



AGRICULTURAL UNEMPLOYMENT IN INDIA

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In spite of more than six decades of planned development efforts, India is still facing the twin formidable problems of unemployment and poverty. Unemployment refers to a situation in which all the workers who are capable of working, and willing to work, do not get employment at a given wage rate. It amounts to a waste of the country's labour force. The nature of unemployment in an underdeveloped country like India is quite different from that of advanced countries. The problem of agricultural unemployment in India is particularly crucial due to a variety of factors. It arises primarily due to lack of capital as a complementary factor for labour. It is also due to lack of other complementary factors of production such as fertile land, entrepreneurship, management etc. The objective of this paper is to analyze the causes for unemployment in the agricultural sector in India with a view to offer appropriate policy measures.

The rapid growth of population in India has resulted not only in high density of population and also failed to absorb its huge and growing labour force. The galloping increase in the population of our country during last few decades has further aggravated the unemployment problem in the country. As adequate employment opportunities are not available in the non-agricultural sector, the pressure of population on the land is high. As such around 57 percent of the labour force is still engaged in the agricultural sector. Land is thus overcrowded and a large part of labour force is unemployed resulting in mostly disguised and seasonal unemployment.

According to NSS data the current daily status of unemployment rate for the rural male workers was 5.64 per cent in 1999-94 and 9.0 per cent in 2000. It reveals that agriculture unemployment has been increasing. The employment elasticity in agriculture was estimated to be 0.87 during the period 1983 to 1987-88, while it declined to 0.01 by 1999-2000. This has always been a great concern to the policy makers and they are continuously searching for some ways and means to solve it. More over, the share of agriculture in the gross domestic product had fallen to 24 per cent, while the share of industry remained somewhat constant at around 25 per cent, and the share of services has gone up to 51 per cent by 2001. The absorption of employment has also



shifted in accordance with the sectoral shares in output. The share of industry in output went up and the share of agriculture came down. The employment shares too shifted with labour shifting from agriculture to industry and then on to services.

Agricultural crisis: The major cause for the collapse of employment as a whole is the almost zero growth rate in agricultural employment (0.02 per cent per year, by Current Daily Status, during 1993-94 to 1999-2000). However, agriculture is still the country's largest employer, accounting for 60.4 per cent of employment in 1993-94, and 56.7 per cent in 1999-2000. This is going to be less and less in the near future. The investment in agriculture registered a decline in the share of the capital formation in GDP from 2.2 per cent in the late 1990s to 1.7 per cent by 2004-05. As a result of the lower investments in agriculture coupled with higher input costs, the domestic crops have started facing severe competition from cheaper imports. Moreover as the state governments in the 1990s have cut short some of the rural infrastructure development and welfare programmes, the growth of rural non-agricultural employment in the 1990s has not been impressive. Thus, the agriculture sector, which happens to be a major employment-generating sector in the past, has almost stopped absorbing labour in the recent past.

The main reason for the freeze in agricultural employment is the proportion of landless households among total rural households. It is observed that "The proportion of landless households among total rural households has risen from 35 per cent to 41 per cent between 1987-88 and 1999-2000".¹ Moreover the technological change witnessed in the Indian agriculture during the last few decades is resulting in negative impact on labour absorption. Mechanical innovations of labour saving nature will certainly displace the labour from work.

Hence, in spite of the rise in overall GDP growth rate in the 1990s when compared to the 1980s, the growth of employment has fallen from 2.7 per cent per annum to 1.07 per cent during the period 1993-94 to 1999-2000. The share of agriculture in total employment has come down from 61.67 per cent in 1993-94 to 54.19 per cent in 2004-05².

From this it may be inferred that in post-reform period, the policies pursued have failed to make agriculture an 'engine of growth', particularly in generating more employment. In short, the agricultural sector has failed to make any visible impact in mitigating the rural unemployment. The cheaper imports of agricultural products are also causing misery to farmers. The globalization of our agriculture gave scope for the



evil designs of some corporate giants. The corporate sector by using capital intensive methods instead of labour intensive techniques is adding fuel to the fire. In light of the account given above, some remedial measures are offered bellow to mitigate the problems of agricultural unemployment in India.

1. Unemployment can be reduced to a large extent by raising the levels of investment in the agriculture. It should also be stated that without controlling the population, the unemployment will continue to exist in the Indian economy.
2. The government should enhance its investments in rural infrastructural facilities by penetrating into the nook and corner of each district, as India lives in its villages.
3. Massive investments are also needed to restore minor irrigation sources like tanks and wells. This calls for efficient management of available water resources in the country.
4. Concerted efforts should be made not only to expand but to strengthen the tertiary sector, which has been exhibiting the potential to absorb the excess labour. The excess, and unproductive labour in the agriculture is to be shifted in to non-formal employment sectors like services in a planned manner.
5. In order to better utilize the stock of human capital, there is also the need for launching special programmes to improve the skills of the labour in the process of agricultural production.
6. Some more measures that require the immediate attention of the government include timely supply of inputs, easy and timely access to credit at lower rates of interest and agricultural extension services to farmers.

All these efforts go a long way in improving the situation of agricultural employment in the Indian economy. As pointed out by World Development Report "labour is main asset of the poor, making it more productive is the best way to reduce poverty"¹.

¹ The Real State of Indian's Economy March 2004(No S 36&37)

² The Hindu, (editorial) feb,28,2007.

¹ World Development Report ;2007,P.2