

# UNEMPLOYMENT IN KERALA

THESIS SUBMITTED FOR THE  
DEGREE OF DOCTOR OF PHILOSOPHY  
(ECONOMICS)

C. C. GRACY

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I have received great help from Prof. P.G.K. Panikar, who was guiding my work. I express my sincere thanks to Prof. Panikar for his keen interest in my work.

This is to certify that this thesis "Unemployment in Kerala" submitted for the award of the degree of Doctor of Philosophy of the University of Kerala is a record of bona fide research carried out by Mrs. C.C. Gracy, under my supervision. No part of the thesis has been submitted for any degree before.

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LIST OF TABLES

CONTENTS

Table No.	Title	Page No.
		PAGE
III.1	Growth of Population in Kerala and India 1901-1971	32
III.2	Acknowledgements	40
	List of Tables	
III.3	Population of Kerala by Age and Sex Groups	47
CHAPTER I	Introduction	1
CHAPTER II	Data Base of the Present Study	9
CHAPTER III	Socio-Economic Background	38
CHAPTER IV	The Level and Pattern of Employment in Kerala	69
CHAPTER V	Industrial Distribution of Working Force in Kerala	96
CHAPTER VI	Level of Unemployment in Kerala	130
CHAPTER VII	Characteristics of the Unemployed in Kerala	163
CHAPTER VIII	Summary and Conclusions	184
	Bibliography	
III.11	Distribution of Consumer Expenditure Per Capita for a Period of 30 Days by Type of Consumption	53
III.12	Per State Domestic Product of Factor Cost by Industry Origin, Kerala, 1968-69	56
III.13	Per Capita Area of Cultivable Land and Density of Population Over the Years	57
III.14	Area Under Intensive Crops in Kerala 1963-70	59



## LIST OF TABLES

Table No.	Title	Page No.
III.1	Growth of Population in Kerala and India 1901-1971	39
III.2	Registered Birth and Death Rates in Kerala 1956-1968	40
III.3	Population of Kerala By Age and Sex Groups 1961	42
III.4	Labour Force in Kerala, 1965, 1971 and 1976	43
III.5	Per Capita Government Expenditure on Education 1969-70.	45
III.6	Literacy Rate in Different States of India, 1961 and 1971	46
III.7	Distribution of Student Population To Total Population in Kerala, Districtwise, 1961	48
III.8	Percentage of Literates to Total Population in Kerala - Districtwise	49
III.9	Per Capita Income, Kerala and India	51
III.10	Per Capita Monthly Consumer Expenditure in Kerala and India	52
III.11	Distribution of Consumer Expenditure Per Person For a Period of 30 Days By Items of Consumption	53
III.12	Net State Domestic Product at Factor Cost by Industry Origin, Kerala 1968-69	56
III.13	Per Capita Area of Cultivable Land and Density of Population Over the Years	57
III.14	Area Under Principal Crops in Kerala 1969-70	59



Table No.	Title	Page No.
III.15	Registered Working Factories and Employment in Kerala, 1968	61
III.16	Infra Structure Development in Different States	65
III.17	Growth of State Domestic Product and Income Per Capita, 1960-61 to 1968-69 (At constant prices)	66
III.18	Indices of State Domestic Product By Industry Origin at Constant Prices (1960-61 = 100)	67
IV.1	Proportion of Workers to Total Population in Different States in India	70
IV.2	Proportion of Workers Among Males and Females in Different States, 1961	75
IV.3	Female Participation Rate in Agriculture and Allied Activities	76
IV.4	Proportion of Workers Among Rural and Urban Population in Different States 1961 and 1971	78
IV.5	Percentage Distribution of Workers By Age Groups, 1961	80
IV.6	Participation Rates in India -- Statewise -- 1911-1961	82
IV.7	Percentage Distribution of Workers According to Industrial Categories, 1961	85
IV.8	Number of All Households Owning no Land	86
IV.9	Percentage of Households Neither Owning Nor Operating Any Land	87
IV.10	Proportion of Workers in Agriculture and Allied Activities 1961 and 1971	89
IV.11	Percentage Share of Secondary Sector in the Total Working Force 1961 and 1971	91
IV.12	Proportion of Workers in the Service Sector in Different States, 1961 and 1971	93



Table No.	Title	Page No.
IV.13	Distribution of Workers Among Three Broad Sectors, 1961 and 1971	94
V.1	Rate of Growth of Agricultural Output and Share of Agriculture in the Work Force 1951 and 1961 Statewise	107
V.2	The Share of Agriculture in Total Working Force in Selected Countries	115
V.3	Share of Manufacturing in Total Working Force (Adjusted) in Selected Countries	117
V.4	The Share of the I Sector in Total Working Force in Selected Countries	119
V.5	Share of the Service Sector in Total Working Force in Selected Countries	121
V.6	Share of Production Sectors in Labour Force, Fiftynine Countries Grouped by 1958 GDP Per Capita About 1960	122
VI.1	Level of Unemployment in Different States, 1961	132
VI.2	Distribution of the Population According to Activity Status, 1965	133
VI.3	Major Groups in the State's Population According to Activity Status	135
VI.4	Extent of Unemployment in the Different Districts of Kerala	136
VI.5	Unemployment in the Rural and Urban Areas of Different States, 1961	139
VI.6	Unemployment in Rural Areas in Different States, 1964-65.	142
VI.7	Level of Unemployment Among Small Cultivators and Wage Earners in Rural Areas of Different States, 1970-71	144



Table No.	Title	Page No.
VI.8	Unemployed Among Male and Female Labour Force in Different States, 1961	147
VI.9	Incidence of Unemployment Among Females in Urban Areas	148
VI.10	Unemployment Among Females Aged 15 years and above in Rural Areas, 1961	150
VI.11	Agricultural Labourers as a Proportion <sup>of</sup> /Total Workers in Agriculture and Allied Activities in Different States, 1961	153
VI.12	Percentage Distribution of Rural Labour Force According to Educational Level, 1961	154
VI.13	Unemployed Among Rural Labour Force with Different levels of Education in Different Taluks of Kerala, 1961	156
VI.14	Percentage Distribution of Rural Female Labour Force According to Educational Levels	158
VI.15	Distribution of Unemployed Females aged 15 and above in the Rural Areas in different States, 1961	160
VI.16	Percentage of Unemployed Among Rural Female Labour Force in each Educational Category	161
VII.1	Percentage Distribution of Unemployed in Kerala, 1960-61	164
VII.2	Age Distribution of the Unemployed Persons in Kerala, 1965	166
VII.3	Age Distribution of the Unemployed in Kerala	167
VII.4	Distribution of the Labour Force According to the Level of Education, 1961	168
VII.5	Level of Education and Activity Status, 1961	169
VII.6	Distribution of Labour Force in Urban Areas belonging to Different Educational Levels and Activity Status, 1961	171



Table No.	Title	Page No.
VII.7	Percentage Distribution of Unemployed By General Education, 1965	172
VII.8	Labour Force in 1965 By Educational Level	173
VII.9	The Proportions of the Unemployed Seeking Work for the First Time and seeking not for the First Time, Kerala, 1961	175
VII.10	Distribution of Unemployed Persons in Urban Areas According to Duration of Unemployment, 1960-61	176
VII.11	Distribution of the Unemployed According to the Level of Education and Duration of Unemployment, 1965	177
VII.12	Percentage Distribution of Unemployed According to their job preference, 1960-61	178

be more open and articulate here than elsewhere in the country. A clear understanding of the nature and magnitude of the problem is however, the first step towards its solution. The present study also set an intensive analysis of the available evidence in order to get better insight into the nature and dimensions of the problem.

#### (ii) The nature of the problem

It is well-known that the nature, causes and magnitude of unemployment in underdeveloped countries are



## CHAPTER I

### INTRODUCTION

(i) Unemployment has for long been a major problem in Kerala. Of late, the problem has assumed more serious proportions. According to available indications, the incidence of unemployment seems to be more severe in Kerala than in the rest of India. Unemployment also appears to be more open and articulate here than elsewhere in the country. A clear understanding of the nature and magnitude of the problem is however, the first step towards its solution. The present study aims at an intensive analysis of the available evidence in order to get better insight into the nature and dimensions of the problem.

#### (ii) The nature of the Problem

It is well-known that the nature, causes and magnitude of unemployment in underdeveloped Countries are



different, - quantitatively and qualitatively - from those in advanced economies.<sup>1</sup> In advanced economies, unemployment is frequently associated with a lack of effective demand necessary to sustain employment at full productive capacity which is already in existence. On the other hand, unemployment in developing economies is more often a matter of lack of productive capacity necessary to provide full employment of its labour force. Some times this difference has been put this way: While the developed economies are a prey to 'Keynesian' unemployment, it is 'classical' unemployment that haunts the underdeveloped world. Keynesian unemployment arises in a situation in which the propensity

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1. See for example:

I.L.O., Employment Objectives in Economic Development - Report of a meeting of Experts, Geneva, 1961, p.240;  
I.L.O., Employment Problems and Policies, Geneva, 1960, Ch.III, pp.32-63; I.L.O., Unemployment and Structural Change, Geneva, 1962, pp.52-65; V.K.R.V. Rao, Essays in Economic Development, Asia Publishing House, 1960, p.57; K.N. Raj, Employment Aspects of Planning in underdeveloped Economies, National Bank of Egypt, 50th Anniversary Commemoration Lectures, 1957 (mimeographed);  
I.L.O., Employment, Unemployment and Labour Force Statistics, A Study of Methods, Geneva, 1948; K.N. Raj, "Employment and Unemployment in Indian Economy: Problems of Classification, Measurement and Policy", Economic Development and Cultural Change, Vol.7, 1958 - 59, pp.259-278; N.A. Majumdar, Some Problems of Underemployment, Popular Book Depot, Bombay, 1961; Morse A. David, Unemployment in Developing Countries, The American Review, July 1971, p.9; Gunnar Myrdal, Asian Drama - An Inquiry into the Poverty of Nations, Vol.I, Penguin Books, 1968, p.1004.



to save exceeds the inducement to investment which continues to fall due to growing volume of capital stock and the resultant decline in profitable opportunities to investment; that is, due to a decline in the marginal efficiency of capital. By Classical unemployment, on the other hand, is meant the phenomenon of unemployment arising out of structural and technological imbalances in the economy. It is true that unemployment in underdeveloped countries is mainly structural; but it is also institutional. The institutional frame - work such as forms of enterprise, kinship and family relationships, social organisation, etc. are all different from those that existed in the developed countries during their industrialisation phase or those that exist in them today.

Unemployment of the Keynesian type, namely that which is associated with the business cycle phenomenon, which was a recurring problem in the developed countries till the beginning of the Second World War, has been held at bay in the Post-War period by effective fiscal and monetary policies. But unemployment in the developing countries is not a business cycle phenomenon and is not amenable to treatment by Keynesian methods. Such policies may not only not cure the malaise but aggravate it by engendering inflationary pressure side by side with lingering unemployment on a massive scale.



Among the distinguishing features of unemployment in the backward economies, one of the most serious and the most widely discussed is that of disguised unemployment. One of the major reasons for the existence of disguised unemployment is the predominance of traditional low productive agriculture, household industry, petty trade, etc. in the national economies of underdeveloped countries side by side with rapidly growing populations. Underemployment has however defied even an operational definition, not to speak of effective solution. Its measurement has thus been difficult, if not impossible, notwithstanding the fact that it is ubiquitous, chronic and most severe in many developing countries.

The present day developed countries have to a large extent solved their problems of growth and unemployment during the early periods of their development in the eighteenth and nineteenth centuries by vigorously pursuing a policy of exporting unemployment. This policy succeeded largely due to the existence in those days of an extensive world of countries around them which were backward and which provided lucrative markets for their 'artificial' products and low cost sources of industrial raw materials. The present day developing countries clearly do not have this option; they are encircled by a richer world whose markets are well-organised and protected by high tariff walls from the onslaught of goods produced with the 'cheap labour' of underdeveloped



countries. Add to this the problem of low income elasticity of demand in the advanced markets of the world for the agricultural produce and the processed agricultural products of the developing countries. The problem of underdeveloped countries is made all the more difficult by their ever-increasing demand for imports of capital goods and technical knowhow from the richer nations. Thus the relatively low and stagnant exports from and the ever-rising imports into the developing countries add another dimension to their problem of unemployment.

In most developing countries, national economic planning has come to vogue. The history of the West and the experience of the Socialist Countries seem to have influenced their planning strategy to a great extent. Development through capital-intensive industrialisation has been accepted by them as the key to economic growth. The transplantation of this 'foreign' strategy to the native soil regardless of their basic resource endowments - men and natural resources - and the excessive obsession with rising capital-output ratio as a sure index of development to sustained growth have only served to aggravate the problem of unemployment.

Owing to the policy of promoting capital - intensive type of industrialisation, the rate of increase of demand for labour in industries has not been high enough to absorb the excess labour pressing on the limited natural resources available - especially land - in some cases, the resultant



stalemate in the employment front has pushed the new entrants to the labour force into the already overcrowded, capital - light, low-productive tertiary sector activities, thereby further disguising the extent of actual unemployment.

(iii) Scope of the Study

Estimation of unemployment bristles with several methodological problems. Even in the developed countries these problems have not satisfactorily resolved. In the case of underdeveloped countries, the problems of measuring unemployment are more intractable. The conceptual and statistical problems involved in the estimation of underemployment are much more complicated. The data on unemployment in most underdeveloped countries are extremely spotty. This is inevitable in view of the nature of the phenomenon and limited supply of personnel and other resources available for this task. The methodological problems in the measurement of unemployment are examined in detail in Chapter II.

The present study is confined to open unemployment in Kerala. Though underemployment is as serious here as open unemployment, as mentioned above, there are several conceptual problems complicating the issue; further, the available data are too meagre to attempt any worthwhile



analysis of this phenomenon. However, we are conscious of the fact that we are touching only the visible portion of the iceberg, so to say.

The present study is based on secondary data thrown up by the decennial Censuses and a few Sample Surveys. The coverage and quality of the data leave very much to be desired. The data base of this study is discussed in Chapter II.

The unemployment situation prevailing in <sup>a</sup> region is governed by the size and rate of growth of its labour force, its resource endowment, the level and pattern of economic development, etc. We give an account of the socio-economic background of Kerala in Chapter III.

Employment and unemployment are two sides of the same coin. An analysis of the level and pattern of employment in Kerala may give us a better insight into the characteristics of the problem of unemployment peculiar to this State. The worker-participation rates and the industrial distribution of the working force are analysed in Chapters IV and V.

A comparative study of the nature and magnitude of unemployment in the different States and the features peculiar to this State are discussed in Chapter VI. The overall rate of unemployment, male-female and rural-urban differences, etc. are also brought out in this Chapter.

A more intensive analysis of the problem of unemployment in Kerala will be undertaken in Chapter VII.



Here the distribution of the unemployed according to age, sex, educational attainments, work experience, job expectations, and such other characteristics will be brought to light.

There are several aspects of the problem of unemployment which are important both from an analytical and practical angle. From the analytical point of view, for example, conceptualisation and quantification of unemployment and underemployment through micro level studies of particular sections of the labour force would be rewarding; an examination of the long term implications of current educational and manpower policies should be useful from the point of view of formulating effective policies for the solution of this problem. However, owing to data and other limitations we have not been able to deal with some of these aspects.



## CHAPTER II

### DATA BASE OF THE PRESENT STUDY

Identification of the unemployed is obviously the first step in the understanding of the problem and in its solution. But the line of distinction between the employed, unemployed and underemployed is rather thin for most sections of the labour force in an underdeveloped economy. Even in advanced economies, measurement of unemployment is beset with a host of methodological problems; these problems are multiplied several fold and more intractable in the case of underdeveloped economies. In this chapter we shall briefly examine these issues and attempt a critical evaluation of the available sources of data on unemployment in Kerala. The discussion, it is our hope, will provide a proper perspective for the appraisal of the data presented in the subsequent chapters.

#### I. Methodological Problems

We shall now consider the standard concepts, definitions and enumeration techniques employed in the measurement of employment, unemployment and labour force surveys.<sup>1</sup>

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1. International Labour Office, Employment, Unemployment and Labour Force Statistics. A Study of Methods, Geneva 1948. Also see. Unemployment Terminology, Measurement and Analysis, Sub-committee on Economic Statistics, Congress of the United States - (Printed for the use of the Joint Economic Committee - U.S. Government Printing Office) Washington, 1961.



According to the standard terminology evolved in economically advanced countries, the labour force comprises of two components, viz., the 'employed' and the 'unemployed'. The rest of the population is categorised as 'outside the labour force'.

The employed consists of all persons who work either for their own account or in the employ of others. The employed thus comprises employers, independent workers, salaried employees, wage earners, and unpaid family workers who are engaged in tasks directly related to the operation of a family enterprise for a minimum of 15 hours of work a week, not including time spent in unpaid domestic work. In other words, employed includes all persons engaged in customarily remunerated activities, irrespective of age. The remuneration received may be in cash or in kind. Employers and self-employed persons may or may not actually receive a net income in any particular year. Since remuneration for the housewife is neither customary nor expected, and since her work for the family is not subject to appraisal in the labour market, housewives are excluded from the 'employed' and fall outside the labour force.

The term 'unemployed' refers to all persons who are (a) without work, (b) seeking work and (c) able to take up a job if offered one. By seeking work is meant registering at Employment Exchange, contacting prospective employers, responding to advertisements or making similar efforts to secure work. In



order for a person to be classified as unemployed, he must satisfy all the three criteria. Under this definition unemployed will not include retired persons, inmates of institutions like prisons or hospitals, etc. because they are not seeking work nor will be able to take up jobs, if offered, though they are without work.

The labour force is the sum of the employed and the unemployed. The civilian labour force obviously does not include armed service personnel. The rest of the population consisting of those who are too young, too old, students, housewives, etc. are treated as outside the labour force.

As observed by many experts, the above concepts used in labour force statistics in industrial countries are not suitable for the socio-economic conditions of underdeveloped countries like India. Certain characteristic features of underdeveloped countries influence the nature and magnitude of unemployment rendering its measurement using the conventional concepts and definitions practically impossible. The predominance of household enterprises in agriculture, manufacturing and tertiary activities, the labour-intensive technology, the joint family system, low degree of urbanisation, etc. lead to a widespread practice of worksharing. As a result, underemployment, rather than open unemployment, is the more common phenomenon. Open unemployment tends to be mostly confined to the urban areas and to the educated sections of the labour



force. Even among the unemployed, seeking job is not an active pursuit. Due to paucity of fulltime, paid employment opportunities, contacting prospective employers or responding to advertisements become a futile effort. Employment Exchanges are few and far between and, therefore, only a small proportion of the unemployed register their names with the Exchanges. Thus the standard concepts and definitions of unemployed used in industrial economies turn out to be unsuitable for the socio-economic conditions in countries like India. These conceptual difficulties have been widely recognised in the literature. For instance, Professor P.C. Mahalanobis remarked "the concepts of employment and unemployment as used in the advanced industrial countries are not meaningful in the case of household enterprises which constitute an overwhelming proportion of productive activities in rural areas in India and other underdeveloped countries".<sup>2</sup>

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2. P.C. Mahalanobis, Comments on Rural Unemployment Surveys, in NSS Programme 19th Round (Cyclostyled) quoted by Gunnar Myrdal, Asian Drama - op.cit., p.998; Employment, Unemployment and Labour Force Statistics, A Study of Methods, op.cit., 1948; Action Against Unemployment, I.L.O., Geneva, 1950, p.127; Employment Problems and Policies, I.L.O., Geneva, 45th Session, 1961; K.N. Raj, "Employment and Unemployment in Indian Economy; Problems of Classification Measurement and Policy", op.cit., K.N. Raj, Employment Aspects of Planning in underdeveloped Economies - Cairo Lectures - op.cit., K.N. Raj, ..... Employment Objectives in Economic Development, I.L.O., Geneva, 1961; P.O.K. Panikar, Rural Unemployment in India, Asian Economic Review, Vol.7, No.1, November 1964; Pravin Visaria, A Survey of Research in the Field of Employment in India, Sept. 1970 (mimeographed); David A. Morse, Unemployment in Developing Countries, op.cit., Gunnar Myrdal, Asian Drama op.cit., pp.115 and 1124; Report of the Committee of Experts on Unemployment Estimates, Government of India, 1970, p.30.



## II. Limitations of the Source Materials

The main sources of the data used in the present study are the decennial Census reports, the results of the National Sample Survey, Sample Surveys on Unemployment in Kerala, and Employment Exchange Statistics. The nature, coverage and limitations of these source materials are examined below.

### (a) Decennial Census Reports:

The decennial population Censuses have the widest coverage among the different sources of data on the absolute size of the labour force and its distribution by industry and occupation. Unlike the National Sample Survey (NSS) or the Employment Exchange, the Census attempts to enumerate every individual in the country and, therefore, offers the most comprehensive data on the economic activity of the population.

Some attempts at collecting data on unemployment were made in the three censuses of 1941, 1951 and 1961. The data collected on unemployment in the 1941 Census were not tabulated. In the 1951 Census, data on unemployment were collected only in the three States of Uttar Pradesh, Bombay, Saurashtra and Kutch under the option provided to the Superintendents of Census Operations in the States to introduce an additional question in the census schedule. The 1961 Census attempted to classify the population first into workers and nonworkers. Eight categories were provided to record the activity of nonworkers such as fulltime students, persons engaged in unpaid domestic duties, dependents including infants and children not



attending school, permanently disabled persons, retired persons, persons living on agricultural or nonagricultural rent, royalty or dividend, other persons of independent means, beggars, vagrants, etc. Two of these categories of nonworkers were (a) "a person who has not been employed before but is seeking employment for the first time" and (b) "a person employed before but now out of employment and seeking employment". The sum of these two categories of persons formed the total unemployed as enumerated by the 1961 Census.

The number of unemployed enumerated by the 1961 Census turned out to be small - 1.4 million of whom 0.8 million were in the urban areas.

"The very small number of unemployed in the rural areas (0.6 million) was perhaps a natural consequence of the definitions and the reference period used to classify the workers. Any one engaged in a seasonal activity such as agriculture, animal husbandry and household industries who had worked for 'at least one hour a day throughout the greater part of the working season' was considered a worker. These activities predominate in rural areas where most of the unemployment is essentially seasonal in character. In other words, any one seeking work would ordinarily be able to find it for at least short period during the peak season in agriculture. It is not surprising, therefore, that the number of rural unemployed enumerated by the 1961 census was very low." 3

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3. Report of the Committee of Experts on Unemployment Estimates, op.cit., p.23, Also see S.K. Rao, Measurement of Unemployment in Rural India, Economic and Political Weekly, Vol.VIII No.39, September 29, 1973, p.A78.



Prof. Pravin Visaria has pointed out some of the limitations of the estimates of the unemployed based on the 1961 data.

"Unlike in labour force surveys, the nonworkers were not asked a specific question whether, they were "seeking work" or were available for it. Since the census enumeration is done by essentially honorary part-time workers, it is hardly possible to train them intensively for measuring the complex phenomenon of unemployment, particularly in rural India. Under the circumstances, it is not unlikely that the number of unemployed enumerated by the 1961 Census - 1.41 million (1.29 million males and 0.12 million females) of whom 0.60 million (0.54 million males and 0.06 million females) were in rural areas - was an underestimate."<sup>4</sup> However, Visaria also observes, "it is also true that in rural India few persons remain unemployed during the main agricultural season. One cannot, therefore, reject the 1961 Census count of the unemployed as absurdly low."<sup>5</sup>

The Census organisation has since given up the idea of collecting data indicating the extent of unemployment. The 1971 Census follows the classification of 1961 Census. Initially all persons are classified into workers and nonworkers, and nonworkers are further classified into (1) those engaged in household duties, (2) students, (3) retired persons or rentiers, (4) dependents, (5) beggars, etc. (6) persons in

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4. Pravin Visaria "Employment and Unemployment in India; A Review of Selected Statistics, Appendix II, Report of the Committee of Experts on Unemployment Estimates, op.cit., p.83.

5. Loc.cit.



institutions, and (7) other nonworkers. The job seekers (unemployed) are proposed to be included under the last category. But in 1971, the nonworkers are not asked whether they were "seeking or not seeking but available for work". Without such a question it would not be possible to identify the unemployed.

Thus the data on unemployment are only available in the published reports of the 1961 Census. Prior to that either the data were not collected or were not tabulated. The change in concepts and definitions from one Census to another renders the study of trends over time virtually impossible. The 1961 Census count of the unemployed has serious limitations arising from the concepts, definitions and reference period adopted. The pertinent question relating to unemployment has been dropped in the 1971 Census. Therefore, the decennial Census data have only very limited use in the study of unemployment in Kerala.

(b) The National Sample Survey:

A second source of data used in the present study is the results of the National Sample Surveys (NSS). The NSS in its several rounds collected data on employment, unemployment and intensity of employment in the rural and urban households from 1955. But serious misgivings were frequently expressed on the concepts, definitions and reference period used by the NSS and on the usefulness of the data for purposes of policy



formulation. Consequently, the NSS has abandoned comprehensive labour force surveys since the 17th Round in rural areas and the 24th Round in urban areas. In this section we shall examine the nature and the limitations of the NSS data on employment and unemployment.

The NSS has experimented with different concepts and definitions of activity status and tried out different reference periods for measuring employment and unemployment. That the standard concepts used in labour force surveys in industrial societies were unsuitable for the socio-economic conditions in India was recognised by the NSS from the early Round.

Thus in the 9th Round of the NSS, the concepts of 'gainful work', 'usual industrial status' as well as 'labour force' and 'current status' were used. The usual industrial status was derived from the dominant pattern of activity of a person that prevailed through a long period of time, generally a year, in the past. A person reporting his usual industrial status 'with gainful work' as major activity during the period of reference is treated as employed; a person without gainful work, and seeking work as his major activity is treated as unemployed; the sum of these two categories constitute the labour force.<sup>6</sup> The 'gainful worker' concept,

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6. The Cabinet Secretariat, Government of India, The National Sample Survey, Report on Employment and Unemployment, Ninth Round, (May-November 1955) Number 16, 1959, pp.4-5.



adopted in population Censuses, is based on the usual or customary activities of persons and regardless of activity at a given point of time. In addition to the usual industrial status, the current status - activity at a point of time during a specified period - of persons was also ascertained in the 9th Round. "The current status would relate to the specific features of activities of a person on a single day, i.e., the day preceding the date of enquiry..... A person reporting industrial status with gainful work (i.e., at work or not at work on the day) as major activity, has been treated as employed. A person reporting 'seeking work' (on the day of reference) has been treated as unemployed."<sup>7</sup>

In the 10th Round of the NSS, 1955-56, the term industrial status has been used to classify the population into four broad categories, viz., (1) with gainful work, (2) waiting to take up work, (3) seeking work, (4) without gainful work. Gainful work has been defined as any activity for which the person engaged is remunerated directly or indirectly. The reference period for this Round was one day, the day preceding the date of enquiry. According to this classification, a

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7. The Cabinet Secretariat, Government of India, The NSS Ninth Round: Supplementary to Report, No.16, Number 62, 1962, p.3.



person whose major industrial status is 'seeking work' is treated as unemployed; and, the employed and the unemployed together constitute the labour force.<sup>8</sup>

In the 11th and 12th Rounds, 1956-57, the concept of activity status, instead of industrial status in the earlier Rounds, was used to classify individuals into the categories of employed, unemployed and not in the labour force. Two different reference periods were used in these Rounds, viz., a day (the day preceding the date of enquiry) and a week (the seven days immediately preceding the date of enquiry). A person having some gainful employment on the reference day, however nominal it may be, was treated as employed. The unemployed persons are without any gainful employment on the reference day and are either seeking work or, if not seeking, at least available for work. The employed and the unemployed together form the labour force, and the rest are persons not in the labour force. The activity status classification on the basis of one week reference period was as follows. A person who was employed for at least one day during the reference week was treated as employed during the week. A person without any gainful employment and either seeking work, or if not

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8. The Cabinet Secretariat, Government of India, The NSS Tenth Round, December-May 1956, No.34, pp.7-8.



seeking, at least available for work on all the seven days of the week was classified as unemployed.<sup>9</sup> Introduction of availability criterion and a dual reference period are two major changes in these two Rounds of the NSS. An attempt to measure idle labour available without reference to any particular wage rate, can lead only to one conclusion that such data as are available now ..... have no clear economic content or operational significance.<sup>10</sup> It is but natural that with the new definition of unemployed, the number of unemployed in these two Rounds is higher than reported in the 9th and 10th Rounds, and particularly so in the rural households.<sup>11</sup> The estimate of the unemployed with one day reference period is seen to be less than the same with one week period.<sup>12</sup> This is also to be expected since the number of persons without any gainful employment on all the seven days of the reference week is apt to be smaller than the

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9. The Cabinet Secretariat, Government of India, The NSS, Eleventh and Twelfth Rounds, Number 52, Tables with Notes on Employment and Unemployment, 1961, pp.3-4.

10. K.N. Raj, "Employment and Unemployment in the Indian Economy: Problems of Classification, Measurement and Policy". op.cit., p.267.

11. Ibid., Table 2.1, p.7.

12. Ibid., Table 2.2, p.9.

13. The Cabinet Secretariat, Government of India, The NSS Fourteenth Round, July 1958-June 1959, Number 100, Tables with Notes on Employment and Unemployment, 1965, p.3.



number of unemployed on a reference day, given the predominance of agriculture and household enterprises in the rural sector of the country. That unemployment should be below 3 per cent in the relatively backward sector of an underdeveloped economy and overpopulated country like India sounds incredible. Obviously the figures are gross underestimates.<sup>13</sup> The same concepts and reference periods were used in the 13th Round, 1957-58 as in the previous two Rounds, but the survey was confined to the urban areas only.<sup>14</sup>

The concepts and definitions used in the 14th Round, 1958-59, of the NSS were the same as in the preceding Round. The classification of persons into gainfully employed, unemployed and not in the labour force was done by their activity status. The reference period for this Round was one week. "To obviate the difficulty of determining the unique status of a person during the reference week, a priority scale was adopted. The scale of priority in the order of precedence was as follows: (1) gainfully employed, (2) unemployed, (3) not in the labour force."<sup>15</sup> A person who was directly or indirectly occupied

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13. P.G.K. Panikar "Rural Unemployment in India", op.cit.

14. The Cabinet Secretariat, Government of India, The NSS Thirteenth Round, September 1957 - May 1958, No.63, Tables with Notes on Employment and Unemployment in Urban Areas, 1962, pp.2-4.

15. The Cabinet Secretariat, Government of India, The NSS Fourteenth Round, July 1958-June 1959, Number 100, Tables with Notes on Employment and Unemployment, 1965, p.5.



in a job or enterprise on at least one day during the reference week, however nominal the hours of work put in might be, was treated as employed..... A person without any gainful employment during the reference week and either seeking or available for work on at least one day during the same period was treated as unemployed. Availability for work implied readiness to undertake gainful work under normal terms and conditions which usually accompanied, such work.<sup>16</sup> The same concepts and reference period as in the previous one were used in the 15th Round, 1959-60.<sup>17</sup>

In 1961 the Central Statistical Organisation (CSO) introduced "the Standards for Surveys on Labour Force, Employment and Unemployment" for use in all surveys on this subject in this country.<sup>18</sup> Labour force is the measure of the economically active population consisting of 'employed' and 'unemployed'. According to the standards, the employed category consists of: (1) all persons who had worked for pay, profit or family gain on at least one day during the reference week on some economic activity; (2) all persons who had jobs or own enterprises,

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16. Ibid., pp.5-6.

17. The Cabinet Secretariat, Government of India, The NSS Fifteenth Round, July 1959 - June 1960, Number 157, Tables with Notes on Urban Employment and Unemployment, 1969, p.3.

18. Central Statistical Organisation (CSO), Government of India, Standards for Surveys on Labour Force, Employment and Unemployment, June 1961.



profession or vocation, but were temporarily absent from work during the reference week for reasons of illness, injury or other physical disability, bad weather, strike or lock-out, paid lay-off, paid vacation or rest or recreation or any other causes including social or religious, necessitating temporary absence from work; (3) unpaid helpers who had assisted in the operation of an economic activity on at least one day during the reference week. The recommended criterion for identifying 'unemployed' persons, however, is different for rural and urban areas. The 'unemployed' in the urban areas consist of all persons who, having no jobs or enterprises of their own, had not worked even on a single day during the reference week and were currently looking for full time job, (full time meaning the normal full time hours of work or occupation looked for). For rural areas the unemployed consist of all persons who, owing to lack of work had not worked even on a single day during the reference week and were currently available for work. They include: (a) persons seeking work through Employment Exchanges, intermediaries, applications or direct contacts; and (b) persons not seeking but available for work at current rates of remuneration in prevailing conditions of work.<sup>19</sup>

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19. Quoted by Sudhir Bhattacharya, A note on Employment and Unemployment Concepts adopted in the National Sample Survey, Appendix I, Report of the Committee of Experts on Unemployment Estimates, op.cit., pp.35-36.



These new concepts and definitions were adopted by the NSS from its 16th Round. In the 16th Round NSS, the proportions of the labour force wholly unemployed in 1961 were of course relatively small: 3 per cent in towns and nearly 6 per cent in villages. This is a reflection of the fact that ~~whereas~~ in rich countries, men without full-time work prefer no work to nominal employment (of course due to social security) in poor countries, they have to take whatever part-time work is available.<sup>20</sup>

"Since the cushion of social security does not exist in almost any poor countries unemployment can be "afforded" only by people who have working relatives to provide support. Most people in the third world, therefore must take whatever work they can find".<sup>21</sup> However, as mentioned earlier, separate surveys on employment and unemployment were discontinued after the 17th Round in the rural areas and since the 24th in urban areas.

The limitations of the concepts and definitions used by the NSS have been pointed out by many scholars. The usual status concept, which assumes almost the entire population of working age to be usually attached to some gainful occupation

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20. Mark Blaug, Richard Layard, Maureen Woodhall, "The Causes of Graduate Unemployment in India" - Allen Lane, The Penguin Press, 1969, p.59.

21. James P. Grant "Marginal Men in Developing Nations", The American Review, Autumn 1972, p.83.



over a long period, minimises the chance of a person being classified as unemployed and only the chronically unemployed persons were likely to be identified as such under the above approach. Ordinarily such persons could be found largely in urban areas, particularly the big cities. In small towns and rural areas, where a large section of the population works in household enterprises or on own account in traditional business or profession, few would get or lose jobs and most of them would not openly seek new jobs even during the lean season. Perhaps the demand for more gainful work, in so far as it is felt by the members of the household, may also be in part only, for such work as can be made available within the household.<sup>22</sup> A general distrust about the usefulness of efforts to find a job acts as a deterrent against their openly seeking employment. Therefore the criterion of "seeking work" cannot rope in all the persons who are essentially unemployed. "In the absence of any organised labour market, the adoption of 'seeking work' criterion for identifying unemployed persons is thus bound to be ineffective."<sup>23</sup>

Even the modified concept of unemployed including persons without work, but seeking and if not seeking at least

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22. K.W. Raj, "Employment and Unemployment in Indian Economy: Problems of Classification, Measurement and Policy" op.cit., p.289.

23. Sudhir Bhattacharya, op.cit., p.34.



available, is not free from defects. Availability is a nebulous concept and the answer to the question if available would be vague unless the respondent knows the relevant facts such as the terms and conditions of the work offered, its locality and the incidental costs, etc. Visaria has pointed out the pitfalls in deriving unemployment totals from the NSS data. "Since the 9th Round data on the economic activity of respondents were collected on the basis of usual status approach or with a long reference period of a year, those who reported 'seeking work' as their 'major activity' were classified as unemployed and were presumed to be out of employment for a long period who had been in search of work during the same period. This presumption perhaps overlooked the likelihood that some of the unemployed might be new entrants into the labour force."<sup>24</sup> The estimation of total unemployed on the basis of the NSS data with short reference period is equally unwarranted. The NSS estimates on the basis of one day or one week reference periods indicated "the average percentage of persons in the labour force or population who were unemployed for (at least) the duration of the reference period (one day or one week), during the period of the survey. In other words, the estimate referred to the man weeks (or man days) of unemployment in relation to manweeks

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24. Pravin Visaria, Employment and Unemployment in India, A Review of Selected Statistics, op.cit., p.83.



(or man days) of labour force or population. Yet when this figure was multiplied with the estimated (rural or urban) population in the country, it was erroneously assumed that even in rural India, the resulting figure indicated the number of persons who were unemployed throughout the year or at least chronically."<sup>25</sup>

Visaria has also examined the implications of using different reference periods. "If even nominal work during the reference period entitles a person to be classified as 'employed' a wide reference period naturally lowers the chance of a person being found unemployed."<sup>26</sup> The effect of changing the period on the estimates of unemployed is brought out by Visaria in the above study.<sup>27</sup> Elsewhere, Visaria succinctly puts forward the point thus: "In brief, a shorter reference period gives more realistic description of the prevailing conditions in the rural economy, it also provides a higher estimate of the level of unemployment."<sup>28</sup>

Thus, the NSS data on unemployment have several limitations. Partly they arise from the inherent nature of the phenomenon and partly from the concepts and definitions and mode of enquiry adopted in the survey. The frequent change in

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25. Ibid., p.84.

26. Ibid.,

27. Ibid., Table 6, p.53.

28. Pravin Visaria, A Survey of Research in the Field of Employment in India, September 1970, mimeographed, p.80



the concepts, definitions and reference period renders the results of different Rounds incomparable. Eventhough no accurate estimate of the magnitude of unemployment on the basis of the data is unwarranted, "the NSS Rounds have provided very useful information on varicus aspects of rural employment and unemployment".<sup>29</sup>

The NSS reports on employment and unemployment do not frequently give estimates for different States. However, Kerala has participated in the labour force surveys conducted by the National Sample Survey on a full matching basis since the 11th and 12th rounds and the results of some of these rounds have been tabulated and published by the State Bureau of Economics and Statistics from time to time.

(c) Regional Sample Surveys on Employment and Unemployment:

1. In Kerala, a series of surveys on employment and unemployment were undertaken in recent decades. As early as 1928, a survey on unemployment in Travancore was conducted by the Unemployment Enquiry Committee set up by the former Travancore Government. However, "the enquiry was restricted to unemployment among the educated classes. The Committee investigated about the unemployment of persons who had passed at least the Vernacular School Leaving Certificate examination..."<sup>30</sup>

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29. Report of the Committee of Experts on Unemployment Estimates, op.cit., p.25.

30. Government of Travancore, Report of the Unemployment Enquiry Committee, 1928.



In view of the limited coverage of the study and the crude technique used by the Committee, the findings of the survey are not of much use either for analytical purpose or for policy formulation.

2. A sample survey on employment and unemployment was organised in 1954 by the Board of Statistics, Government of Travancore-Cochin under the expert guidance of Dr. U.S. Nair, then Director of Statistics of the State.<sup>31</sup> The aim of the survey was to collect quantitative data on the volume and nature of unemployment in the erstwhile State of Travancore-Cochin as well as to identify the causes of unemployment. The household was the unit of enquiry and the occupational classification was based on the principal source of income. The sample included 2 per cent of the rural households and 5 per cent of the urban households. The rural and urban areas were selected by random sampling. All the households in the selected villages/urban blocks were completely enumerated.

Persons in the selected households were classified according to their activity status, under these categories, viz., (1) 'those with regular employment', (2) 'those who are employed occasionally' and (3) those who are 'totally not employed'.

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31. U.S. Nair, Report on the Survey of Unemployment, 1954.



The last category is further subdivided into four classes, according to the cause of being not employed. These are (1) students, (2) illness or old age (3) no desire for employment, and (4) no demand. Persons belonging to the last class are the unemployed - those who are in search of employment but have not succeeded in securing the same. Thus, the concept of 'not employed' in this survey would also include persons who are usually treated as falling outside the labour force, such as students, those who are too old and too young, or suffering from illness, as well as those who are voluntarily unemployed. Conceptually it is not correct to categorise all these groups as not employed, for they do not belong to the labour force. The definition of the unemployed, viz., as those who are without employment and seeking, is in consonance with the standard terminology; but it is not indicated in the report how 'search for employment' is to be interpreted by the investigators. For reasons explained before, the concept of 'unemployed' is not highly suitable for the socio-economic conditions prevailing in the State.

In 1956, a sample survey on unemployment was conducted in the erstwhile Travancore-Cochin State. Soon after the reorganisation of the States in 1957, a similar survey was carried out in Malabar and Kasargode regions which were then brought within Kerala, in order to provide estimates of unemployment for the whole State. Another sample survey on



unemployment in Kerala was organised in 1962. "All these surveys were based on relatively small sample sizes and hence the estimates obtained from them were subject to large sampling errors. While they provided useful information on the totality of the problem, reliable estimates of detailed aspects of unemployment could not be obtained from them."<sup>32</sup> Moreover, unfortunately, the results of these earlier surveys were not published and even manuscript copies of the reports are not readily available.

3. A comprehensive Study of Employment and Unemployment in Kerala was undertaken in 1965. The objects of the study were (a) to ascertain the existing structure and composition of employment in the State, (b) to assess the magnitude and character of employment and unemployment in different sectors, (c) to identify areas in different districts requiring special attention, (d) to study industrial and other developments in recent years and (e) to suggest specific directions in which, from the point of view of expansion of employment opportunities along with improvement to productivity, economic development plans in the Fourth and Fifth Five Year Plans could be reoriented and strengthened. Accordingly, a sample survey was conducted during October-November 1965. The sample

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32. Government of Kerala, Planning for Employment in Kerala - Survey on Employment and Unemployment 1965, mimeographed.



consisted of about 2,000 households from each district. The survey covered about 0.6 per cent of the total number of households in the State distributed among the nine districts of the State. The sample was so designed as to provide estimates of employment and unemployment at the district level.

The concepts used in the Survey were broadly similar to those used in the National Sample Survey during this period. Thus, 'a person who was directly or indirectly occupied in 'gainful work' on at least one day during the reference week, however nominal the hours of work put in might be, was treated as employed. A person was also treated as employed if he had a job or enterprise but did not do any work during the reference week due to personal reasons such as illness, injury, paid leave, vacation, etc. A person in the age group 15 to 59, without any gainful employment during the reference week and either seeking or available for work was treated as unemployed. An unemployed person was considered to be seeking work if he was currently registered with Employment Exchange or had applied for, or contacted any person for any job during the preceding 60 days from the date of enquiry. An unemployed person was considered to be not seeking but available for work, if he was not seeking work as explained above and was available and willing to undertake gainful work under the normal terms and conditions which usually accompanied such work. The employed and the unemployed together constitute the labour



force. The rest are persons not in the labour force."<sup>33</sup>

The Survey collected data on the pattern and intensity of employment, unemployment, the age composition of the unemployed, their level of education, etc. Notwithstanding certain limitations of the concepts and definitions, the results of the 1965 Survey constitute the most comprehensive source of information on the employment situation in Kerala.

(d) Employment Exchange Data:

Another major source of data on unemployment is the live registers of Employment Exchanges. The National Employment Service provides information regarding the numbers of Employment Exchanges, applicants registered with them at the end of each calendar month, fresh registrations, placements, etc. But the data emanating from this source also suffer from various limitations.

In the first place, the Employment Exchanges are few and far between. As of June 1969, the country had only 409 Employment Exchanges. Further they are located in the district head quarters, and in the urban areas. Therefore the Employment Exchange data on the number of job seekers are widely interpreted as indicating the extent of urban unemployment. Registration being voluntary, not all the unemployed register

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33. Planning for Employment in Kerala, op.cit.



with the Exchanges; the distance between the Exchanges and the residence add to the inertia of the rural unemployed and leave out a good proportion of the unemployed in the rural areas. The fact that the live registers contain a certain, but unknown proportion of the rural unemployed, that all who register with the Exchanges are not necessarily unemployed, that all the unemployed in the urban areas do not register with the Exchanges and that some of the unemployed register in more than one Exchange, reduce the value of the data even for estimating the total urban unemployment.<sup>34</sup> Some attempts have been made to make adjustments for various omissions and commissions by applying appropriate correction factors. The NSS data give some indications on the proportion of non-registrants among the unemployed in urban areas; but the information on the proportion of urban employed registered with Employment Exchanges is more scanty. Using these indices T.N. Krishnan and P. Bahadur attempted estimates of urban unemployment in the 'fifties.<sup>35</sup> The Planning Commission's estimate of urban unemployment in the Second Five Year Plan is based on the adjusted Employment Exchange

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34. Report of the Committee of Experts on Unemployment Estimates, op.cit., p.27. See also, Pravin Visaria, Employment and Unemployment in India: A Review of Selected Statistics, Appendix II.

35. T.N. Krishnan, "Unemployment in India: Estimate Based on Employment Exchange Statistics", Artha Viinana, June 1959; P. Bahadur, "Urban Unemployment, An Estimate Based on Employment Exchange Statistics", Indian Journal of Labour Economics, January 1963, Vol.V, No.4.



data. The limitations of the adjustment procedures are pointed out by J. Krishnamurthy and Pravin Visaria. According to the results of a sample survey among the persons on live registers of Employment Exchanges conducted by the DGET, about a third were rural registrants and about one half were not unemployed; and according to the NSS only about 40 per cent of the urban unemployed register with the Exchanges. Krishnamurthy shows that the estimate of urban unemployment using the above correction factors to the Employment Exchange data is at great variance with the results of different Rounds of NSS. He proceeds to bring out the limitations of the correction factors based on the results of the NSS and concludes that even "efforts to improve correction factors seem to be of limited value."<sup>36</sup> Visaria has expressed doubts on the validity of the estimates of different proportions based on the results of various Rounds of the NSS and DGET Survey of 1968 for adjusting the Employment Exchange figures. He concludes that "the factors that tend to inflate the number of persons on the Live Register of Exchanges are complex. The live registrations reflect demand for income and/or better jobs even if they do not reflect chronic unemployment..... But to interpret the figures of the number of persons on the

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36. J. Krishnamurthy, Employment Exchange Data on Unemployment: An Attempt in Applying Correction Factors, Appendix III, Report of the Committee of Experts on Unemployment Estimates, op.cit., pp.145-147.



Live Register of Exchanges as indicating the volume of urban unemployment will be a dubious exercise. As noted above, some of the necessary correction factors are available only from the recent DGET Survey of persons on the Live Register. The applicability of the other correction factor based on the NSS estimate of the proportion of unemployed registered at an Exchange is also subject to reservation.<sup>37</sup>

In sum, the fact that Employment Exchanges are few and far between and that they are located in urban areas would mean that a good proportion of the unemployed in the rural areas do not register with the Exchanges. As far as urban unemployed are concerned, all the unemployed do not register. Further, among those on the live registers, a good proportion consists of those who are already employed who are seeking better jobs and students who are trying to establish seniority in registration.

These complications make it difficult to derive estimates of unemployed, even urban unemployed, from the live registers of Employment Exchanges. Therefore some experts hold the view that the Employment Exchange figures are perhaps the worst of the three sources of data on unemployment and

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37. Visaria, Employment and Unemployment in India; A Review of Selected Statistics, Appendix II. Report of the Committee of Experts on Unemployment Estimates, op.cit., pp.57-90.



should be ignored.<sup>38</sup> For the above reasons, Employment Exchange data are not used in the present study.

To sum up, the peculiar characteristics of an under-developed economy like Kerala pose a variety of methodological problems in the measurement of unemployment. The concepts, definitions and methods of enquiry used in advanced industrial societies are found to be unsuitable for the quantification of the phenomenon here. The limitations of the available data on unemployment are brought out in order to provide a proper perspective for the analysis which follows.

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38. Ronald G. Ridker, "Employment and Unemployment in Near East and South Asian Countries: A Review of Evidence and Issues", in Employment and Unemployment Problems of the Near East and South Asia, (ed.) Ronald G. Ridker and Harold Lubell, Vikas Publications, Vol. I, 1971, p.10.



## CHAPTER III

### SOCIO-ECONOMIC BACKGROUND

A better insight into the nature and dimension of unemployment in a region is obtained when viewed against the background of its socio-economic conditions. The size and rate of growth of the population, age and sex composition, level of education and skill, mobility, and such other demographic characteristics determine the size of the labour force. The structure of the economy, its rate of growth, the stock of land, capital and other complementary resources govern the volume and type of employment opportunities. The form of economic and social organization influence the pattern of employment in an economy. In this chapter we attempt to give a brief account of the salient features of the economy of Kerala which are likely to have a bearing on the employment situation in the State.

#### I. Demographic Features

At the time of the last Census count, 1971, the population of Kerala came to 212.80 lakhs. The total geographical area of the State is estimated to be 15002 square miles or 38855 square kilometres. This yields an average density of population of 1127 persons per square mile or 548 persons per square kilometre. Kerala has the highest average density of population among all the States in the Indian Union, or the lowest land area per head of the population. About 65 per cent of the State's population



is rural.

### 1. Growth of Population:

Population of Kerala has registered a high growth rate during the present century. It increased from 63.96 lakhs in 1901 to 212.80 lakhs in 1971, that is by 232.7 per cent in seven decades. The average decennial growth rate works out to 18.9 per cent, as against 12.9 per cent for the country as a whole. The growth of population in Kerala during this period is given in Table III.1 below:-

Table III.1: GROWTH OF POPULATION IN KERALA AND INDIA  
(1901 - 1971)

Census Year	Population in lakhs		Percentage decennial variation		Population of Kerala as per cent of India's population
	Kerala	India	Kerala	India	
1901	63.96	2362.81	..	..	2.71
1911	71.47	2521.22	11.75	5.73	2.84
1921	78.02	2513.52	9.16	-0.31	3.10
1931	95.07	2790.15	22.85	11.01	3.41
1941	110.31	3187.01	16.04	14.22	3.46
1951	135.49	3611.30	22.82	13.31	3.75
1961	169.03	4392.35	24.76	21.50	3.85
1971	212.80	5469.55	25.89	24.57	3.90

Source: Census 1971, Kerala, Provisional Figures, Paper No. I, Statement 2, p.4.

Note: The Final Population totals in 1971 show the population of Kerala as 213.47 lakhs and that of India as 5479.50 lakhs. (Census Centenary 1972, Pocket Book of Population Statistics, Registrar General and Census Commissioner, India.)

It is observed that the growth rate of population in Kerala has always exceeded the same for the country as a whole.



During the first half of the century, the disparity was significantly higher. Thus, while the population of Kerala registered an increase of 22.82 per cent per decade between 1901 and 1951, that of the country as a whole increased by 13.31 per cent only. Of late, the gap has narrowed and the rest of India is seen to be fast catching up with the high rate of population growth of Kerala. The share of the State's population to the country's total is seen to have been steadily rising over time.

The high rate of population growth is the product of a high birth rate and low mortality rate. The death rate in Kerala has reached a very low figure, thanks to expansion of medical care and public health and sanitation facilities. The birth and death rates in Kerala are given in Table III.2.

Table III.2: REGISTERED BIRTH AND DEATH RATES IN KERALA  
(1956 - 1968)

Year	Birth Rate (Per 1000)	Death Rate (Per 1000)
1956	20.3	7.4
1957	23.8	9.6
1958	24.6	7.6
1959	26.2	7.8
1960	23.9	6.9
1961	25.0	7.2
1962	22.7	6.3
1963	22.4	6.0
1964	21.4	5.9
1965	18.7	5.3
1966	22.5	7.6
1967	20.7	7.3
1968	20.8	4.7

Source: State Planning Board and Bureau of Economics and Statistics, Statistics for Planning, Series No.2, Manpower, Government of Kerala, 1972, Table 1.12, p.12. (The above data are based on Civil Registration figures and are apt to be under-estimated. Recent data thrown up by Sample Registration Scheme suggest that the degree of under-estimation may be between 34 to 49 per cent.)



The fall in death rate has been significant.

The present death rate in Kerala is lower than the rates in countries with comparable levels of economic development. The fall in mortality rates is reflected in the rising expectation of life of the population. The expectation of life at birth in the State which was 25.41 years for males and 27.41 years for females in 1911-20, has gone upto 46.17 and 50.00 years respectively in 1951-60.<sup>1</sup>

## 2. Age-Sex Composition:

The high birth rate and growth of population are reflected in the age structure of the population. Of the total population in the State in 1961, about 43 per cent is below 15 years and about 6 per cent is in the age group 60 and above. According to 1971 Census, 40.26 per cent of the population is in the age group 0 - 14 and 6.22 per cent in the age group 60 and above. The State's economy is thus burdened with a very high dependency ratio. Table III.3 gives the age-sex composition of the population.

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1. Ibid., Table 1.23, p.11.



Table III.3: POPULATION OF KERALA BY AGE AND SEX GROUPS 1961

Age-group	Persons	Per cent	Male	Per cent	Female	Per cent
0 - 4	2527760	14.95	1278734	15.29	1248426	14.62
5 - 9	2443147	14.46	1241304	14.85	1201843	14.07
10 - 14	2235062	23.22	1127017	13.48	1108045	12.97
0 - 14	7205369	42.63	3647055	43.62	3558314	41.66
15 - 19	1432847	8.48	689988	8.25	742859	8.70
20 - 24	1433579	8.48	678352	8.11	755227	8.84
25 - 29	1291323	7.64	604244	7.23	687079	8.05
30 - 34	1073734	6.35	522448	6.25	551286	6.45
35 - 39	1010684	5.98	507457	6.07	503227	5.89
40 - 44	752108	4.45	379936	4.55	372172	4.36
45 - 49	711859	4.21	359908	4.31	351951	4.12
50 - 54	559547	3.31	278482	3.33	281065	3.29
55 - 59	442200	2.62	219800	2.63	227400	2.61
15 - 59	8707911	51.52	4240630	50.73	4467281	52.31
60 and above	986383	5.84	472140	5.65	514243	6.03
Age not stated	4052	0.01	2102	-	1950	-
All ages	16903715	100.00	8361927	100.00	8541788	100.00

Source: Bureau of Economics and Statistics, Factbook on Manpower, Government of Kerala, Trivandrum, 1965, Tables 1.4 to 1.7, pp.3-4.

Thus it is observed that nearly one-half of the population in Kerala falls in the usually unproductive age-groups, viz., below 15 and above 60 years. This implies a high dependency ratio. Population in the age-groups below 15 and above 60 years forms only 46.6 per cent in India as a whole.

### 3. Labour Force:

The estimate of the labour force in Kerala in 1961 on the basis of the Census data would come to 57.97 lakhs. The 1965 Sample Survey has yielded a figure of 60.15 lakhs. The



growth of labour force projected on the basis of the 1965 Sample Survey for the year 1971 and 1976 is given in Table III.4.

Table III.4: LABOUR FORCE IN KERALA, 1965, 1971 & 1976

Age group	Labour Force in ('000)			Labour Force Participation rate (Per cent)		
	1965	1971	1976	1965	1971	1976
0 - 14	103	88	77	1.36	1.00	0.80
15 - 19	701	660	622	33.39	30.00	25.00
20 - 24	856	1098	1239	57.15	57.15	57.15
25 - 29	801	1032	1168	61.90	61.90	61.90
30 - 34	733	918	1043	63.70	63.70	63.70
35 - 39	745	789	906	64.22	64.22	64.22
40 - 59	759	2008	2329	62.50	62.50	62.50
60 and above	317	317	374	26.34	26.34	26.34
All ages	6015	6910	7758	32.03	31.84	31.77

Source: Planning for Employment in Kerala, op.cit., p.75.

For projecting the labour force in 1971 and 1976, the labour force participation rates obtained from 1965 Survey are made use of.<sup>2</sup> These rates are assumed to remain the same in 1971 and 1976 in all the age groups except 0 - 14 and 15 - 19. Deviations have been made in the lowest two age-groups because, as a result of expanding facilities for education, it is expected that proportionately more and more

2. Ibid., p.74.



persons from these age groups will continue their studies. In 1965, the participation rate in the age group 0 - 14 was 1.36 per cent. This is assumed to go down to 1.00 per cent in 1971 and 0.80 per cent in 1976. In the age group 15 -19, the participation rate was 33.39 per cent in 1965. This is assumed to go down to 30 per cent in 1976.

## II. Education and Training

Kerala has a long tradition of educational development. Public expenditure on education accounts for a high proportion of the State Budget. Per capita expenditure on education in Kerala is the highest among all the States. Presumably, private expenditure should also be of this order, though no estimates are available. Literacy levels in Kerala, among both males and females, are much higher than the all-India average. Enrolment rates are also higher here, so that a higher proportion of the State's population in the concerned age groups is full-time students.

The per capita government expenditure on education in Kerala and other States is given in Table III.5 below.

It may be noted that, as of 1969-70, the per capita expenditure here is almost twice the all-India figure. This does not fully reflect the educational efforts in this region, since private educational institutions also have been active in the field from early times. The net result is a higher



rate of literacy and educational level in the State than elsewhere in India.

Table III.5: PER-CAPITA GOVERNMENT EXPENDITURE ON EDUCATION  
1969-70

States	Per capita expenditure (Rupees)
Andhra Pradesh	12.22
Assam	16.27
Bihar	8.65
Gujarat	13.22
Haryana	16.41
Jammu and Kashmir	19.97
Kerala	25.28
Madhya Pradesh	11.66
Maharashtra	14.86
Mysore	15.28
Orissa	9.73
Punjab	18.97
Rajasthan	14.82
Tamil Nadu	16.09
Uttar Pradesh	7.87
West Bengal	13.67
All India	12.53

Source: The State Planning Board, Government of Kerala, Kerala, An Economic Review, 1970 (Appendix) p.112.

The literacy level in the State came to 60.2 per cent of the population in 1971 as against 29.3 per cent of the population in the country as a whole. Comparison of literacy rates in States as of 1961 and 1971 can be made from Table III.6.



Table III.6: LITERACY RATE IN DIFFERENT STATES OF INDIA,  
1961 AND 1971

States	Per cent of the Literate Population			
	Males	1961 Females	Persons	1971 Persons
Andhra Pradesh	30.2	12.0	21.2	24.6
Assam	37.3	16.0	27.8	29.8
Bihar	29.8	6.9	18.4	19.8
Gujarat	41.1	19.1	30.5	35.7
Jammu and Kashmir	17.0	4.3	11.0	18.3
Kerala	55.0	38.9	46.8	60.2
Madhya Pradesh	27.0	6.7	17.1	22.1
Madras	44.5	18.2	31.4	39.4
Maharashtra	42.0	16.8	29.8	39.1
Mysore	36.1	14.2	25.4	51.5
Orissa	34.7	8.6	21.7	26.1
Punjab	33.0	14.1	24.2	33.4
Rajasthan	23.7	5.8	15.2	18.8
Uttar Pradesh	27.3	7.0	17.6	21.6
West Bengal	40.1	17.0	29.3	33.1
All India	34.4	12.9	24.0	29.3

Source: Bureau of Economics and Statistics, Kerala, An Economic Review, Government of Kerala, 1968, p.176, and Census Centenary, Pocket Book of Population Statistics, op.cit.

The proportion of the literate population in Kerala, it may be noted is almost twice the national average in 1961 and 1971. It is also significant to note that about 39 per cent of the female population in the State is literate, which is three times the national average in 1961. In no other States is the proportion of literates among females more than 20 per cent in 1961; in fact, in quite a few States this proportion is less than 10 per cent.



Kerala has recorded comparatively high rate of enrolment at elementary and secondary education levels. The proportions of enrolment in Class I to V, VI to VIII, and IX to XI to the population in corresponding age-groups come to 108 per cent, 58 per cent, and 16 per cent respectively in 1960-61, and were the highest among all the States. Though by 1968-69, the enrolment has expanded in all the States, Kerala has maintained the lead. The enrolment rate in Class VI to VIII has increased to 69 per cent and that in Class IX to XI has risen to 31 per cent of the population in the appropriate age groups in Kerala. It is also significant to note that the enrolment of girls in the respective age-group is nearly as high as that among boys.<sup>3</sup>

Putting it alternatively, a higher proportion of the population in the State consists of full-time students, viz., 3386297 which is 20.04 per cent of the total population in 1961. The district-wise distribution of full time students is given in Table III.7.

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3. Planning Commission, Fourth Five Year Plan, Government of India, Annexures, III, IV and V, pp.373-378.



Table III.7: DISTRIBUTION OF STUDENT POPULATION TO TOTAL  
POPULATION IN KERALA, DISTRICTWISE, 1961

State/ District	Full time students			Relative size of student Population to total popula- tion (Percentage)		
	Persons	Males	Females	Persons	Males	Females
Kerala	3386297	1883709	1502588	20.04	22.52	17.59
Trivandrum	381751	211474	170277	21.88	24.31	19.46
Quilon	465510	258619	207191	23.98	26.58	21.39
Alleppey	443275	238682	204593	24.47	26.71	22.29
Kottayam	386403	208633	177770	22.29	23.63	20.90
Ernakulam	398292	216302	182490	21.41	23.22	19.65
Trichur	344316	186147	158164	20.99	23.72	18.49
Palghat	255497	149957	105540	14.38	17.60	11.43
Kozhikode	430652	250146	180506	16.45	19.22	13.71
Cannanore	279806	163749	116057	15.75	18.72	12.81

Source: Census of India 1961, Volume VII, Kerala, Government of India, Part II B (ii), General Economic Tables, Table B IX.

The aspiration to acquire higher education is a common characteristic of the population of all districts in Kerala. Since 20.04 per cent of the total population is full time students, the dependency ratio is very high, since full time students are not taking part in economic activity in the sense that they are not engaged in production and earning an income. It is also significant to note the other aspect of the issue, viz., on the completion of their education, student population is automatically converted into a part of the labour force, whether or ~~ex~~ not they are employed. However, a higher proportion of population as students, contributes to the supply



of educated manpower at a future date, which necessitates more investment now to expand the employment opportunities in the economy, so as to absorb the potential educated manpower.

There are, however, considerable variations in respect of educational development between different parts of the State. Generally, the southern districts (the erstwhile Travancore-Cochin State) have attained higher rate of educational progress than the northern districts. The following Table III.8 shows the level of literacy in the different districts of Kerala.

Table III.8: PERCENTAGE OF LITERATES TO TOTAL POPULATION  
IN KERALA - DISTRICT-WISE

District	Percentage of Literates	
	1961	1971
Cannanore	41.29	54.69
Kozhikode	44.88	57.59
Malappuram	34.29	47.74
Palghat	33.69	46.50
Trichur	48.16	61.58
Ernakulam	50.58	65.25
Kottayam	50.56	67.59
Alleppey	56.90	70.25
Quilon	50.49	63.41
Trivandrum	45.30	62.23
Kerala	46.85	60.16

Source: Statistics for Planning, op.cit., Series 6, Social Services, Table 1, p.2.

Literates as proportion of the total population in 1961 are seen to be lowest in the four districts of Cannanore,



Kozhikode, Malappuram and Palghat. Though during the last decade 1961-71, the northern districts have made significant gains in literacy rates, still they lag behind the southern districts. Presumably, the general level of education is also lower among the population in the northern districts of the State.

### III. Income and Standard of Living

The economy of the State is characterised by the low per capita income and low standard of living, predominance of the primary sector and low level of urbanisation, etc. Moreover the rate of growth of the economy is also very low in recent years.

(a) The State's per capita income in 1968-69, the latest year for which official figures are available, at current prices, has been estimated at Rs.507.6. At constant, 1960-61 prices this could work out to Rs.389.0.<sup>4</sup> According to the State Bureau of Economics and Statistics, the regional income per capita is lower than that at the national level as Table III.9 shows:-

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4. Planning Board, Kerala, An Economic Review, Government of Kerala, 1971, p.88.



Table III.9: PER CAPITA INCOME, KERALA AND INDIA

Year	Per capita Income, 1960-61 (Prices in Rupees)		Income differential (Rupees)
	Kerala	India	
1960-61	276.3	306.3	30.0
1961-62	272.4	310.0	37.6
1962-63	275.5	309.4	33.9
1963-64	282.8	319.9	37.1
1964-65	285.3	335.8	50.5
1965-66	284.4	310.4	26.0
1966-67	289.4	307.9	18.5
1967-68	297.1	329.2	32.1
1968-69	309.0	329.9	20.9

Source: Kerala, An Economic Review, 1971, Table 2.6, p.88

These estimates have been subsequently revised. According to a recent publication of the Bureau of Economics and Statistics, the per capita income of Kerala in 1968-69 came to Rs.290.55 at constant, 1960-61, price.<sup>5</sup> Thus, in real terms, the gap between per capita of the State and India would seem to widen further. Whether or not Kerala's income per capita is lower than the national per capita income, there is no gainsaying the fact that the average income per capita in the State is very low.

(b) We shall now proceed to examine the level of consumption of the people in the State. The results of the

5. Bureau of Economics and Statistics, State Income of Kerala, 1960-61 to 1968-69, 1972.



National Sample Survey in the early sixties are reproduced in Table III.10.

Table III.10: PER CAPITA MONTHLY CONSUMER EXPENDITURE IN KERALA AND INDIA

Period	Kerala		India	
	Rural Rs.	Urban Rs.	Rural Rs.	Urban Rs.
1961-62 (NSS 17th Round)	21.00	26.31	21.63	31.20
1963-64 (NSS 18th Round)	20.36	27.29	22.37	32.96
1964-65 (NSS 19th Round)	22.30	30.11	26.44	36.03

Note: Estimated from the Cabinet Secretariat, Government of India, The National Sample Survey, 17th Round, September 1961 - July 1962, Report No.135, Tables with notes on consumer expenditure p.64, Table B.1.0, p.70, Table B.1.5.6, p.94, Table B.2.5.0, p.100, Table B.2.5.6; The National Sample Survey, 18th Round, February 1963 - January 1964, Report No.142, Tables with notes on Consumer Expenditure, p.22, Tables 1.5.0, p.70, B.1.5.6, p.95, Table 2.5.0, p.107, Table 2.5.6; The National Sample Survey 19th Round, July 1964 - June 1965, Report No.179, Tables with Notes on Consumer Expenditure, p.26, Table 1.5.0, p.40, Table 1.5.7., p.77, Table 2.5.9, p.91, Table 2.5.7 (All these relate to the Central Sample.)

The per capita monthly consumer expenditure in Kerala as reported by the National Sample Survey, appears to be very low, perhaps as low as the irreducible minimum level of consumption proposed by the Planning Commission in the Fourth Five Year Plan. Obviously, a vast majority of the State's



population would fall below this minimum level of consumption, given the inequality in the distribution of consumer expenditure. It is also observed that the per capita consumer expenditure in the rural and urban households in Kerala is lower than the national average. Of course, the difference is not very large and may to some extent be due to reporting errors.

A better idea of the standard of living can be had from the pattern of consumption. The distribution of consumer expenditure among various items of consumption according to the results of the 18th and 19th Rounds of the National Sample Survey (State Sample) is presented in Table III.11.

Table III.11: DISTRIBUTION OF CONSUMER EXPENDITURE PER PERSON FOR A PERIOD OF 30 DAYS BY ITEMS OF CONSUMPTION (ALL CALORIES)

Items of Consumption	1963-64		1964-65	
	Rs.	Per cent	Rs.	Per cent
1. Cereals	6.40	31.38	7.60	35.78
2. Cereals and cereal substitutes	7.06	34.61	8.36	39.35
3. Pulses and products	0.24	1.17	0.24	1.13
4. Milk and milk products	0.70	3.44	0.68	3.20
5. Other food items	5.34	26.16	6.60	31.07
6. All food items	13.34	65.38	15.88	74.76
7. Clothings	1.12	5.49	0.92	4.33
8. Fuel and light	1.45	7.12	1.32	6.21
9. Rent	0.09	0.94	-	-
10. Taxes	0.10		-	-
11. Other non-food items	4.30	21.07	3.12	14.68
12. All non-food items	7.06	34.62	5.36	25.23
13. Total Consumer Expenditure	20.40	100.00	21.24	100.00

Source: Statistics for Planning, op.cit., Series 7, Income and Consumption, pp.9 and 11.



It is seen that food accounts for about two-thirds of the total consumption expenditure in an average household in the State. Further, over one-half the expenditure on food is on cereals and cereal substitutes. Thus the consumption pattern of the people in the State reflects a low standard of living.

The extremely low level of per capita consumption expenditure in Kerala and the pattern of consumption imply the existence of widespread poverty in Kerala. According to a recent study by Dandekar and Rath,<sup>6</sup> 90.75 per cent of the rural and 88.89 per cent of the urban population in the State fall below the poverty line as of 1961-62. That these figures could be over estimates has been pointed out in a subsequent study by Panikar.<sup>7</sup> An alternate estimate places the proportion of the State's rural population falling below the poverty line at 49 per cent.<sup>8</sup> Notwithstanding the errors in estimation, it is obvious that large sections of the State's population are suffering from deprivation of basic needs for sound physical health and cultural life.

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6. V.M. Dandekar and Nilakantha Rath, "Poverty in India", Economic and Political Weekly, Vol.1, No.1, January 2, 1971.

7. P.G.K. Panikar, "Economics of Nutrition", Economic and Political Weekly, Annual Number, 1971.

8. Bardhan, Pranab K, "On the Minimum Level of Living and the Rural Poor", Indian Economic Review, April 1970.



#### IV. Level and Pattern of Development

The level and the pattern of economic development of Kerala are examined in this section. The sectoral distribution of State Domestic Product, and the characteristic features and comparative performance of the different sectors are discussed below.

##### (a) The level and Composition of State Income:

The Net State Domestic Product of Kerala for the year 1968-69 has been estimated at Rs.105869 lakhs at current prices and Rs.58484 lakhs at constant 1960-61, prices. The distribution of the Net State Domestic Product by industry of origin is given in the Table III.12 below.

It is seen that the primary sector, comprising crop production, animal husbandry, fishing, etc. accounts for nearly half the State Domestic Product. Of this, crop production claims the lion's share. It is interesting to note that the proportion of State Domestic Product originating in the secondary sector, consisting of mining, manufacturing, construction, etc. is as low as 16.80 per cent, and is lower than the national average. In this sector the difference is more pronounced in the case of manufacturing in registered sector and in construction. On the other hand, the share of the tertiary sector, i.e., transport, communication, trade, storage, banking and insurance, etc. is slightly higher in Kerala than elsewhere in India.



Table III.12: NET STATE DOMESTIC PRODUCT AT FACTOR COST  
BY INDUSTRY ORIGIN, KERALA (1968-69)

Industry	Kerala		India	
	Rs. (Crores)	Per cent	Rs. (Crores)	Per cent
Agriculture	268.43	44.19	7165	41.58*
Animal Husbandry	8.78	1.50	-	-
Forestry and logging	10.41	1.78	275	1.60
Fishing	4.27	0.73	104	0.60
Sub Total	281.89	48.20	7544	43.78
Mining and Quarrying	1.63	0.28	227	1.31
Manufacturing-organised sector	47.36	8.10	1664	9.66
Manufacturing-unorganised sector	35.27	6.03	1082	6.34
Construction	9.71	1.65	786	4.56
Electricity, gas & water supply	4.31	0.73	171	0.99
Sub Total	98.28	16.80	3940	22.86
Railways	2.87	0.49	366	2.12
Communication	4.47	0.76	113	0.66
Transport by other means	14.82	2.54	410	2.38
Trade, Storage, hotels and restaurants	72.14	12.34	1851	10.71
Sub Total	94.36	16.13	2740	15.90
Banking and Insurance	7.68	1.31	249	1.44
Real Estate and ownership of dwelling	13.85	2.54	410	2.38
Public Administration and Defence	26.34	4.50	1039	6.07
Other services	62.50	10.69	1205	7.11
Sub Total	110.37	18.87	3009	17.46
NET STATE DOMESTIC PRODUCT	584.84	100.00	17233	100.00

\*Includes animal husbandry

Source: State Income of Kerala, op.cit.

(b) The Primary Sector:

(1) As mentioned before, Kerala has an unfavourable and deteriorating man-land ratio. As of 1961, the per capita cultivable land in the State has dwindled to 0.23 hectare.



The impact of population pressure on land availability is shown in the following Table III.13.

Table III.13: PER CAPITA AREA OF CULTIVABLE LAND AND DENSITY OF POPULATION OVER THE YEARS

Year	Land per capita (Hectare)	Density of Population (Persons per square Kilo- metre)
1836	1.47	68
1875	0.77	130
1881	0.74	134
1891	0.67	150
1901	0.61	165
1911	0.54	184
1921	0.50	201
1931	0.41	245
1941	0.35	284
1951	0.29	349
1961	0.23	435

Source: Census of India, 1961, Vol.VII, Kerala, Part A (1), General Report, Tables 2.7, 2.9 and 2.10.

The per capita availability of cultivable land must have fallen still further since 1961. According to one estimate, cultivable land per capita in Kerala stood at 0.11 hectare by 1966-67 as against 0.29 hectare for the country as a whole. It is the lowest figure among all the States during that year.<sup>9</sup>

9. Statistics for Planning, op.cit., Series 1, Agriculture, p.13, Table 1.10.



It may be mentioned here that almost all available land suitable for cultivation in the State has been already brought under the plough. Of the total geographical area of 3858 thousand hectares, 1056 thousand hectares are under forests. As of 1969-70, net area sown came to 2166 thousand hectares and land under miscellaneous tree crops (not included in net area sown) came to 140 thousand hectares. On the other hand, cultivable waste and fallow land, including current fallow, added upto 127 thousand hectares only. The foregoing figures indicate a high degree of intensity of land utilisation, or the extremely limited scope for extensive cultivation.

The average size of operational holdings in Kerala is very small, it is estimated at 1.82 acres in 1966-67. Further, about 60 per cent of the total number of holdings was less than 1 acre, and about 82 per cent of them below 2.5 acres in size.

(11) The cropping pattern in the State is noted for the prominence of plantation crops and perennial trees. The following Table III.14 presents the cropping pattern during 1969-70.

A good proportion of the cultivated area in the State may be seen to be under plantation crops such as rubber, tea, coffee, cardamom, etc; coconuts, arecanuts, mangoes and other perennial crops also account for a sizable proportion of the area. The cropping pattern on the garden lands in Kerala is



Table III.14: AREA UNDER PRINCIPAL CROPS IN KERALA 1969-70

Area '000 hectares					
Crops	Area	Per cent	Crops	Area	Per cent
Rice	874.06	29.97	Coconuts	707.84	24.27
Jowar	1.52	0.05	Arecanut	83.68	2.87
Ragi	5.04	0.17	Mangoes	60.26	2.11
Other cereals	6.68	0.23	Cashewnut	98.96	3.39
Pulses	42.35	1.45	Cardamom	47.03	1.61
Sugarcane	7.79	0.27	Citrus fruits	1.96	0.07
Chillies	3.19	0.11	Rubber	175.19	6.00
Ginger	11.52	0.40	Tea	38.30	1.31
Turmeric	4.34	0.15	Coffee	28.87	0.99
Tapioca	295.58	10.13	Tobacco	0.62	Negligi- ble
Sweet potato	6.05	0.21	Castor	0.36	
Banana and other plantations	53.48	1.83	Other nonfood crops	89.46	3.06
Other vegetables	31.69	1.11	Other foddercrops	151.25	5.18
Groundnut	13.12	0.45	Pepper	118.04	4.04
Cotton	6.30	0.22			

Source: Statistics for Planning, op.cit., Series 1, Agriculture, p.13.

characterised by mixed - cropping which leads to maximum utilisation of the land and higher income per unit of land. The raising of plantation crops on the highlands on a considerable scale and the cultivation of cash crops like coconuts, cashews, arecanuts, pepper, etc., on the midland and lowland in a mixed cropping pattern account for the fact that the productivity per unit of land in Kerala is one of the highest in the country.

(c) The Secondary Sector:

As noted earlier, the secondary sector comprising mining and quarrying, manufacture, construction and electricity, gas and water supply, constituted 16.80 per cent of the Net



State Domestic Product in 1968-69; of this, the share of mining and quarrying comes to 0.28 per cent, that of construction, 1.66 per cent and electricity, gas and water supply to 0.73 per cent. The balance 14.13 per cent, is the proportion originating in manufacture.

(i) It may be recalled (Table III.12) that in the manufacturing sector, unregistered units account for 6.03 per cent of the Net State Domestic Product or about 43 per cent of the total output in manufacturing sector. The unregistered sector includes textiles, tailoring, leather and leather products, wood, glass, ceramic, metal manufacturing, food, drinks, etc. organised on a small scale in the household or non-household sectors. Manufacturing in the registered sector comprises relatively large scale units covering food, beverages, tobacco, textiles, footwear, furniture, paper, printing, etc.

(ii) A good proportion of industries in the registered sector consists of those processing food and other agricultural products. Among the registered factories in Kerala in 1968, food, beverages, tobacco, textiles, footwear, furniture, etc. accounted for a vast majority. Table III.15 gives the industry-wise distribution of registered factories in Kerala during 1968.

It is seen that most of these are agro-based industries. Out of the total of 2872 factories, food, beverages, tobacco, textile, footwear, wood, furniture, paper and rubber, add upto



1836. These industries employ over three-fourths of the total factory workers in the State.

Table III.15: REGISTERED WORKING FACTORIES AND EMPLOYMENT IN KERALA, 1968

Industry	No. of factories	Employment
1. Food	774	112287
2. Beverages	24	158
3. Tobacco	43	1128
4. Textiles	363	22026
5. Footwear, other wearing and other made up textile goods	16	387
6. Wood and cork	444	11159
7. Furniture and fixture	29	872
8. Paper and paper products	10	3209
9. Printing, publicity and allied industries	207	4848
10. Rubber and rubber products	133	3450
11. Chemical and chemical products	105	9527
12. Petroleum and coal	9	699
13. Non-metallic mineral products	239	14591
14. Basic metal industry	34	2219
15. Metal products	100	2562
16. Machinery	116	5583
17. Electrical machinery, appliances, etc.	28	1735
18. Transport equipment	160	6739
19. Other manufacturing industries	20	611
20. Electricity, gas, water, etc.	17	484
	Total	204285
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Source: Statistics for Planning, Series 4, Industries and Infrastructure, op.cit., p.7.

(iii) Most of the industries in Kerala are characterised by traditional technology and low productivity. Productive capital employed per worker has been estimated at Rs.6436 in 1965. The value added per worker in the twelve leading groups



of industries in the State has been estimated at Rs.2454 per annum in 1965; in the cashewnut processing industry, a leading industry of Kerala, it was as low as Rs.780 per annum.<sup>10</sup> The average earnings of factory workers in Kerala are very low, one of the lowest in the country. As of 1969, the average annual earnings of employees in manufacturing industries came to Rs.2125 in Kerala, as against Rs.2564 for the country as a whole; in fact, Kerala held the 15th rank in terms of annual earnings of the employees in manufacturing industries among the States of the Indian Union.<sup>11</sup>

(iv) The "Traditional industries" of Kerala, such as cashew, coir, handloom, tiles, beedi-making etc., have been passing through difficult times. The coir industry is mostly in the unregistered, household sector and is estimated to provide employment to about 4 lakh workers. The handloom industry employs 85,000 persons. Cashew industry accounts for about one-half the total factory employment in the State. For one reason or other - declining export market as in the case of coir, declining domestic and foreign demand and rising price of yarn, dyes and chemicals as in the case of handloom, inadequate supply

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10. Statistics for Planning, op.cit., Series No.4, Industries and Infrastructure, p.9 Table 2.8.

11. Ibid., Table 1.9, p.4.



of raw nuts and/or rising labour cost as in the case of cashew - these industries have of late been facing problems of a crisis proportion. Many units have closed down and many more work less than full capacity, throwing large numbers out of employment. The fundamental weakness which ails the traditional industries seems to be their obsolete technology which is given a longer lease of life by the heavy subsidy from the Government than they would otherwise have. The deteriorating conditions of these traditional industries at any rate add still another dimension to the employment situation in the State.

(d) The Tertiary Sector:

The residual industrial categories make up the tertiary sector and will include transport and communication, trade and catering, banking and insurance, real estate, public administration and other services. As observed earlier (Table No. III.12) this sector accounts for 35 per cent of the State Domestic Product in 1968-69, at constant prices. Of the various sub-groups in this sector, it may be noted that trade, storage, hotels and restaurants claim 12.34 per cent of the Net Domestic Product, or a little over one-third of the total of this sector; the second largest share viz., 10.69 per cent of the Domestic Product accrues to the miscellaneous group of "other services". The proportion of the income originating in this broad sector for this period came to 33.36 per cent in



the case of India, slightly lower than the corresponding proportion for Kerala.

(e) Infra-structure Development:

The picture emerging from the foregoing discussion of income per capita and consumption levels, composition of State Domestic Product, etc. in Kerala is that of an under-developed economy. However, the level of literacy and education, and socio-economic over-heads obtained in Kerala give a different picture as brought out in this section. As mentioned earlier, Kerala has attained the highest literacy rate among the States. Transportation and communication, production of electric power, public health, medical care and sanitation, and other infra-structure are fairly well developed in Kerala.

It is seen that in respect of education, transport and communication, rural electrification, medical and public health and banking facilities, Kerala is very much ahead of other States as the Table III.16 shows.

(f) Rate of Growth of the Economy:

(1) The rate of growth of the economy has been rather low. The index of State Domestic Product at constant prices rose to 131.79 during the period 1960-61 to 1968-69, indicating an increase of about 32 per cent over the eight years or about 4 per cent per annum. At constant prices,



Table III.16: INPRA-STRUCTURE DEVELOPMENT IN DIFFERENT STATES

States	Per cent of literate population 1961	No. of hospital beds per thousand population 1968	Net area cultivated as per cent of net area sown 1965-66	Road length Km. per 100 sq. Km. 1967	Railway route length per 1000 sq. Km. 1967	Per capita consumption of electricity Kwt. 1965-66	Proportion of village electrified 1969	Population in '000s per bank office 1967
	1.	2.	3.	4.	5.	6.	7.	8.
Andhra Pradesh	21.2	0.61	27.1	28	17	31	0.20	84
Assam	27.4	0.38	24.7	34	11	8	0.15	213
Bihar	18.4	0.31	23.9	31	30	57	0.94	219
Gujarat	30.5	0.43	8.8	19	29	83	0.15	41
Haryana	-	0.43	36.6	-	32	-	0.22	74
Jammu & Kashmir	11.0	1.02	42.9	8	-	30	0.94	216
Kerala	46.8	0.99	17.5	144	23	39	0.72	49
Madhya Pradesh	17.1	0.38	5.9	15	12	36	0.39	131
Maharashtra	29.8	0.79	6.8	18	17	106	0.26	51
Mysore	26.4	0.81	9.8	31	14	55	0.28	43
Nagaland	-	1.75	25.5	24	1	-	0.06	205
Orissa	21.7	0.36	N.A.	33	11	79	0.18	227
Punjab	24.2	0.66	59.6	46	42	102*	0.42	51
Rajasthan	15.2	0.52	12.4	14	16	21	0.07	83
Tamil Nadu	31.4	0.69	40.4	46	28	89	0.67	39
Uttar Pradesh	17.6	0.41	33.9	42	29	30	0.11	138
West Bengal	29.3	0.87	26.3	60	35	114	0.06	99
All India	24.0	0.57	19.5	27	18	61	0.13	75

Source: Kerala, An Economic Review, 1968, op.cit., p.176; Statistics for Planning, op.cit., Social Services, Table II 31, p.60; Statistics for Planning, op.cit., Industries and Infrastructure, Tables 8.10, 10.18 and 11.12

\* Combined figure of Punjab and Haryana.



the state income per capita registered a growth rate of 3.18 per cent. The State Income per capita, on the other hand, at 1960-61 prices, rose from Rs.265.06 in 1960-61 to Rs.290.55 in 1968-69. The trend in the growth of the State Domestic Product and income per capita are given in Table III.17.

Table III.17: GROWTH OF STATE DOMESTIC PRODUCT AND INCOME PER CAPITA, 1960-61 TO 1968-69 (AT CONSTANT PRICES)

Year	Net domestic product		Popula- tion lakhs	State Income per capita	
	Rs. lakhs	Index		Rs.	Index
1960-61	44378	100.00	167.43	265.06	100.00
1961-62	44994	101.39	171.33	262.62	99.08
1962-63	46717	105.27	175.32	266.47	100.53
1963-64	47979	108.11	179.39	267.44	100.90
1964-65	49167	110.79	183.58	267.83	101.05
1965-66	50301	113.35	187.85	267.77	101.02
1966-67	52862	119.12	192.23	275.00	103.75
1967-68	54906	123.72	196.71	279.13	105.31
1968-69	58484	131.79	201.29	290.55	109.62

Source: State Income of Kerala, op.cit.

It is seen that the estimated State Domestic Product, at constant prices registered an increase of 31.79 per cent over the period under reference. The rate of growth seems to be higher during the latter half of the period than over the earlier period. Similarly, during the first half of this period there was hardly any increase in income per capita, and what gains as were made belongs to the latter half. The annual



increase in per capita income works out to a little over 1 per cent which would not make any impression on the level of living of the population.

(2) The comparative growth rates in the different sectors of the State's economy are indicated in Table III.18.

Table III.18: INDICES OF STATE DOMESTIC PRODUCT BY INDUSTRY  
ORIGIN AT CONSTANT PRICES (1960-61 = 100)

Industry	Index during 1968-69
1. Agriculture	114.52
2. Animal Husbandry	136.97
3. Forestry and Logging	182.31
4. Fishing	89.89
Sub Total	115.62
5. Mining and Quarrying	66.21
6. Manufacturing: Organised Sector	176.91
7. Manufacturing: Unorganised Sector	129.19
8. Electricity, Gas and Water Supply	195.91
Sub Total	149.63
9. Railways	97.62
10. Communication	290.26
11. Transport for other means	161.97
12. Trade, Storage, hotels & restaurants	132.29
Sub Total	138.35
13. Banking and Insurance	194.43
14. Real estate & real ownership of dwellings	124.89
15. Public Administration and Defence	237.30
16. Other Services	156.75
Sub Total	166.87
Net Domestic Product	131.79

Source: State Income of Kerala, op.cit.

The highest rates of growth have been recorded in the tertiary sector activities like communication, banking and insurance. In the secondary sector, the highest growth rate is noticed in the sub-sector electricity, gas and water supply.



The growth rate in the manufacturing, registered sector, has been moderately high. As against these, the growth rate in the primary sector has been tardy; the growth rate in 'agriculture proper' is seen to be about 5 per cent for the whole period, while that in fishing is negative. If these estimates are true, it is a serious matter, since these are sectors where Kerala has a favourable natural endowment and relatively more employment potentials.

These facts, along with the effective demand for consumption goods and services as well as the rate of saving and capital accumulation, these in turn act as major constraints on the expansion of employment opportunities. In Kerala, the proportion of workers to the total population is one of the lowest in the country. The majority of workers are engaged in traditional, low income, economic activities. An analysis of the level and pattern of employment in Kerala, which is attempted in this chapter, will give us some insight into the problem of unemployment in the state.

Worker Participation Rates in Kerala

(a) Worker Participation Rates:

Kerala has always had one of the lowest worker participation rates in India. The proportion of workers to total population in the different states as represented in the last three decades are given in Table I.1.



## CHAPTER IV

### Table IV.1: PROPORTION OF WORKERS TO TOTAL POPULATION IN THE LEVEL AND PATTERN OF EMPLOYMENT IN KERALA

Employment and unemployment are the two sides of the same medal. The nature and the extent of unemployment in an economy are linked with the level and pattern of employment in the system. Where the majority of the working force is engaged in low productivity activities, the resulting low level of income keeps down the effective demand for consumption goods and services as well as the rate of saving and capital accumulation. These in turn act as major constraints on the expansion of employment opportunities. In Kerala, the proportion of workers to the total population is one of the lowest in the country. The majority of workers are engaged in traditional, low income, economic activities. An analysis of the level and pattern of employment in Kerala, which is attempted in this chapter, will give us some insight into the problem of unemployment in the State.

#### I. Worker Participation Rates in Kerala

##### (a) Crude Participation Rates:

Kerala has always had one of the lowest worker participation rates in India. The proportion of workers to total population in the different States as enumerated in the last three Censuses are given in Table IV.1.



Table IV.1: PROPORTION OF WORKERS TO TOTAL POPULATION IN  
DIFFERENT STATES IN INDIA

States	Per cent of workers		
	1951	1961	1971
Andhra Pradesh	36.90	51.87	41.48
Assam	42.53	43.28	28.68
Bihar	34.96	41.40	31.96
Gujarat	43.69	41.07	31.58
Haryana	-	-	26.51
Himachal Pradesh	-	-	36.82
Jammu and Kashmir	-	42.79	30.01
Kerala	32.28	33.31	28.91
Madhya Pradesh	49.31	52.30	37.30
Madras	29.18	45.57	36.67
Maharashtra	-	43.48	37.27
Mysore	34.03	45.48	35.17
Nagaland	-	-	52.09
Orissa	37.37	43.66	31.64
Punjab	37.99	34.97	28.81
Rajasthan	49.35	47.55	32.22
Utter Pradesh	41.76	39.12	32.16
West Bengal	34.47	33.16	25.37
All India	39.10	42.98	33.54

Source: B.R. Kalra, A Note on Working Force Estimates, 1901-1961, Census of India, Paper No.1 of 1962, Final Population Totals, pp.404-405 and 410-411; Census of India, Paper No.1 of 1971 Supplement, Provisional Population Totals, Table D, pp.60-61.

It may be noted that in 1951, the proportion of workers to total population in Kerala came to 32.28 per cent as against the all India average of 39.10 per cent; next to Madras, Kerala had the lowest worker - participation rate in India. In 1961,



workers as a proportion to total population came to 33.31 per cent, the lowest, except West Bengal where it was 33.16 per cent, the national average being 42.98 per cent. In the last Census, 1971, workers constituted 28.91 per cent of the population in the State as against 33.54 per cent for the country as a whole.

What might be the causes of lower participation rates in Kerala? One of the explanations offered for a lower worker - participation rate in Kerala is the low sex ratio of the population. It has been observed that "the population of Kerala has a very high proportion of females and that this is particularly marked in the working age group".<sup>1</sup> Therefore, it is argued that, since the proportion of females taking part in economic activity is generally less than that of males, this difference being particularly marked in Kerala, it naturally tends to pull down overall participation rates.<sup>2</sup> As pointed out by Panikar, this does not seem to adequately explain the phenomenon, since the difference in the sex ratio between Kerala and the rest of India is not very significant. Further in States like West Bengal and Punjab a low participation rate and a high sex ratio go together.<sup>3</sup>

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1. National Council of Applied Economic Research, Techno-Economic Survey of Kerala, 1962, p.209.

2. *Loc.cit.*

3. P.G.K. Panikar, Worker Participation Rates in Kerala, Indian Journal of Labour Economics, Vol.X, No.3, October 1967, p.223.



A more plausible explanation is the higher proportion of the State's population consisting of full-time students. "About 18 per cent of the population attend schools and colleges against only 8.31 per cent in the whole of India. This is an important factor in reducing the rural participation rate".<sup>4</sup> According to 1961 Census 22.5 per cent of the population in Kerala consisted of full time students as against 9.5 per cent of the country as a whole. On the basis of this it is assumed that "the bulk of the difference in the labour force participation rates between India and Kerala is accounted for by the higher proportion of students in Kerala".<sup>5</sup>

Panikar has argued that the low overall participation rate in Kerala compared to other States in India may be due to lower participation rate in agriculture, industrial categories I and II, than in the rest of India. Kerala, according to the Census of 1961, had the lowest participation rate in the agricultural sector; cultivators and agricultural labourers together constituted 38.30 per cent of the workers in Kerala as against the national average of 69.53 per cent. A similar association is also observed in the participation rates and proportion of workers in the industrial categories I and II in the different districts of the State. Thus, the proportion

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4. Techno-Economic Survey of Kerala, op.cit., p.209.

5. Bureau of Economics and Statistics, Planning for Employment in Kerala, op.cit.



of workers in these two industrial categories is the highest in Palghat district which also recorded the highest overall participation rate. On the other hand, the lowest worker participation rate is <sup>in</sup> the Kozhikode district which has also the lowest proportion of workers in the agricultural sector. The reason behind this association, it is contended, is as follows:

"In an underdeveloped economy, where the secondary and tertiary sectors are rudimentary, the participation rate will vary with the size of the primary sector, particularly with the relatively large absorption capacity of the agricultural sector. Usually subsistence agriculture in underdeveloped countries can and does employ large numbers and absorbs the shock of population explosion, although a good proportion of those on the land will be unemployed in disguise. This is due to the type of organisation and technology of peasant agriculture. That is to say, agriculture in these countries is, by and large, a family enterprise and employs labour-intensive techniques. But a situation where agriculture can take no more of the fresh entrants into the labour force is not inconceivable. And where agriculture has reached the saturation point and other sectors are stagnant, the overall participation rates will steadily dwindle."<sup>6</sup>

Panikar tries to show that this is the actual situation in Kerala. Over the years, the population in the State grew at a relatively high rate, the cultivable land per-capita steadily fell, the absolute and relative size of workers in agriculture rose for some time and then steadily declined; the proportion

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6. P.G.K. Panikar, op.cit., 226.



of workers in the industrial categories I and II dropped from 53.12 per cent in 1901 to 38.30 per cent of total workers in 1961.<sup>7</sup> There could also be some other factors responsible for the lower participation rates in Kerala.

(b) Sex-Specific Participation Rates:

A little over 47 per cent of the male population in Kerala were enumerated as workers in 1961 Census, the corresponding proportion for India being 57.12 per cent. As for females, the participation rate in the State came to 19.71 per cent as against 27.96 per cent for the country as a whole. The participation rates among males and females in different States are presented in Table IV.2.

It may be observed that Kerala has the lowest male participation rate among all the States in the Indian Union. The female participation rate in the country ranges from 9.43 per cent in West Bengal to 43.99 per cent in Andhra Pradesh, the rate for Kerala being 19.71 per cent. It is seen that, by and large, the overall participation rates vary directly with the female participation rates among the different States. Therefore, the low worker participation rate in Kerala may partly be due to the comparatively low participation rate among females in the State.

7. Ibid., p.227.



Table IV.2: PROPORTION OF WORKERS AMONG MALES AND FEMALES  
IN DIFFERENT STATES, 1961

States	Per cent of workers to total population		
	Persons	Males	Females
Andhra Pradesh	51.87	62.22	41.32
Assam	43.28	54.10	39.91
Bihar	41.40	55.60	27.12
Gujarat	41.07	53.47	27.89
Jammu and Kashmir	42.79	57.84	25.64
Kerala	33.31	47.20	19.71
Madhya Pradesh	52.30	60.21	43.99
Madras	45.57	59.74	31.29
Maharashtra	47.91	57.09	38.10
Mysore	45.48	58.38	32.02
Orissa	43.66	60.75	26.58
Punjab	34.97	52.92	14.20
Rajasthan	47.55	58.14	35.89
Utter Pradesh	39.12	58.19	18.14
West Bengal	33.16	53.93	9.43

Source: Census of India 1961, Paper No.1 of 1962, pp.410-411.

Why the female participation rate in Kerala tends to be so low is an important question. In India, female participation is more prevalent in agriculture and allied activities. The proportion of female population in the country participating in all economic activities comes to 27.96, as against 57.12 per cent for males as observed earlier. Of this, 15.59 per cent of female population are engaged in industrial category I, that is, as cultivators; 6.67 per cent are agricultural labourers; and 0.56 per cent are in allied activities like plantation,



forestry, fishing, etc. These three industrial categories together account for the bulk of female workers. Female participation in most of the other industrial categories such as industry, construction, trade and commerce, transport and communication, etc., is nominal or insignificant. In Kerala, the proportion of female population engaged in agriculture and allied activities is one of the lowest in India as Table IV.3 will show.

Table IV.3: FEMALE PARTICIPATION RATE IN AGRICULTURE AND ALLIED ACTIVITIES

States	Workers as per cent of population	Overall Female parti- cipation rate	Per cent of female population engaged in Industrial cate- gories I, II & III
Madhya Pradesh	52.30	43.99	42.85
Andhra Pradesh	51.87	41.32	16.81
Maharashtra	47.96	38.10	26.60
Rajasthan	47.55	35.89	46.38
Madras	45.57	31.20	15.05
Mysore	45.48	32.02	24.29
Orissa	43.66	26.58	21.29
Assam	43.28	39.91	33.52
Jammu and Kashmir	42.79	25.64	29.74
Bihar	41.40	27.12	21.05
Gujarat	41.07	27.89	19.30
Uttar Pradesh	39.12	18.14	20.07
Punjab	34.97	14.20	11.38
Kerala	33.31	19.71	5.56
West Bengal	33.16	9.43	4.85

Source: Census of India 1961, Paper No.1, op.cit.



The Table IV.3 shows that there is some association between the proportion of female population working in agriculture and allied activities and the overall female participation rates. In States like Rajasthan, Madhya Pradesh and Assam where a relatively high percentage of females are engaged in agriculture and allied activities, the female participation rates are also high. On the other hand, in States like Punjab, Kerala and West Bengal a comparatively low proportion of females are involved in this sector and there the female participation rates are also lower. The foregoing statistical association is not itself an explanation of the phenomenon of lower female participation rates in Kerala or that in the agricultural sector. We may venture to offer one or two hunches. Firstly, the cropping pattern on the garden lands in Kerala, with a predominance of perennial tree crops like coconuts, arecanut, etc. has a lower employment potential, especially for females, than in regions where seasonal field crops are more predominant cropping pattern. Secondly, the State has a much higher literacy rate, even among females, than in the rest of India, and literate and educated persons may not readily take up wage employment in agriculture involving manual work. Needless to say these are mere hunches and merit further empirical investigation.

(c) Rural-Urban Participation Rates:

The proportion of workers in rural population of the State is, next to West Bengal, the lowest in India; as for the



urban areas, the participation rate in Kerala is the very lowest in the country. Moreover, the rural-urban difference in participation rate is also very narrow in Kerala. Table IV.4 presents the participation rates in the rural and urban areas of different States in India.

Table IV.4: PROPORTION OF WORKERS AMONG RURAL AND URBAN POPULATIONS IN DIFFERENT STATES 1961 AND 1971

States	Per cent of		Rural-Urban difference	Per cent of		Rural- Urban difference
	Rural	Urban		Rural	Urban	
Andhra Pradesh	55.52	35.99	19.53	43.94	30.72	13.22
Assam	43.79	37.00	6.79	28.14	30.36	-2.22
Bihar	42.16	33.22	8.94	31.33	28.29	3.04
Gujarat	44.16	29.88	14.96	32.96	27.56	5.40
Jammu and Kashmir	45.31	30.18	15.13	30.51	26.45	4.06
Kerala	33.94	29.57	4.37	29.53	26.97	2.56
Madhya Pradesh	55.19	34.94	20.25	38.40	28.09	10.31
Madras	49.63	34.41	15.23	38.18	30.23	7.95
Maharashtra	52.42	36.43	15.99	38.59	31.79	6.80
Mysore	48.76	34.06	14.70	36.38	29.61	6.77
Orissa	44.07	37.52	6.55	31.29	30.44	0.85
Punjab	36.18	30.18	6.00	29.14	28.10	1.04
Rajasthan	50.92	30.23	20.69	32.39	25.83	6.56
Utter Pradesh	40.33	30.95	-9.38	31.47	27.60	3.81
West Bengal	32.67	34.66	-1.99	27.18	30.12	-2.94

Source: Census of India, Paper No.1 of 1962, op.cit., pp.401-411. Census Centenary 1972, Pocket Book of Population Statistics, Registrar General and Census Commissioner, India.

Thus, next to West Bengal where the participation rate in rural areas is less than urban participation rate, the rural-urban differential is the smallest in Kerala. The rural-urban differentials in the participation rates are highest among the



States of Rajasthan, Madhya Pradesh, Andhra Pradesh, Madras and Maharashtra. Incidentally, these States registered a comparatively high overall participation rates also. In 1971, the rural-urban differentials in the participation rates are highest among the States Andhra Pradesh, Madhya Pradesh, Madras, Maharashtra, Mysore and Rajasthan. As in 1961, in 1971 also these States registered a comparatively high overall participation rates. The reason is not far to seek. In the above mentioned States, the rural participation rates were about 50 per cent or more, and significantly higher than the national average, although the urban participation rates in almost all of them were as high as, if not higher than, the national average in 1961. A relatively high participation rate in the rural areas implies a higher proportion of workers engaged in agriculture and allied activities. Again we find the close association between the overall participation rate and the proportion of workers in agriculture and allied activities.

(d) Age-Specific Participation Rate:

We mentioned above that the lower overall worker participation rate in Kerala might partly be due to a higher proportion of full-time students among the nonworkers in the State. This is corroborated by the evidence on age-specific participation rates presented in Table IV.5 below.



Table IV.5: PERCENTAGE DISTRIBUTION OF WORKERS BY AGE-GROUPS, 1961

State	Total workers	Age in years			
		0--14	15--34	35--59	60+
Andhra Pradesh	100	4.83	48.22	34.99	4.96
Assam	100	7.39	53.26	34.15	5.20
Bihar	100	8.21	47.63	37.51	6.85
Gujarat	100	7.23	52.34	35.55	4.88
Kerala	100	1.37	49.74	40.72	8.12
Jammu and Kashmir	100	7.40	50.94	33.19	8.47
Madhya Pradesh	100	8.80	50.68	34.94	5.58
Madras	100	6.61	48.22	39.05	6.12
Maharashtra	100	7.40	51.17	36.00	5.43
Mysore	100	9.30	48.56	35.71	5.24
Orissa	100	8.45	48.87	36.59	6.09
Punjab	100	7.43	48.83	35.00	8.74
Rajasthan	100	11.53	50.44	32.79	5.24
Utter Pradesh	100	6.74	47.20	37.95	8.11
West Bengal	100	3.90	49.90	38.79	7.41
All India	100	7.67	49.32	36.50	6.51

Source: Census of India 1961, Vol.VII, Part II B (1)  
General Economic Tables, pp.86-105.

Kerala is seen to have the lowest proportion of workers among the population in the age group 0 - 14 years. The participation rate in this school-going, age group, 0 - 14 years, works out to 1.37 per cent in Kerala as against 7.67 per cent for the country as a whole. West Bengal which has the lowest overall participation rate among all the States in 1961 also has a very low proportion of workers in this young age group, for the same reason as in Kerala; West Bengal also has recorded a high rate of school enrolment. As for the other age groups, the proportion of workers in



Kerala is higher than the all-India average. Thus, for the population in the age-group 15 - 34 years, the proportion of workers in Kerala came to 49.74 per cent as against 49.32 per cent for the country as a whole; in the next higher age group, 35 - 59, the participation rate in Kerala was 40.72 per cent, the highest among all States, as against 36.50 for India; and in the age-group 60 years and above, the percentage of workers in Kerala and India were 8.17 and 6.51 respectively. In brief, whereas the proportion of workers in Kerala among the conventional 'working force age-group', 15 - 59 years, is higher than the national average, and one of the highest among all the States, the proportion of workers among children in Kerala is the very lowest in India.

(e) Trend in Participation Rates over Decades:

Owing to frequent changes in concept, definition and reference period from census to census, it is virtually impossible to appraise the secular trend in participation rates, although some attempts at reconstructing the Census series to uniform concept and definition have been made in recent years. One such exercise in this direction has produced an estimate of crude participation rates among males and females from 1911 through 1961. The trend in participation rates over this period yielded by the above exercise is presented in the Table IV.6.



Table (IV.6) PARTICIPATION RATES IN INDIA - STATEWISE -  
1911 - 1961

	1911		1921		1931		1951		1961	
	Male	Female	Male	Female	Male	Female	Male	Female	Male	Female
Andhra Pradesh	62.5	41.6	60.4	37.5	58.8	30.3	52.6	21.2	62.2	41.3
Assam	62.1	39.0	62.7	37.5	62.4	35.5	54.4	30.7	54.3	31.8
Bihar	62.5	34.7	63.3	35.9	56.7	26.1	49.1	20.7	55.6	27.1
Gujarat	58.6	30.0	54.2	24.1	54.9	28.6	51.7	28.0	53.5	27.0
Jammu & Kashmir	59.5	33.7	54.1	21.7	48.6	57.1	N.A.	N.A.	57.8	25.6
Kerala	53.6	28.0	50.6	24.1	49.7	38.4	46.7	18.1	47.2	19.7
Madhya Pradesh	64.7	47.9	66.2	46.8	62.6	37.5	60.4	37.9	60.2	44.0
Madras	60.6	36.3	57.2	29.2	56.8	23.1	45.7	12.7	59.7	31.3
Maharashtra	62.5	39.8	58.9	37.0	55.0	30.3	56.8	33.3	57.1	38.1
Mysore	54.9	25.3	49.0	24.1	53.5	25.3	49.6	18.1	58.4	32.0
Orissa	60.6	30.4	61.8	33.2	59.7	30.0	56.3	18.8	60.8	26.6
Punjab	60.1	11.9	55.7	9.2	53.1	12.7	54.9	17.2	52.9	14.2
Rajasthan	63.5	45.4	63.9	46.2	63.4	38.3	59.5	38.3	58.1	35.9
Uttar Pradesh	65.1	33.5	65.6	37.3	63.1	29.8	59.7	23.6	58.1	18.1
West Bengal	62.9	18.8	61.7	17.4	52.8	13.2	54.2	11.6	54.0	9.4
India	62.0	33.9	60.6	32.8	57.9	28.4	54.3	23.3	57.1	28.0

Source: Census of India, 1961, Paper No.1 of 1967, Delhi 1968, quoted by Jayasankar Krishnamurty, The Industrial Distribution of the Working Force in India, 1901-1961, A study of Selected Aspects, Ph.D. Thesis submitted to the University of Delhi, unpublished, Appendix Tables A-II and A-III, pp.244-245.



The male participation rate in Kerala is seen to be the lowest among all States in almost all the Census years covered in the above Table. The participation rates among males in Kerala has steadily fallen during the period upto 1951, though between 1951 and 1961 there is a slight increase, by 0.5 percentage point in Kerala and by 2.8 percentage points as it is for the country as a whole. Between 1911 and 1961, male participation rate in this State registered a decrease of 6.4 percentage points. In terms of percentage points, the decline in the male participation rate in Kerala between 1911 and 1961 is seen to be less than the same for the country as a whole. But, then, already by 1911, the participation rate among male population in Kerala was considerably below the national average. But if we compare the decline of male participation rates among States with comparably low male participation rates in the initial period, 1911, such as Mysore, Gujarat, and Jammu and Kashmir, the extent of fall in the participation rates in Kerala turns out to be quite impressive. We also observe a significant fall in the female participation rate in Kerala during this period from 28.0 per cent in 1911 to 19.7 per cent in 1961. It should however be stressed that, as mentioned above, the limitations of the data render intertemporal comparison extremely hazardous and that the above time series are reproduced here only to indicate the direction of change rather than its exact magnitude of the trend.



## II. Sectoral Shares of the Working Force in Kerala

The distribution of workers in 1961 according to the 1961 Census Industrial Categories in different States is presented in Table IV.7.

### (a) Share of Agriculture:

(i) Compared to the rest of India, the proportion of workers engaged in Agriculture in Kerala is very low. As of 1961, cultivators came to 20.92 per cent of total workers in the State, as against 52.82 per cent for the country as a whole. The very low proportion of cultivators to total workers has a profound influence on the pattern of industrial distribution of workers in Kerala distinguishing it from the overall pattern for the country as a whole. We might, therefore, examine the reasons for the same.

(ii) One of the reasons for cultivators being such a low proportion of total workers in Kerala is the limited supply of cultivable land. Per capita cultivable land available in this State is the lowest among all the States in India. Further, a large proportion of the population here is landless. The following Table IV.8 brings out the relative position of Kerala.



States	Culti- vators	Agricul- tural Labour- ers	Mining, quarrying lives <del>tock</del> forestry, etc.	House- hold Industry	Manufact- uring, other than house- hold indu- stry	Const- ruction	Trade & Commer- ce	Transport and Commu- nication	Other service
Andhra Pradesh	40.11	28.59	3.01	9.73	2.15	1.18	4.28	1.27	9.28
Assam	64.39	3.65	10.08	5.46	2.02	0.78	3.59	1.47	8.26
Bihar	53.87	22.97	3.39	5.50	2.21	0.56	2.72	1.20	7.58
Gujarat	53.32	14.77	1.24	6.56	6.33	1.06	4.85	1.88	9.59
Jammu & Kashmir	75.70	1.20	1.67	6.28	2.20	0.57	2.21	0.87	9.30
Kerala	20.92	17.38	8.66	8.68	9.40	1.26	5.72	2.71	25.27
Madhya Pradesh	62.68	16.63	2.91	4.97	1.99	1.02	2.38	0.93	6.49
Madras	42.07	18.42	2.84	7.86	5.53	1.34	4.94	1.65	15.35
Maharashtra	46.11	23.80	2.17	4.39	6.88	1.24	4.52	2.36	8.83
Mysore	54.13	16.42	3.13	6.61	3.93	1.77	3.65	0.99	9.37
Orissa	56.82	17.01	1.72	6.92	1.13	0.40	1.93	0.68	13.39
Punjab	56.27	7.66	0.93	7.52	4.99	1.97	5.43	2.01	13.12
Rajasthan	73.61	4.11	1.79	6.24	1.79	1.14	3.01	1.23	7.08
Uttar Pradesh	63.89	11.30	0.60	6.24	2.78	0.74	3.68	1.38	9.39
West Bengal	38.50	15.30	4.99	4.21	11.31	1.31	7.53	3.39	13.38
All India	52.82	16.71	2.75	6.39	4.22	1.09	4.05	1.59	10.38

Source: B. H. Kalra, A Note on working force Estimates 1901-1961, Appendix I, Census of India, Paper No. 1 of 1962, Table 12.C.



Table IV.8: NUMBER OF ALL HOUSEHOLDS OWNING NO LAND

States	Total number of estimated households owning no land (continued sample)	Percentage of total number of households owning no land (continued sample)
Andhra Pradesh	6641	6.84
Assam	2024	27.77
Bihar	8503	8.63
Gujarat	3141	14.74
Jammu and Kashmir	604	10.93
Kerala	2492	30.90
Madhya Pradesh	5479	9.14
Madras	6764	24.20
Maharashtra	5302	16.03
Mysore	3567	18.64
Orissa	3799	7.84
Punjab	2494	12.33
Rajasthan	2956	11.84
Utter Pradesh	13372	2.78
West Bengal	4914	12.56
Union Territories	144	15.22
All India	72466	11.68

Source: The Cabinet Secretariat, Government of India, The National Sample Survey, Seventeenth Round, September 1961 - July 1962, Report Number 144, 1968, p.126.

It may be observed that the proportion of households owning no land in Kerala is the highest among all States in the country. True, a person would be a cultivator even though he owns no land, if he operates leased in land. The proportion of households neither owning nor operating any land is also very high in Kerala as may be seen from Table IV.9.



Table IV.9: PERCENTAGE OF HOUSEHOLDS NEITHER OWNING NOR  
OPERATING ANY LAND

State	Percentage of total number of households neither owning nor operating land (continued sample)
Andhra Pradesh	5.92
Assam	20.95
Bihar	6.43
Gujarat	13.63
Jammu and Kashmir	5.79
Kerala	21.39
Madhya Pradesh	7.76
Madras	21.88
Maharashtra	13.88
Mysore	13.60
Orissa	6.37
Punjab	8.58
Rajasthan	2.20
Utter Pradesh	2.27
West Bengal	9.67
Union Territories	11.11

Source: Ibid., p.161.

Thus according to the results of the National Sample Survey, 1961-'62 over one fifth of the total households in Kerala neither own nor operate any land. This is also the second largest proportion among all the States. The pressure of population and limited supply of cultivable land in Kerala seems to be the factor underlying this state of affairs.

Another plausible explanation may be sought in the classification adopted in the 1961 Census industrial categories. Category I is defined as follows:



"It covers both owners and tenant cultivators. Cultivation includes ploughing, sowing and harvesting but does not include fruit growing or keeping orchards or groves or working plantation like coffee, tea, rubber, chinchona, and other medical plantation.... Besides actual cultivation involving manual work, persons engaged in active supervision or direction of cultivation are included in this category"<sup>8</sup>

Those engaged in growing coconuts, arecanuts, etc. are presumably included in Category III as these crops are included in plantation and their number is apt to be substantial in Kerala. This may have led to under-enumeration of "cultivators" in Kerala in the 1961 census. And the fact that the reported number of workers in Category III in Kerala is very much higher than the all-India average lends support to this hunch, although this category also included other groups, viz., those engaged in tea, rubber, coffee and other plantations, forestry and fishing whose numbers also are substantially higher here.

(iii) A more meaningful categorisation would be to club together all workers in the three industrial categories I, II and III in one major sector "Agriculture". This will comprise 'Cultivators' 'Agricultural Labourers' and workers in allied activities such as orchards and

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8. Census of India 1961, Vol. I, India, Part II B (1), General Economic Tables, p.3.



plantations, forestry, hunting and fishing. The proportion of workers in these three categories together in different States is presented in the following Table IV.10.

Table IV.10: PROPORTION OF WORKERS IN AGRICULTURE AND ALLIED ACTIVITIES 1961 and 1971

State	Per cent of workers in Industrial Categories I, II, & III	
	1961	1971
Andhra Pradesh	71.22	72.85
Assam	78.29	76.95
Bihar	78.82	83.22
Gujarat	69.08	67.59
Jammu and Kashmir	78.55	71.47
Kerala	46.54	55.45
Madhya Pradesh	81.64	81.10
Madras	63.03	64.45
Maharashtra	71.78	65.94
Mysore	73.23	70.84
Orissa	75.19	79.57
Punjab	64.85	63.38
Rajasthan	79.18	76.67
Uttar Pradesh	75.74	77.26
West Bengal	57.41	61.37
All India	71.80	72.05

Source: Census of India, 1961, Vol.I, India, Part II B (1), Table (B.IV), A, B & C, Census Centenary 1972, Pocket Book of Population Statistics, op.cit.

Note: From the total number of workers in Industrial Category III, workers engaged in Mining and Quarrying, were deducted, and the residues added to Industrial Categories I & II.

The inclusion of industrial category III does not materially alter the relative position of Kerala in respect of the share of workers in Agriculture to total workers. The



proportion of workers in the broad sector 'Agriculture' in Kerala comes to about 47 per cent as against a little over 72 per cent in the country as a whole.\* It may be noted that this proportion ranges from 46.96 per cent in Kerala to 82.22 per cent in Madhya Pradesh. The proportion of workers in the sector in Kerala is about 65 per cent of the national average. Next to Kerala, proportion of workers in this sector is the lowest in West Bengal, but even in West Bengal, the proportion is as high as about 59 per cent.

In brief, according to the 1961 Census Kerala has the lowest proportion of workers in agriculture, however defined. The proportion of cultivators and agricultural labourers taken together, 38.30 per cent as total workers, is the lowest in Kerala. Even if we include the workers in allied activities like forestry, orchards and plantations, and fisheries which are comparatively more important in this State, the share of agriculture so defined in total working force in Kerala remains the lowest among all States. The difference between Kerala and other States is seen to be substantial. In 1971 also the share of agricultural sector in total working force in Kerala is the lowest among all the States in Indian Union.

(b) Share of Industry:

(1) The proportion of workers in manufacturing industries including household industries (See Table IV.7)

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\* In 1971 it is 55.45 in Kerala against 72.05 in India.



came to a little over 18 per cent of the total workers in 1961. This is found to be the highest among all the States in India, the national average being only 11 per cent. If we also include construction, which is conventionally treated as a part of the 'secondary' sector, the proportion would go upto 19.34 per cent in Kerala as against 11.70 per cent in India as a whole. The comparative position of different States in respect of the share of workers in the secondary sector is presented in the following Table IV.11.

Table IV.11: PERCENTAGE SHARE OF SECONDARY SECTOR IN THE TOTAL WORKING FORCE 1961 AND 1971

States	Manufacturing	Secondary sector	
	1961	1961	1971
Andhra Pradesh	11.88	13.06	10.62
Assam	7.48	8.26	5.00
Bihar	7.71	8.27	5.63
Gujarat	12.89	13.95	13.48
Jammu and Kashmir	8.48	9.05	9.02
Kerala	18.05	19.34	17.47
Madhya Pradesh	6.96	7.98	7.47
Madras	13.39	14.73	14.96
Maharashtra	11.27	12.51	14.52
Mysore	10.54	12.31	11.98
Orissa	8.05	8.45	6.48
Punjab	12.51	14.48	13.28
Rajasthan	8.03	9.17	7.86
Uttar Pradesh	9.02	9.76	7.89
West Bengal	15.52	16.83	15.06
All India	10.61	11.70	10.69

Source: Same as of Table IV.7.

Note: Col.2 is the sum of the shares of industrial categories IV and V and Col.3 is the sum of IV, V and VI.



The position is the same when construction workers are also added to the subtotal. This gives the impression that Kerala is the most industrially advanced State in India. But, as pointed out in the last chapter, the industrial sector of Kerala consists mostly traditional industries characterised by low technology and low earnings per worker.

(c) Share of Services Sector:

As noted above, the primary and secondary sectors together accounted for 66.30 per cent of the total workers. The rest of the working force, viz., 33.70 per cent, were employed in the Tertiary sector comprising Trade and Commerce, Transport, Storage and Communication, and other Services or industrial categories VII, VIII and IX. The proportion of total workers absorbed by the Tertiary or services sector in different States in 1961 and 1971 is presented in the following Table IV.12.

Next to West Bengal, Kerala has the highest proportion of workers in the industrial categories, VII and VIII, i.e., Trade and Commerce, and Transport and Communications in 1961 and 1971. But in 'Other services', the proportion of workers in Kerala, viz., 25.27 per cent, is not only the highest among all the States, but substantially higher than in other States in 1961. In Madras (Tamil Nadu) which has the second rank in this respect, the proportion of workers in other services, is only 15.35 per cent in 1961.\*

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\* Though Kerala has the highest proportion of workers in 'Other services' in 1971, the difference between Kerala and other States is only marginal.



Table IV.12: PROPORTION OF WORKERS IN THE SERVICE SECTOR  
IN DIFFERENT STATES, 1961 AND 1971

State	Per cent of workers 1961			Total services	
	Trade and commerce	Transport and commu- nication	Other servi- ces	1961	1971
Andhra Pradesh	4.28	1.27	9.28	14.83	15.43
Assam	3.59	1.47	8.26	13.32	17.72
Bihar	2.72	1.20	7.58	11.50	9.68
Gujarat	4.85	1.88	9.59	16.32	18.52
Jammu and Kashmir	2.21	0.87	9.30	12.38	19.37
Kerala	5.72	2.71	25.27	33.70	26.60
Madhya Pradesh	2.38	0.43	6.49	9.30	10.79
Madras	4.94	1.65	15.35	21.94	20.21
Maharashtra	4.52	2.36	8.83	15.71	19.30
Mysore	3.65	0.99	9.37	14.01	16.67
Orissa	1.93	0.68	13.39	16.00	13.19
Punjab	5.43	2.01	13.12	20.56	23.09
Rajasthan	3.01	1.23	7.08	11.32	15.03
Uttar Pradesh	3.68	1.38	9.39	14.45	14.45
West Bengal	7.53	3.39	13.38	24.30	22.64
India	4.05	1.59	10.38	16.02	16.75

Source: Same as Table IV.7.

Taking the sum of industrial categories VII, VIII and IX, which gives the proportion of workers in tertiary production, we note that about one third of the total workers in Kerala is enumerated in this group of activities in 1961. Kerala is seen to stand out from the rest of India in respect of the share of the tertiary sector in the total working force both in 1961 and 1971. In fact, the bulk of the difference between Kerala and the rest of India boils down to the significant difference in the proportion of workers in the residual category, 'Other services'.



Though Kerala has the highest proportion of workers in 'other services' in 1961, the difference between Kerala and other States as regards the share of 'Trade and Commerce' and Transport and Communication is relatively small. The distribution of workers into Primary, Secondary and Tertiary Sectors in Kerala and other States (1961 and 1971) is shown in the following Table IV.13.

Table IV.13: DISTRIBUTION OF WORKERS AMONG THREE BROAD SECTORS, 1961 AND 1971

States	Percentage of workers					
	Primary Sector		Secondary Sector		Tertiary Sector	
	1961	1971	1961	1971	1961	1971
Andhra Pradesh	71.22	73.38	13.06	10.62	14.83	15.43
Assam	78.29	77.28	8.26	5.00	13.32	17.72
Bihar	78.82	84.69	8.17	5.63	11.50	9.68
Gujarat	69.08	68.00	13.95	13.48	16.32	18.52
Jammu & Kashmir	78.55	71.61	9.05	9.02	12.38	19.39
Kerala	46.54	55.93	19.36	17.47	33.70	26.60
Madhya Pradesh	81.64	81.74	7.98	7.47	9.30	10.79
Madras	63.03	64.83	14.73	14.96	21.94	20.21
Maharashtra	71.78	66.18	12.51	14.52	15.71	19.30
Mysore	73.23	71.35	12.31	11.98	14.01	16.67
Orissa	75.19	80.33	8.45	6.48	16.00	13.19
Punjab	64.85	63.63	14.48	13.28	20.56	23.09
Rajasthan	79.18	77.11	9.17	7.86	11.32	15.03
Uttar Pradesh	75.74	77.66	9.16	7.89	14.45	14.45
West Bengal	57.41	62.30	16.83	15.06	24.30	22.64
India	71.80	72.56	11.70	10.69	16.02	16.75

Note: The above divisions follow Colin Clark's classification in "The Condition of Economic Progress", Macmillan, London, 1951, p.401.



In brief, compared to the rest of India, Kerala has a low proportion of workers in the primary sector, a high proportion in the secondary and tertiary sector activities. This is a pattern of industrial distribution of working force usually found only in economically advanced countries. In the next Chapter we shall examine some of the prevailing important hypotheses on industrial distribution of working force and attempt to interpret the existence of the above pattern in the underdeveloped economy of Kerala.

## I. Leading Hypotheses

### (a) Clark-Fisher Hypothesis

Economic development brings about, with rising national product and income per capita, certain broad changes in the structure of production and industrial distribution of the working force. It has long been recognised that owing to differences in income elasticity of demand for different groups of goods and services, increase in per capita income leads to increased demand for manufactured products and services of various kinds compared to agricultural products like food. Colin Clark in his classic work has brought out "the most important concomitant of economic progress, namely the movement of population from agriculture to manufacture and from manufacture to commerce and services."<sup>1</sup> Making a cross section analysis of the data for a large number of countries, Colin Clark has demonstrated the validity of what he describes as "Sir William Petty's law", viz., that with economic

1. Colin Clark, The Conditions of Economic Progress, Spillars and Company Limited, London, 1951, p. 273.



## CHAPTER V

### INDUSTRIAL DISTRIBUTION OF WORKING FORCE IN KERALA

Different hypotheses have been offered to explain the difference in the industrial distribution of working force among countries at different stages of economic development. In this <sup>paper</sup> chapter we shall attempt to explain the industrial distribution of the working force in Kerala in the light of the leading hypotheses.

#### I. Leading Hypotheses

##### (a) Clark-Fisher Hypothesis

Economic development brings about, with rising national product and income per capita, certain broad changes in the structure of production and industrial distribution of the working force. It has long been recognised that owing to differences in income elasticity of demand for different groups of goods and services, increase in per capita income leads to increased demand for manufactured products and services of various kinds compared to agricultural products like food. Colin Clark in his classic work has brought out "the most important concomitant of economic progress, namely the movement of population from agriculture to manufacture and from manufacture to commerce and services."<sup>1</sup> Making a cross section analysis of the data for a large number of countries, Colin Clark has demonstrated the validity of what he describes as "Sir William Petty's law", viz., that with economic

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1. Colin Clark, The Conditions of Economic Progress, Mcmillan and Company Limited, London, 1951, p.395.



development, the proportion of the working force in primary production diminishes and, obversely, the proportion in Secondary and Tertiary sectors increases. The analysis of the time series data for different countries also yields broadly similar results. Simon Kuznets, pursuing this question on a more ambitious scale and with more refined technique of analysis, has come out with similar results.<sup>2</sup> The results of both the cross-section analysis and time series analysis which he has carried out substantiate the hypothesis that with economic development and rising income per capita, the proportion of workers in agriculture and allied activities falls markedly, and those in manufacturing industries and services rise correspondingly.

(b) An Alternative Hypothesis

Bauer and Yamey have questioned the validity of the Clark-Fisher hypothesis concerning the relation between the share of the tertiary sector in working force and per capita real income. According to them there is neither a sound analytical basis nor a strong empirical foundation for the generalisation of Clark and Fisher. On the one hand, there is no a priori reason to believe that as real income per capita increases, a greater proportion of income will be spent on products of tertiary activities; on the other hand, in countries at an early stage of development, a large proportion of labour may be involved in tertiary activities.

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2. Simon Kuznets, Economic Growth of Nation - Total Output and Production Structure, Harvard University Press, Cambridge, (Mass.) 1971.



Kuznets also points out the possibility of a large proportion of the working force in low income countries being engaged in service activities. "The pressure of population on land and the surplus labour force in the less developed countries may mean a movement into service activities since some of them demand little capital and yet provide some modicum of living (peddling, cart transport, personal services of various description) and since the employment of this surplus in the ~~M~~ <sup>manufacturing (M)</sup> sector is inhibited partly by capital scarcity and partly by competition of the M sector in the more developed countries".<sup>3</sup> Kuznets proceeds to elaborate this theme: "In the developed countries a rise in the share of the ~~S~~ <sup>services (S)</sup> sector in the labour force may be viewed as due largely to demand originating because of a shift toward more highly productive organisation in the ~~A~~ <sup>Agriculture (A)</sup> and M sectors and is, in a sense, necessary for the latter. In other words, the shift of the labour force toward the S sector is an indispensable concomitant of the movement toward higher productivity levels throughout the economy. In the less developed countries, there may be long periods of rise in the share of the S sector in the labour force, not because it is a necessary complement to increasingly higher levels of technology and productivity in the A and M sectors, but also because population pressure

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3. Simon Kuznets, Six Lectures on Economic Growth, The Free Press of Glencoe, Illinois, 1959, p.61.



on land and limitations of employment opportunities in the M sector drive the surplus labour into low-paid service activities."<sup>4</sup>

## II. Empirical Verification of Clark-Fisher Hypothesis

Jayasankar Krishnamurty has attempted to verify the Clark-Fisher hypothesis regarding the relationship between per capita income and sectoral distribution of working force with reference to the Indian Union and the States.<sup>5</sup> On the basis of both a cross-section and a time series analysis he concludes that there is a close association between per capita income and sectoral distribution of workers in different States in India, which is in agreement with the Clark-Fisher hypothesis. We shall now review briefly the method and findings of Krishnamurty, as they have considerable bearing on the situation in Kerala.

### (a) Cross-section View

Firstly, let us take the cross-section view. The analysis is confined to male workers only. The technique of analysis used by him is the 'association method'. Krishnamurty has put in juxtaposition the 1960-61 per capita income in different States (as estimated by the National Council of Applied

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4. Ibid., p.63; See also Economic Growth of Nations, op.cit., p.226.

5. Jayasankar Krishnamurty, The Industrial Distribution of the Working Force in India 1901 - 1961: A Study of Selected Aspects, Unpublished Ph.D. Thesis submitted to the University of Delhi, 1970.



Economic Research and published in their Distribution of National Income by States, 1960-61) and the percentage distribution of male workers in different activities. The States are divided into two groups on the basis of per capita income, Group A and Group B. The rationale of this division is not clear; Kerala is included in Group A, i.e., States with higher per capita income, though Kerala is at the bottom of this list and the State income per capita in this State in 1960-61 is below the national income per capita.

The following are the main findings of Krishnamurty:

(a) the proportion of male workers in "Agriculture", that is, "cultivators", plus "Agricultural Labourers", to total male working force is lower in group A States than in Group B States; Group A States have a lower range of percentage share than the Group B States. The lowest value of the proportion of workers in "Agriculture" in Group B States is higher than the highest value in Group A States. (b) In the case of "Manufacturing", "Trade and Commerce", "Transport, Storage and Communication" and "Other Services", the percentage share of workers is positively associated with the per capita income, since in each of these branches of activity the lowest percentage share in Group A States is higher than the highest percentage share in Group B States. (c) In the remaining activities, i.e., "Electricity, Gas, Water Supply and Sanitary Services" and "Construction", there is no positive association between per capita income and percentage share of workers. Though the mean values of the proportion of workers in these activities are higher

workers in the State is the highest in Kerala, viz., 24.8

6. Ibid, p. 150

7. Ibid, p. 151



in Group A states, the ranges are overlapping.<sup>6</sup> He therefore concludes "that per capita income is positively associated with the shares of "Manufacturing" and "Services" and negatively with the share of "Agriculture" (including allied activities). This is consistent with the Clark-Fisher hypothesis which holds that as an economy grows, there is a shift of workers from agriculture to manufacturing and services. The Clark-Fisher hypothesis would therefore suggest that the share of manufacturing and services would be higher and that of Agriculture lower in relatively advanced compared to relatively backward States".<sup>7</sup>

It needs, however, to be pointed out that Kerala which has the lowest per capita income among Group A States has also the lowest proportion of male workers engaged in agriculture and allied activities among all the States. It remains to be explained why the share of this sector in total labour force in Kerala is significantly lower than that in Maharashtra, West Bengal and Punjab where the per capita income is substantially higher. An equally indigestible lump in the above formulation is that the share of the Services sector in Kerala is out of all proportion to the level of per capita income here. The percentage of male workers in Trade and Commerce, Transport, Storage and Communications, and other Services to total male workers in the State is the highest in Kerala, viz., 26.5

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6. Ibid, p.150;

7. Ibid, p.151;



per cent, as against 19.5 per cent in Maharashtra, 21.9 per cent in West Bengal and 18.3 per cent in Punjab, the three States with the highest per capita income States. In other words, the tertiary sector in Kerala accounts for a higher proportion of workers than warranted by the level of economic development measured in terms of the estimated per capita income of the state. To this question we shall return later.

(b) Time Series analysis

Next we shall examine the time series analysis which Krishnamurty has attempted. He has presented the changes in different activities in the total male working force in different States over the decade 1951-1961. In the country as a whole, - after allowance is made for probable under-enumeration of unpaid family workers in agriculture, especially in a few Southern States, - the share of Agriculture in the working force declined between 1951 and 1961, though the decline was not significant. In a few States such as <sup>as</sup> Rajasthan, Gujarat, Uttar Pradesh, Assam and Orissa, the share of this sector in the total working force registered an increase while in the others it declined. The decline in the proportion of workers in Agriculture to total working force came to 8.7 percentage points in Bihar, 5.6 percentage points in Kerala, 3.7 percentage points in Punjab, 1.9 percentage points in Madhya Pradesh, 1.5 percentage points in Maharashtra and



1.4 percentage points in Andhra Pradesh as against 1.3 percentage points for India as a whole.<sup>8</sup> The differential trends in the proportion of workers in agriculture to total working force are explained by Krishnamurty in terms of differential rates of growth of agricultural output in different States. He observes: "there appears to be an interesting relationship between the rates of growth of agricultural output in the different States and the changes in the percentage of working force in 'Agriculture' over the period 1951-1961. By and large, States with agricultural growth rates above 2.5 per cent per annum experienced decline in the relative share of 'Agriculture' in the working force, while States with growth rates below 2.5 per cent per annum experienced increase in the relative share of 'Agriculture' in the work force".<sup>9</sup> Krishnamurty explains the relationship between changes in agricultural output and the share of 'Agriculture' in the working force as follows:

"Rising levels of agricultural output usually lead to rising incomes and as income rise, not only does consumption rise, but the pattern of consumption may also change. A rising demand for non-agricultural products would stimulate their production, and greater availability of food and raw materials

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8. Ibid., Table 4.3, p.112.

9. Ibid., p.111.



from agricultural sector may facilitate increased production. A rise in agricultural output would then be a part of the process of expansion in both the agricultural and non-agricultural sector ..... Higher levels of agricultural output might increase marketed surplus, creating more work in that State in trade and commerce and transport, storage and communications and other services - not merely in transport, sale, etc. of agricultural products, but also in handling of the reverse flow of manufactured goods. Finally, we should remember that the increased purchase of durable goods in rural areas may create a whole range of repair and maintenance facilities within the State itself..... What is being suggested is that rapid agricultural growth in one region could lead to a large increase in employment opportunities in non-agriculture in the same region. So the decline in the share of "Agriculture" in the working force in States where agricultural output has grown by 2.5 per cent or more per annum, could reflect increased employment in "Manufacturing" and "Services" in that State itself. Of course, some part of the effect of the increased demand may be exported to other States or even go into the purchase of imports".<sup>10</sup>

The above propositions are but an alternative version of the generalisation earlier referred to as Clark-Fisher hypothesis, viz., that as a region's economy grows with attendant increase in national and per capita income, the share of agriculture and allied activities

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10. Ibid., pp.114-115.



in total working force declines while that in non-agricultural activities increases. At the same time, should a moderate rate of growth<sup>in</sup> agricultural output, say, 2.5 per cent, necessarily lead to a decline in the proportion of workers engaged in agriculture and allied activities? An increase in growth in agricultural output would conceivably be accompanied by stagnation in manufacturing, so that the national income per capita does not rise by the same extent as growth<sup>rate</sup> in agricultural output, or remains at the same level as before, or even registers a decline. In the event of any of these, the impact of a moderate rate of growth of output in agriculture on employment opportunities outside agriculture could be negligible or negative. On the other hand, a rise in the output of agriculture may be the result of introduction of new technology which is more labour-intensive so that employment within agriculture increases, though the opposite, viz., labour-displacing technology, is also possible. A more relevant or meaningful variable in this connection would be growth<sup>of</sup> national and per capita income. Presumably, Krishnamurthy has used this variable for want of data on growth<sup>of</sup> regional income and per capita income in different states, but the relationship he has attempted to bring out is extremely tenuous.

Another set of questions arising from this analysis may also be mentioned in passing. What is the



sanctity of the critical value of 2.5 per cent? Is it implied that 2.5 per cent rate of growth of agricultural output is adequate to stimulate expansion in other sectors and draw workers away from agriculture? If gross agricultural output grew at the rate of 2.5 per cent, and given the rate of growth of population during the decade under review, the rate of growth of per capita output in agriculture would be too negligible to make any significant impact on income and consumption of the vast majority of the population. Given the year to year fluctuations in agricultural output in this country, would a linear growth of output of 2.5 per cent or so per annum call forth all the chain sequences envisaged by the author?

Let us now proceed to examine the facts. The table presenting the growth rate of agriculture and percentage share in the total working force in different States is reproduced in Table ~~V~~.1.



Table ~~4.1~~ **RATE OF GROWTH OF AGRICULTURAL OUTPUT  
AND SHARE OF AGRICULTURE IN THE  
WORK FORCE 1951 AND 1961  
STATEWISE**

States	Rate of growth of agricultural output (per annum) <i>Cent per</i>	Percentage share of agriculture in the work force (Males only)		Absolute rise in share bet- ween 1951 and 1961 <i>per cent</i>
		1951	1961	
1. Punjab	5.14	67.4	63.7	-3.7
2. Madhya Pradesh	4.07	77.3	75.4	-1.9
3. Rajasthan	4.20	71.8	73.9	+2.1
4. Kerala	4.08	57.0	45.4	-5.6
5. Gujarat	4.53	59.7	64.1	+4.4
6. Maharashtra	3.07	61.7	60.2	-1.5
7. Bihar	2.42	84.9	76.2	-8.7
8. Uttar Pradesh	2.20	74.0	75.7	+1.7
9. Assam	1.24	69.3	70.6	+1.3
10. Orissa	1.05	79.2	81.7	+2.5
11. W. Bengal	0.21	54.0	56.3	+2.3
12. Madras	5.12	60.7	61.1	+0.4
13. Andhra Pradesh	3.05	67.1	63.7	<del>65.7</del> - 1.4
14. Mysore	4.36	68.6	68.6	0
INDIA	3.57	69.3	68.0	-1.3

Source: Ibid. Table 4.2 p.112



There are certain obvious incongruities in the relation between the rate of growth of agricultural output and decline in the proportion of workers in agriculture between 1951 and 1961. However the interesting relationship involved is that, by and large, States with agricultural growth rates above 2.5 per cent per annum experienced decline in the relative share of agriculture in the working force.

States like Madras, Mysore, Gujarat and Rajasthan do not fit into the pattern expounded by Krishnamurty. But the three southern States are treated as a separate class by itself, and the departure from the general pattern is explained away by an assumed under-enumeration of the household workers in agriculture. But in the case of Gujarat, the author throws up his hand in despair.<sup>11</sup> On the other hand, the highest fall in the proportion of workers in agriculture in the intercensal period is recorded in the case of Bihar where rate of growth of agricultural output is slightly lower than the magic figure of 2.5 per cent. In seven States, viz., Madras, Punjab, Gujarat, Mysore, Rajasthan, Kerala and Madhya Pradesh, the annual rate of growth of agricultural output exceeded the national average of 3.57 per cent; yet only in three States -- Punjab, Madhya Pradesh and Kerala

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11. Ibid. p. 113



a decline in the proportion of workers in agriculture was recorded, and in the other three States there was a rise in the proportion and in one State - Mysore - the proportion in 1961 remained the same as in 1951.

(c) Secular Trend

Finally, Krishnamurty examines the secular trend in the sectoral distribution of the working force. The analysis covers male workers and the period, 1911 - 1961. He prefers 1911 to 1901 as the initial period for "there is adequate reason to believe that 1911 was fairly normal year and that the 1911 census as effective one".<sup>12</sup> The percentage distribution of the male working force in the different States among three sectors, Agriculture including allied activities, Manufacturing, and Services which include electricity, gas and water, trade and commerce, transport, storage and communications, and other services is built up for a span of fifty years from 1911.<sup>13</sup> The main findings are as follows: (a) It is only in 6 out of the 14 States sustained changes in the distribution of working force are discernible, the States being Kerala, Madras, Gujarat, Madhya Pradesh, Mysore, Punjab, and Uttar Pradesh, no

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12. Loc. cit.

13. Ibid, Table 6.1, The Percentage Distribution of the Working Force 1911-61: The Indian Union and the States, pp.152 - 183.



long-term change in the distribution of workers between the three major categories is discernible. (b) In four out of the six States in which long-term changes are observed, viz., Kerala, Madras, Maharashtra, and West Bengal -- there has been a decline in the share of "Agriculture" and a rise in the share of "Manufacturing" and "Services", while in the other two in Rajasthan and Orissa there is the opposite trend, that is, a rising share of "Agriculture" and falling share of "Services".<sup>14</sup>

Krishnamurty proceeds to relate these long-term trends with the results of the cross-section analysis referred to earlier. It may be recalled that in the higher per capita income States under Group A, "Agriculture" had a lower share and "Manufacturing" and "Services" a higher share of the working force than in the lower per capita income States under Group B. In four out of the six Group A States, viz., Kerala, Madras, Maharashtra and West Bengal there has been a shift away from Agriculture, the share of workers in agriculture falling by 6.2, 9.2, 9.1 and 10.2 percentage points respectively over 1911-1961. In the above four States, the share of both Manufacturing and Services in the working force registered an increase. In other two Group A States, Punjab and Gujarat, the share of Agriculture increased,

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14. Ibid. p. 181.



though slightly, and the shares of Manufacturing and Services slightly decreased a bit. In most of the Group B States, one observes a higher share of agriculture in 1961 compared to 1911, but only two States show any clear trend.

True some association between per capita income level and industrial distribution of working force is discernible. But can we expect, as Krishnamurty seems to do, any relation between <sup>per</sup> capita income during a single year, 1960-61, and the trends in sectoral distribution of workers over half a century? A comparison of the rate of growth of agricultural output in different States during 1951-61 with changes in the industrial distribution over 1911-61 should have been analytically less objectionable than the procedure adopted by the author. Therefore, the association which is observed by the author between per capita income levels in 1960-61 and changes in the industrial distribution of workers during 1911-61 is apt to be more statistical than casual.

(d) Focus on Kerala

Coming to the particular case of Kerala, Krishnamurty observes: "A remarkably low proportion engaged in 'Agriculture' marks out Kerala as a State worth further study. It is a State which throughout the period has had a lower share of 'Agriculture' in



working force than the rest of the Indian Union and this share has itself tended to fall over the period while the share of 'Manufacturing' and 'Services' tended to rise"<sup>15</sup>. It is argued that her unique resources endowments such as forests and fisheries, and agro-climatic conditions favouring the cultivation of plantation crops, etc., stimulated the growth of processing industries, foreign trade, and a variety of service activities, thereby expanding employment opportunities outside of agriculture<sup>16</sup>. Thus, the decline in the proportion of workers in agriculture is attributed to the commercialisation of agriculture, the growth of manufacturing, trade and commerce, transport and communication, and the development of other services rendered necessary by such processes of commercialisations and industrialisation. In sum, Krishnamurty's exercise in the empirical verification of the Clark-Fisher hypothesis has not succeeded in explaining the industrial distribution of the working force in Kerala. To our mind, the Clark-Fisher hypothesis is not adequate to explain the peculiar features of the sectorial distribution of the working force in economies like Kerala with high density of population and low and stagnant percapita income.

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15. Ibid. p. 205

16. Ibid. pp. 206 - 211



### III. An Alternative approach

Next we proceed to show that the industrial distribution of the working force in Kerala conforms to the special case of underdeveloped economies referred to by Bauer and Yamey and Simon Kuznets. We shall argue that in Kerala neither the share of agriculture in total working force is too low nor the share of manufacturing too high. On the other hand, a remarkably high proportion of the working force in the services sector marks out Kerala from the rest of India. Colin Clark and Fisher associated a high proportion of workers in the tertiary sector with high real income per capita. According to Colin Clark: "Studying economic progress in relation to the economic structure of different countries, we find a very firmly established generalisation that a high average level of real income per head is always associated with a high proportion of the working population engaged in tertiary industries ..... Low real income per head is always associated with a low proportion of the working population engaged in tertiary production and a high percentage in primary production, culminating in China, where 75 - 80 per cent of the population are primary producers. High average real income per head comple<sup>e</sup> a large proportion of producers to engage in tertiary production".



Fisher had observed that "the shifts of employment towards secondary and tertiary production revealed by the Census are the inescapable reflection of economic progress".<sup>17</sup> The share of the services sector in the total working force in Kerala is higher than would be warranted by the Clark-Fisher hypothesis. It is this phenomenon that calls for an explanation.

(a) Formulation of the Problem

(1) In the first place, it is possible to argue that the share of agriculture in total working force in Kerala is not as low as it is usually made out to be. True Agriculture's share of total workers in Kerala is much lower than the all-India average; but this is not saying much, for India is an underdeveloped country characterised by a very high proportion of workers engaged in Agriculture and allied activities. As noted before, Agriculture and allied activities accounted for 55 per cent of total male workers in Kerala in 1961. If the total working force, including female workers also, is considered, the share of agriculture in 1961 would work out to 46.90 per cent.<sup>18</sup> The corresponding proportion, the share of the A (Agriculture) sector, in some of the presently developed

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17. Quoted by P.T. Bauer and B.S. Yamay<sup>e</sup>, "Economic Progress and Occupational Distribution", The Economic Journal, December 1951, p.747.

18. Census of India 1961, Vol. VII, General Report, p.446.



countries is given below in Table 2

Table ~~xv~~. 2~~x~~ THE SHARE OF AGRICULTURE IN TOTAL WORKING FORCE IN SELECTED COUNTRIES

Country	Per cent of workers in the A Sector				Absolute Change (percentage change)
	Initial period	Terminal period			
Great Britain	1801/11	34.4	1961	3.7	-16.0
France	1856	52.7	1962	20.0	-31.7
Belgium	1846	50.9	1964	5.9	-45.0
Netherlands	1849	45.3	1960	11.0	-34.4
Germany	1852/58	54.1	1964	11.3	-32.9
Switzerland	1880	42.2	1960	11.2	-31.2
Denmark	1874-75	51.1	1960	17.8	-25.3
Norway	1865	63.7	1960	19.6	-30.5
Sweden	1860	64.0	1960	13.8	-50.2
Finland	1880	71.2	1960	35.6	-35.6
Italy	1861/71	57.5	1964	25.2	-33.2
Japan	1872	85.8	1920	54.6	-31.2
Canada	1871	52.9	1964	27.6	-27.0
United States	1839	64.3	1965	5.7	-15.7
Australia	1901	33.0	1961	11.1	-27.6
New Zealand	1896	37.0	1961	14.5	-55.9

Simon Kuznets, Economic Growth of Nations, op.cit. Table 38, pp. 250 - 253.

It may be noted that the proportion of workers in agriculture to total workers in Kerala in 1961, viz., 47 per cent, was as high as or even higher than, the corresponding proportion in many of the present day



developed countries before they entered the phase of modern economic growth. A better perspective is gained when the share of agriculture in total working force in Kerala is viewed in juxtaposition<sup>ti</sup> with the situation in developed countries in their pre-take-off stage. When this is done we are led to the conclusion that the proportion of workers in agriculture in Kerala is not too low after all.

(ii) The fall in agriculture's share of total workers in Kerala over the decades may be considered next. The proportion of male workers engaged in agriculture and allied activities declined from about 66% in 1911 to 55% in 1961.<sup>19</sup>

Judged in terms of the long period involved, viz., half a century, or compared with the decline of agriculture's share in total working force in the advanced countries over a comparable period, the decline in Kerala is not very impressive. In the developed countries, the share of agriculture is seen to have registered a decline ranging from 16 percentage points in Great Britain to 56 percentage points in the U.S.A. But as noted earlier, the share of this sector had already declined to around 50 per cent even before these countries entered the era of modern economic growth. Against this backdrop, the fall in agriculture's share of working force in Kerala, viz.,

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19. Industrial Distribution of working force in India, op. cit., pp. 182 - 183.



11 percentage points is not very substantial.

(iii) The proportion of workers in manufacturing industries to total workers in Kerala in 1961 came to a little over 18 per cent as against all India average of 11 per cent. As mentioned earlier, this is the highest among all States in India. The proportion of male workers in manufacturing industries to total male workers in Kerala has been estimated at 14.6 per cent as against 10.1 per cent for the country as a whole<sup>20</sup>. As Kuznets has shown, almost all the presently developed countries had a higher proportion of workers in manufacturing before they entered the phase of modern economic growth. The share of manufacturing in selected countries is given in Table 4.3.

Table 4.3) SHARE OF MANUFACTURING IN TOTAL WORKING FORCE (ADJUSTED) IN SELECTED COUNTRIES

Country	Period	Percentage of workers in Manufacturing
Great Britain	1851/61	40.6
France	1856	23.0
Belgium	1846	32.6
Netherlands	1849	21.5
Germany	1882	29.4
Norway	1920	23.9
Italy	1936	22.9
Japan	1920	19.2
U.S.A.	1969/79	18.2

Kuznets, Economic Growth of Nation, op.cit., Table 39, pp. 259 - 260

20. Industrial Distribution of Working Force in India, op.cit., Table 5.4, p.156.



Thus, the proportion of workers in manufacturing in some of the above countries by the middle of the last century exceeded the proportion in Kerala as of 1961. Viewed against this background, by no stretch of imagination can one say that Kerala has even started on the road to industrialisation nor that the share of manufacturing in the working force was any high in this State.

(iv) Certain economic activities like mining and quarrying, construction of buildings, electricity, gas and water supply, transport and communication are closely related to manufacturing. Hence the convention of grouping manufacturing with these allied activities, as adopted by Kuznets under the rubric I sector, which is broadly similar to Colin Clark's secondary sector. The proportion of total working force engaged in the I sector in Kerala would work out to 22.47 per cent in 1961. Of this, manufacturing accounts for 18.08 per cent; mining and quarrying, 0.42 per cent; construction, presumably including electricity, gas and water supply, 1.26 per cent; and transport and communication, 2.71 per cent. As against this, the share of the I sector for the country as a whole comes to 13.77 per cent only. The share of all the subdivisions, except mining and quarrying, which understandably has a slightly lower share, in total working force are higher in Kerala than the national average. However,



let us compare the relative size of the I sector in Kerala with the same in some other countries

Table (V. 4) THE SHARE OF THE I SECTOR IN TOTAL WORKING FORCE IN SELECTED COUNTRIES

Country	Per cent of workers in the I Sector			
	Initial period		Terminal period	
Great Britain	1801/11	30.0	1961	55.0
France	1856	28.5	1962	43.6
Belgium	1846	37.1	1964	52.4
Netherlands	1849	29.4	1960	50.5
Germany	1852/58	26.8	1964*	54.6
Switzerland	1880	45.5	1960	55.9
Norway	1865	19.9	1960	48.6
Sweeden	1880	18.8	1960	52.7
Finland	1861/71	25.8	1964	46.4
Italy	1911	37.4	1965	41.1
Canada	1839	16.2	1869/79	29.0
U.S.A.	1869/79	29.0	1965	38.0
Australia	1901	33.9	1961	48.9
New Zealand	1896	34.5	1961	46.8

Source: Economic Growth of Nations, op.cit., pp.250-252

\* Federal Republic of Germany

In the countries listed above, manufacturing accounted for the lion's share of the working force in the I sector both in the initial period and in the terminal period. It has already been noted that the share of manufacturing in working force in the above mentioned countries in the initial period was higher than that in Kerala in 1961. The share of the I sector in most of the above countries was higher even in the initial period than the corresponding proportion in Kerala today.



Further, it may be mentioned that the shares of the subdivisions like construction, transport and communications, electricity, gas and water supply were higher in the initial period than the respective shares in Kerala in 1961. For instance, construction accounted for 6.7 per cent of total workers in Great Britain in 1851 - 61, 5 per cent in France in 1856, 2.6 per cent in Belgium in 1846, 5.9 per cent in Netherlands in 1849, 6.4 per cent in Germany in 1882, etc. Similarly, transport and communication, electricity, gas and water absorbed 6.4 per cent of total workers in Great Britain, 5.7 per cent in Netherlands, 2.9 per cent in Germany and so on during the initial period of reference.<sup>21</sup> As against these, the corresponding proportion in Kerala in 1961 were 1.21 per cent and 2.71 per cent respectively.

(v) The share of the S sector, comprising 'Trade and Commerce' and "Other services", the industrial categories number VII and IX, in the total working force in Kerala came to about 31 per cent, as against 14.43 per cent for the country as a whole.

Significantly enough, the proportion of workers in the S sector in Kerala is considerably above the same in most of the developed countries of today on the eve of their entry into the era of modern economic growth.

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21. Economic Growth of Nations, op.cit., Table 39 pp.259-60.



Further, the share of the services sector in total working force in Kerala in 1961 is not far below the corresponding proportion in the developed countries in recent periods. This may be seen from Table ~~W.5~~ below:

Table ~~W.5~~ SHARE OF THE SERVICE SECTOR IN TOTAL WORKING FORCE IN SELECTED COUNTRIES

Country	Proportion of workers in the S sector			
	Initial period	Per cent	Terminal Period	Per cent
Great Britain	1801/11	35.6	1961	41.3
France	1856	19.8	1962	36.4
Belgium	1846	12.0	1964	41.7
Netherlands	1849	25.2	1960	38.5
Germany	1852/58	19.1	1964	34.1
Switzerland	1880	12.1	1960	32.9
Denmark	1911	27.5	1860	37.7
Norway	1865	16.4	1960	31.8
Sweden	1860	17.2	1960	33.5
Finland	1880	15.5	1960	26.6
Italy	1861/71	16.7	1964	28.4
Japan	1972	8.6	1964	35.0
Canada	1911	25.5	1965	49.4
U.S.A.	1839	19.5	1965	56.3
Australia	1901	33.1	1961	40.0
New Zealand	1896	28.5	1961	38.7

Economic Growth of Nations, op. cit., pp.250-252

It may be recalled that the proportion of workers in the A sector in Kerala in 1961 was as high as the same in the developed countries on the eve of their entry into the era of modern economic growth. On the other hand, the proportion of workers in the I sector in Kerala in 1961 was lower than the corresponding proportion in the developed countries a century or



so before. As against these, the share of the S sector in Kerala in 1961 was higher than that in the developed countries during the initial period in the 19th century, and is not very much below the proportion in most of the developed countries for a recent period. This strikes one as a curious phenomenon.

According to the analysis of cross-section share in labour force in fifty nine selected countries carried out by Kuznets, the share of the S sector rises steadily with per capita income. The results are summarised in Table ~~4.6~~ below:

Table ~~4.6~~ SHARE OF PRODUCTION SECTORS IN LABOUR FORCE, FIFTY NINE COUNTRIES GROUPED BY 1958 GDP PER CAPITA ABOUT 1960

	Groups of countries in increasing order of 1958 GDP per capita							
	I	II	III	IV	V	VI	VII	VIII
Number of countries	5	6	6	18	6	6	6	6
GDP per capita \$	72.3	107	147	218	382	588	999	1501
<u>Share of Major Sectors</u>								
A	79.7	63.9	66.2	59.6	37.8	21.8	18.9	11.6
I	9.9	15.2	16.0	20.1	30.2	40.9	47.2	48.1
S	10.4	20.9	17.8	20.3	32.0	37.3	33.0	40.3
<u>Subdivisions of I</u>								
Mining and Quarrying	1.2	1.2	0.9	1.1	1.2	0.8	1.5	1.0
Manufacturing	5.7	7.5	9.0	11.6	17.4	24.2	29.3	29.7
Construction	1.4	2.9	2.8	3.9	6.0	8.5	8.3	8.5
Electricity, gas, water	0.2	0.5	0.6	0.4	0.9	1.4	0.8	1.4
Transport, storage and communication	1.4	3.1	2.7	3.1	4.7	6.0	7.3	7.5
<u>Subdivisions of S</u>								
Commerce	4.7	6.9	8.4	7.4	11.8	14.5	13.7	17.8
Services	5.7	14.0	9.4	12.9	20.2	22.8	20.2	22.5

Economic Growth of Nations, op.cit., Table 28, p.200.



The share of the S sector in Kerala, viz., 31 per cent of the working force, corresponds to the proportion of Group V countries with an average per capita GDP of \$ 382 in 1960. The share of the I sector for this group of countries is, on the average, 30 per cent of total workers, as against 22 per cent in Kerala. The proportion of total workers in the A sector, on the other hand, viz., 38 per cent, is considerably lower than that in Kerala, viz., 47 per cent.

In 1960-61, the per capita income of Kerala was estimated at Rs.255.06 which at the then prevailing exchange rate would work out to less than \$ 70. The share of the S sector in the Group I countries with per capita GDP of \$ 72.3 on the average was only 10.4 per cent of the total working force. Assuming that there was a downward bias in the estimate of State income, still it would not be as high as that of Group II countries. Even for these countries, the share of the S sector came to about 21 per cent as against 31 per cent in Kerala. Thus we observe that Kerala has a far higher share of workers in the services sector than found in countries with comparable level of economic development. The situation seems to be a copybook version of Baur<sup>e</sup>-Yamey hypothesis. In the course of the present century the population of Kerala has more than doubled. Per capita area of cultivable land has shrunk



from 0.6 hectare in 1901 to 0.23 hectare in 1961; by 1966-67 it was further reduced to 0.11 hectare, as against 0.29 hectare for the country as a whole. Among all the states, Kerala has the highest proportion of the households owning no land; the proportion of households neither owning nor operating any land is, next to Madras the highest in this State. Kerala has the lowest proportion of workers in agriculture and allied activities; and has the lowest worker participation rate in India in 1961; the participation rate has been falling over the years. The low overall participation rate in Kerala, compared to other States, may perhaps be due to, among other factors, lower proportion of workers in agriculture here than in the rest of India;<sup>22</sup> cultivators and agricultural labourers together constituted 38.30 per cent of total workers in Kerala as against 69.53 per cent in India. Evidently, agricultural resources have been strained to the utmost. In consequence, the share of agriculture and allied activities in total working force tended to fall steadily and more rapidly here than in other States.

A certain proportion of the new entrants into the labour force turned to manufacturing. As on 1961, a little over 18 per cent of the total workers were

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22. P.G.K. Panikar, "Worker participation Rates in Kerala", Indian Journal of Labour Economics, Vol.I, No.3 October 1967.



engaged in manufacturing. Of this, nearly one-half were in household industries; and 43 per cent of working force in manufacturing were females, as against 27 per cent in India as a whole. Within manufacturing, the dominant activities were 'Food Stuff', 'Tobacco and Tobacco Products', 'Cotton Textiles', 'Miscellaneous Textiles', 'Wood and Wooden Products' and 'Non-metallic mineral products', which together formed 75.6 per cent of the male working force in manufacturing. "If one examines these activities one finds that 98 per cent of the work force in 'Tobacco ....." were engaged in Bidi production, 75 per cent in 'cotton textiles' were engaged in Handloom weaving' and 60 per cent of Miscellaneous textiles were in 'coir manufacture'<sup>23</sup>. These industries are characterised by traditional technology, low productivity and meagre earnings. Daily earnings of factory employees in Kerala were lower than that in all other States; the average daily earnings of factory employees (earning less than Rs.400 per month) in 1961 came to Rs.2.89 as against an All India average of Rs.4.79<sup>24</sup>. The earnings in household industries were lower still, and compared unfavourably with daily wages of agricultural

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23. "Industrial Distribution of the Working Force in India", op.cit., pp.206-208.

24. Indian Labour Journal, September 1971, quoted in Industries and Infrastructure, Statistics for Planning, State Planning Board and Bureau of Economics and Statistics, p.5.



labourers. The foregoing facts do not give the impression about manufacturing industries in Kerala as a dynamic 'leading sector' with expanding employment opportunities. As mentioned before, the share of manufacturing in total working force has been fluctuating around a low figure. According to current indications, the share of this sector is on the decline. The major traditional industries of Kerala like cashw<sup>e</sup>, coir, handloom weaving, etc., are in doldrums. Employment in these activities tends to be erratic and low paid. From the point of view of employment, manufacturing sector in Kerala has remained stagnant and like agriculture, at the saturation point for quite some time.

Over the years, the services sector in Kerala has grown considerably, accommodating an increasing number and proportion of working force. It may be argued that the growth of tertiary activities is the logical consequence of the unique patterns of development of the State's economy. The predominance of commercial crops like tea, rubber, coffee, cardamom, pepper, other spices, coconut, arecanut, cashew, etc., and forestry and fishery in the economy of Kerala has led to the growth of tertiary sector. Production of commercial crops, forest and marine products and growth of exports have called forth a network of agencies engaged in their collection, storage, transportation and trade; in the process, supporting institutions



like banks, commission agents, hotels and restaurants sprang up all over the State. Therefore, the expansion of tertiary sector is but the legitimate response of the primary and secondary sectors in Kerala to the direction of growth. To be sure, there is some truth in this reasoning. But on a closer scrutiny it can be seen that the above developments do not fully explain the growth of the services sector.

The S sector, comprising 'Trade and Commerce' and 'other services' accounted for 31 per cent of total workers in 1961. Of this, the share of the former came to 5.72 per cent, and that of 'other services' to 25.27 per cent. During 1951-61, the share of 'other services' almost doubled; from 13.81 per cent in 1951 it went up to 25.27 per cent in 1961. It is possible that the number of workers in this sector, especially 'other services' is over-enumerated though in 1961 the labour force concept was used. However, we cannot indicate the extent of this over estimate. In the 1971 census, the proportion of labour force in other services is only 13.57 per cent. It is significant to note that during this decade, the percentage share of the A sector in total working force dropped from 56.07 per cent to 46.96 per cent; and that of the I sector declined from 23.51 to 21.54 per cent. The shares of all the subdivisions of the I sector such as manufacturing



construction, and transport and communications registered a decline, from 6.61 to 5.72 per cent. The combined fall in the share of the A and I sectors, and of trade and commerce between 1951 and 1961 added upto 12 percentage points. The rise in the proportion of workers in 'other services' came to as much. In the light of the above it is difficult to believe that the remarkable growth of tertiary activities in Kerala is in response to the growth of primary and secondary sectors in the State. On the contrary, as Panickar observed "an overcrowded primary sector and a rudimentary secondary sector have continued to accommodate substantial numbers of new entrants; but they have begun to show signs of saturation. The residue spills over into the tertiary sector which, somehow, accommodate increasing numbers without showing symptom of saturation, because entry into some of the activities in the sector is comparatively easy, which can be organised on a small scale with modest investment. Retail distribution trade is a typical example. Initial investment needed for a panshop or teashop is small. In Kerala the number of independent workers engaged in such activities is quite large. Personal and domestic service is another division which has been developed out of all proportion"<sup>25</sup>.

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25. P.G.K. Panikar, "The Tertiary Sector in Kerala", Labour and Industries Review, Labour and Industries Bureau, January 1964, pp.14-15.



The foregoing analysis has shown that the expansion of the tertiary sector in this State is not the result of the growth of the primary and secondary sectors as explained by Krishnamurti in the light of the Clark-Fisher hypothesis. On the contrary, the large share of the services sector in total working force in Kerala seems to be due to lack of growth of the primary and secondary sectors in the State.

Review the available evidence relating to levels of unemployment in the State.

#### 1. Unemployment

1. A series of enquiries on unemployment were carried out in Kerala in the past two decades. In 1936, a survey on unemployment was conducted in the erstwhile State of Travancore-Cochin. After the formation of the State of Kerala in 1956, a similar survey was conducted in 1957 in Malabar and Kanyakumari areas which were merged with Travancore-Cochin State. According to the results of the above surveys, 5.1 lakhs of persons, forming 13.1 per cent of the labour force, (viz., 47.25 lakhs) were unemployed. Another public survey on unemployment in Kerala was organised in 1962. This survey brought out that 7.60 lakhs persons, that is, 13.3 per cent of the labour force of 56.79 lakhs in 1962, were unemployed. The above

(1) For a brief history of the findings, see, Bureau of Economics and Statistics, *Handbook for Unemployment in Kerala 1962*, Madhavaram.



## CHAPTER VI

### LEVEL OF UNEMPLOYMENT IN KERALA

The problem of unemployment in Kerala has assumed serious dimensions. According to all indications the problem seems to be more serious in Kerala than in the rest of India. In this chapter we shall review the available evidence relating to levels of unemployment in the State.

#### I. An overview

1. A series of enquiries on unemployment were carried out in Kerala in the past two decades. In 1956, a survey on unemployment was conducted in the erstwhile State of Travancore-Cochin. After the formation of the State of Kerala in 1956, a similar survey was conducted in 1957 in Malabar and Kasargode areas which were merged with Travancore-Cochin State. According to the results of the above surveys, 5.3 lakhs of persons, forming 11.1 per cent of the labour force, (viz., 47.25 lakhs) were unemployed. Another sample survey on unemployment in Kerala was organised in 1962. This survey brought out that 7.60 lakhs persons, that is, 13.8 per cent of the labour force of 54.99 lakhs in 1962, were unemployed<sup>1</sup>. The above

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1. For a brief summary of the findings, see, Bureau of Economics and Statistics, Planning for Employment in Kerala 1965, Mimeographed.



estimates are liable to a certain margin of error as pointed out earlier.

2. The 1961 Census has yielded a wealth of information on unemployment in India. Complete coverage of the entire population is a merit of the Census data. On the basis of the Census figures it is also possible to derive estimates for smaller subdivisions like districts and taluks. The limitations of the Census data on unemployment, which we have already discussed in detail, must also be kept in mind while examining the estimates presented below. It may be recalled that the 1961 Census adopted<sup>t</sup> "a very wide reference period of a working season with a rather lenient criterion of the quantum of work for the enumeration of seasonal workers"<sup>2</sup>. This norm is apt to lead to an overestimation of the workers. On the other hand, among the non-workers, only two categories of persons, viz., (a) those seeking employment for the first time and (b) those employed before, but now out of employment and seeking employment, were enumerated as unemployed. That is to say, persons without job and not seeking but available, whose number is likely to be considerable, are excluded from the count of the unemployed. Moreover, the term seeking work was not defined; "under the circumstances, it

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2. Pravin Visaria, "The Level and Composition of the Labour Force and Unemployment in India" Employment and Unemployment Problems of the Near East and South Asia, ed. Ronald G. Ridker and Harold Lubell, Vikas Publications, Vol. I, 1971, p. 199.



is not unlikely that the number of unemployed enumerated by the 1961 census was an underestimate<sup>3</sup>.

The 1961 Census enumerated 165,481 persons in Kerala as unemployed. This works out to 2.87 per cent of the labour force in the State, as against 0.72 per cent for the country as a whole. The proportion of the unemployed in different States as reported by the 1961 census is reproduced in Table (VI.1)

Table (VI.1) LEVEL OF UNEMPLOYMENT IN DIFFERENT STATES, 1961

States	Unemployed as per cent of total Labour Force
Andhra Pradesh	0.31
Assam	0.73
Bihar	0.36
Gujarat	0.75
Jammu and Kashmir	0.47
Kerala	2.87
Madhya Pradesh	0.14
Madras	0.89
Maharashtra	0.84
Mysore	0.41
Orissa	0.26
Punjab	0.84
Rajasthan	0.17
Uttar Pradesh	0.29
West Bengal	3.06
India	0.72

Source: Estimated from Census of India, 1961, Vol. I., India, Part II B (1) General Economic Tables, pp.86-99; Census of India 1961, Vol. I, Part II, B (iii), General Economic Tables, pp.539-583.

3. Ibid., pp. 199-200.



It may be noted that next to West Bengal, Kerala registered the highest rate of unemployment among different States in India. In fact, unemployed as a proportion of the labour force is less than 1 per cent in all the States except Kerala and West Bengal; the proportion of unemployed in Kerala, viz., 2.87 per cent, is almost four times the all India average!

3. According to the results of the Sample Survey conducted by the Bureau of Economics and Statistics, Government of Kerala in 1965, 5.47 lakhs persons forming 2.9 per cent of the population were unemployed at the time of the enquiry. The distribution of the State's population according to activity status is given in Table VI.2.

Table VI.2: DISTRIBUTION OF THE POPULATION ACCORDING TO ACTIVITY STATUS, 1965

Activity Status	No. of Persons (Lakhs)			Per cent		
	Male	Female	Persons	Male	Female	Persons
Employed	39.74	14.94	54.68	42.70	15.70	29.01
Unemployed	3.04	2.43	5.47	3.30	2.60	2.90
Labour force	42.78	17.37	60.15	46.00	18.30	32.00
Students	24.96	21.31	46.27	26.80	22.50	24.60
House workers	0.43	30.86	31.29	0.50	32.60	16.70
Too young	18.40	18.05	36.45	19.80	19.00	19.40
Too old	3.10	4.45	7.55	3.30	4.70	4.00
Others not in the labour force	3.39	2.71	6.10	3.60	2.90	3.30
Persons not in the labour force	(50.28	77.38	127.66	54.00	81.70	68.00

Source: Planning for Employment in Kerala, op.cit., Table 6.11.



The proportion of unemployed persons works out to 2.7 per cent of the population or 9.1 per cent of the estimated labour force of the State in 1965. It may be recalled that the proportion of the labour force unemployed according to the 1961 Census was 2.87 per cent. The difference is to a large extent due to the difference in concepts and reference period used in the two enquiries. The Census counted as unemployed only those persons who were without work and seeking work, and went by the concept of usual status through the greater part of the season; on the other hand, in the Sample Survey of 1965, all persons in the age group 15-59 without any gainful employment during the reference week and either seeking or available for work were treated as unemployed. When due allowance is made for these conceptual differences and the lapse of time, there appears to be some broad agreement between the results of the 1961 Census and 1965 Sample Survey. A comparison of the main categories of the population as reported by the two enquiries is given in Table (VI.3).



Table (VI.3) MAJOR GROUPS IN THE STATE'S POPULATION  
ACCORDING TO ACTIVITY STATUS

Activity Status	1961 Census		1965 sample survey	
	No. in lakhs	Per cent of population	No. in lakhs	Percent of population
Workers	56.30	33.31	54.68	29.10
Unemployed seeking	1.66	0.99	2.50	1.33
Unemployed not seeking but available	--	--	3.00	1.57
Total unemployed	1.66	0.99	5.50	2.90
Labour force	57.96	34.30	60.15	32.00
Full-time students	33.86	20.03	46.27	24.60
Houseworkers	28.48	16.85	31.29	16.70
Population	169.03		187.81	

Source: Census of India 1961, Vol.VII, Kerala, Part II B (i) General Economic Tables, Table B 1 and Part II B (ii) General Economic Tables, Table B IX; Planning for Employment in Kerala, op.cit., Table 6.11.

## II. Inter-regional Differences

Considerable inter-regional differences are observed in the level of unemployment in Kerala. By and large, the intensity of the problem is found to be greater in the southern part of the State. The incidence of unemployment in the different districts of the State as reported by the 1961 Census and the 1965 Sample Survey is shown in Table (VI. 4)



Table (VI.4) EXTENT OF UNEMPLOYMENT IN THE DIFFERENT DISTRICTS OF KERALA

District	Unemployed as per cent of total population	
	1961	1965
Cannanore	0.78	1.01
Kozhikkode	0.86	2.76
Palghat	0.56	2.52
Trichur	1.11	4.31
Ernakulam	1.15	2.50
Kottayam	0.91	2.12
Alleppey	1.32	3.39
Quilon	1.23	3.18
Trivandrum	0.99	4.67

Source: Census of India 1961, Vol.VII, Kerala, Part II B (ii) Table B IX; Planning for Employment in Kerala; op.cit., Table 6.14.

It is seen that the level of unemployment in the northern districts of Cannanore, Kozhikkode and Palghat, comprising the Malabar region is low compared to the southern region comprising the erstwhile Travancore-Cochin State. According to the Census data, the level of unemployment in the Malabar region as a whole came to 0.73 per cent of the population as against 1.12 per cent for the Travancore-Cochin area. According to the results of the sample survey of 1965, 2.97 per cent of the population were unemployed in the three northern districts as a whole while the corresponding proportion in the six southern districts came to 3.36 per cent.



The northern districts of Cannanore, Kozhikode, and Palghat are characterised by relatively low density of population. The average density in the Malabar region comprising the above districts worked out to 909 per square mile in 1961, as against 1546 per square mile in the rest of the State. Thus the Travancore-Cochin region of the State is handicapped by a more adverse man-land ratio thereby more severely restricting the scope of employment in agriculture than in the Malabar region. Conversely, the Malabar region with a less adverse man-land ratio has been able to absorb large numbers in agriculture and allied activities, thereby reducing the intensity of open unemployment.

Another significant difference between the two broad regions is in the level of education. The level of literacy in the three northern districts as a whole in 1961 was 36.66 while in the six southern districts 51.38 per cent of the population was literate. At all levels of education, naturally, this difference between the two parts of the State is discernible. It may be plausible to argue that an illiterate population would be less choosy about their job preferences and will take up any job available while the more educated groups shy away from more readily available employment such as agricultural operations or casual labour. Moreover,



a higher proportion of the educated unemployed will be "Seeking work" in the manner it is usually defined. This hypothesis is supported by empirical findings which show that the proportion of the labour force unemployed is lowest among the less educated groups. To this we shall return shortly.

### III. Rural-Urban Differences

1. As between rural and urban areas, substantial difference is observed in the incidence of unemployment. Open unemployment should naturally be more serious in the urban areas than in the rural areas. According to the 1961 census, in the country as a whole 2.90 per cent of the urban labour force was unemployed as against 0.35 per cent in the case of rural labour force. The details are presented in the following Table (VI.5)



Table (VI.5) UNEMPLOYMENT IN THE RURAL AND URBAN  
AREAS OF DIFFERENT STATES, 1961

State	Unemployed as per cent of Labour Force					
	Persons	Rural		Urban		
		Male	Female	Persons	Male	Female
Andhra Pradesh	0.12	0.19	0.19	1.61	2.03	0.35
Assam	0.67	0.79	0.44	1.53	1.59	1.02
Bihar	0.23	0.32	0.32	2.18	2.42	0.68
Gujarat	0.27	0.41	0.02	2.79	3.18	0.39
Jammu & Kashmir	0.22	0.30	0.03	2.28	1.75	7.52
Kerala	2.46	2.82	1.66	5.46	5.58	5.02
Madhya Pradesh	0.05	0.07	0.01	1.05	1.24	0.20
Madras	0.32	0.48	0.05	3.11	3.68	0.94
Maharashtra	0.22	0.38	0.03	3.32	3.73	1.19
Mysore	0.11	0.17	0.01	1.86	2.16	0.71
Orissa	0.19	0.37	0.01	1.47	1.69	0.32
Punjab	0.38	0.71	0.04	2.12	2.17	1.43
Rajasthan	0.61	0.09	0.02	1.06	1.16	0.57
Uttar Pradesh	0.14	0.18	0.04	1.58	1.67	0.42
West Bengal	1.64	1.81	0.79	6.94	6.76	9.76
India	0.35	0.49	0.10	2.90	3.17	1.40

Source: Census of India 1961, Vol. I, Part II B (iii),  
General Economic Tables, pp. 539-579 and  
pp. 581-583.

For the country as a whole, the proportion of unemployed in the urban labour force is more than eight times that of the rural labour force. In all the States, the severity of unemployment in the urban areas is considerably higher than that in the rural areas; West Bengal has registered the highest degree of urban unemployment, followed by Kerala and Maharashtra. But the rural-urban differential in West Bengal or Maharashtra is far greater than that in Kerala. Among all the States,



except Kerala and West Bengal, unemployment among rural labour force is less than 1 per cent. The incidence of rural unemployment is seen to be the highest in Kerala.

2. Inter-State comparison of unemployment rates in rural areas is apt to be vitiated by seasonal factors. The predominant activity and, therefore, the main employment channel, in rural areas consists of agriculture. In the nature of things, agricultural seasons, and, ipso facto levels of employment in this sector vary from region to region. But the Census enumeration was carried out all over the country during the same period, viz., February-March. In the light of the above, inter-State differences in the incidence of rural unemployment as reported by the 1961 Census might, to some extent, be due to inter-State differences in agricultural operations and intensity of employment during the period of Census enumeration.

To what extent the seasonal element has affected the reported rates of unemployment in the rural areas of Kerala? February-March may be said to represent a relatively slack season for paddy crop in the State. In terms of area as well as employment potential, paddy is the principal crop here. The bulk of the paddy crop is raised during the autumn and winter seasons. True, a certain proportion of the paddy area, say about one-tenth, is under 'Punjia' or summer crop. But most of the summer paddy also would



have been harvested prior to the Census count, though in agriculture and allied activities the concepts of employment and unemployment were in terms of the usual status during the major part of the previous season. Yet, it does not seem to be correct to attribute the entire inter-regional difference in rural unemployment to this seasonal factor, an alternative evidence also indicates a higher level of rural unemployment in Kerala than in most other parts of India.

3. According to the results of the National Sample Survey, 19th Round, July 1964 - June 1965, integrated Household Survey, unemployment in the rural areas of Kerala worked out to about 7 per cent of the labour force. Next to Orissa, this happened to be the highest proportion among all the States in India. The estimates of unemployment in the different States are presented in Table (VI.6)



Table (VI.6) UNEMPLOYMENT IN RURAL AREAS IN DIFFERENT STATES, 1964 - '65

State	Labour force per cent of population	Unemployed per cent of population	Unemployed per cent of labour force
Andhra Pradesh	45.91	2.21	4.81
Assam	32.70	1.31	4.01
Bihar	33.70	1.88	5.58
Gujarat	42.38	1.00	2.36
Haryana	39.75	0.61	1.53
Jammu & Kashmir	28.29	0.58	2.05
Kerala	35.63	2.48	6.96
Madhya Pradesh	45.50	2.40	5.27
Madras	45.25	2.55	5.64
Maharashtra	44.64	1.64	3.67
Mysore	45.62	2.10	4.60
Orissa	36.20	3.59	9.92
Punjab	29.98	0.48	1.62
Rajasthan	52.11	1.53	2.94
Uttar Pradesh	39.34	1.14	2.90
West Bengal	31.33	1.11	3.54

Source: The Cabinet Secretariat, Government of India, The National Sample Survey, Nineteenth Round, July 1964 - June 1965, Number 173, Table 1.6, pp. 39-40.

In all the States, the NSS estimates are seen to be higher than the 1961 Census estimates. To a large extent, the difference seems to be due to the difference in the concepts of employed and unemployed. Unemployed in this round of the NSS constituted all persons "reported as not working during the reference week and who are either seeking work or are not seeking but available for work"<sup>4</sup>. The inclusion of those

<sup>4</sup>Ibid., p.2



not seeking but available should account for a large part of the difference between the two estimates. A shorter reference period in the NSS might also have yielded a higher estimate of the level of unemployment in the rural areas, given the nature of economic activities and social organisation in the rural sector of the country. Some allowance must also be made for the difference in the time of the two enquiries. Be that as it may, it may be seen that the incidence of rural unemployment in Kerala as reported by this round of the NSS is considerably high, and, except for Orissa, the highest among all the States.

The results of the 25th round of the NSS, July 1970 - June 1971, again bring out that the incidence of unemployment in the rural areas of Kerala is significantly higher than in other States. The level of unemployment among the major categories of rural households as reported by the 25th round of NSS is shown in Table (VI.7)

of unemployment among the two most vulnerable sections of rural population is seen to be 24% higher in Kerala than elsewhere in the country. It may be noted that the level of unemployment among females in these two sets of rural households in the State is also quite as high as in the case of males. In addition to the results of the NSS, 14th and 15th rounds, conducted by the State Bureau of Statistics and Statistics, the level of



Table (VI.7) LEVEL OF UNEMPLOYMENT AMONG SMALL CULTIVATORS AND WAGE EARNERS IN RURAL AREAS OF DIFFERENT STATES, 1970-'71

States	Days of Unemployment as per cent of Total Number of Mandays in the Labour force			
	Households of small cultivators		Households of cultivating wage earners	
	Males	Females	Males	Females
Andhra Pradesh	4.4	6.4	6.9	7.4
Assam	2.6	1.0	3.8	9.4
Bihar	6.4	7.7	9.7	9.4
Gujarat	4.8	4.3	7.7	8.8
Haryana	3.1	--	6.9	--
Kerala	24.9	18.4	25.0	25.6
Madhya Pradesh	1.8	2.5	2.5	3.0
Mysore	1.0	1.2	1.4	0.4
Orissa	1.1	0.5	1.1	0.9
Punjab	0.7	--	13.8	--
Rajasthan	2.6	2.0	6.1	7.4
Tamil Nadu	9.5	6.9	14.5	8.3
Uttar Pradesh	2.6	3.5	4.2	1.3
West Bengal	N.A.	N.A.	N.A.	N.A.

Source: Pravin Visaria and Leela Visaria, "Employment Planning for the Weaker Sections in Rural India", Economic & Political Weekly, Annual Number, 1973, Table 3, p. 272.

The incidence of unemployment among the two most vulnerable sections of rural population is seen to be far higher in Kerala than elsewhere in the country. It may be noted that the level of unemployment among females in these two sets of rural households in the State is also quite as high as in the case of males.

4. According to the results of the NSS, 14th and 16th rounds, conducted by the State Bureau of Economics and Statistics, the level of unemployment in



unemployment in rural Kerala is quite high. Thus, according to the 14th round, 1958-59, 3.60 per cent of the rural population in the State was unemployed. The estimated labour force being 34.10 per cent of the rural population, the proportion of unemployed came to 10.5 per cent of the labour force.<sup>5</sup> The 16th round of the NSS reported that 3.24 per cent of the rural population in Kerala, or 10.1 per cent of the rural labour force, as unemployed<sup>6</sup>. As per the results of the 1965 sample survey, unemployed came to 2.78 per cent of the rural population or 8.3 per cent of the rural labour force.<sup>7</sup>

The foregoing review of available data on the extent of unemployment in the rural areas has clearly brought out that Kerala almost invariably ranks first among all the States in India in respect of rural unemployment. Generally, in underdeveloped countries open unemployment is more an urban phenomenon; in the rural areas of such countries, under-employment rather than open unemployment is the more serious

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5. Bureau of Economics and Statistics, Government of Kerala, National Sample Survey, 14th Round, July 1958 - June 1959, Report on Employment and unemployment in Rural Areas in Kerala, Trivandrum, 1966, Mimeographed, Table IX.
  6. Bureau of Economics and Statistics, Government of Kerala, National Sample Survey, 16th Round, Report on Employment and Unemployment in Rural Areas, Trivandrum, 1970, Table 4, mimeographed.
  7. Planning for Employment in Kerala, op.cit., Table 6.3.



problem. In all States in India we observed that, according to the 1961 Census, urban unemployment is far higher in magnitude than rural unemployment; in all other States except Kerala unemployed constituted a very small proportion of the rural labour force. Kerala seems to be an exception in this matter since the proportion of the rural labour force reported to be unemployed is quite high in absolute as well as relative terms.

#### IV. Unemployment Among Males and Females

Significant difference is observed between the rates of unemployment in male and female labour force. Of the male labour force in India, according to the 1961 Census, about 1 per cent was reported as unemployed. As against this, unemployment among the female labour force is a negligible fraction. Only 0.19 per cent of the female labour force in India, taken as a whole, was reported as unemployed. But in Kerala, 2 per cent of the female labour force was reported to be unemployed. The proportions of unemployed among male and female labour force in the different States are given in Table (VI. 8)



Table (VI. 8) UNEMPLOYED AMONG MALE AND FEMALE  
LABOUR FORCE IN DIFFERENT STATES, 1961

States	Per cent of Labour Force Unemployed	
	Male	Female
Andhra Pradesh	0.47	0.45
Assam	0.86	0.46
Bihar	0.51	0.57
Gujarat	1.09	0.05
Jammu & Kashmir	0.52	0.33
Kerala	3.29	2.00
Madhya Pradesh	0.23	0.02
Madras	1.27	0.16
Maharashtra	1.38	0.14
Mysore	0.58	0.84
Orissa	0.36	0.02
Punjab	1.01	0.14
Rajasthan	0.29	0.04
Uttar Pradesh	0.36	0.05
West Bengal	3.23	1.89
India	0.96	0.19

Source: Census of India, Vol. I, India, Part II,  
General Economic Tables (the same as in  
Table I above)

As for male labour force reported unemployed, the proportion ranges from 0.24 per cent in Rajasthan to 3.24 per cent in Kerala. In half a dozen States the proportion of unemployed exceeds 1 per cent. As against this, in quite a few States, unemployment among females is a negligible fraction; it is less than 1 per cent in all the States except Kerala and West Bengal. The proportion of unemployed among female labour force, viz., 2 per cent, is the highest in Kerala.



2. The results of the National Sample Survey (NSS) confirm the above observations. The proportion of the unemployed among urban female labour force in the different States as reported by five rounds of the NSS during 1963-64 to 1967-68 is given in Table (VI.9)

Table (VI.9) INCIDENCE OF UNEMPLOYMENT AMONG FEMALES IN URBAN AREAS

States	Unemployed as per cent of labour force				
	18th round	19th round	20th round	21st round	22nd round
Andhra Pradesh	2.23	2.14	0.49	1.48	0.32
Assam	13.25	4.20	7.33	6.52	0.62
Bihar	2.27	2.05	0.90	1.85	0.23
Gujarat	0.42	1.05	1.61	1.08	0.59
Haryana	--	--	1.68	1.59	0.29
Jammu & Kashmir	4.97	2.42	--	2.14	0.09
Kerala	8.02	7.20	6.57	7.11	1.86
Madhya Pradesh	3.46	0.86	1.36	1.60	0.32
Madras	3.59	2.48	3.92	2.19	0.61
Maharashtra	1.45	1.83	1.82	1.44	0.39
Mysore	1.17	2.06	3.69	1.71	0.69
Orissa	2.62	2.52	2.07	2.52	0.06
Punjab	--	0.86	2.56	0.39	0.31
Rajasthan	2.10	1.15	0.14	0.36	0.12
Uttar Pradesh	0.60	2.05	0.97	0.55	0.07
West Bengal	4.81	2.69	7.57	2.04	0.56
India	2.39	2.32	2.51	1.84	0.43

Source: Pravin Visaria, Employment and Unemployment in India; A review of selected statistics, op.cit., p. 92.

The foregoing table shows out that the level of unemployment among females in urban areas in Kerala is significantly higher than in almost all other States in India. The incidence of unemployment among



urban females in Kerala during the period covered by the five <sup>R</sup> rounds of the NSS is found to be several times higher than the national average and significantly higher than the same in most other States. As of the 19th, 21st and 22nd rounds of the NSS, Kerala topped the list in terms of the percentage of unemployed among urban females; for the other two rounds, Kerala ranked very high. But unlike in Assam or West Bengal which registered very high incidence of this phenomenon in one of two rounds, probably affected by the season of the survey, in Kerala the proportion of unemployed urban females is consistently high.

3. Unemployment among females in the rural areas of the State, according to available evidence, is also fairly high. According to the results of the National Sample Survey, 14th Round, July 1958 to June 1959 conducted by the Bureau of Economics and Statistics, about 3 per cent of the rural female population was unemployed. The estimates came to 2.52 per cent for the combined State Sample, 3.35 per cent for the combined central sample and 2.97 per cent for the State and Central Samples combined together<sup>8</sup>. In the 16th round of the NSS, 1960-61,

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8. Bureau of Economics and Statistics, National Sample Survey, 14th Round, Report on Employment and Unemployment in Rural Areas in Kerala, Government of Kerala, Trivandrum, 1966, Table 8, Mimeographed.



conducted by the Bureau of Economics and Statistics, 3.29 per cent of the female population in the rural areas was reported as unemployed. In the sub-sample 1, the proportion worked out to 2.82 per cent and in the sub-sample 2, it came to 3.72 per cent<sup>9</sup>.

4. The 1961 Census counted 25611 females in rural areas of Kerala as unemployed. This came to 1.66 per cent of the total female labour force in the rural areas of the State. The incidence of female unemployment in the rural areas of different states is summarised in Table (VI.10).

Table (VI.10) UNEMPLOYMENT AMONG FEMALES AGED 15 YEARS AND ABOVE IN RURAL AREAS, 1961

State	Unemployed (females)	Labour Force (Females)	Unemployed as per cent of Labour Force
Andhra Pradesh	1304	6791730	0.19
Assam	7457	1685018	0.44
Bihar	1981	6098926	0.32
Gujarat	450	2556974	0.02
Jammu & Kashmir	128	411102	0.03
Kerala	25611	1543606	1.66
Madhya Pradesh	842	6639389	0.01
Madras	2344	4591391	0.05
Maharashtra	1986	6620500	0.03
Mysore	418	3323422	0.01
Orissa	272	2268401	0.01
Punjab	560	1251204	0.04
Rajasthan	620	3288356	0.02
Uttar Pradesh	2483	6145413	0.04
West Bengal	10156	1369955	0.74
India	57065	55551758	0.10

Source: Census of India, 1961, Vol. I, India, Part II, General Economics Tables, *op.cit.*

9. Bureau of Economics, and Statistics, National Sample Survey, 16th Round, 1960-61, Report on Employment and Unemployment in Rural Areas, Government of Kerala, Trivandrum, 1970, Tables 4, Appendix Tables 1.1 and 1.2, Miscographed.



It is significant to note that 25611 out of the total 57065 unemployed females in the whole country, i.e., 44.5 per cent, were reported in Kerala! Further, despite the restrictive definition adopted in the census, 1.66 per cent of the rural female labour force, aged 15 years and above, was unemployed. The incidence of unemployment among this group in the State is significantly higher than in all other States and more than ten times the national average!

5. According to the 1965 Sample Survey unemployment among females in the rural areas of the State came to 2.46 per cent of the population. Given the rural female labour force as 18.35 per cent of population, the proportion of unemployed works out to 13.4 per cent of the rural female labour force. It may be recalled that the concept used in this survey included not only all those who were unemployed and seeking, but also those who were not seeking but available for work.

#### V. Some Tentative Hypotheses

Relatively high incidence of unemployment in rural areas in general, and among rural female labour force in particular, has been observed as a unique phenomenon in Kerala. We now proceed to analyse the characteristics of the rural labour force in Kerala which may shed some light on this problem.

(1) As mentioned before, Kerala has the highest density of population and the lowest cultivable land per



capita. In other words, the State has a very adverse man-land ratio in terms of employment opportunities in agriculture. A good proportion of the cultivated area is under perennial trees which provide less employment than annual field crops and the bulk of the area under annual crops consists of single crop lands. The low proportion of workers engaged in agriculture and allied activities to total workers in the State, compared with other States, would exemplify the limited employment opportunities in the rural sector in the State. At the same time, the proportion of agricultural labourers to total workers in agriculture and allied activities in Kerala is the highest in the country. Of the total working force in the agricultural sector in the State in 1961, agricultural labourers constituted 45.36 per cent as against 24.03 per cent in the country as a whole. The proportions of both male and female agricultural labourers to total working force in agriculture in the State are the highest among all the States in India. Further, female agricultural labourers account for about 63 per cent of total female workers in this sector, as against a corresponding proportion of about 30 per cent for the country as a whole. The proportion of agricultural labourers to total workers in agriculture among different States is presented in Table (WI. 11)



Table (VI. 11) AGRICULTURAL LABOURERS AS A PROPORTION OF TOTAL WORKERS IN AGRICULTURE AND ALLIED ACTIVITIES IN DIFFERENT STATES, 1961

State	Agricultural Labourers as per cent of total workers in agriculture		
	Persons	Male	Female
Andhra Pradesh	41.61	34.53	40.47
Assam	5.34	6.74	2.51
Bihar	29.89	27.09	34.92
Gujarat	21.69	19.43	32.55
Jammu & Kashmir	1.57	2.06	0.46
Kerala	45.36	36.36	62.78
Madhya Pradesh	20.94	19.06	23.76
Madras	30.46	33.03	38.31
Maharashtra	34.05	30.81	37.52
Mysore	23.27	19.11	29.85
Orissa	23.04	20.17	29.92
Punjab	11.98	13.91	5.69
Rajasthan	5.28	5.19	5.52
Uttar Pradesh	15.03	12.46	22.90
West Bengal	28.43	27.10	36.42
India	24.03	20.67	29.97

Source: Census of India, 1961, Paper No.1 of 1962.  
Table 12. A. pp.408-409.

In the case of agricultural labourers, the line of distinction between employment and unemployment is rather sharp. As a class among rural workers, agricultural labourers are either employed or unemployed, but seldom if ever disguisedly unemployed. Therefore, the high incidence of unemployment in Kerala among rural labour force in general and rural female labour force in particular may be explained by the relatively high proportion of agricultural labourers here compared to other States.

(11) Another reason for the high level of unemployment among rural labour force in Kerala may be higher



level of educational attainments of the rural labour force in Kerala. Of the total rural labour force in this State, 45.04 per cent were illiterate, 41.24 per cent were literate without educational level, 10.33 per cent belonged to Primary or Junior Basic level and 3.37 per cent had matriculation or higher qualification. The corresponding proportions for the country as a whole were 77.85 per cent, 15.53 per cent, 5.60 per cent and 1.02 per cent respectively.

Table VI.12: PERCENTAGE DISTRIBUTION OF RURAL LABOUR FORCE ACCORDING TO EDUCATIONAL LEVEL 1961

State	Illite- rate	Literate without education- al level	Primary or junior basic	Matriculation and above
Andhra Pradesh	82.81	11.85	4.60	0.73
Assam	69.66	22.64	6.81	0.87
Bihar	80.79	14.77	3.40	1.03
Gujarat	73.26	10.35	15.73	0.64
Jammu & Kashmir	91.41	5.63	2.20	0.75
Kerala	45.04	41.24	10.33	3.37
Madhya Pradesh	86.06	10.09	3.84	0.40
Madras	72.37	22.86	3.77	0.98
Maharashtra	76.90	12.50	10.02	0.57
Mysore	76.66	20.25	2.25	0.83
Orissa	73.88	22.99	2.64	0.48
Punjab	85.45	6.12	6.71	1.70
Rajasthan	88.99	9.63	0.79	0.58
Uttar Pradesh	80.58	13.41	4.79	1.20
West Bengal	65.90	21.50	10.51	2.07
India	77.85	15.53	5.60	1.02

Source: Census of India, 1961, Vol.1, India, Part II B (1) General Economic Tables, pp.260-275; Census of India, 1961, Vol.1, India, Part II B (iii) General Economic Tables pp.581-583.



It may be recalled that the proportion of unemployed in the rural labour force was also the highest in Kerala and West Bengal. On the other hand, in those States where rural unemployment reported by the 1961 Census was very low, viz., Madhya Pradesh, Mysore, Andhra Pradesh, Uttar Pradesh, Jammu and Kashmir, etc., the proportion of illiterates is seen to be very much higher and the proportion of 'matriculation-and-above' much lower than in Kerala and West Bengal.

By analysing the levels of education and unemployment among the rural labour force in the different taluks of Kerala we find that, by and large, the incidence of unemployment rises with the level of education. Table (VI.13) presents the proportion of the unemployed in each category of the rural labour force grouped according to the level of education.

The 55 taluks of the State were first ranked in an ascending order according to the level of unemployment among the rural labour force. Then they were divided into eight groups as shown in the first column of the table given below. As we move from left to right along each row, the level of education and unemployment can be seen to rise together. While the proportion of illiterate labour force ranges from 0.21 to 0.71 per cent, reading down the second column, the corresponding proportion among those with education of matriculation-and-above ranges from 8.97 per cent to 31.40 per cent. A comparison of the first and



Table (VI.12)

UNEMPLOYMENT AMONG RURAL LABOUR FORCE WITH DIFFERENT LEVELS  
OF EDUCATION IN DIFFERENT TALUKS OF KERALA, 1961

Per cent

Per cent of labour force unemployed	Illiterate	Literate without educational level	Primary or Junior Basic	Matriculation and above	Proportion of literate among unemployed	Taluku
0.36 - 0.69	0.21	0.55	1.71	6.97	34.46	Udumbanchola, North Wynad, Kasargode, South Wynad, Hosdurg, Perinthalmanna.
0.93 - 1.28	0.29	1.33	3.62	18.04	36.00	Chittoor, Ernad, Muvattupuzha, Alathur, Palghat, Talipparamba, Ottappalam.
1.33 - 1.62	0.52	0.89	3.03	19.75	42.65	Nedunangad, Peermede, Thodupuzha, Devikulam, Talappally, Kunnathunad, Neyyattinkara
1.95 - 2.41	0.55	1.52	4.49	22.53	43.30	Tirur, Neenachil, Ponnani, Kunnathur, Alwaye, Kottarakara, Quilandy.
2.56 - 2.99	0.35	1.34	4.80	31.40	51.14	Pathanapuram, Vaikom, Mukundapur, Sherthala, Chirayinkil, Karthikapally, Kuttanad.
3.01 - 3.31	0.47	1.60	4.96	30.19	50.20	Cannanore, Felliicherry, Badakara, Frichur, Mavelikkara, Chengannur, Pathanamthitta.
3.55 - 4.14	0.71	2.48	6.81	23.67	51.20	Cranganur, Kanjirappally, Changanacherry, Parur, Changanapuzha, Kozhikode, Trivandrum
4.23 - 4.83	0.86	3.32	7.22	27.99	51.79	Thiruvalla, Kasayannur, Kottayam, Xarunagappally, Chowghat, Quilon, Gochin.

Source: Census of India, 1961, Kerala, District Census Handbooks.



last columns of the table will show that the proportion of the unemployed varies *pari passu* with the proportion of literates among those in the various taluks. The overall position among all the taluks together, as seen from the last row, again shows that the proportion of the labour force unemployed varies steadily and significantly directly with the level of education.

The same order of difference between Kerala and other States in India is found also among the female labour force in rural areas. According to the 1961 Census, 69.39 per cent of the rural female labour force was illiterate, 22.44 per cent were just literate without any educational level, 4.89 per cent had primary education, and 3.28 per cent belonged to the class 'matriculation-and-above'. As against these, the corresponding proportions for India as a whole came to 95.58 per cent, 3.20 per cent, 1.05 per cent and 0.16 per cent. In Table (VI.14) the distribution of rural female labour force according to educational levels is presented.



Table (VI.14) PERCENTAGE DISTRIBUTION OF RURAL FEMALE LABOUR FORCE ACCORDING TO EDUCATIONAL LEVELS

State	Illiterate	Literate without educational level	Primary or Junior Basic	Matriculation and above
Andhra Pradesh	96.56	2.45	0.93	0.05
Assam	85.83	11.21	2.85	0.10
Bihar	98.36	1.34	0.27	0.02
Gujarat	92.13	3.14	4.67	0.05
Jammu & Kashmir	99.41	0.40	0.13	0.05
Kerala	69.39	22.44	4.89	3.28
Madhya Pradesh	98.01	7.04	0.32	0.02
Madras	94.72	4.16	0.92	0.19
Maharashtra	94.73	3.54	1.67	0.05
Mysore	94.80	4.70	0.42	0.08
Orissa	93.15	6.58	0.23	0.14
Punjab	96.45	1.31	1.82	0.40
Rajasthan	99.14	0.76	0.06	0.02
Uttar Pradesh	98.20	1.42	0.32	0.05
West Bengal	96.86	2.14	0.82	0.25
India	95.58	3.20	1.05	0.16

Source: Census of India 1961, Vol.I, Part II B (111)  
General Economic Tables pp.581-583.

In respect of the level of literacy and education among female labour force in rural areas also Kerala stands head and shoulders above all other States. In almost all the States, more than 90 per cent of this group is seen to be illiterate. In quite a few States the proportion of illiterate labour force is nearly 100 per cent, as against a little over 69 per cent only in Kerala. While only 3.20 per cent of rural female labour force in the country were literate, the proportion is about seven times as high in Kerala. Whereas those with matriculation-and-above were less than 0.5 per cent in all other States, the proportion came to 3.28 per cent of the female labour force in rural



Kerala. It may be recalled that Kerala had registered the highest degree of unemployment for rural female labour force, viz., 1.66 per cent followed by West Bengal, Assam, Bihar and Andhra Pradesh; in all other States unemployment with rural female labour force come to less than 0.1 per cent. The level of unemployment and education among rural female labour force in different States show some positive association.

As noted earlier, according to the 1961 Census, unemployed rural females aged 15 years and above in Kerala added upto 25611 or 44.5 per cent of the total 57065 unemployed females in the rural areas of the country. Of this 25611 unemployed, 20012 or 78.13 per cent belonged to the class matriculation-and-above. Of the total 23339 unemployed rural females with matriculation-and-above in the whole country, about 86 per cent belonged to the rural areas in this State. The vast majority of the rural unemployed females in most other States were illiterates; in Kerala this group came to less than 5 per cent. Further, the proportion of the unemployed tends to increase with level of education. No such trend is consistently observed in the other States.

The foregoing table again substantiates the point that the level of unemployment among the females in rural areas of Kerala is greater among the educated classes. More than three-fourths of the unemployed females in rural



DISTRIBUTION OF UNEMPLOYED FEMALES AGED 15 AND ABOVE IN THE RURAL AREAS  
IN DIFFERENT STATES, 1961

State	Illiterate		Literate without educational level		Primary or Junior Basic		Matriculation and above		Total
	No	Per cent	No.	Per cent	No.	Per cent	No.	Percent	
Andhra Pradesh	124	9.51	86	6.59	718	55.06	376	28.83	1304
Assam	5498	73.72	1200	16.09	613	8.22	146	1.95	7457
Bihar	1647	83.13	125	6.31	169	8.53	40	2.01	1981
Gujarat	306	68.00	22	4.88	89	19.77	33	7.33	450
Jammu & Kashmir	74	57.81	19	14.84	25	19.53	10	7.81	128
Kerala	1254	4.89	1916	7.48	2429	9.43	20012	78.13	25611
Madhya Pradesh	653	77.55	93	11.04	70	8.31	26	3.08	842
Madras	234	9.97	156	6.65	526	22.44	1428	60.92	2344
Maharashtra	1441	72.55	92	4.63	306	15.39	147	7.40	1986
Mysore	71	16.98	31	7.41	84	20.09	232	55.50	418
Orissa	152	55.88	59	21.69	41	15.07	20	7.35	272
Punjab	83	14.82	18	3.21	100	17.85	359	64.10	560
Rajasthan	568	91.61	32	5.16	6	0.97	14	2.25	620
Uttar Pradesh	2136	86.02	208	8.37	82	3.30	57	2.27	2483
West Bengal	8518	83.87	811	7.98	458	4.50	369	3.63	10156
India	22989	40.28	4945	8.66	5792	10.14	23339	40.89	57065

Source: Census of India, 1961, Vol. I, India, Part II B (111)  
General Economic Tables pp.581-583.



areas in the State belonged to the education level of matriculation-and-above. When the female labour force in rural areas is analysed according to educational level, the proportion of unemployed is seen to increase with rise in education level.

Table (VI.16) PER CENTAGE OF UNEMPLOYED AMONG RURAL FEMALE LABOUR FORCE IN EACH EDUCATIONAL CATEGORY

State	Illi- terate	Literate with- out educational level	Primary or Junior basic	Matricula- tion and above
Andhra Pradesh	0.01	0.05	1.14	11.06
Assam	0.38	0.64	1.28	8.30
Bihar	0.04	0.13	0.87	2.38
Gujarat	0.01	0.02	0.07	2.42
Jammu & Kashmir	0.01	1.14	4.84	4.54
Kerala	0.12	0.55	3.22	39.51
Madhya Pradesh	0.01	0.13	0.33	1.90
Maharashtra	0.02	0.03	0.28	4.43
Mysore	0.01	0.02	0.60	8.59
Orissa	0.01	0.03	0.74	6.21
Punjab	0.01	0.11	0.44	7.20
Rajasthan	0.01	0.13	0.27	1.85
Uttar Pradesh	0.04	0.24	0.41	1.82
West Bengal	0.64	2.76	4.08	10.83
India	0.04	0.28	0.99	26.22

Source: The same as in Table VI.15 above

In all the States we observe the general trend of the proportion of the labour force unemployed rising with the level of education. However, in the case of Kerala the proportion of unemployed among female labour force with matriculation-and-above is about 40 per cent, the highest among the States. This is but natural, for Kerala accounts for about 86 per cent of the total unemployed



females with this level of education in the entire rural India.

#### Summing up

The results of the 1961 Census and the Sample Survey of recent years reveal a high level of unemployment in Kerala. Even on the basis of a restrictive definition of unemployment as used in the Census, unemployment in Kerala came to 2.87 per cent of the labour force in 1961, 2.46 per cent in rural areas and 5.46 per cent in urban areas. The incidence of unemployment in the rural areas of Kerala is seen to be the highest among all States, and that in urban areas the second highest. The different rounds of the NSS also reveal that the level of unemployment in Kerala is higher than almost all other States. According to the results of the 1965 Sample Survey, a little over 9 per cent of the labour force was unemployed. Another significant finding is the high level of unemployment among females, especially in the rural areas. Unemployed rural females in Kerala, according to 1961 Census, amounted for about 45 per cent of the total unemployed females in the rural parts of the country. A close association between unemployment and level of education is observed; by and large, unemployment is seen to rise with the level of education. We will examine the characteristics of the unemployed in more detail in the next chapter.



## CHAPTER VII

### CHARACTERISTICS OF THE UNEMPLOYED IN KERALA

In the foregoing chapter we examined the available evidence on the overall magnitude of open unemployment in Kerala, of course, the problem of unemployment can not simply be reduced to numbers; there are other dimensions to the problem. A study of the characteristics of the unemployed is essential to gain an insight into its true nature. In this chapter we address ourselves to questions like: Does the incidence of unemployment show significant differences as between the different age groups, and if so by how much? How <sup>o</sup> does the degree of unemployment vary with the level of education and work experience? What is the waiting period involved for finding a job in respect of persons with different levels of education and experience? What is the pattern of job aspirations of the unemployed?

The above problems have received the attention of some scholars. David Turnham for instance, has made an extensive review of the evidence on urban unemployment in the less developed countries and found certain general patterns in respect of the age composition, educational levels, experience and family incomes of the unemployed. His main findings may be summarised as follows. Relative to the labour force as a whole, the rate of unemployment is generally double among the younger workers; the unemployed are found, as a whole, to be more educated; the proportion



of inexperienced persons is higher among the unemployed; and open unemployment is more common in households which can afford to support their sons and daughters waiting for the right job.<sup>1</sup>

The above characteristics found by Turnham among the urban unemployed are likely to be present among their rural counterparts also. We shall verify these propositions with respect to the unemployed in Kerala.

The Census data for 1961, the Sample Survey of 1965, and the NSS Report No.16 for 1960-61 are the sources of evidence that we will be using for this analysis. The differences in concepts, definitions, etc., employed in these three types of data have been discussed earlier.

(1) Age Specific rates

The results of the National Sample Survey 1960-61, 16th round are reproduced in Table VII.1 below:

Table(VII.1) PERCENTAGE DISTRIBUTION OF UNEMPLOYED IN KERALA, 1960-61

Age-group	Rural			Age group	Urban		
	Male	Female	Persons		Male	Female	Persons
0 - 15	10.50	7.45	8.94	15-24	59.08	62.06	59.82
16 - 26	54.15	35.10	44.44	25-39	25.07	26.87	25.52
27 - 36	16.02	27.67	21.96	40-49	10.33	6.92	9.48
37.- 46	4.97	10.64	7.86	50-59	5.52	4.15	
47 - 61	9.94	15.42	12.74				
62 and above	4.42	37.72	4.07				

Source: Cited in State Planning Board, Statistics for Planning, Series No.2, Manpower, Government of Kerala, 1972, p.79.

1. David Turnham, The Unemployment Problem in Less Developed Countries, Development Centre of the O.E.C.D., Paris, 1971, pp.50-55. See also: Ronald G. Ridker (Ed.) Employment and Unemployment in Near East and South Asian Countries, A Review of Evidence and Issues...., pp.12-14.



It may be noted that 44.4 per cent of the unemployed in the rural areas of the State belongs to the very young group 16-26 years. More than one-half of the unemployed males and over one-third of the unemployed females in rural areas fall in this age group. Further, another 22 per cent of the unemployed persons are in the age group 27-36, the corresponding proportion for males and females being 16.02 and 27.67 per cent respectively. These two age groups together account for a little over two-thirds of the rural unemployed. Coming to the urban areas we find that the incidence of unemployment is more severe in the younger age groups 15-24 and 25-39. For instance, about 60 per cent of the urban unemployed come from the age group 15-24, and about 31 per cent belong to the 25-39 age group. Taken together, the age-group 15-39 claim a little over 90 per cent of the unemployed in the urban areas. As between the two sectors, a substantially higher proportion of the unemployed in the urban areas is in the age group 15-29. On the other hand, in rural areas a significant proportion of the unemployed is reported to be children below 15 years.

A very large proportion of the unemployed in Kerala is seen to belong to the young age groups. According to the 1961 Census, the age-group 15-34 accounted for 90.99 per cent of the rural unemployed and 85.95 per cent of the urban unemployed, the proportion for the State as a whole in this age group being 89.66 per cent. The proportion of the unemployed falling in the age group 35-59 came to 8.46 and 12.99 per cent



respectively in the rural and urban areas.

The same pattern emerges from the results of the Sample Survey conducted in 1965. The age distribution of the unemployed in Kerala according to the findings of the 1965 survey is reproduced in Table VII.2.

Table (VII.2) AGE DISTRIBUTION OF THE UNEMPLOYED PERSONS IN KERALA, 1965

Age groups	Male per cent	Female Per cent	Persons Per cent
15 - 19	35.17	34.03	34.67
20 - 24	31.13	30.08	30.66
25 - 29	13.00	11.19	12.20
30 - 34	6.22	7.09	6.60
35 - 39	4.29	6.43	5.24
40 - 59	10.06	11.10	10.53
Wrong entries	0.13	0.08	0.10
Total	100.00	100.00	100.00

Source: Manpower, op.cit., Table 8-10, p.78.

From the above table it is seen that nearly two-thirds of the unemployed persons in the State belong to the age group 15-24 years (The proportion of the unemployed males and females is more or less similar in the age groups, 15-19 and 20-24). Further, the unemployed below 30 years would exceed three-fourths of the total.

The results of the NSS, the Census and the 1965 Sample Survey are not strictly comparable, since the concepts, definition and reference periods underlying the various enquiries as well as the age-groupings in the final tabulation are different. Still it is interesting to note that the proportions of the unemployed in the broad age groups



are more or less similar. Thus, the proportion of the unemployed persons in the age-group 15-34 came to 89.66 per cent according to the 1961 Census and 84.13 per cent according to the 1965 Sample Survey; the corresponding proportions in the age group 35-59 being 9.65 per cent and 7.77 per cent respectively. The following table (Table VII.3) summarises the findings of the 1961 Census and the 1965 Sample Survey.

Table (VII.3) AGE DISTRIBUTION OF THE UNEMPLOYED IN KERALA

Age group	1961 Census			1965 Sample Survey		
	Male	Female	Persons	Male	Female	Persons
15 - 34	87.57	97.71	89.66	85.52	82.39	84.13
35 - 59	11.58	2.19	9.65	14.35	17.53	15.77
60 and above	0.85	0.10	0.09	..	..	..

The foregoing review of the available data on unemployment in Kerala would clearly bring out the fact that the incidence of open unemployment in both the rural and urban areas of the State is most acutely felt by the relatively young persons.

## (2) Unemployment and Level of Education

The unemployed persons were found to have comparatively higher level of education than the population in general and the labour force in particular. The available data show that the larger proportion of the total unemployed consists of persons who have attained comparatively higher educational levels. The distribution of the workers, un-



employed and the labour force according to the level of education, as reported by the 1961 Census, is presented in Table VII.4.

Table (VII.4) DISTRIBUTION OF THE LABOUR FORCE  
ACCORDING TO THE LEVEL OF EDUCATION, 1961

Level of Education	Per cent of workers	Per cent of unemployed	Per cent of labour force
1. Illiterate	43.09	7.51	42.06
2. Literate, without education level	40.94	27.22	40.54
3. Primary or Junior Basic	11.01	20.57	11.28
4. Matriculation and above	4.96	44.70	6.12
5. Total	100.00	100.00	100.00

Source: Census of India, 1961, Vol. VII, Kerala, Part II B (1) General Economic Tables, Table B-III Part A and B, Part II B (11), General Economic Tables, Table B VIII, Part A.

Significantly enough, 44.70 per cent of the unemployed in the State in 1961 belonged to the educational class, matriculation and above, as against 4.96 per cent of all workers and 6.12 per cent of the total labour force. On the other hand, only 7.51 per cent of the unemployed were illiterate when compared to 43.09 per cent of all workers and 42.06 per cent of the labour force.

The distribution of the labour force according to activity status and level of education considered in the foregoing paragraphs would show that a comparatively large proportion of the unemployed consisted of persons with some educational attainments. This fact is more explicitly



brought out in Table VII.5.

Table(VII.5) LEVEL OF EDUCATION AND ACTIVITY STATUS, 1961

Level of Education	Employed		Unemployed		Labour Force	
	No.	Per cent	No.	Per cent	No.	Per cent
Illiterate	2434954	99.49	12568	0.51	244722	100.00
Literate without educational level	2313638	98.07	45563	1.93	2359201	100.00
Primary or Junior basic	622000	94.75	34441	5.25	656441	100.00
Matriculation and above	280796	78.96	78444	21.04	355640	100.00

Source: Census of India, 1961, District Census Handbooks, Kerala.

The above table vividly brings out that the incidence of unemployment gets more acute as we move up the scale of educational attainments. While unemployment is a negligible fraction with the illiterate labour force, it rises steadily and reaches the level of 21.04 per cent of the labour force in the highest educational bracket, viz., matriculation and above.

We must, however, point out that the above generalisation about the association between education and unemployment involves a level of aggregation, 'matriculation and above', which conceals certain interesting details. For, the severity of unemployment is not uniform in the sub-sections of the broad category



'matriculation and above'. Empirical evidence from some Asian countries has led Ridker to observe that among the educated classes, unemployment rates generally tend to be the highest among matriculates, higher than among degree holders<sup>2</sup>. David Turnham also concurs with this finding, viz., "that rates of unemployment are relatively low among the middle group--primary and secondary school leavers--where unemployment rates are highest"<sup>3</sup>. For instance, in the urban areas of India during 1960-61, the rates of unemployment have been estimated at 1.2 per cent among illiterates, 2.7 per cent among those with primary education, 7.0 per cent with 6 to 11 years of schooling, and at 2.8 per cent for group with 12 or more years of education. In Ceylon, urban areas, the corresponding rates were 7.1 per cent, 7.3 per cent, 11.8 per cent and 2.3 per cent respectively<sup>4</sup>. The unemployment rates in the urban areas of Kerala based on the 1961 Census data are presented in the following table.

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2. Employment and Unemployment in Near East and South Asian Countries, op.cit., p.13.

3. David Turnham, op.cit., p.52.

4. Ibid., p.51.



Table(VII.6) DISTRIBUTION OF LABOUR FORCE IN URBAN  
AREAS BELONGING TO DIFFERENT EDUCATIONAL  
LEVELS AND ACTIVITY STATUS 1961

Educational level	Employed Unemployed Labour force		
	Per cent	Per cent	Per cent
Below matriculation	99.43	0.57	100.00
Matriculation/Higher secondary	81.33	18.67	100.00
Technical diploma, not equal to degree	86.93	13.07	100.00
Non-technical diploma not equal to degree	94.54	5.46	100.00
University degree or P.G. degree other than technical degree	92.51	7.49	100.00
Technical degree or diploma equal to degree or P.G. degree	92.68	7.32	100.00

Source: Census of India 1961, Kerala Part II B  
(i) and B (ii) op.cit.

The incidence of unemployment among persons below the matriculation level works out to barely 0.6 per cent. As against this, among the matriculates the proportion of unemployed was as high as 18.67 per cent, the highest among all educational groups. In the case of degree holders, the incidence of unemployment is much less than among the matriculates, namely, 7.49 per cent only, though it is considerably higher than the rates observed in the urban areas of India as a whole or in Ceylon.

The 1965 Sample Survey also brought out a similar pattern. According to the results of the survey, about 26.5 per cent of the unemployed persons were matriculates



and above and illiterates formed about 17.9 per cent of the total unemployed. The educational composition of the unemployed as of 1965 is given in Table VII.7.

Table(VII.7) PERCENTAGE DISTRIBUTION OF UNEMPLOYED BY GENERAL EDUCATION, 1965

Level of Education	Per cent of Unemployed		
	Male	Female	Persons
Illiterate	10.30	27.30	17.88
Literate, below middle	43.17	32.89	38.61
Middle, below matriculates	19.51	13.93	17.03
Matriculates	25.45	24.79	25.16
Graduates	1.52	0.78	1.19
Post-graduates	0.05	0.23	0.13
Total	100.00	100.00	100.00

Source: Planning for Employment in Kerala, op.cit., p.63.

A higher proportion of the unemployed females is seen to be illiterate than among the unemployed males. However, the proportion of unemployed females with matriculation and above is about as high as among unemployed males. As mentioned above, more than a quarter of the unemployed persons in Kerala were 'matriculates and above'.



Table(VII.8) LABOUR FORCE IN 1965 BY EDUCATIONAL LEVEL

Age group	Below Matriculation		Matriculation and above		Total persons (000)
	Persons (000)	Per cent	Persons (000)	Per cent	
0 - 14	103	100.00	..	..	103
15 - 19	649	92.58	52	7.42	701
20 - 24	731	85.50	125	14.60	856
25 - 29	693	86.52	108	13.48	801
30 - 34	654	89.22	79	10.78	733
35 - 39	706	94.76	39	5.24	745
40 - 59	1684	95.74	75	4.26	1759
60 and above	308	97.16	9	2.84	517
Total	5528	91.90	487	8.10	6015

Source: Planning for Employment in Kerala, op.cit.

Of the total labour force in 1965, 91.90 per cent were below matriculation; those with matriculation and above came to 8.10 per cent only of the labour force. However, the proportion of those with matriculation and above is seen to be higher among the younger members of the labour force. In the age-groups 15-19, 20-24, and 30-34 the proportion with matriculation and above significantly exceeded that in the higher age groups. Alternatively, of the total 4,87,000 persons with matriculation and above, 3,64,000 were in the age group 15-34 and 2,85,000 were below 30 years. Thus the younger generation of the labour force enters the market with higher level of education than their elders.

It may be recalled that there is a significant difference between the 1961 Census result and the 1965



Sample Survey estimate. That is to say, the proportion of the unemployed belonging to matriculation and above came to 44.70 per cent according to the 1961 Census as against only 26.48 per cent on the basis of the 1965 Survey. But, then, the Census defined unemployed as those without work and seeking while the Sample Survey included among the unemployed not only those seeking work but also those not seeking but available. Thus, the total unemployed as estimated by the 1961 Census and 1965 Sample Survey were 1.65 lakhs and 5.47 lakhs respectively. Presumably a higher proportion of the educated unemployed (matriculation and above) would be actively seeking work than those with lower educational attainments. It seems however, possible that the lower proportion of the unemployed possessing qualification of matriculation and above as reported in the 1965 Sample Survey than that of the 1961 Census is due to the larger scope of the definition of the unemployed used in the Survey.

### (3) Job Experience of the Unemployed

Another characteristic of the open unemployed in less developed countries is that a good proportion of them are new entrants into the labour market. Turnham observes: "The proportion of 'inexperienced' workers tends to be considerable. Lack of experience is variously defined, for example, from having never worked before, to having never held a particular job more than two or three weeks.



Depending partly on definition, the proportion of inexperienced unemployed to total unemployed seems to vary from about 20 per cent to over 60 per cent. Inexperienced workers are very heavily concentrated at the young end of the age distribution (though slightly more so for men than for women)<sup>5</sup>.

The 1961 Census data relating to the distribution of the unemployed as between those seeking work for the first time and those seeking not for the first time are summarised below:

Table (VII.9) THE PROPORTIONS OF THE UNEMPLOYED SEEKING WORK FOR THE FIRST TIME AND SEEKING NOT FOR THE FIRST TIME, KERALA, 1961

Category of unemployed	Rural			Urban		
	Male Per cent	Female Per cent	Persons Per cent	Male Per cent	Female Per cent	Persons Per cent
Seeking for the first time	83.25	93.72	85.43	73.08	89.82	73.58
Seeking not for the first time	16.75	6.28	14.57	26.92	11.18	26.42
Total	100.00	100.00	100.00	100.00	100.00	100.00

(Census of India, 1961, Kerala, District Census Handbooks ..)

The vast proportion of the unemployed job seekers in Kerala appears to be persons who have never held a job before. However, a higher proportion of the unemployed in the rural areas are new entrants into the labour force than in the urban areas. This would imply that between -

5. David Turnham, Loc. cit.



jobs - unemployment is more prevalent in urban areas or that employment opportunities of the type preferred by those seeking jobs are more hard to come by in rural areas than in urban areas. It is also interesting to observe that the proportion of the unemployed seeking work for the first time is greater among females than among males in both rural and urban areas. This suggests a number of hypotheses -- perhaps the propensity among females to seek employment is of more recent origin than among males, or that in the race for the available jobs in the past, female competitors were left behind, or that females, once they get a job, hold on to it, reflecting less occupational or job mobility, which is understandable in their case, or that females withdraw from the labour market earlier than men.

#### (4) Duration of unemployment

For a sizable proportion of the unemployed, the problem appears to be rather chronic. The distribution of the urban unemployed in Kerala according to the duration of unemployment as reported by the H.S.S., 16th Round in 1960-61, is given below:

Table (VII.10) DISTRIBUTION OF UNEMPLOYED PERSONS IN URBAN AREAS ACCORDING TO DURATION OF UNEMPLOYMENT, 1960-61

Duration of Unemployment (Months)	Male Per cent	Female Per cent	Persons Per cent
Less than one	11.44	11.66	11.50
1 - 2	13.81	24.70	16.68
3 - 5	6.91	5.53	6.56
6 - 11	14.74	13.83	14.51
12-23	23.42	14.37	22.41
24 and above	29.48	24.91	28.34
Total unemployed	100.00	100.00	100.00

Source: Statistics for Planning, Manpower op.cit., p.80)



It is seen that more than one-half of the total unemployed persons--about 53 per cent of the males and over 39 per cent of the females--were without employment for one year or more. Those who had remained unemployed for two years or more came to 28.34 per cent of the total unemployed persons.

The findings of the 1965 Sample Survey broadly conform the above pattern. In Table VII.11 we present the distribution of the unemployed according to the duration of unemployment.

Table(VII.11) DISTRIBUTION OF THE UNEMPLOYED ACCORDING TO THE LEVEL OF EDUCATION AND DURATION OF UNEMPLOYMENT, 1965

Level of Education	Duration of Unemployment			
	Upto one year		One year or more	
	Number	Per cent	Number	Percent
1. Below middle	214600	67.37	94320	41.31
2. Middle, Below matric	40230	12.63	52920	23.17
3. Matric	59390	18.64	73210	34.25
4. Graduate	3600	1.13	2900	1.27
5. Post-graduate	720	0.23	..	..
6. Total	318540	100.00	228350	100.00

(Source: Planning for Employment, op.cit., Table VII.8)

Out of the total 5.47 lakh persons reported as unemployed in 1965, 2.28 lakh persons had remained unemployed over a period of one year or more. Whereas at the lowest and highest educational levels, unemployment appears to be of comparatively shorter duration; among the matriculates, unemployment is, by and large, more chronic, for the proportion remaining unemployed for one year or more is considerably high with this group, viz., 58 per cent.



Thus, the results of the N.S.S., 16th Round, and the 1965 Sample Survey have brought out similar results, viz., that the waiting period of the unemployed is fairly long. The magnitude of the waste of manpower involved in and the degree of frustration resulting from such long periods of enforced idleness, need hardly be mentioned.

#### 5. Job Aspirations among the Unemployed

The incidence and duration of unemployment are to a great extent influenced by the job expectations of the unemployed. The data on job preference collected by the NSS, 16th Round, in the urban areas of Kerala are reproduced in Table VII.12.

Table (VII.12) PERCENTAGE DISTRIBUTION OF UNEMPLOYED ACCORDING TO THEIR JOB PREFERENCE, 1960-61

Type of jobs preferred	Type of Entrance		
	New entrants	Others	Total
1. Professional, Technical and related workers	6.65	4.31	5.53
2. Administrative, Technical, managerial workers	0.67	1.44	1.04
3. Clerical and related workers	41.91	18.68	30.75
4. Sales workers	10.27	7.50	8.94
5. Farmers, fishermen, hunters, loggers, etc.	3.61	20.43	11.70
6. Miners, quarrymen, etc.	0.67	2.16	1.38
7. Workers in transport and communications	15.30	30.38	22.25
8. Craftsmen, production process workers, etc.	7.61	5.75	6.71
9. Service, reports and recreation workers	12.64	8.63	10.71
10. Workers not classified by occupation	0.67	0.72	0.69
11. Not recorded	100.00	100.00	100.00
Total unemployed			

Source: Statistics for Planning, Manpower, op.cit., p.80)



Among the unemployed, especially so among the new entrants, employment in the primary sector--agriculture, fishing, hunting, logging, mining and quarrying, etc. -- seems to be very low in their scale of preference. Similarly, the proportion of new entrants interested in working as craftsmen and production process workers is also comparatively low. As against this, the most preferred job, judged in terms of numbers opting for it, would appear to be clerical work, for about 42 per cent of the new entrants have indicated their preference for this type of work.

However, the issue of job expectations is not so simple, as it looks from the above table. The answer from the respondents to the question on their job expectations would depend upon how the question is framed and posed, and on the assessment of the respondents on the employment prospects and their qualifications and skills for different jobs. It is quite possible that a large per centage of the unemployed interviewed in the course of the survey assumed, rightly or wrongly, that on the one hand, employment opportunities in agriculture, mining, manufacturing, transport and communications, etc. were extremely limited and, on the other hand, they did not have the training and equipment to aspire for such jobs. Further, with the type and level of education as well as the work experience (or the lack of it) they had, the occupation which they would easily fit in was possibly the generalised clerical job.



To sum up, the incidence of unemployment is more acute among the relatively young and better educated persons who are fresh entrants into the labour market. We shall now proceed to examine some hypotheses about the phenomenon of open unemployment in underdeveloped countries.

#### Interpretation of Evidence

The question usually posed is: why is open unemployment so concentrated in certain demographic and socio-economic groups? Turnham, while attempting to explain urban unemployment in less developed countries, refers to two possible interpretations. One, a high incidence of open unemployment "indicates the magnitude of an overall gap between supply and demand for labour and that young and inexperienced people are particularly affected because these are the most vulnerable groups in the labour surplus economy: older people cling to their jobs and previous work experience commands a premium which in a more balanced market would be translated into a wage differential, but in the surplus economy enables jobs to be got and held"<sup>6</sup>. Thus high unemployment rates are due to the tardy growth in the demand for labour in relation to the increase in supply.

The second interpretation of the unemployment problem starts with the assumption that some work is always available in the traditional sector and that additional numbers can

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6. Turnham, op.cit., p.53



be accommodated there partly through work-sharing and partly through accepting lower income for a given effort. Therefore, the pertinent question is why some groups choose to remain unemployed in preference to working in traditional sectors. The answer to this question would seem to lie in the characteristics of the unemployed, viz., young age, high level of education, dependent status, and preference for non-manual work. Under the circumstances, the tendency of young school leavers to wait for the "right" job, rather than take up any available job as well as the preparedness of parents to maintain their sons and daughters during the "waiting period" in the hope of better "payoff" in the future is perfectly rational. The conclusion emerging from the above reasoning is that "the existence of a high wage, high status modern sector in the towns together with a level of family income high enough to support the young adult job seeker are sufficient to explain why urban unemployment is high"<sup>7</sup>. Ridker also explains high open unemployment in the Near East and South Asia in terms of the "waiting-period phenomenon". These young persons "can afford to be unemployed since they generally have other means of support and few responsibilities. In many cases it pays them to wait for the 'right' job which will put them on a higher life-time earnings track than would the first job offered"<sup>8</sup>. He proceeds to observe: "In this sense their unemployment is partly voluntary, even though

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7. Ibid, pp. 54-55.

8. Ridker, op.cit., p.13.



they record themselves as looking for work, just as the employment of others at jobs beneath their training and status is partly involuntary"<sup>9</sup>.

The second interpretation of open unemployment seems to be based on rather dubious assumptions. Firstly, it is assumed that there is some work available in activities like agriculture, traditional industry, etc. In our judgement, this assumption does not seem to be valid as far as Kerala is concerned. We have brought out in the earlier chapters that the traditional avenues of employment here have reached the saturation point. The second assumption underlying the hypothesis is that the unemployed prefer white-collar jobs and have an aversion to manual work. This assumption is also unwarranted because its empirical basis is very weak. We would not assert, for want of empirical evidence that the unemployed in Kerala are very choosy in their job expectations. On the contrary, there are indications, though evidence is fragmentary, that the young educated unemployed in Kerala--especially matriculates who seem to be numerically a very large group--are not averse to manual work per se. The third assumption is that the unemployed can afford to remain unemployed because they have other means of support; unemployment is a luxury that only relatively better off persons in poor countries can afford. We have no data on the basis of which to form any judgment about this assumption. In the light of the above, it is most uncharitable

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9. Ibid., p.13



to assert that unemployment among these young educated persons is voluntary. It is our view that this open unemployment is in most cases involuntary. If there is any waiting, it is not because the "right" job is not there, but because there is no job at all. We would also contend that, until it is otherwise established, unemployment is not confined to the middle and high-income families, but suffered by members of all income strata. If there is any difference in the incidence of unemployment between high income and low income families, it should be because in the former the young continue with their education longer and enter the labour market at a later age than in the latter. True, these are only hunches and need to be substantiated with empirical support, which, unfortunately, are at present lacking.



## CHAPTER VIII

### SUMMARY AND CONCLUSIONS

We have attempted in the preceding chapters, to bring out the salient aspects of the problem of unemployment in Kerala. The limitations of the data available make the study of the problem extremely difficult. These limitations were discussed in some detail in order to provide a proper perspective for understanding the subsequent analysis.

The problem of unemployment in Kerala has its roots in the peculiar socio-economic background of the state. In the present century, the population of Kerala has grown at an explosive rate. The main factors that contributed to this high rate of population growth were the relatively high and unchanging birth rate and the steadily declining death rate. These factors have also contributed to a high dependency ratio in the State's economy. One-half of the population is either too young or too old to be included in the labour force; one fifth constitutes full time student population. The accelerated educational expansion in the State has aggravated the problem of educated unemployment in the State. This problem is becoming further intensified by the rapid strides of educational development in the northern districts of the State which were educationally backward till very recently. Since the standard of living of the population in the State is low, -- in terms of



per capita income, and levels of consumption -- the growing problem of unemployment will worsen the problem of poverty. The low standard of living, however, is obviously the result of the predominance of an over-burdened agricultural sector and relatively underdeveloped industrial and tertiary sectors. However, the high level of literacy and education as well as a favourable natural endowment and relatively advanced infra-structural facilities available in Kerala hold immense promise for its rapid economic development.

Kerala has registered the lowest participation rates among all the States in India. Besides the participation rate has been steadily falling over the years. When we look at the level and pattern of employment, we find that some of the reasons usually adduced for the low participation rate in this State are not weighty. For example, the argument that the low sex ratio is a factor which accounts for this phenomenon does not hold. The experience of some other States suggests that a high sex ratio can co-exist with a low participation rate. On the other hand, the low overall participation rate may partly be due to the low participation rate among women. In Kerala the percentage of women workers to total women in the labour force is one of the lowest in the country. This in turn, is accounted for, among other things, mainly by (1) the relatively small size of the agricultural sector, (2) the cropping pattern with predominance of perennial tree crops and (3) the



high level of literacy among women. The high proportion of student population is a second factor responsible for the low participation rate. The existence of an agricultural sector which has long reached the point of employment saturation offers still another plausible explanation for the low participation rate in this State.

We have attempted to show that the industrial distribution of workers, as revealed by the Census data, gives a misleading picture of the level of development of this State. In terms of working population, the size of the Agricultural Sector is relatively small and that of the Industrial and Services Sectors is high. This pattern of industrial distribution of working force is usually found only in economically advanced countries. On the basis of this evidence some writers have proceeded to argue that the industrial distribution of the working force in Kerala supports the Clark-fisher hypothesis, viz., that per capita income is positively associated with the shares of "Manufacturing and Services" and negatively with the share of "Agriculture". On a scrutiny of the relative rates of growth of agricultural output and agricultural work force, we find that the above conclusion is dubious. We have argued that the Clark-Fisher hypothesis is not adequate to explain the peculiar features of the sectoral distribution of working force in economies like Kerala with high density of population and low and stagnant per capita income. On the other



hand, Bauer and Yamey and Kuznets have pointed out the instances of some less developed economies burdened with a large and rapidly growing population, a large proportion of labour may be absorbed in tertiary activities; Kerala seems to conform to this pattern. A comparison with the experience of other advanced countries during the nineteenth and twentieth centuries reveals that the proportion of workers in manufacturing and tertiary sectors in Kerala are far below the levels obtaining in many of them during the period of their industrialisation. The growth in the number of workers in the Secondary and Tertiary activities in this State is explained by the unique pattern of its resource endowments, the trade contacts it had for ages past and its tardy economic growth.

According to the 1961 Census about 3 per cent of the labour force was unemployed in this State, the highest in the country; the corresponding percentage for the country as a whole was as low as 0.72. The Sample Survey of 1965 showed that a little over 9 per cent of the estimated labour force was unemployed. There exist significant differences in the sex composition and spatial distribution of unemployment in this State. Unemployment is more acute among men than among women. The northern districts of Malabar have a smaller percentage of unemployed to total labour force. The inter-district differences are to some extent due to differences in density of population and levels of education. The incidence of



Four-fifths of the unemployed belong to the age group 15-34. unemployment in rural areas in Kerala is seen to be one of the highest among all the States in India. Further the incidence of rural unemployment among the most vulnerable sections -- namely, small cultivators and agricultural labourers -- is also the highest in this State. In striking contrast with the rest of India, it is seen that in Kerala unemployment among women is very high both in the rural and in the urban areas. We have hypothesised that the high incidence of unemployment among rural labour force in general and rural female labour force in particular is due to (1) the high man-land ratio here compared to the other States, and (2) the higher level of educational attainments of the rural labour force. The incidence of unemployment has been observed to rise with the level of education both for men and women. The highest rate of unemployment among rural women in the State reflects their higher educational attainment, compared to their counterparts elsewhere in India.

The rate of unemployment is seen to vary with age, educational levels, work experience and family income of the unemployed. A large proportion of the unemployed both in the rural and in the urban areas belongs to the age groups below 40 years. The age-wise pattern of unemployment does not show any significant differences between males and females. The results of the different studies broadly suggest that more than



four-fifths of the unemployed belong to the age group 15--34. The fact that about 45 per cent of the unemployed are matriculates and above reflects the gravity of the problem of educated unemployed in the State. Though unemployment among the illiterates is very low, it is slightly higher among females than among males. But no such sex-wise difference is observed among the unemployed who are matriculates and above.

A large majority of the unemployed are new entrants to the labour force. The percentage of fresh job seekers is higher among females than among males. This fact merits further probing. Does this suggest that the propensity among women to seek employment is a recent phenomenon? Or is it due the fact that women are occupationally less mobile? Or do women withdraw from the labour market earlier than men? We have not proceeded to find answers to these questions which, though interesting, lie beyond the scope of this study.

According to available evidence, about one-half of the total unemployed persons were without work for more than one year and about 28 per cent, for more than two years. The higher the level of education, the longer is the duration of unemployment. Most of the unemployed aspire for non-agricultural pursuits, the majority preferring a clerk's work. It is however important to note that the job aspirations as expressed by the unemployed might be heavily influenced by their



understanding of the job availabilities in the labour market and cannot therefore be interpreted to reflect their 'actual' preferences.

To sum up: the magnitude of unemployment in Kerala is more serious than elsewhere in India; it is fairly high even in rural areas. A large proportion of the unemployed is young and fresh entrants into the labour force. Most of them are educated, about one-half being matriculates and above. Over one-fourth of them have been waiting for their first job for more than two years. Thus, the situation is explosive and calls for a speedy solution.

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