CHAPTER 7

1. INTRODUCTION

1.0: Unemployment i.e., lack of employment opportunities is one of the major problems of developing societies. 
Unemployment is usually defined as the stock of all those individuals who are not in employment but who are either in the process of moving to a new job or who are willing to accept work at the prevailing wage rate. The problem of unemployment cropped up particularly from 1960 and is not going to ease even by 1990 or so (appendix 1.1). More particularly, the problem in such societies is the rural rather than urban unemployment since the latter, to a great extent is an expression of the former. Even within rural sector the problem is more often of underemployment than open unemployment. A large proportion of the cultivators is engaged in such small holdings of land that it does not provide them with a full year's work. Still they have to be on land for the reason that other suitable and profitable alternative avenues of employment than cultivation are not available. This in general is called the problem of rural underemployment.
It is the lower degree of employment rather than absolute unemployment. On the other hand, it can also be construed as over-employment (i.e., more than full employment capacity) on a given unit of land. The very existence of the problem, by itself, calls for systematic investigation into its length, breadth, depth and height. This study on the problem, with special reference to the economy of Assam state derives its inspiration from the contents in the foreword of Dr. P. J. Griffiths written in 1961 to Professor P. C. Joswami's pioneering work "The Economic Development of Assam" which reads as follows:

"Assam is in many respects a backward state. Its economy depends to a dangerous extent on the well-established tea and oil industries and little has yet been done to diversify it. This is particularly important in view of the considerable concealed unemployment in Assam. In some rural areas, too, there is insufficient available land to provide work for all who need it, while the difficulty experienced by educated Assamese in obtaining employment is well known."
The observation made by J. Griffiths still remains valid. Hence a systematic study is long over-due.

In the Indian economy, unemployment problem took a serious turn from the turn of the 1960s. The Committee of experts on Unemployment Estimates (known as Satwala Committee) appointed by the Planning Commission in its report submitted in 1970 recommended, inter alia, to undertake studies on different segments of the labour force, taking into account distinguishing characteristics such as region, rural-urban residence, status of workers, etc. This investigation addressed at some of such aspects runs along a state-line study.

India is a developing country of continental dimension with its population size (685 million in 1981) ranking second in the world (next to China), covering an area of 3,287 thousand square kilometres having various regional differences in degrees of development, demographic growth and employment opportunities. These differences call for regional studies to look into the aspects which are not likely to be reflected in a global study.

Geographically Assam's area of 78,523 sq. km, located on the North-Western extremities of India, union is
slightly bigger than that of Panama (77 thousand Sq. Km.),
an upper middle-income country; while in terms of popula-
tion (20.92 million in 1982) it is larger than the com-
ined 17 million population of the five high income oil
exporter countries viz. Oman, Libya, Saudi Arabia, Kuwait
and United Arab Emirates. Within the country, Assam is
bigger both in area and population than Punjab (50 thou-
sand Sq. Km. with 16.6 million population) but lower in
terms of income per capita of the latter, which is not
even half of Punjab. However, the State accounts for
2.37 percent of the national geographical area, 3.68
percent of the total population of the country and only
2.9 percent of the National Domestic Product in 1983-84.

1.1: Second

Unemployment by itself is a vast topic with multi-
dimensional aspects. It is as much influenced by non-econo-
mic factors like historical, political, sociological, demo-
graphic, and geographical factors as by pure economic ones.
While it is necessary to cover all such factors in their
entirety for totality's sake, the same is however constrained
by our limited knowledge on the subject beyond the fron-
tiers of economics. However, efforts are being put to take

care of as much non-economic factors as possible through their representative indices as unemployment phenomenon now needs to be explained in the context of inter-disciplinary development process. Spatially unemployment has two aspects i.e., rural and urban, the remote causes of the latter lies in the former. Hence primarily the scope of this study is confined to rural unemployment though tangential reference would be made to employment and unemployment in general.

1.2 Objectives

The objectives of the study are (1) to analytically assess the dimension of rural unemployment and its trend; (2) to examine the relationship between rural unemployment and related variables; (3) to throw light on the unexplored frontiers related to the problem; and (4) to suggest remedial measures. The study is of diagnostic type and explorative nature with emphasis on descriptive analysis. It does not however attempt to make any particular estimates or projection on underemployment.

1.3 Scope

The study confines particularly to the economy of Jammu though it deals with the unemployment trend for the
country as a whole and examines the anatomy of the problem by relating the rates of unemployment with different factors influencing it in respect of as many as 15 major states (major in terms of population and output) of India. At the micro level, a case study was undertaken in three villages of the erstwhile Barap district as a test case.

1.4 Reference period

By and large, the period of the study refers to the planning era. Historical reference, however, has been made of the period prior to independence, from 1850's for Assam. The reference period for the trend analysis extends from the launching of the First Five Year Plan (1951-52 to 1955-56) to the Sixth Plan period (1980-85). The reference period for correlation and regression studies between rural unemployment and influencing factors relate to 1981-82 or 1982-83. The period for the case study however relates to 1980-81.

1.5 Data and methodology

The study utilizes data from both primary and secondary sources. Primary data are collected from the field through pre-designed schedules for selected
households affected by unemployment. Selection was done on the basis of stratified random sampling. The recognised sources of secondary data on rural unemployment are -(i) Reports of National Sample Survey (NSS), (ii) Population Census1, (iii) Employment Exchanges, (iv) Ad-hoc reports brought out by Committees and Commissions like Rural Labour Inquity, National Commission on Agriculture, Committees on Unemployment etc., and (v) Research investigations by individual scholars and bodies.

The Secondary data, both time series and cross-section are collected from both published and unpublished sources, reports, published papers scattered in journals and libraries both within and outside the country.

In data analysis, correlation coefficients, linear correlation and regression analysis, power functions, F-test, t-test, Gini concentration ratio, etc., are applied which are running along econometric line. Two uncommon techniques i.e., affordability index measured as a ratio of the per capita income index to dependency index; and a basic identity to measure per capita income incorporating ratios like land-men, land-labour, capital-output, capital-labour, employment rate, participation rate, dependency

1. The 1981 population census in Assam was not held, hence no such data for the State available.
1.6 Hypothesis testing:

The body of knowledge on rural unemployment studies is still in experimental stage. The western wage-based employment theories are said to be inadequate in explaining the phenomenon of rural unemployment in developing societies where self-employment predominates. Before rejection of such theories, their 'a posteriori' failure in explaining rural unemployment would have to be tested; or at least argued out on 'a priori' basis.

In this study more than thirty number of hypotheses have been tested to determine the influences of individual factors on unemployment and their effects. It is worth mentioning that some hypotheses could be tested with state level data only, as the same are not available below that level at the existing level of knowledge and information technology. In this respect, our analysis runs along a new step.

1.7 Utility of the study:

Study on rural unemployment has its own importance, and more so in an economy where around 90 percent of the
total population earn their livelihood through self-
employment in rural areas, mainly from the primary sector
which employs about 75 percent of the total workforce and
contributes about 57 percent of the Net Domestic Product
of the State. An investigative exercise of this type has
its own academic utility. The study is divided into ten
chapters running from introduction, the diagnosis of
agrarian structure, conceptual framework, data analysis on
rural unemployment, factors affecting unemployment, reviews
of the trend in the country and the State, a small scale
case study, appraisal of employment programmes, and summary
and recommendations in the last. The mass of data compiled
and their inferences may act as a feedback and help the
policy-makers and planners to formulate new plans or modify
the existing ones in the required direction. The utility of
unemployment studies to planners is obvious. Everyone is
aware of the presence of the problem, but hardly few wants
to raise or answer the 'why', 'who' and 'how' of it. Like
'bad drives out good', 'unemployed may drive out the
employed', which would be socially disastrous, politically
chaotic and economically un-viable, a situation totally
undesirable. Therefore, if policies are to be appropriate it is desirable that policy-makers be forewarned of impending developments. Here lies the duty of a researcher to present a set of feasible measures to overcome the problem after diagnosing the case.