

When incomes grow, but jobs elude

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The latest NSSO data also underlines the increasing absence of women from the labour market

Every time results from one of the “thick” rounds of the National Sample Survey come out, we get into a feeding frenzy, trying to slice and dice the statistics for changes since the previous round. Since NSS large rounds are typically conducted every five years, there is perhaps some sense to it, particularly when studying consumption expenditure, although employment changes need a longer horizon. However, since this time, the 68th round follows the last thick round of 2009-10 with a bare two-year gap, this rush to judgement seems excessive. Economic changes in household well being are long-term, and instead of being euphoric, we should be suspicious of the data if we see major changes after a bare two-year interval. Moreover, the reason the NSSO conducted a second survey in 2011-12 in such quick succession was due to the unusual economic conditions in 2009-10, a drought year when some parts of the economy were affected by the worldwide recession, thus making it a bad base year for comparisons.

However, the 68th round of the NSS provides an opportunity to take stock of the economic changes in the country over the past 20 years. Comparisons of NSS data from 1993-94 with 2011-12 paint an interesting picture of the Indian economy. In broad brushstrokes, several key observations deserve attention: First, average per capita expenditure, used as a proxy for income, has grown rapidly for both urban and rural areas, although the growth in urban areas far outpaces rural growth when taking inflation into account. Rural average monthly consumption per person has grown from Rs 942 in 1993-94 (in 2011-12 prices) to Rs 1,287 in 2011-12, a 37 per cent growth. In contrast, urban expenditure has grown from Rs 1,597 to Rs 2,471, a 55 per cent increase. Although since 2009, the pace of rural expenditure growth has been more or less similar to the pace of urban growth, this fails to overcome years of rural disadvantage with average rural expenditure being only half of urban expenditure. Consumption for the top income earners in urban areas has risen even faster, so that while consumption for all sections of society has grown, the urban rich have benefited disproportionately.

Second, in spite of the boast of nearly 14 million new jobs created since 2009-10, when adjusting for population growth, with the exception of rural women, employment levels in India have been virtually stagnant. Among men, worker to population ratios (WPRs) are largely unchanged from 553 per thousand population in 1993-94 to 543 in 2011-12 for urban areas, and from 521 to 546 in rural areas; WPRs for urban women also remain at more or less the same levels, going from 155 to 147. The minor differences we see could easily be attributable to changes in population age structure. However, the decline in the WPR for rural women is large in magnitude — a drop from 328 to 248 over the past two decades.

This decline in employment for rural women is merely an overt sign of tremendous churn in rural labour markets. It is well recognised that the contribution of agriculture to the Indian economy has declined steadily since Independence. The declining importance of agriculture is a normal transformation accompanying economic development. Where India differs from other countries is in the lack of manufacturing opportunities and the consequent crowding of workers in agriculture. While the proportion of the GDP from agriculture has fallen by 50 per cent since 1983, the proportion of workers in agriculture has barely declined by 25 per cent. About half the Indian workforce is still concentrated in agriculture, although it accounts for only about 17 per cent of the GDP.

With the declining share of agriculture in the economy, it is imperative that more and more workers move out of agriculture into non-agricultural work. To some extent, the 68th round documents this shift and for the first time, less than 50 per cent of workers are concentrated in agriculture. However, these opportunities appear to be limited, and are more easily available to men than to women. Consequently, while rural men increasingly move into non-farm work,

particularly in construction labour, women appear to be stuck in agriculture, often squeezed out of the labour force.

The decline in rural women's work participation has slowed down, however. Between 2004-05 and 2009-10, rural women's WPR, including both primary and secondary activities, fell from 327 to 261 and further fell to 248 in 2011-12. This amounts to an annual decline of about 2.5 per cent in the past two years, compared to about 4.5 per cent in the prior five years. At least some of this improvement may be attributable to MGNREGA, which mandates that at least one-third of the beneficiaries be women, and men and women should be paid equally. Nonetheless, regardless of the opportunities in MGNREGA, women's exclusion from rural labour markets remains a potential concern.

How we think about this decline in women's work participation is a matter of perspective. Since a vast majority of women reside in households with employed men and with increasing engagement of men in non-farm jobs, household incomes have been rising. This may account for some of the decline in women's work participation. Thus, analysts often see this as a positive rather than negative development, with the pull factor of higher household incomes leading to women's withdrawal from the labour force to concentrate on household duties. However, the push factor due to blocked labour market opportunities cannot be easily dismissed. The pull explanation gains support from NSS data that documents similar unemployment rates for women as for men; however, an alternative data source offers a different explanation. The second employment and unemployment survey conducted by the Labour Bureau at the same time as the 68th round found the unemployment rate for rural women to be nearly double that for men, there by lending credence to the push explanation.

A decrease in rural women's employment is at least partially responsible for the continued large gaps between urban and rural incomes. Moreover, the increasing absence of women from the labour market creates a vicious cycle that makes women invisible and reduces opportunities for women who need to work, such as poor women, or female household heads. This suggests that the solution for jobless growth may lie in improving access to non-farm employment for women.

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