

CHAPTER-19

LABOUR AND EMPLOYMENT

Employment strategy in Kerala

There has been a structural imbalance between the environment in the productive sectors infrastructure and the supply of concerned labour. There is labour shortage for traditional agriculture purposes or for manual work as well as for trained and skilled personnel in emerging areas of employment. The formal education system is not producing persons suitable for need jobs or for self-employment. The 'educated' labour in the state seeks full-time, life-time employment in government (preferably) or in the organised sector and considers itself unemployed otherwise.

19.2 The comparison between Kerala and India as revealed in the distribution of employment by current weekly activity given in Table 19.1 shows that the unemployment rate for Kerala is 11.6% in rural areas and 12.2% in urban areas, whereas the comparative figures for the country as a whole are 2.3 and 5.7 respectively. This again points to the acute unemployment problem in the State which is worse in rural areas.

ISSUES RELATED TO THE EMPLOYMENT SITUATION IN THE STATE.

19.3 There are several issues which need to be understood before designing a job generating strategy for

the State. The important ones are summed up below

Changing structure of the economy.

19.4 The economy of Kerala has changed from one dominated by the agriculture to one dominated by the services sector. This is due to growth of the public services and to the growth of services necessitated by high remittances from abroad. Manufacturing sector is relatively small and this has affected the entrepreneurial culture which in turn has influenced the pattern of investment in the State. The State does not produce many things it could have and loses reasonably stable jobs which come through the manufacturing sector.

Changing profile of job seekers

19.5 The high registration in the Employment Exchanges reveals a marked preference for white collar government jobs. Over the years the focus on education enabled people to acquire not only school but also general college education. However there is a limit to generating jobs which are appropriate for people of such educational background. Because of this, Kerala has a paradox of high wage unskilled labourer and low wage educated worker.

Pattern of education

19.6 As has been suggested earlier higher education in Kerala follows a pattern dominated by general education in Arts and Science.. With the changing needs of the industry and services sector, most of these educated persons have become well-nigh unemployable unless they are able to add on relevant vocational training to their basic qualification.

19.7 In the case of technical and

Table-19.1

Distribution of Employment by current weekly Activity per 1000 persons (January 1998-June 1998)

	Kerala		India	
	Rural	Urban	Rural	Urban
1. Working	321	325	369	313
2. Self Employment	119	116	201	129
3. Regular Employed	45	98	22	122
4. Casual Labaour	157	111	145	62
5. Unemployed	42	45	11	19
6. Unemployment Rate (%)	11.6	12.2	2.3	5.7

professional education particularly in the engineering and technology sectors, obsolete and obsolescent trades still dominate the curriculum. Difficulties of retraining the existing instructors and resistance to learn new things have contributed to the deterioration of those components of the professional education sector.

19.8 Due to acute budget constraints, the government did not start new courses or modify the existing facilities to keep up with the times. At the same time reluctance to allow private participation which was got over only recently allowed the sector to stagnate.

Labour attitudes

19.9 The labour situation presents a complex mosaic which has been much debated about. From one angle a labour force which is aware of its rights and which is organized enough to attain entitlements could be seen as a positive feature but when the neighbouring States are far behind in this respect it becomes a disadvantage. Several industries have migrated across the border, to name a few Cashew, Coir, Poultry, Foundry etc. As Dr. K.P. Kannan of Centre for Development Studies put it, gain in wages has often resulted in loss in jobs.

19.10 At the same time the unorganised sector like Headload Workers/ Construction Workers, have often resorted to unfair tactics bordering on extortion. Practices like 'Sons of the soil', Attimarry (extortionate wages) have tarnished the fair image of labour in the State and scared away many potential Investors.

19.11 Certain features of Kerala labour particularly in the unorganised sector like absence of off-season wages has again resulted in gain in wages and loss in jobs. The case of agricultural labour is a good example where the real wages have gone up while the number of days of work has come down sharply over the years, as many a farmer prefers to keep the land fallow rather than pay high wages unless he is sure of assured return.

Resistance to Technology

19.12 Instances are galore where in the interest of retaining existing jobs new technology has been resisted particularly by the affected labour. Farm mechanization, mechanization of traditional industries and computerisation were all delayed by such resistance. This has affected generation of jobs

Changes in agricultural economy

19.13 Several changes in the agricultural economy have affected job creation in the sector. They are summed up below:

1. Aversion to manual labour by the newly educated youth
2. Keeping of land fallow by even small land holders due to absence of tenancy provisions as well as due to high wages.
3. The low growth rate of agriculture in the 1970's and 1980's
4. Changes in cropping pattern towards more perennial crops has reduced labour absorption. Area under paddy declined by 40% in the 90's and area under tapioca by 24% during the same period.
5. The pace of modernisation of agriculture has been very slow. Kerala was ranked 13 among the States in the index of agriculture modernization in 1998.
6. The relatively faster growth of agricultural wages in comparison to output prices has made farming less attractive. For example in 1960 one quintal of paddy could purchase 29 mandays of land while 40 years later the same quantity purchase only about five mandays.

Poor Performance of Public Sector

19.14 Of the 111 Public Sector Units employing 1.28 lakh people, unfortunately only 12 are profit making units. Public sector units have suffered from bad management, over-staffing, low productivity, failure to upgrade technology and government interference. Thus they have been unable to expand on their own and generate more employment.

External shocks

19.15 The agrarian and service sector of the State economy are very much dependent on outside factors the former to international prices and the latter to remittances from abroad. Of late shocks from outside have severely affected the agrarian economy especially in plantations which employ 3.87 lakh people. Fluctuations and uncertainty in prices have affected their expansion. As many of Kerala's agriculture crops are traded outside the country, they are vulnerable to export-import policies over which the farmer groups of Kerala have very little control. Similarly crisis in the Gulf region affects the outflow of people. Thus, perhaps more than any other State in the country external factors can influence employment in the State.

Collapse of traditional industries

19.16 Traditional industries of Kerala are in danger due to unfair terms of trade and due to substitution with machine made and synthetic products. Cashew industry which employs 0.25 lakh people, coir industry which employs 3.6 lakh people, the handicraft sector which employs 0.09 lakh people and the handloom sector which employs 1.35 lakh people are all in severe difficulties. Since the poor and weaker sections are employed in these sectors there is a social dimension to their decline.

Limits to Government jobs

19.17 For a State of Kerala's size, Government has been a major employer accounting for 3.25 lakh staff. The acute fiscal crisis of the State and the changing role of government would limit its expansion. This would affect the educated youth with general qualifications who have high expectations of joining government service. Also particularly affected would be the weaker sections who have traditionally depended on government jobs for their economic upliftment.

Labour Force

19.18 In Kerala according to 2001 census there are 10.3 million workers. They form 2.6% of India's total workers. There are 8.2 million main workers and out of them 6 million are in rural areas and 2.2 million are in urban areas. The marginal workers are 2.1 million with 1.7 million in rural and 0.4 million in urban areas. Similarly there are 21.6 million non workers in the state and out of them 15.9 million are rural and 5.7 million are urban (See Table.19.2). District-wise percentage of total workers, main workers, marginal workers and non workers are given in Appendix – 19.1.

Table . 19.2
Category wise workers as per 2001 Census
(lakhs)

Sl. No.	Item	Kerala	India
1	2	3	4
1	Total Population	318.38	10252.51
2	Total Workers	102.91	4025.12
3	Main workers	82.37	3131.73
4	Marginal Workers	20.55	893.39
5	Non Workers	215.47	6227.39

Work participation rate

19.19 In Kerala, work participation rate is 32.3 (2001) and is slightly higher than the 31.4 recorded in 1991 Census. Among the districts, highest work participation rate is in Idukki (43.3%) and lowest is in Malappuram (24.3%). In 1991 census also Idukki district had the highest work participation rate (39.7%) and Malappuram the lowest (24.3%). In Pathanamthitta and Kollam Districts, total work participation rate of workers remained the same in 1991 and 2001 Census. Work participation rate of Kerala and India from 1981 to 2001 is given in Table - 19.3.

Table – 19.3
Work Participation rate in Kerala and India

Sl.no	Census year	Kerala	India
1	2	3	4
1	1981	30.5	36.7
2	1991	31.4	37.5
3	2001	32.3	39.3

Unemployment

19.20 Unemployment rate is highest in Kerala. During 1999-00, all India unemployment rate was only 7.29% when the rate was 20.77% in Kerala. Similarly unemployment rate was 15.5% in 1993-94 and 21.19% in 1987-88. Unemployment rate varies from 3% in Himachal Pradesh to 12% in Tamil Nadu and 15% in West Bengal. It is very interesting to note that a state like Kerala which has shown the sharpest decline in poverty also shows the highest rate of unemployment. The Planning Commission Task Force suggests the following hypothesis to explain variation. States where wages are kept higher than the neighboring regions either by strengthening the bargaining power of labour or by provision of social security have a higher incidence of unemployment.

19.21 Similarly youth unemployment rate (15-29 years) is also the highest in Kerala. For instance in 1999-00, youth unemployment rate was 36.3% in rural and 34.3% in urban areas against the national average of 11% and 15.4% respectively.

19.22 According to live registers of employment exchanges in Kerala, the total number of work seekers in 2002 was 36.80 lakhs, less from 44.31 lakhs in 2001. The total number increased to 38.56 lakh up to August

2003. The total number of general work seekers in the category below SSLC declined from 9.65 lakh in 2001 to 7.11 lakh in 2002, and has slightly increased to 7.27 lakh in 2003. The total number of work seekers who possess SSLC and above increased from 29.68 lakh in 2002 to 31.29 lakh in 2003. Their percentage share to total work seekers has increased from 80.6% in 2002 to 81.1% in 2003. This percentage was only 75 in 1996 and 1998.

19.23 The number of graduates who registered in employment exchanges stood at 2.42 lakh in 2002. It has increased to 2.46 lakh up to August 2003. The number of job seekers with postgraduate degree decreased from 0.53 lakh in 2002 to 0.33 lakh in 2003. At the same time their total number during 2001 was 0.66 lakh (Appendix 19..3)

19.24 The number of professional and technical job seekers has been increasing year after year, since 1996. The total number of professional and technical work seekers was 1.80 lakh in 2002. This number increased to 1.82 lakh in 2003. A notable feature among the medical graduates is that their total number has sharply increased since 1999. In 1999 there were only 1698 medical graduates who had registered their names in the employment exchanges for job. Their total number has gone to 2691 in 2001 and again to 3736 in 2002. Their total number up to August 2003 is 4072. The number of veterinary graduates has increased from 480 in 2002 to 546 in 2003. The number of job seeking agricultural graduates has also increased from 881 in 2002 to 992 in 2003.

19.25 However the total number of Engineering diploma holders has been decreasing since 2001. The total number of diploma holders in the live registers of employment exchanges was 0.46 lakh in 2001 which came down to 0.43 lakh in 2002 and further to 0.41 lakh in 2003 (See Appendix 19.4)

19.26 A peculiar feature of Kerala's unemployment situation is that women outnumber men seeking employment through employment exchanges. This position is reflected in all the 14 districts in Kerala. But the total number of women job seekers has also come

down marginally from 22.26 lakh in 2002 to 21.89 lakh in 2003.

19.27 Thiruvananthapuram District ranks first in the number of work seekers in general as well as professional categories. In 2003, the total number of work seekers in Thiruvananthapuram District is 5.80 lakh out of which 3.41 lakh were women and 2.39 lakh men. The second largest number of work seekers is from Kollam District. There are 4.02 lakh job seekers in Kollam District in 2003, out of which 2.39 lakh are women and 1.63 lakh men. The lowest number of work seekers is in Wayanad and Kasargode Districts. In Wayanad, there are 0.81 lakh work seekers, whereas in Kasargode the number is 0.93 lakhs in 2003.

19.28 According to the study "Activity status of Migrants and Returnees" conducted by the Department of Economics & Statistics in 1999 the total population of Kerala in 1999 is 314.67 lakh. Out of the total population, 40.90 lakh i.e. 13% are employed permanently and 58.69 lakh (18.65%) are engaged in various types of temporary employment and the remaining 215.08 lakh persons (68.35%) are unemployed. The number and percentage distribution of unemployed persons in

Table 19.4
Status of Unemployed persons in 1999

Sl.no.	Status	No. Of Persons (lakh)	Percentage
1	Job seekers	27.25	12.67
2	Students	70.19	32.64
3	Service Pensioners	2.96	1.38
4	Other pensioners	1.87	0.87
5	Job not needed	29.64	13.78
6	Disabled	6.85	3.18
7	Age <15& > 60	49.24	22.89
8	Others	27.07	12.59
Total		215.07	100

Source: Department of Economics and Statistics

the state is given in Table 19.4

Unemployment Assistance

19.29 Government of Kerala introduced an unemployment assistance scheme in 1982. Initially the scheme was introduced for a period of 4 years w.e.f. 12.11.1982. Thereafter the scheme is being extended annually. Under the scheme, unemployed youths remaining in the live registers for over 3 years, (But physically handi-

capped needs only two years) after attaining the age of 18 and having passed SSLC (but the SC/ST & physically handicapped candidates need to have only appeared SSLC examination) and having annual family income below Rs.12000/- and personal income below Rs.100 are eligible for an unemployment assistance of Rs.120/- per month up to the age of 35 years from April 2000. During 2001 an amount of Rs. 21.76 crore was disbursed to 351685 beneficiaries. During 2002 even though the total number of beneficiaries was decreased to 332287 the amount disbursed has gone up to Rs.25.16 crore. As per the Kerala Panchayati Raj Act and Municipalities Act 1994 the scheme of unemployment assistance has been transferred to local governments for implementation since June 1998.

19.30 A Self employment scheme called KESRU (Kerala State Self Employment Scheme for the Registered Unemployed) has been implemented since March, 1999. All literate and registered unemployed candidates within the age group of 21 to 40 are eligible to apply under the scheme if their annual family income is below Rs. 24,000/- and individual income also is below Rs.500 per month. Students are not eligible to

apply. The loan amount admissible is between Rs.30000/- to Rs.50000/-. Two or more persons can join together and avail the loan facilities. Twenty per cent of the assistance amount is given as subsidy.

Employment in the Organized Sector

19.31 Total Employment in the organized sector has been increasing slightly since 1996, except in 2002. Total number of persons employed in the organized sector in December 1996 was 1175711 persons. The total number has grown to 1241355 persons in December 2000. Out of this 643576 persons worked in Public Sector and 597779 persons in Private sector during 2000. During 2001 total number of workers came down to 1234105 out of which 645670 persons were in public sector and the remaining 588435 persons were in private sector. District-wise employment in public and private sectors in Kerala as on 31st March of every year from 1998 to 2003 is included in the Appendix 19.9.

19.32 The EMI data given in Table 19.5 confirms the decline of agriculture sector, rise of the services sector and stagnation of the manufacturing sector over the last three decades.

Table-19.5
Employment in Public and Private Establishments in Kerala as on 31st March
(Covered under EMI)

Sl. No.	Industry	Number of Persons Employed					
		1971	1981	1991	2001	2002	2003
1	Agriculture and allied Industries	92055	103145	104727	108966	102681	105823
2	Mining and Quarrying	610	1340	3548	3571	3550	163408
3	Manufacturing	188924	323359	307038	321903	310851	139165
4	Construction	23562	25170	19327	25242	24383	38210
5	Electricity, Gas, Water & Sanitary Services	11850	16349	26642	26526	24779	27181
6	Trade, Restaurants & Hotels	23083	16376	21946	25580	24778	151352
7	Transport, Storage & Communication	54212	74422	97299	104596	104072	159765
8	Financing, Insurance, Real Estate & Business Services	0	47779	78739	86320	83871	267021
9	Community, Social & Personal Services	307470	409358	488598	538990	535038	167705
	Total	701766	1017298	1147864	1241694	1214003	1219630

Source:- Directorate of employment

Placement through Employment Exchanges

19.33 Total placement has been declining from 2001 onwards. Total placement through employment exchanges in 2001 was 15750 and 12409 in 2002 as against 23012 in 2000. As per data available till August 2003 the total placement is only 7092 persons.

Migration

19.34 Till the beginning of world war II Kerala was a net in-migration state, as it attracted labour force and traders in large numbers from the neighbouring area, mainly the Madras Presidency. Kerala's transition to a net out-migration state was during the second World War, when a large number of youth were recruited from the state for war related jobs and sent to other parts of India and even to foreign countries like Burma, Malaya and Singapore. Since independence, Keralites have migrated to almost all countries. However, large scale emigration to the Gulf countries began in the 1970's consequent to the oil boom. According to the Housing and employment survey conducted by the Directorate of Economics & Statistics in 1980, 5.1 lakh Keralites migrated outside the state and out of this 2.1 lakh were in foreign countries. The 1992/93 survey gave the number of Keralite migrants to Gulf countries as 6.41 lakh and to other foreign countries as 0.27 lakh.

19.35 According to a study entitled as "Report on Activity Status of Migrants and Returnees" conducted by the Department of Economics & Statistics in 1999 about 13.84 lakh Keralites are staying outside India. It is more than 4.4% of the people permanently residing in the state. Out of the total 13.84 lakh persons residing abroad 11.40 lakh are employed and the remaining 2.44 lakh are their dependents. 80.33% of the employed migrants have no technical qualification and 91.34% are employed in private sector.

19.36 According to CDS study on migration entitled as "Kerala Gulf connections", by the estimate of the number of emigrants from Kerala was 13.6 lakh. Between 1988/92 and 1993/97 the number of emigrants increased by 120 percent. Arab Countries of the Middle East were the destination of 95% of the emigrants with Saudi Arabia alone accounting for nearly 40% of the total.

19.37 According to Health Department's reports the year wise estimated number of emigrants from 1980 to 1998 is given below.

19.38 According to Statistics Department's study, the number of migrant employees is the highest in the UAE with 4.09 lakh followed by Saudi Arabia with 4.08 lakh. The number of migrant employees are least in Australia with 957 followed by U.K with 2610. Out of the total migrants 15.72 % i.e. 2.18 lakh are females.

19.39 According to Kerala Health Department's report on migration, destination-wise data on migration indicates that Saudi Arabia topped the list (38.1%, 519000) followed by the UAE (29.7%, 405000) and other Arabian Countries (25.9%) leaving 6.3% for other countries. The major western destination was the USA with 2.2%.

Table 19.6
Estimated Number of Annual Emigrants
1980-1998

Year	Number of Emigrants	Year	Number of Emigrants
Before 1980	35,038	1990	89,542
1980	11,679	1991	49,313
1981	31,794	1992	85,649
1982	33,741	1993	1,13,550
1983	40,878	1994	1,12,253
1984	25,954	1995	1,28,474
1985	38,932	1996	1,45,993
1986	42,825	1997	1,55,726
1987	22,061	1998*	67,832
1988	77,863		
1989	28,550	TOTAL	13,61,954

Source:- Health Department.

Table 19.7
Emigration According to Destination

Country	Emigrants	
	Percent	Number (000's)
Saudi Arabia	38.1	519
United Arab Emirates	29.7	405
Oman	10.4	142
Baharain	5.7	77
Kuwait	5.1	69
Quatar	4.7	64
USA	2.2	30
Others	4.1	57
Total	100.0	1,363

Source:- Department of Health Services Report on Migration (1998)

19.40 In terms of emigrants per 100 households, Malappuram was in the lead with a rate of 49, Pathanamthitta came second with a rate of 33. Thrissur, Kozhikode & Palakkad had higher than average migration. The lowest was from Wayanad and Idukki.

19.41 According to Statistics Department's study report in 1999 the per capita expenditure of migrant families is 50% more than that of state average

Foreign Remittances in the Kerala Economy

19.42 NRE deposits with scheduled banks in India increased from Rs.2,304 crore in 1991 to Rs.28,871 crore in June 2003 registering a growth of 12.53 times. In 1991 the NRE deposits, accounted for 29.04% of the total deposits. This grew to 48.48% in 1999-2000 and then slightly declined to 48.16% in June 2003.

19.43 According to the CDS study the total cash remittances received by Kerala households during the 12 month period in 1998 was Rs. 35.304 million. The Cash remittances alone constituted about 9.3% of the SDP. If the remittances were added to SDP, the per capita SDP would have been Rs. 13,041 instead of the actual Rs.11,936. The annual remittances received by the Kerala households were 2.55 times higher than what Kerala received from the central government as budget support. According to the study, by the early 1990's remittances to Kerala economy had assumed a significant share of State income. This ranged between 17% during 1991-92 and 24% during 1997-98 with an average of 22% for the second half of the 1990's. The large increase in rupee terms is also due to the nearly two fold depreciation in the value of the rupee vis-a-vis the US dollar from Rs.17 at the beginning of the decade to over Rs.48 at the end. The state thus benefited significantly from the liberalization of the exchange rate. As per the modified State Income including remittances Kerala's per capita income not only caught up with the average per capita income for India but started exceeding it reaching 49% above the national; average by the end of 1990's. This tallies with per capita consumer expenditure in Kerala, which was of 41%

above the national average by the end of 1990's.

19.42 By the nineties savings rates in the Kerala economy seem to have reached such high levels as those comparable to the East and South East Asian countries. By the end of the nineties remittances reached such levels that they were well above the total State Government expenditure. Workers remittances to Kerala (about Rs. 13-14 thousand crores by the turn of the century) constituted as much as 22% of the Net State Domestic Product by 2000. Remittances in 2001 were larger than the annual budget of Kerala for the year 2001-02. In short migration seems to be the single most dynamic factor in the otherwise slow growth and dreary employment scenario of Kerala during the last 25 years.

19.45 An overall measure of the Impact of migration on the Kerala household is given by Migration Prevalence Rate (MPR) which is the ratio of the total migrants from an area to the number of households in that area. Pathanamthitta district has the highest MPR of 99%. While the State average is 59% MPRs of the lowest range were recorded in Idukki (12%) and Wayanad (20%) Alappuzha, Thirissur and Malappuram recorded a level of higher than the state average.

Return Emigrants

19.46 A sizeable number of people return to the State. According to the study "Activity Status of Migrants and Returnees" by the Department of Economics and Statistics in 1999 there are 5.43 lakh returnees. The maximum number of returnees i.e. 90688 is in Malappuram followed by Kollam. The reasons for return to home land are (16.8%) Sent back, (16.31%) ill health, (14.94%) Retrenchment (13.25%) No life security, (7.07%) Re-migration for better job, (4.33%) Retirement, (2.08%) Bad Climate etc.: According to Kerala Health Services Department's Report on Migration, 7.5 lakh migrants are stated to have returned home. C.D.S study state it as 5.43 lakh.

19.47 Most of the returnees are from Saudi Arabia followed by UAE. As regards the age group of returnees about two third of them are less than 49 years of age. Hence majority of the returnees are in need of employment or economic activity.

19.48 Sector-wise present employment of returnees is that the highest percentage are engaged in self employment in Non-agricultural sector (31.2%) followed by other organised sector (17.90%) and other activities (46.40%)

The details are shown in the following Table:

Table: 19.8
The sector wise percentage of employment

Sector	Percentage
Government/Semi Government	03.10
Co-Operation	00.90
Other organised	17.90
Self employed in Non Agriculture	31.20
Political and social Activity	00.50
Other Activities	46.40
Total	100.00

Source : Directorate of Economics and Statistics

Placement through ODEPC

19.49 The Overseas Development and Employment Promotion Consultants Ltd. (ODEPC) was incorporated in 1977 with the main objective of promoting employment in foreign countries. As part of diversification ODEPC started Travel Agency business also. The authorized share capital of the company is Rs. 1crore and paid up cpital is Rs.65.79 lakh. So far, the company has been able to deploy only 4215 personnel to various foreign countries like Saudi Arabia, UAE, Qatar, Oman, Bahrain, Kuwait, Libya, Singapore, Malaysia, Brunei, Cyprus etc. During the year 2003 only 54 persons were deployed, of them 42 to Saudi Arabia, 10 to Sultanate of Oman and 2 to Qatar. Out of those 54 persons 11 were Doctors, 14 nurses,13 technicians, 7paramedical staff, 3 Engineers, 4Administrative staff and 2 supervisory staff. The turnover of travel division was Rs.101.52 lakh during 2001-02 which increased to 141.35 lakh in 2002-03.