

Changing Structure of Employment in Pre & Post Liberalisation Period in Kerala

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International Seminar

John Mathai Centre

19th January 2019

INTRODUCTION

- In a recent paper I have examined effects of economic policies on economic growth of Kerala during the pre and post liberalisation period and arrived at the **following conclusions** (B A Prakash & Jerry Alwin (ed) (2018) Kerala's Economic development, Chapter2)
- Kerala remained as a backward economy with low rate of growth during the pre-liberalisation period (1956-1990) when the state followed excessive market intervention type of economic policies and neglected private investment and technological development.

- It is argued that the volume of investment was too small to break the vicious circle of low rate of growth, technological backwardness and low level of productivity in all sectors.
- But the state's economy achieved higher rate of investment, technological change and rate of growth during the period since 1991, when liberalisation policies were implemented and promotion was given to private investment.

Objectives of the Note

- In this context the note presents some observations on the changing structure of employment during the pre & post liberalisation period.
- It is argued that the structural change of employment i.e shift from primary to non-primary sectors in Kerala was very weak leading to heavy reliance of informal type of jobs during the pre liberalisation period compared the post liberalisation period

- Slow growth in jobs outside primary sector failed to provide jobs for the new young labour force resulting in very high incidence of unemployment of youth and educated during the pre-liberalisation period.
- The economy remained very backward and about 90% of the jobs belonged to low income earning categories – self and employment.
- Acute scarcity of regular employment or formal employment was basic issue. It indicated a highly backward labour market.
- On the whole the labour market indicated a dismal picture in the pre-liberalisation period.

- The primary and tertiary sector witnessed an increase in workers in all the three decades.
- The secondary sector witnessed a negative growth in the decade 1960's.
- Table 3 gives the structural change. The primary sector witnessed a steady decline in its share of workers.
- The share of secondary sector registered a fall in 1971 and 1991.
- On the other hand the share of workers of tertiary sector registered a steady rise.

Table 1
Industrial Classification of workers in Kerala
(in thousands)

No	Industrial Category	1961 Census	1971 Census	1981 Census	1991 Census
Total workers		5630	6211	7771	9146
1	Cultivators	1178	1106	1063	1122
2	Agricultural labourers including activities unspecified	1753	1908	2298	2432
3	Livestock, forestry, fishing, mining etc.	487	464	774	767
Primary		3418	3478	4135	4321
4	Household industry	489	265	314	383
5	Other than household industry	529	711	972	962
6	Construction	71	107	224	332
Secondary		1089	1083	1510	1677
7	Trade and commerce	322	565	793	1049
8	Transport, storage & communication	153	242	377	497
9	Other services	648	843	955	1602
Tertiary		1123	1650	2125	3148

Source: Census of India, Vol. 7, Kerala, Part II B (i); Census of India 1981, Series 10, Kerala, Part III (A and B) (i); BES1977, Statistics for planning 1977.

Table 2
Industrial Classification of workers in Kerala
(growth rate in percent)

No	Industrial Category	1961-71	1971-81	1981 -91
Total workers		10.31	25.11	17.69
1	Cultivators	-6.11	-3.89	5.55
2	Agricultural labourers including activities unspecified	8.84	20.44	5.83
3	Livestock, forestry, fishing, mining etc.	-4.72	66.81	-0.90
Primary		1.76	18.89	4.50
4	Household industry	-45.81	18.49	21.97
5	Other than household industry	34.40	36.71	-1.03
6	Construction	50.70	109.35	48.21
Secondary		-0.55	39.43	11.06
7	Trade and commerce	75.47	40.35	32.28
8	Transport, storage & communication	58.17	55.79	31.83
9	Other services	30.09	13.29	67.75
Tertiary		46.93	28.79	48.14

Source: Census of India, Vol. 7, Kerala, Part II B (i); Census of India 1981, Series 10, Kerala, Part III (A and B) (i); BES1977, Statistics for planning 1977.

Table 3
Industrial Classification of workers in Kerala
(composition %)

No	Industrial Category	1961	1971	1981	1991
Total workers		100	100	100	100
1	Cultivators	20.9	17.8	13.7	12.3
2	Agricultural labourers including activities unspecified	31.2	30.7	29.5	26.6
3	Livestock, forestry, fishing, mining etc.	8.6	7.4	10.0	8.4
Primary		60.7	55.9	53.2	47.2
4	Household industry	8.7	4.2	4.0	3.9
5	Other than household industry	9.4	11.4	12.5	10.5
6	Construction	1.3	1.7	2.9	3.6
Secondary		19.4	17.4	19.4	18.3
7	Trade and commerce	5.7	9.1	10.2	11.5
8	Transport, storage & communication	2.7	3.8	4.9	5.4
9	Other services	11.5	13.5	12.3	17.5
Tertiary		20.0	26.5	27.4	34.4

Source: Census of India, Vol. 7, Kerala, Part II B (i); Census of India 1981, Series 10, Kerala, Part III (A and B) (i); BES1977, Statistics for planning 1977.

Employment Structure During Post Liberalisation Period

- Broad changes in employment structure in rural areas during post liberalisation period are as follows (1) a steep fall in the share of primary sector (2) an increase in share of secondary sector and (3) a substantial increase in the share of tertiary sector (Table 4).
- The changes in employment structure in urban areas indicate more rapid changes. A notable aspect is substantial increase in the share of tertiary sector.

- Rapid increase in the share of construction employment is a major change.
- There was increase in the share of employment of trade, hotels and restaurants.
- Transport, real estate and business services are other expanding sectors.
- Rapid growth in new tertiary sector employment is the major change occurred (Table 4).

- Another change occurred in the structure of employment in rural areas are (1) a fall in the share of self employed and casual labour and rise in the share of regular employed (Table 5).
- A notable change is the increase in the share of regular employment from 26.8% in 1993-94 to 34.2% in 2009-10 (Table 5).
- This indicates that more new regular employment activities are generated in urban areas during post liberalisation period.

Table 4
Distribution of Workers in Kerala
(Usual Status (PS+SS) %)

No.	Sector	Urban		Rural	
		1993-94	2009-10	1993-94	2009-10
1	Agriculture	25.3	11.0	56.4	35.7
2	Mining & quarrying	0.5	0.7	1.5	1.1
Primary		25.8	11.7	57.9	36.8
3	Manufacturing	18.8	16.8	12.8	11.7
4	Electricity, water etc.	0.6	0.3	0.3	0.4
5	Construction	8.0	14.2	5.7	15.4
Secondary		27.4	31.3	18.8	27.5
6	Trade, hotels & restaurants	16.7	20.9	9.0	13.1
7	Transport	7.8	9.4	4.0	7.2
8	Real estate & business services	3.0	9.1	1.1	3.6
9	Public administration	19.3	17.6	9.2	11.8
Tertiary		46.8	57.0	23.3	35.7
Total		100.0	100.0	100.0	100.0

Source: NSSO: Employment and Unemployment Situation in India, 1999-2000; 2004-05 and 2009-10)

Table 5
Distribution of Workers in Kerala
(Usual Status (PS+SS) %)

	Category	1993-94			2009-10		
		Male	Female	Persons	Male	Female	Persons
I. Rural							
	Self-employed	40.8	55.0	45.4	38.8	42.0	39.8
	Regular employed	12.3	9.7	11.5	17.6	23.8	19.4
	Casual labour	46.9	35.3	43.1	43.6	34.2	40.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0
II. Urban							
	Self-employed	37.5	45.8	39.8	34.5	32.9	34.0
	Regular employed	26.8	26.6	26.8	28.0	48.1	34.2
	Casual labour	35.7	27.6	33.4	36.7	19.0	31.8
	Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: NSSO: Employment and Unemployment Situation in India, 1999-2000; 2004-05 and 2009-10)

Unemployment

- We can observe an increase in rural and unemployment rate during the decade 1990s followed by a decline during the subsequent decade (Table 6).
- The unemployment rate of youth remains at very high levels (Table 7)
- A notable aspect is that there has been a decline in the rate of unemployment of educated between 1993-94 and 2009-10 (Table 8)

Table 6
Unemployment Rate in Kerala : Rural and Urban
(Current Daily Status %)

Category		Current Daily Status		
		1993-94	1999-2000	2009-2010
I. Rural				
	Male	13.1	20.0	12.9
	Female	19.0	26.1	27.4
	Persons	14.7	21.7	17.3
I. Urban				
	Male	14.1	15.5	12.1
	Female	27.8	28.2	21.3
	Persons	17.7	19.1	14.8

Source: NSSO: Employment and Unemployment Situation in India, 1999-2000; 2004-05 and 2009-10)

Table 7
Unemployment Rates among Youth in Kerala (Current Daily Status)

Category		Age group (15-29 Years)	
		1999-2000	2009-2010
I. Rural			
	Male	32.3	23.0
	Female	45.8	52.7
	Persons	36.3	33.5
I. Urban			
	Male	26.6	19.9
	Female	50.4	45.9
	Persons	34.3	28.4

Source: NSSO: Employment and Unemployment Situation in India, 1999-2000; 2004-05 and 2009-10)

Table 8
Educated Unemployment Rate
(Usual Principal Status)

Category		1993-94 (%)	2009-10 (%)
I. Rural			
	Male	18.5	8.3
	Female	49.6	35.2
	Persons	27.2	18.0
I. Urban			
	Male	12.6	6.2
	Female	40.6	27.9
	Persons	21.4	13.1

Source: NSSO: Employment and Unemployment Situation in India, 1999-2000; 2004-05 and 2009-10)

Conclusions

- The analysis indicates a rapid structural change of employment in Kerala during the post liberalisation period compared to previous period.
- a) Substantial fall in the share of primary sector workers in rural and urban areas
- b) Rise in the share of secondary workers of rural and urban areas
- c) A rapid rise in regular employment

- These changes have resulted in a paradox of labour market
 - i. Excess supply of educated labour force, stagnation of wages and high incidence of educated unemployment on one hand
 - ii. Shortage of manual category of workers, steady increase in wage rate and immigration of that category of workers from other states

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THANK YOU