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## **RURAL EMPLOYMENT AND DISPARITIES IN TAMILNADU: A QUANTITATIVE ANALYSIS**

### **Abstract**

The significant change in the rural labour market pattern has been issue that has generated considerable academic and research interest among in the academicians, researchers and policymakers in India. In this paper, the author look at forty years of dynamic in rural labour market pattern a all India and Tamil Nadu, using by various census data from 1981 to 2011. The main objective of this study is to analyze the changing pattern of rural labour market structure and to examine the scope for absorption of additional labour force by the non-farm sector, particularly, during the post reform periods. It also attempts to throw light on the findings of the disparities in rural labour employment in various categories of industrial occupations and both male and female in the farm and non-farm sectors. Structural changes which take place over the last forty years reveal that in Tamil Nadu, the share of primary sector to GSDP has declined to less than 11 per cent in 2016-17 from around 25 per cent in 1981. Another important finding is that the post-reform period situation of employment is markedly declining in the case of several classes of workers, pronounced changes in the structure and composition of male and female labour force of different categories of workers and sectoral distribution of labour force. The study gives suggestions to meet the past changing of rural labour market both at national and state level that is to explore the potential for augmenting non-farm employment acts as safety net especially in regions of declining agricultural productivity within the rural sector, besides promoting self – employment where ever possible. This is time to entire gamut of macroeconomic policy in India needs rethinking and the link between macroeconomic policy and rural labour dynamics is the essential for past changing pattern of rural labour market in India.

## **Key Words:**

Rural Employment, Rural Labour Market, Rural Population

### **1. Introduction**

The dynamics of agrarian structure is characterized by notable changes in the structure and composition of rural labour at the level of the states and obviously at the all India level. Though, *prima face*, major percentage of population and the resultant labour force is engaged in agriculture and agriculture related activities, one finds pronounced changes in the structure and composition of rural labour viewed in terms of agricultural and non-agricultural employment, composition of male and female labour force of different categories of workers and sectoral distribution of labour force. There is copious empirical works on the dynamics of rural as well as urban labour employment and unemployment. Desphande (1996) on changing structure of employment, Kumar et al. (2003) on an analysis of non-farm employment, Hari (2003) on structural transformation in an agrarian economy, Rao et al. (2001) on agrarian transition and rural workforce structure in Andhra Pradesh, and Ghosal (2004) on dynamics of transformation of rural workforce structure in India since 1961 are some of the relevant works in this connection.

The works of Chadha et al. (2004) on the recent changes in agricultural employment in rural India and Venkatateshwarlu (2004) on the changing workforce structure in India and Andhra Pradesh focus on the contours of poor persons in labour force are some of the important studies in this connection. The present work is different from many of the earlier works as it focuses on the disparities in rural labour market in Tamil Nadu vis-à-vis all India. The main objective of this study is to analyze the changing pattern of rural labour market structure and to examine the scope for absorption of additional labour force by the non-farm sector, particularly, during the post reform periods. It also attempts to throw light on the findings of the disparities in rural labour employment and wages in the farm and non-farm sectors both at Tamil Nadu and all India, over the study periods. This work is based on various census reports starting from 1981 up to 2011; census is the only source that gives the distribution of labour force by various categories at the National, State and district levels. Besides, relevant data are collected from various

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data published by the central and state governments economic and statistics departments, this study also use wage data published by the ministry of labour and from the other available empirical works.

## **2. Structural Changes in the Economy**

The developmental process of an economy undergoes transformation, gradually when agriculture leads to industry, industry in turn leading to service sector. However, in India there are studies, which do point out how agriculture by passing the secondary sector seems to have gained the lead in its contribution to Gross Domestic Product (GDP). The Gross Domestic Product (GDP) in India has increased at an annual average rate of about 7 per cent since 1993. This high rate of economic growth has been accompanied by a substantial decline in India's poverty rate and changes in employment patterns, with a growing proportion of jobs in services and industry and a declining share of employment in agriculture (ILO, 2018). The shares of service sector contribute 56.5 per cent of GDP but create only 30 per cent of employment and it is not commensurate with the creation of jobs to the growth labour force particularly in the rural area. A crucial question at this juncture is should India rediscover the need for finding productive employment opportunities within agriculture or within the rural economy and restructure its employment policy and education to find job opportunities in manufacturing and service sector? An exhaustive analysis of the transformation of rural labour should facilitate some guidance on these lines.

In this regard an attempt is made to understand the structural changes which take place in Indian economy during the last over forty years. Table-1 throws some light on the sectoral contribution to Gross Domestic Product and Gross State Domestic Product (GDP/GSDP). It can be noticed that the Primary sector contribution to GSDP had declined 11 percent in 2016-17 from 25 per cent in Tamil Nadu, for all India the share to GDP in primary sector has declined to 17 percent in 2016-17 from 36 percent. At the same time, the share of agriculture and allied activities to primary sector is anywhere declined to around 90 percent in 2016-17. The share of secondary sector has increased by 10 percent during the same period in Tamil Nadu, for the nation as a whole, it increased



from 17 percent to 26 percent in 1991–92 and it declined to around 22 percent in 2002. The major share in the manufacturing sector is accounted by construction industry. The tertiary sector contribution to GSDP increased from 36 percent to 52 percent between 1981 and 2016-17. At all India level, the tertiary sector increased from 38 percent to 54 percent during the same period. It may be noted that in the service sector the share of trade, hotels and restaurant, real estate, business services, banking, insurance accounted for around 60 percent of the total during the period of analysis. At the state level the share of agriculture to GSDP is found declining absolutely and relatively. Between secondary and tertiary sector, the share of the latter is greater than of former. The latest 2011 census estimated the size of the state population as 721.5 lakh of which 371.9(51.5 per cent) lakh was resident in rural Tamil Nadu. The data clearly shows that Tamil Nadu has been shifting away from agriculture towards industry and services.

**Table 1**  
**Structural change in the economy**

Sectors	1980–81	1990–91	2000–01	2010-11	2016-17
All India	Share in GDP				
Primary Sector	36.0	29.4	22.3	14.5	17.32
Secondary Sector	26.0	28.6	27.2	28.2	29.02
Tertiary Sector	38.0	42.0	50.5	57.3	53.66
Total	100	100	100	100	100
Tamil Nadu	Share in GSDP				
Primary	24.85	22.20	8.72	13.6	10.9
Secondary Sector	34.49	34.53	31.09	28.0	35.0
Tertiary Sector	40.66	43.27	60.19	63.0	54.6
Total	100	100	100	100	100

Source: CSO, Government of India and Department of Economics and Statistics, Chennai-6.

The share of rural population to total population shows (Table–2) that there is a declaration in the growth of rural population at national level. However, the rural population to total population has been increasing at a faster rate than that the growth of overall population in Tamil Nadu between 1981 and 2011. As per the Labour Bureau Report on Employment & Unemployment Survey shows that around 465.8 million people in India engaged in labour force, out of that 354. Millions are male and 107.59 million female, on average, 4.75 million people are added to the labour force in India and

adds around 10 million young people to the labour market in every year between

2001 and 2011. It is provided the labour market condition in India.

**Table 2**  
**The Share of Rural Population to Total Population** (in lakhs  
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Year	All India		Annual Growth of Rural Population (percent)	Tamil Nadu		Annual Growth of Rural Population (percent)
	Total	Rural		Total	Rural	
1981	665.2	523.8	1.81	484.1	324.6	1.23
1991	838.5	627.1	1.81	558.5	367.8	1.26
2001	1028.6	741.0	1.68	624.1	348.7	-0.52
2011	1182.0	833.1	1.15	721.5	371.9	1.46

Source: Computed from various census reports.

Table 3 insights the absolute number of total workers has increased from 191.3 lakhs to 348.5 lakhs from 1981 to 2011. Nearly 157.2 lakhs added in last forty years. The Tamil Nadu rural workers data shows that the absolute number increased to 150.8 lakhs to 188.6 lakh in the study period, nearly 37 lakhs people added in rural labour market. The CAGR of all India shows negative trends and Tamil Nadu shows positive trends, the reason is the state government takes various steps to generate employment opportunities and migration of people from different state of India.

**Table 3**  
**The Share of Rural Workers to Total Workers** (in lakhs)

Year	All India		Annual Growth of Rural Workers (percent)	Tamil Nadu		Annual Growth of Rural Workers (percent)
	Total workers	Rural Worker		Total workers	Rural Worker	
1981	222.5	191.3	--	202.0	150.8	--
1991	314.1	249.0	-2.60	242.0	178.3	-1.66
2001	402.2	309.9	-2.16	279.0	175.5	0.15
2011	481.7	348.5	-1.19	329.0	188.6	0.71

Source: Census of India (Various Issues).

Note: Figures in brackets indicate the proportion of workers in percentage.

Table 3 provides the results of rural workers to total workers which ranges between 2 to 3 per cent. As regards marginal workers, between 1981 and 2011, it has increased by 7 per cent at the national level and by 6 per cent at Tamil Nadu level. In terms of male marginal workers at the national level, there is an increase of 7 per cent and

6 per cent increase at Tamil Nadu level. Almost similar trend is seen in the case of female marginal workers. However, non-workers recorded a decline of 8 per cent at the national level and by 2–3 per cent at Tamil Nadu level. The non-workers belonging to male workers at the national level remain constant, including Tamil Nadu. But the female non-workers at the national level registered a downtrend by 10 per cent and the Tamil Nadu, they have recorded decline, by 8 per cent.

**Table 4**  
**Distribution of Rural Total, Main, Marginal and Non-Workers**  
(in per cent)

State	Total workers				Main workers				Marginal workers				Non-workers			
	1981	1991	2001	2011	1981	1991	2001	2011	1981	1991	2001	2011	1981	1991	2001	2011
All India Persons	38.79	40.09	41.74	41.8	34.80	35.84	30.86	29.48	3.99	4.25	10.87	12.33	61.21	59.21	58.25	58.19
Male	53.77	52.58	52.10	53.0	52.61	51.88	44.31	41.63	1.16	0.70	7.79	11.39	46.23	47.22	47.89	46.97
Female	23.06	26.79	30.78	30.0	16.09	18.75	16.64	16.69	6.97	8.04	14.14	13.33	79.94	73.21	69.21	69.97
Tamil Nadu Persons	46.48	48.49	50.28	50.7	43.20	45.07	40.92	41.20	3.28	3.42	9.36	9.46	53.52	51.51	49.71	49.34
Male	59.54	58.28	59.09	60.0	58.35	57.92	51.55	51.14	0.89	0.36	7.53	8.90	40.76	41.72	40.90	39.96
Female	33.55	38.50	41.39	41.2	27.85	31.97	30.19	31.19	5.70	6.53	11.09	10.03	66.45	61.50	58.60	58.78

Source: Computed from various census reports.

Table 4 shows that in Tamil Nadu, the growth rate of main workers has declined from 1.90 per cent in 1981-91 to 0.72 per cent in 2001-11. But at the same time, the growth rate of marginal workers recorded around from 1.76 to 3.12 per cent between the same time periods. At the national level, while the growth rate of main workers has reduced by fifty per cent that of marginal workers has increased nearly 0.42 per cent.

**Table 5**  
**Distribution of Workers by Sex, industrial classification in Rural Areas**

State	Person				Male				Female			
	1981	1991	2001	2011	1981	1991	2001	2011	1981	1991	2001	2011
(in per cent)												
<b>All India (Rural)</b>												
Cultivators	51.04	48.87	40.14	33.0	55.15	51.62	42.19	35.2	40.8	43.11	36.46	28.8
Agri. Labourers	30.64	32.39	33.20	39.3	23.93	25.90	27.48	34.4	47.27	46.27	43.40	48.5
HHI Workers	3.04	2.19	3.77	3.4	2.80	1.94	2.83	2.6	3.64	2.72	5.44	5.0
Other Workers	15.28	16.54	22.90	24.3	18.11	20.54	27.54	27.8	8.83	8.16	14.70	17.7
Total	100	100	100	100	100	100	100	100	100	100	100	100
Agri. Workers (1+2)	81.68	81.26	73.34	72.3	79.08	77.52	69.7	69.6	88.16	89.12	79.86	77.3
Non-agricultural workers (3+4)	18.32	18.73	26.67	27.7	20.91	22.48	30.3	30.4	11.89	10.88	20.14	22.7
<b>Tamil Nadu (Rural)</b>												
Cultivators	36.00	30.45	27.18	20.6	43.16	37.00	29.00	22.1	22.00	20.15	24.22	18.4
Agri. Labourers	37.43	42.00	42.92	44.6	31.48	36.00	35.00	37.1	50.00	50.56	54.05	55.5
HHI Workers	4.00	3.00	4.81	3.7	3.00	3.00	4.00	2.6	4.00	3.33	7.00	5.4
Other Workers	16.39	19.00	25.09	31.1	22.36	24.00	32.00	38.2	7.49	5.00	15.00	20.6
Total	100	100	100	100	100	100	100	100	100	100	100	100
Agri. Workers (1+2)	73.43	72.45	70.10	65.2	74.64	73.00	64.00	59.2	72.00	70.71	78.27	73.9
Non-Agricultural workers (3+4)	20.39	21.00	29.90	34.8	25.36	27.00	36.00	40.8	11.49	8.33	22.00	26.0

Source: Computed from various census reports.

. Table-6 exhibits that cultivators and agricultural laborers constitute the major share in rural areas. At the national, the shares of cultivators decreased by 15 per cent over the period 1981–2011. Among male workers the share decreased from 55 per cent to 42 per cent but among female the share has increased from 33 per cent to 36 per cent. Among persons, it declined from 51 to 40 percent. The share of cultivators in Tamil Nadu is less than those in India. Here also, there is a decline from 43 per cent to 29 per cent for



male. The share of female workers marginally increased from 22 per cent to 24 per cent and the share of persons declined from during the same period. The share of agricultural laborers is higher in Tamil Nadu than in all India. Further, the share of agriculture laborers increased from 38 to 42 per cent, among persons, for male, it increased to 35 per cent from 31 per cent. The share of female agricultural laborers increased from 50 per cent to 54 per cent during the same period. As regards the HHI workers there is a mild increase both at the national and Tamil Nadu. The share of other workers slowly increased at all India level and also in Tamil Nadu. At all India, it increased from 14 per cent to 22 per cent between 1981 and 2001. As regards persons, the increase is from 15 per cent to 27 percent. Between male and female workers the share of male workers is greater. Almost similar trend is noticed in Tamil Nadu as regards the change of other workers.

**Table 6**  
**CAGR of farm and non-farm Workers, 1981–91 to 2001-2011**  
(in per cent)

State	Cultivators	Agri. Labourers	Agri. Workers	House hold industry	Other workers	Total non-agri. Workers	Total workers
<b>Tamil Nadu</b>							
1981–91	0.49	2.55	1.65	1.57	2.39	2.29	1.89
1991–2001	-1.76	-0.05	-0.72	2.52	4.10	3.92	1.33
2001-2011	-2.22	1.86	-8.06	-2.12	2.3	-18.45	1.67
<b>All India</b>							
1981–91	1.94	2.94	2.33	2.64	2.94	2.91	2.52
1991–2001	0.24	2.25	1.11	3.96	5.09	4.98	2.53
2001-2011	0.87	2.99	0.73	-1.39	0.96	0.69	1.82

Source: Computed from various census reports.

Table 5.shows that growth rate of cultivators has sharply declined from 1.94 to 0.24 per cent at the national level and from 0.5 per cent to minus 1.76 per cent in Tamil Nadu during the two decades since 1981. It is also interesting to find the growth rate of non-agricultural workers decreased negatively in Tamil nadu and at all India level and total worker growth rate declined both in Tamil Nadu and all India.



### **3. Conclusion and Policy implication**

. In view of the above study, it concluded that it seems relevant to explore the potential for augmenting non- farm employment acts as safety net especially in regions of declining agricultural productivity within the rural sector, besides promoting self – employment where ever possible. Suiting to these requirements, education up to school final must, as per the 12<sup>th</sup> Plan (2012-17) 47 per cent of students’ dropout before they complete secondary education. As a result when they enter in the labour market they paid at low wage and they are in low skill. Need to be tailored to job specifications to make them more productive. According to the National Skill Development and Entrepreneurship policy 2015 says India need 110 million and reskill or upskill 290 million by 2022. Government budgetary allocation has to be sustained and optimal utilisation of the same must be ensured. If these attempts become successful, it would restrain migration of labour to towns and cities besides enhancing productivity in agriculture. This is time the entire gamut of macroeconomic policy in India needs rethinking and the link between macroeconomic policy and rural labour dynamics is the essential for past changing pattern of rural labour market in India.