There is no service fee but the loan application moves through many channels multiplying transaction cost of both the poor borrower and the bank. The collateral condition for the poor borrower (in IRDP) has been dispensed with and the interest rate is favourable, but the loans being linked to direct subsidy, banks' authority is eroded. Whimsical political interventions have derailed the repayment process. Together with these, motivational problems and organisational bottlenecks have limited the effectiveness of the RRBs.

A viable credit delivery system suitable to the poor must meet the challenge of evolving a two-pronged strategy: if the productive and livelihood needs of the poor are to be met, and, if the sustainability of credit institutions is to be maintained. Till now such a strategy has eluded the Government. In this context the success of self-help savings-cum-credit societies run by the poor in some parts of the country inspire faith in an informal banking system by the poor themselves. In fact, a belief has gained ground that, in the field of credit, cooperative solutions are preferred to cumbersome state interventions.

Skills and Other Assets

Improving the access of poor to productive assets and raising the productivity of their existing assets have been accepted as viable strategies. And, as such, there have been some attempts to increase availability of other non-land assets and to improve the productivity of their major asset, labour, through investment in human capital including skill enhancement programmes. The Integrated Rural Development Programme (IRDP) has attempted to do so by providing assets like livestock, small implements or some means of transport, artisanal raw materials etc.

IRDP has done well in developed areas where asset and employment base of the poor is less insecure; but its performance in backward and relatively inaccessible areas is poor. Even in relatively developed areas it benefitted those nearer the upper end of the poverty line. In some areas (e.g. Bihar) many beneficiaries by temporarily retaining the assets had crossed the poverty line only to slump down to greater depths thereafter with greater indebtedness. In Gujarat, the very poor have either remained outside the reach of the programme or have failed to use productively and profitably assets made available to them. A target-orientation among the functionaries often has biased the beneficiary selection process against the very poor.

Another strategic defect that plagued IRDP was that it was administered in isolation of the mainstream growth process in terms of resource allocation, technology as well as sectoral development strategy. This unintegrated approach to IRDP has been a big handicap as far as its impact is concerned.

In case of productive skill-enhancement, the major programme is Training of Rural Youth for Self-Employment (TRYSEM). It flounders because of its absence of linkages with the demand system (not even with IRDP). It has no correspondence with either the industrial policy or with the rural industrialisation process.

Hence, TRYSEM skills fall flat on the market. When technology requires high degree of sophistication and continuous upgrading, from where can those trained get the necessary resource and technical support?

Wage Employment

Wage employment programmes are devised to relieve aggregate unemployment by attending to typical employment needs of the unemployed. They are also expected to increase labour absorption capacity through investment in durable and income generating public assets. The efficacy and success of such programmes lies in the impact on unemployment and poverty levels, in the level of wages, and to the extent to which it supports livelihoods and in their cumulative impact on the labour market.

Employment generation programmes were not perceived as major livelihood support programmes until, under the Sixth Plan, when they were expanded as the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). These were again modified and combined into Jawahar Rozgar Yojana (JRY) in 1989-90. The specially designed Maharashtra Employment Guarantee Act enforced in 1979 has made employment an entitlement by giving statutory support to the guarantee of employment. It gained a programmatic shape in the Employment Guarantee Scheme (EGS).

The extent of employment generated through these programmes in most of the states is too low to enable any sizeable number of poor households to cross the poverty line. As estimated in the Ministry of Rural Development's own evaluation report for 1992, a JRY worker received an average of 3.81 person days of employment while the rest of the family got another 1.34 person-day in a month. This is admittedly quite low in terms of the necessary family requirements. Further, since information on workers belonging to below-poverty line families is not available with the panchayats, 57% of JRY workers belonged to non-poor families in spite of the fact that this programme is supposedly targeted to the poor. Although there are some differences among the states in terms of the achievements made under this programme, by and large this programme has made no significant impact on the incidence of unemployment and the average amount of wage incomes received through the JRY have not made much impact on the levels of living, savings, or on assets of the families. Even the EGS in Maharashtra has only reduced the intensity of poverty rather than succeeding in terms of number crossing the povertyline. The share of income from EGS for those employed in it, has ranged between one-third and two-thirds of their total earnings.

The institution of minimum wages is an important measure which was intended to strengthen the livelihoods of the

disadvantaged. It is instructive to look at its implementation in the context of employment programmes. In Rajasthan, in one instance, government officials took the position that granting minimum wages would mean a trade-off between employment to a few and the provision of a 'safety net' for many. In a similar controversy concerning EGS (Wages in EGS are at subsistence level) in Maharashtra, the dilemma was whether to pay minimum wage or wages at the market rate (which was higher). Employment programmes have failed to influence agricultural wages in Kerala (K. P. Kannan, 1995). In a situation where price levels are inordinately rising, employment would fail to support livelihood if rational modification in wage rate does not occur.

As far as strengthening the production base is concerned, these programmes have not exercised a quantitative impact. Moreover, in most states assets created were capital intensive and benefitted the rich more than the poor. Works like soil conservation, watershed development and forestry that create sustainable production base have been neglected. Generally, implementing agencies have taken up ad hoc projects and got them executed at lowest possible wages. Payments to labour are unnecessarily delayed, thereby failing to provide immediate relief to the workers. Thus the driving current in employment programmes has not yet been turned towards the objective of fostering a sustainable livelihood for the poor.

Development Displacement and Livelihood

The development model adopted after Independence have displaced people on a massive scale. Through the exercise of the power of 'eminent domain' by the state plan-projects have displaced about half a million people per year since Independence. Apart from this, non-plan projects, urban growth, changing patterns of land use, degradation of habitat, have also led to displacement on a large scale. Besides, the spread of monoculture, liquidation of resource base due to intensive project-based extraction, and processes of secondary displacement have also uprooted many people from their traditional communities. If all these are taken into consideration the number of displaced would range between 35 to 55 millions.

Moreover displacement has mostly struck those people whose livelihoods were always insecure. Tribals and other economically marginal rural population, historically subsisting on the natural resource-base (particularly the commons) have constituted a significant number of them. Though tribals made up 7.5% of the population, over 40% of those displaced till 1990 came from these communities (29th report of the Commissioner of Schedules Castes and Tribes).

Displacement has been ruinous for the uprooted people.

Specifically women, children and the infirm bear the brunt of the consequences of loss/disruption of livelihood. Women face greater pauperisation and are propelled out to the margins of labour market. The disrupted socialisation process combined with the difficult access to schooling in the new environment stunts the growth of children.

In the face of this, contrary to the rhetoric, planning devalues and applies reductionist legal and economic categories to define the scope of 'compensation' (when right to residence in any part of the country is a fundamental right guaranteed by the Constitution). Bureaucratic routines inhibit openness and sensitivity in appreciating and acting in the collective interests of victimised communities. Consequently in most cases, Land Acquisition Act, 1894 (as amended in 1984) only is applied when it makes the state liable for cash compensation.

This Act does not recognise collective/community rights and

hereditary usufruct rights. The seasonal support relationship with eco-system is also not recognised.

Even with all limitation there is still staggering backlog of displaced persons awaiting any kind of rehabilitation.

Table 2. Persons Displaced by Different Projects (1951 - 1990)

S1#	Type of Project	Displaced	Rehabilitated	Backlog
1	Mines	2,550,000	630,000	1,920,000

Productive employment and sustainable l...				
2	Dams	16,400,000	4,100,000	12,300,000
3	Industries	1,250,000	375,000	875,000
4	Sanctuaries	600,000	125,000	475,000
5	Others	500,000	150,000	350,000
Total		18,500,000	4,625,000	13,875,000

Source: Walter Fernandes, Development induced displacement in the tribal areas of Eastern India, Indian Social Institute, 1994.

The psycho–social trauma and socio–cultural dislocations caused by displacement are abundant: production systems have broken down, ancestral sacred zones or graves have been desecrated, family and kinship systems, informal relationship system of mutual–support have been disrupted, self–management processes and trade relation have been shattered. Barring exceptional cases, forced displacement in Michael Cernea’s terms has resulted in ‘a growing spiral of impoverishment’.

Forests, Forest Policy and Livelihoods

Forests in India are not only a matter of bio–diversity, they are also sources of livelihood for a multitude of tribal communities. Even though conservation is the new holy cow the Government vows by, its property–oriented conception of forest resources and exploitative bias is betrayed by an array of policies and contradiction of stated objectives. In the context of the triangle of conflicting interests of the timber and contractors lobby, the strong conservation lobby righteously gunning for the protection of wild life and bio–diversity, and the pro–people activists’ advocacy; the people’s interests has been treated as the least important of these by government policy–makers.

The trend of ownership of forest land shows that (between 1946–47 and 1986–87) holdings of Forest Department increased by 155% whereas community holdings plummeted by 38%. During the same period India lost 4.3 million ha of forest land to various development projects. If one looks at the sequence of policy pronouncements and official responses, (though recently there is a professed change of focus), forest dependent people live (wherever they are still able to) only on sufferance as far as the policy makers are concerned. In the recent past, the National Commission on Agriculture (NCA), 1974, held people’s customary privileges responsible for forest depletion. Even people’s dependency on non–timber forest produce (for food, and housing) was disfavoured and, what is more significant, meeting industrial needs was the central focus. The Conservation Act, 1980, again, granted preference to industrial and commercial needs rather than people’s livelihood necessities.

Although the National Forest Policy, 1988 accepts people’s livelihood dependencies on forest and sanctions participatory

management (and guidelines for joint forest management were issued in 1990 by the Ministry of Environment and Forests), in the same breath, it emphasises strengthening of the network of reserve forests, protected areas, bio–reserves, national parks, sanctuaries etc. But the Wildlife Act (amended), 1991, excludes people’s participation in bio–reserves, national parks and sanctuaries, it even wants people (scuttling all their rights) evicted so that wildlife could be saved. There are also efforts to push a policy on captive plantations for industry on ‘degraded land’ which is actually not so degraded (people are living on land far more degraded at different places in the country). All this happens despite the stipulation by the national forest policy that industry should meet its requirement from outside the forests.

Finally, the manoeuvres of the Ministry of Environment and Forests to push its draft bill (that has given rise to so much protest debates in the country and attempts to project an alternative Bill by NGOs) as the Conservation of Forests and Natural Ecosystems Act, 1994 replacing the Indian Forest Act, 1927 are definitely prejudicial to people’s interests. It ignores even the little official concern shown in the Forest Policy of 1988 towards the livelihood needs of the poor and the need for participatory management through joint forest management

programmes.

The net impact of forest policies and their administration has left the local communities marginalised; disrupting their livelihoods, while at the same time breaking their traditional self-management system.

Intensive Aquaculture and Livelihood threats to Fisherfolk

If forests are one indigenous natural resources, fisheries are yet another very important source of such resources, the over exploitation of which has resulted in a systematic and painful loss of livelihood on the part of a large number of people in hundreds of local communities.

The giant, global fish and seafood market worth \$ 8,000 million, has encouraged mushroom growth of intensive and semi-intensive prawn farms along the elongated coastline as well as intensive and mechanised fish farming in the coastal waters. Boosted by a liberal Ex-im policy, shrimp farming developed feverish and unpoliced. Of the 1.2 million ha. of brackish water areas inclusive of ponds, lakes and lagoons spread along the coast-line, about 80000 ha. is under shrimp culture (80% under extensive methods and the rest under modified extensive and semi-intensive modes).

Semi-intensive aquaculture requires loads of organic and chemical inputs. At the end of each harvest the waste is flushed out which pollutes the coastline and other receiving water bodies. These effluents affect the coastal fisheries and ultimately are, to an extent, responsible for depletion in catch of traditional fishing in coastal waters. Although no estimate is available, it has negatively affected the traditional occupations of local fishermen.

On the other hand, it increases salinity of surface and ground water. It affects the fertility of lands in the adjacent areas and makes agriculture unsustainable; thereby causing occupational displacement of agricultural farmers. By displacing food crops it dents the situation of food security. As aqua-farming requires capital investment, the ownership of lands steadily gravitates to the cash-rich urban businessmen. Though there has been some investigation into the environmental impact of large shrimp farms, there is little, in terms of sound aquaculture policy taking care of above concerns in place to comprehensively deal with the loss of productive assets and threats to livelihood generated by aquaculture.

Mechanised fishing (with aid of trawlers and other modernised fishing gear) has affected the entire fisheries sector, (which is over 75 million in the marine sector only). Women (about half of the sector itself) who do the less romantic work of cleaning, preserving and selling of fish, are more affected by the new competitive market.

Traditional fisherfolk could not compete with big merchants (who have modern preservation and transport facilities) in marketing fish (women, being in charge of preservation and selling, really feel the pinch).

The diminishing fish resources affect their occupation directly as they have limited or no access to deep sea fishing. Their fishing methods, though ecologically sustainable, could not compete with modern ones in catering to the market. So in the short term they suffer a loss of livelihood. Also, in the long term, on account of irrevocable depletion of fish resources due to intensive and unecological fishing methods, their source of livelihood will have vanished permanently.

In the heat and excitement generated by the export-oriented trade, these issues fail to elicit helpful policy responses.

Consequently, many sources of productive employment are liquidated and livelihood numberless many are jeopardised.

Jawar Rojgar Yojana a Tribute yo Poverty!

Jawahar Rojgar Yojana (An Income Scheme named after the late Jawaharlal Nehru), the biggest ever employment programme sponsored by the government of India (GOI), was launched in 1989 by merging the two then operational programmes, i.e. National Rural Employment Programme (NEP) and the Rural Landless Employment Guarantee Programme (RLEGP). A centrally sponsored scheme like its predecessors, the JRY is credited with increased

commitment by the centre (80% funding by centre instead of a 50:50 sharing with the State as earlier). A more important and novel difference is that 80% of the combined central and state shares is released directly to the Village Panchayat to be utilised by them for village works, the remaining 20% being spent by the district rural development agency (DRDA). Contrary to the earlier employment generation programmes executed by block level government officials, JRY's devolution of power and funds to the village level was considered a bold initiative.

The JRY has the primary objective of generating additional gainful employment for the unemployed and underemployed men and women in rural areas living below the poverty line. The secondary objective is to create a base for sustainable employment by improving rural economic infrastructure, and creating community and social assets in favour of poor facilitating direct and continuing benefits to them (particularly the scheduled castes and scheduled tribes). Women's work participation was sought to be improved by stipulating that 30% of the employment opportunities be given to them.

The JRY was operationally dispersed throughout the country without any specific focus on backward areas till late 1993, when it was decided to concentrate on relatively more backward districts. Three new sub-schemes were started under the JRY ambit. The first was the Employment Assurance Scheme. Broadly designed after the Maharashtra Employment Guarantee Scheme, the EAS seeks to provide 100 days of employment during the lean agricultural season to all those who desire it. As per the shift in JRY policy, the EAS coverage is restricted to development blocks classified under the Drought Prone Area Programme (1778 blocks in 23 districts and four union territories). EAS outlay (in 1994-95) per block came to Rs. 8.5 millions. The second sub-scheme of JRY is the intensified JRY (IJRY) programme. On the basis of criteria like low agricultural productivity, commercial and industrial backwardness and high concentration of scheduled caste/scheduled tribe population, 120 districts have been identified as IJRY districts. In 1994-95, IJRY outlay per district was Rs. 73 millions. The third sub-scheme was the JRY 'umbrella' scheme subsuming special innovative projects, aimed at specific problems faced by the rural poor in a district. The Ministry of Rural Development earmarked Rs 1000 million for this scheme in 1994-95. Along with this refashioning, the outlay for JRY has gone up remarkably to Rs 54.320 millions in 1995-96. However, evaluation studies on its functioning during the last few years show that mismanagement of funds, deviation from envisaged guidelines and dwarfed performance have hamstrung the ambitious programme. Unless such trends are negated multiplication of schemes and outlay will only amount to wastage of scarce resources.

There is a strong apprehension that a lot of resources are unscrupulously siphoned off. An assessment of JRY conducted intensively in five blocks of the province of Uttar Pradesh (U.P.) reveals that as much as about 40% of expenditure shown on record (on materials as well as wages) represented the magnitude of the leakage.

Employment elasticities, measured as the ratio of employment growth to the growth of value added have declined from around 0.65 in the 1960s to 0.55 during the 1970s and around 0.38 during the 1980s. Changes in production technologies in individual sectors, subsectors and products have tended to reduce the labour requirements per unit of output. Conversely, share of products and sectors with high capital output coefficients has increased.

The directive that 60% of total funds should be utilized towards wage employment was nowhere being observed. The concurrent Evaluation Report, 1992 (ministry of Rural Development, Govt. of India, 1994 hereafter to be referred as the MRD study) puts the national average, rather optimistically, at 53.46%. The study in UP found it to be 33% and apprehended that in practice it would be around 29%, while the MRD report puts it at about 45% in U.P.

Resource utilization (for social forestry, soil & water conservation, water harvesting structures, irrigation wells, etc.) with a view to increasing employment and income generative potentials was pushed behind. Road building and other construction activities have been favoured. The provision for open irrigation wells for SC/St farmers (20% of the JRY funds have been earmarked to the Million Well Scheme (MWS) for this purpose) has been entirely violated.

Another serious flaw in JRY execution is overwhelming selection of non-poor family workers despite the stated objective to the contrary. The MRD evaluation shows that about 57% of workers belonged to families above the poverty line. In as many as 7 states and 6 union territories non-poor families' participation in JRY was in the region of 70% and beyond. Only around 5% of the workers targeted belonged to 'very very poor' and 'destitute' families.

Percentage of employment generated for women was quite low (the MRD study puts the all India figure at 20.02%). In six states it was even less than 10%.

Another serious shortcoming pointed out by the UP study was that villagers were completely uninformed about any details of JRY funds sanctioned to their Panchayats. The MRD evaluation found that only 39% of the Panchayat heads had any exposure to JRY guidelines. The JRY manuals were not even available in over 50% Panchayats all over India. All schemes envisaging and requiring popular involvement and social control fall flat if people are kept in the dark about them.

The JRY was also proved deficient inasmuch as it set about to bypass the local Government bureaucracy, contractors and middlemen. While in UP the block level officials are invariably sidelining the Panchayat heads in operating accounts (roughly 5% to 19% of the JRY works were being executed by contractors all over India.)

Currently, nearly 60% of the outlay on anti-poverty programme package goes to employment generation. But as is apparent above discussion, a sort of 'rut' syndrome has affected employment generation schemes. Such schemes have been quantitatively expanded. Financial allocations for them have progressively shot up. But there has been no attempt to restructure them with a view to remedying various shortcomings brought to light by different evaluations. There is a bureaucratic tendency to extend and refine guidelines making the administration of these schemes increasingly cumbersome without effecting an improvement in the ground level implementation. The Table below shows that out of one rupee spent in the JRY only 14 paise is likely to reach the poor via effective net wage transfers.

Table 3. Transfer Efficiency in the JRY

1	Gross expenditure	100.0
2	Wage component	53.0
3	Leakage	5.3
4	Gross wage transfer (1-2-3)	47.7
5	Participation cost	19.1
6	Net benefit (4-5)	28.6
7	Coverage of poor (Targeting efficiency)	0.5
8	Transfer to poor (6x7) (Transfer efficiency)	14.3

Notes:

1 MRD concurrent evaluation of JRY (Jan-Dec 1992), Jul. 1994.

2 Underpayment of wages of 10% of wage payment (assumed)

3 40% of gross wage transfer (47.7) representing foregone incomes based on estimate in Martin Ravallion, Reaching the Poor through Rural Public Employment: A Survey of Theory and Evidence, Discussion Paper No.94, World Bank 1990.4 MRD concurrent Evaluation of JRY estimates this ratio at 0.43 which has been rounded to 0.5. Source: S. Guhan, Social Expenditure in the Union Budget: 1991-96, Economic & Political Weekly, May 6-13, 1995.

The following tables show that high work participation is a concomitant on poverty. It illustrates the fact of poverty induced employment discussed in the first paragraph.

Table 4. Yearwise Percentage Distribution of Urban Workforce Across Different Employment Categories

Employment Categories	1980-90		1990-91		Jul-Dec/91		Jan-Dec/92	
	M	F	M	F	M	F	M	F

Self-employed	42.3	48.6	40.7	49.0	48.9	47.0	41.2	42.5
Regular/Salaried	41.3	28.9	44.2	25.9	39.9	28.0	30.4	28.8
Casual Workers	16.5	22.5	15.1	25.1	17.2	25.0	19.8	28.1

Table 5. Percentage of Distribution of Households by Number of Workers and Poverty Status 1987 - 1988

N° of usual status workers in household (age: 15+)		Rural		Urban	
		Below Poverty	Above Poverty	Below Poverty	Above Poverty
No workers		4.1	5.0	6.2	9.8
One worker		34.3	42.6	49.4	61.2
i)	Only one male worker	28.9	37.2	45.3	58.0
ii)	Only one female worker	5.4	5.4	4.1	3.2
Only one male and one female worker		26.2	20.4	13.2	8.8
Others		35.4	32.0	31.2	20.2
Total		100.0	100.0	100.0	100.0

Source: Calculated from key results of Employment and Unemployment Survey, Special Report number 1, National Sample Survey Organization, 43rd. Round.

Table 6. Growth Rates in Registered Manufacturing

	Employment of workers	Mandays per worker	Earnings per worker	Earning per manday
Intermediate goods	0.5* (0.336)	1.0* (0.870)	2.6* (0.843)	1.6* (0.751)
Capital goods	(-) 0.02 (0.00)	0.3 (0.134)	3.0* (0.900)	2.7* (0.965)
Consumer durable goods	1.6* (0.791)	0.7 (0.181)	2.7* (0.776)	2.0* (0.588)
Consumer non-durable goods	(-) 1.6* (0.706)	2.3* (0.750)	3.0* (0.829)	0.5* (0.653)
Registered manufacturing	(-) 0.5* (0.301)	1.5* (0.663)	3.2* (0.579)	1.6* (0.800)

Notes:1. * Indicates statistical significance of the estimated coefficient at 90% confidence level and above.

2. Employment growth rate for registered manufacturing is for the nine year period since 1980-91 as the same for the period since 1979-80 is statistically significant at 80% confidence level.

Source: ASI (Annual Survey of Industries) Summary Results of Factory Sector, various issues.

Table 7. Capital Formation in Agriculture (1980-81 prices)

Year	Total	Public	Private	GDP in Agricultr	Col.2 as % of Col.5
1960–61	17,730	5,850	11,880	319,950	5.54
1970–71	28,840	7,890	20,950	402,140	7.17
1980–81	48,640	18,920	29,720	446,490	10.89
1981–82	47,410	18,780	28,630	491,390	9.65
1982–83	48,650	18,570	30,080	483,590	10.06
1983–84	44,060	18,430	25,630	535,250	8.23
1984–85	48,880	18,220	30,660	540,610	9.04
1985–86	46,410	16,310	30,100	542,180	8.56
1986–87	43,600	15,500	28,100	532,810	8.18
1987–88	47,820	15,800	32,020	534,790	8.94
1988–89	47,370	14,850	32,520	622,140	7.61
1989–90	47,820	12,930	34,840	632,630	7.56
1990–91	50,780	13,180	37,600	656,530	7.73
1991–92	50,680	11,620	39,060	640,720	7.91
1992–93	51,370	NA	NA	672,180	7.64

Source: National Accounts Statistics, Raw Data Series, Central Statistical Organization.

Table 8. Employment Elasticities in Major Sectors

Sector	1972–73 to 1977–78	1977–78 to 1983	1983 to 1987–88
Agriculture	0.64	0.49	0.36
Mining	0.95	0.67	0.85
Manufacturing	0.55	0.42	0.26
Construction	0.35	1.00	1.00
Electricity, Gas & Water	1.00	0.74	0.48
Transport, Storage and Communications	0.76	0.92	0.35
Services	0.80	0.99	0.42
All Sectors	0.61	0.55	0.38

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Source: T.S. Papola, 'The Question of Unemployment' in Bimal Jalan (Ed.), Indian Economy: Problems and Prospects, 1992.