



Chapter 21

Employment and Unemployment

Introduction

One of the serious problems of Himachal Pradesh is its rising level of unemployment. Disguised unemployment in agriculture and the large volume of low-quality employment are causes of concern. Unemployment among the educated youth is serious, considering that the state is one of the highly literate ones. The growth of employment has not kept pace with the state's domestic product, and the result is underutilisation of the labour force. An important objective of development planning has been to increase employment opportunities so as to meet the backlog of the unemployed and also take care of the new entrants to the labour force. One of the important monitorable targets of the Tenth Five Year Plan at the national level that has rightly been given prominence is to provide gainful high quality employment to the labour force. Similarly, a thrust area in the Tenth Five Year Plan of Himachal Pradesh is the generation of additional employment opportunities in the private sector by promoting investment, improving marketable vocational skills with the help of information technology. The growth rate of eight per cent or above as envisaged in the Tenth Plan period will generate higher employment opportunities, raise the standard of living of the people and reduce the poverty level. However, the process of globalisation and privatisation has serious implications for further generation of employment opportunities in the organised sector, especially the public sector, where the disinvestment process is on and there is emphasis on resource efficiency. The higher use of capital-intensive technology has serious implications for the generation of employment opportunities. This indicates possibility of further deterioration of the employment situation in the short run, if not in the long run, and hence, calls for appropriate policy interventions at different levels.

This chapter seeks to examine the dimensions of the employment and unemployment situation in the state, its status and quality of employment, sector-level changes, especially non-farm employment, employment in the organised sector and the role of special employment generating schemes for alleviating poverty. Trends and the structure of employment and unemployment have been analysed at the area, gender, age, and education level over specific periods for which relevant information is available. After an analysis of various aspects of the employment and unemployment situation in the state and other related aspects, recommendations have been made from a policy point of view. The main sources of data used in this chapter are NSSO surveys, population censuses, Labour and Employment Department of Himachal Pradesh and various state publications.

Employment and Unemployment Scenario

The analysis of the measure, trends and structure of employment and unemployment in the state is based mainly on quinquennial surveys carried out by the National Sample Survey Organisation (NSSO). Estimates of employment and unemployment by NSSO are derived from three concepts, usual status (US), current weekly status (CWS) and current daily status (CDS). These concepts take only time utilisation into account and do not reflect the quality of work or income.

Changes in Work-Participation Rates (WPRs)

Work participation rate is an important indicator of development showing the proportion of the working population in an economy. Table 21.1 indicates that WPR in Himachal Pradesh, based on the UPS criterion for rural and urban males, was 50.4 per cent and 49.9 per cent respectively in 1999-00. On the other hand,

WPR based on UPSS was 53.6 per cent for rural males and 49.7 per cent for urban males over the same period. The female WPR in the state during 1999-00 was 28.1 per cent on the UPS and 47.1 per cent on the UPSS criterion in the rural areas.

This indicates that a large number of women in the rural areas work in a subsidiary capacity. The female WPRs based on CWS and CDS, which are comparatively higher, support this fact. The female WPR in the urban areas is very low on all criteria. A glance at Table 21.1 shows that the WPR based on US, CWS and CDS has declined for rural males and females and urban females during 1993-94 to 1999-2000. However, the WPR for urban males has increased on all approaches during the same period. The decline in the WPR in the rural areas suggests that more people are going to school and that there is a reduction in the growth of population.

The age-specific worker-population ratio (ASWPR) for the younger age groups, especially 10-14 years and 15-19 years, based on the UPSS criterion sharply declined for rural males and females and urban females in 1999-2000 as compared to 1993-94. However, the ASWPR for younger urban males has risen during this period. It is interesting to note that the ASWPR for rural females in the age groups of 40-44 to 55-59 years increased over this period (NSSO 1997, 2001).

TABLE 21.1
Worker-Population Ratio in Himachal Pradesh

	1977-78	1983	1987-88	1993-94	1999-00
Usual Principal Status					
Rural Male	62.3	58.1	49.2	51.0	50.4
Rural Female	51.9	45.8	34.8	36.3	28.1
Urban Male	61.2	57.9	45.5	47.4	49.8
Urban Female	15.3	16.8	12.8	14.3	9.6
Usual Principal and Subsidiary Status					
Rural Male	69.5	61.4	53.9	59.0	53.6
Rural Female	65.9	54.4	48.0	52.0	47.1
Urban Male	63.2	58.8	46.6	48.8	49.9
Urban Female	17.9	19.2	15.6	20.1	13.0
Current Weekly Status					
Rural Male	60.6	57.9	48.8	54.0	51.0
Rural Female	45.5	39.8	33.5	46.2	42.4
Urban Male	60.9	58.7	45.5	47.9	49.7
Urban Female	14.6	16.7	12.9	17.6	11.7
Current Daily Status					
Rural Male	58.3	57.5	48.8	51.5	49.8
Rural Female	36.6	34.4	31.9	36.2	31.3
Urban Male	60.2	57.7	45.4	47.3	49.4
Urban Female	13.0	15.1	12.4	14.3	10.1

Source: NSSO, 1981, 1988, 1990, 1997, 2001.

Work Participation Rates at the District Level

An analysis of the WPR at the district level based on the census data indicates that the district of Lahaul and Spiti has the highest WPR both for males (68.39%) and females (57.43%) in 2001. On the other hand, Kangra district has the lowest male and female WPR. Table 21.2 shows that the total work participation rate has increased during 1991-2000 in all districts of the state except Lahaul and Spiti. The total WPR in the state as a whole has increased from 42.80 per cent in 1991 to 49.28 per cent in 2001. However, a look at the gender level WPR indicates that the female WPR has substantially increased during this period. Both male and female WPRs have increased in all districts of the state except Lahaul and Spiti. The increase in female WPR is encouraging. However, there has been a significant increase in the proportion of female marginal workers during the decade. Among Indian states and union territories, Himachal Pradesh ranked third, 12th, and second respectively during 2001 in terms of the total, male and female work participation rates.

TABLE 21.2
Work Participation Rate at the District Level,
1991 and 2001

Districts	Total		Male		Female	
	1991	2001	1991	2001	1991	2001
Lahaul & Spiti	64.93	63.50	68.90	68.39	60.07	57.43
Kinnaur	52.42	60.54	60.08	65.62	43.48	54.78
Kullu	47.93	57.05	54.05	60.63	41.28	53.20
Solan	45.05	52.70	54.14	61.32	35.06	42.60
Shimla	48.62	51.19	55.18	57.46	41.29	44.20
Mandi	45.72	50.44	49.11	52.69	42.38	48.23
Chamba	48.58	50.04	53.99	53.98	42.89	45.94
Hamirpur	41.87	49.90	44.15	51.06	39.81	48.85
Sirmaur	46.59	49.30	55.63	56.49	36.50	41.32
Bilaspur	44.60	48.95	48.39	52.31	40.82	45.56
Una	33.45	45.03	48.66	53.02	18.50	37.41
Kangra	34.37	44.04	46.08	50.84	22.94	37.01
Himachal Pradesh	42.80	49.28	50.60	54.70	34.80	43.69

Source: Director of Census Operations Himachal Pradesh (2002), *Census of India 2001, Provisional Population Totals, Distribution of Workers and Non-Workers, Paper 3 of 2001*, Registrar General and Census Commissioner, Govt. of India.

Changes in the Status of Employment

Employed persons have been categorised into three broad groups according to the status of their employment such as (i) self-employed, (ii) regular

employees and (iii) casual labour. Table 21.3 shows usually employed persons per 1000 principal and subsidiary workers. Table 21.3 also reveals that during 1999-2000, a large majority of males and females in the rural areas of the state were self-employed. The proportion of regular employees among women as compared to men was much lower in the rural areas. In the urban areas, the proportion of regular employees, both male and female, was significantly high. The proportion of casual labour was relatively higher for males than females both in rural and urban areas. However, male casual labour in the rural areas at 20.4 per cent was higher than in the urban areas where it was 12.0 per cent.

TABLE 21.3
Per 1000 Distribution of Usually Employed by Status of Employment

Status	1987-88	1993-94	1999-2000
Self-Employed			
Rural Male	738	751	629
Rural Female	977	774	959
Urban Male	384	337	337
Urban Female	564	537	533
Regular Employees			
Rural Male	89	122	167
Rural Female	10	11	29
Urban Male	502	575	543
Urban Female	404	363	406
Casual Labour			
Rural Male	173	127	204
Rural Female	13	215	12
Urban Male	114	88	120
Urban Female	32	100	61

Source: NSSO: 1990, 1997, 2001.

An examination of the changes in the status of employment over the period indicates that the proportion of self-employed rural males has decreased between 1993-94 and 1999-00, whereas the proportion of self-employed rural females has significantly increased. It is interesting to note that regular male employees in the rural areas have increased by five per cent during 1993-94 through 1999-00 and casual male labour by seven per cent. Similarly, whereas self-employment of rural women has increased by 19 per cent over this period, women casual labour has correspondingly decreased by 20 per cent. Changes in the status of urban employment indicate that the ratio of male self-employment remained the same during 1993-94 as well as 1999-00, whereas regular

employment decreased by three per cent and correspondingly casual labour increased by three per cent. Over the period, regular female employment in the urban areas increased by five per cent and casual employment by four per cent. Recent changes in the status of employment point to the impact of post-liberalisation policies.

Growth of Workforce According to Census Data

Table 21.4 indicates the growth of the workforce based on census data. The work participation rate of main workers, especially males, declined during 1991-2001. On the other hand, the work participation rate of marginal workers increased. Male marginal workers increased from 1.56 per cent to 11.40 per cent, and female workers from 15.45 per cent to 22.61 per cent during this period (Director of Census, HP 2002). This indicates a deteriorating quality of employment in the state. The growth of main workers declined during the decadal census period. On the other hand, the growth rate of marginal workers increased.

TABLE 21.4
Growth of Workforce in Himachal Pradesh over the Census Periods

Workforce	1981	1991	2001	Annual Growth Rates	
				1981-91	1991-2001
Population (in lakhs)	42.81	51.70	60.70	1.90	1.62
Work Participation Rate (Main Workers)	34.36	34.41	32.36	0.01	-0.61
Main workers (in lakhs)	14.71	17.79	19.64	1.92	0.99
Work Participation Rate (Marginal Workers)	8.01	8.42	16.92	0.50	7.23
Marginal Workers (in lakhs)	3.43	4.35	10.27	2.40	8.97

Source: Census of India 1981, 1991, 2001.

Trends in Unemployment Rates

Table 21.5 shows unemployment rates in the state according to three approaches. It may be observed that estimates of unemployed persons based on the usual status criterion or even the more restrictive US (adjusted) measure were very low during 1999-00. The unemployed person-days rates were higher than those for persons, based on usual status rates, which indicate a high degree of intermittent unemployment. This means lack of regular employment for many workers. Urban unemployment rates are relatively higher than rural ones. Unemployment rates for rural males on the

usual principal status as well as usual status (adjusted) have increased by about one per cent during 1993-94 through 1999-00. On the other hand, urban unemployment among males on these measures remained almost the same. Unemployment rates for urban females on UPS and US (adjusted) measures decreased by five per cent and three per cent respectively, and increased for rural females by one per cent on UPS and remained almost the same on US (adjusted) measure. However, from 1983 to 1999-00, there has been a decline in unemployment rates for rural males until 1993-94, and a rise during 1999-00. The process of economic reforms seems to have had a bearing on this situation. There is a declining trend throughout in female unemployment rates in rural areas on all the three measures. A large majority of women are self-employed in the agriculture sector and their proportion has substantially increased. There has been no definite pattern in the unemployment rates for urban males and females during this period.

TABLE 21.5
Unemployment Rates in Himachal Pradesh

	<i>Usual Status</i>	<i>Usual Status (adj.)</i>	<i>Current Weekly Status</i>	<i>Current Daily Status</i>
Rural Male				
1983	2.1	–	2.1	2.2
1987-1988	4.3	1.3	4.1	4.1
1993-1994	2.3	0.9	1.2	2.6
1999-2000	3.0	1.8	2.7	3.4
Rural Female				
1983	0.7	–	0.7	0.8
1987-1988	0.9	0.4	0.9	0.9
1993-1994	0.6	0.1	0.3	0.5
1999-2000	1.8	0.5	0.7	0.9
Urban Male				
1983	8.2	–	7.7	8.1
1987-1988	6.9	6.6	7.1	7.1
1993-1994	4.1	3.3	3.5	4.0
1999-2000	6.3	6.2	6.7	7.0
Urban Female				
1983	8.6	–	8.6	9.7
1987-1988	10.5	8.8	9.8	10.2
1993-1994	0.4	0.3	0.9	1.2
1999-2000	11.8	7.9	9.9	11.9

Source: NSSO: 1988, 1990, 1997, 2001.

Unemployment Rates of the Educated

The NSSO survey defines educated persons as those who have attained the educational level of secondary and above. Table 21.6 presents unemployment rates on various approaches for educated persons for the latest and the last quinquennial survey. During 1999-2000,

unemployment rate among the educated in the state was much higher for females in both rural and urban areas, despite a substantial decline during 1993-94 to 1999-2000. The unemployment rate of educated rural males has increased by one per cent on different approaches over this period. Among urban males, the unemployment rate has declined by one per cent on the different measures. A comparison with total unemployment rates indicates relatively higher rates for the educated in the state. A high literacy rate in the state and the lack of generation of appropriate employment opportunities for the educated might explain such a situation.

TABLE 21.6
Unemployment Rates of the Educated of Age 15 Years and Above

	<i>Usual Status</i>	<i>Usual Status (adj.)</i>	<i>Current Weekly Status</i>
Rural Male			
1993-1994	8.6	3.4	4.3
1999-2000	8.7	4.9	5.7
Rural Female			
1993-1994	7.8	1.6	3.2
1999-2000	8.4	0.9	1.8
Rural Persons			
1993-1994	8.5	2.8	4.0
1999-2000	8.6	3.7	4.6
Urban Male			
1993-1994	5.5	4.7	4.5
1999-2000	8.7	8.7	8.8
Urban Female			
1993-1994	0	–	1.6
1999-2000	19.1	14.2	17.1
Urban Persons			
1993-1994	4.6	3.8	4.0
1999-2000	4.0	9.6	10.3

Source: NSSO: 1997, 2001.

State Level Comparison of Workforce Growth and Unemployment

Table 21.7 indicates that the growth rate of employment in Himachal Pradesh at 0.37 per cent during 1993-94/1999-00 is one of the lowest in the country except Kerala and Andhra Pradesh. However, the unemployment rate, even after an increase in this period, is still the lowest in Himachal Pradesh compared to these states. It is interesting to note that employment elasticity was very low at 0.052 during 1993-94/1999-00, though the growth rate of the GDP at 7.1 per cent was sufficiently high. This indicates that the employment generation capacity of growth has

TABLE 21.7
Employment and Unemployment in Selected States (CDS Basis)

Selected States	Employment ('000) 1999-00	Employment Growth 1993-94 to 1999-00	Unemployment Rate (Per cent)		Employment Elasticity 1993-94 to 1999-00	Annual GDP Growth 1993-94 to 1999-00
			1993-94	1999-00		
Andhra Pradesh	30614	0.35	6.69	8.03	0.067	5.2
Assam	7647	1.99	8.03	8.03	0.737	2.7
Bihar	30355	1.59	6.34	7.32	0.353	4.5
Gujarat	18545	2.31	5.70	4.55	0.316	7.3
Haryana	5982	2.43	6.51	4.77	0.420	5.8
Himachal Pradesh	2371	0.37	1.80	2.96	0.052	7.1
Karnataka	20333	1.43	4.94	4.57	0.188	7.6
Kerala	8902	0.07	15.51	20.97	0.013	5.5
Madhya Pradesh	28725	1.28	3.56	4.45	0.272	4.7
Maharashtra	34979	1.25	5.09	7.16	0.216	5.8
Orissa	11928	1.05	7.30	7.34	0.262	4.0
Punjab	8013	1.96	3.10	4.03	0.426	4.6
Rajasthan	19930	0.73	1.31	3.13	0.104	7.0
Tamil Nadu	23143	0.37	11.41	11.78	0.052	7.1
Uttar Pradesh	49387	1.02	3.45	4.08	0.185	5.5
West Bengal	22656	0.41	10.06	14.99	0.056	7.3
All India	336736	1.07	5.99	7.32	0.160	6.7

Source: Ministry of Finance and Company Affairs, 2003.

reduced. Unemployment rate in Kerala was the highest in the country during 1999-00, followed by West Bengal and Tamil Nadu. Only in Gujarat and Haryana, there was a decline in unemployment rates during the period under consideration.

Rural Urban Status of Labour force and Workforce

Table 21.8 shows the growth of population, labour force and workforce in Himachal Pradesh in the rural and urban areas. The growth rate of the labour force in the state during the period 1993-94 to 1999-00 has been 0.54 per cent while that of the workforce has been 0.37 per cent during this period. The growth of unemployed persons during the same period has been 8.50 per cent. The growth rates of population, labour force and workforce are relatively much higher in the urban areas than in the rural areas. Similarly, the rate of unemployment in the urban areas was much higher at 7.77 per cent during 1999-00 than in the rural areas at 2.41 per cent. The growth rate of unemployed persons in the urban areas at 18.77 per cent is higher than in the rural areas. Lack of employment avenues in the rural areas and excessive migration to the urban areas in search of employment aggravate the unemployment situation in the latter. However, according to NSS data, the extent of unemployment in the state is not large.

TABLE 21.8
Labourforce, Workforce and Unemployed in Himachal Pradesh (CDS)

	Annual Growth Rates 1993-1994 to 1999-2000		
	1993-1994	1999-2000	
Rural			
Population	49,01,482	53,61,076	1.51
Labour force	21,88,017	22,30,092	0.32
Workforce	21,51,103	21,76,301	0.19
No. of Unemployed	36,914	53,791	6.48
Rate of Unemployment	1.69	2.41	
Urban			
Population	4,81,903	5,70,079	2.84
Labour force	1,61,619	1,97,281	3.38
Workforce	1,56,161	1,81,958	2.58
No. of Unemployed	5,456	15,323	18.77
Rate of Unemployment	3.78	7.77	
Total			
Population	53,83,385	59,31,155	1.63
Labour force	23,49,636	24,27,373	0.54
Workforce	23,07,264	23,58,269	0.37
No. of Unemployed	42,372	69,114	8.50
Rate of Unemployment	1.80	2.85	

Source: NSSO: 1997, 2001.

*Magnitude of Unemployment
According to Employment Exchange Data*

In addition to the NSS data, estimates of unemployment are available from the state employment exchanges. According to their live registers, the total number of registered job-seekers, both educated and uneducated, was 9.01 lakh during 2002-03 (Table 21.9). The number of applicants on the live registers has considerably increased over the period. Of the total job seekers during 2002-03, 66.2 per cent were matriculates and undergraduates, 20.7 per cent undermatriculates, 8.9 per cent graduates and 3.3 per cent postgraduates. Thus, matriculates and undergraduates constitute the large majority of those seeking work. Male applicants on the live register were 68.2 per cent and female applicants were 31.8 per cent. Of the total registrants in 2002-03, 19.7 per cent were scheduled castes and 2.9 per cent scheduled tribes (Dept. of Labour and Employment, H.P.)

The number of technically qualified job-seekers, such as degree engineers, diploma engineers and ITI craftsmen was 40,626 during 2001-02. The highest number, i.e., 34,064 was that of ITI certificate holders. The number of engineers has declined recently but the number of diploma and ITI certificate holders has increased.

TABLE 21.9

**Percentage of Job-Seekers on the
Live Register at the Education Level**

Education	1980	1990	1999-2000	2000-2001	2001-2002	2002-2003
Post-graduate	1.28	2.5	2.84	2.89	3.11	3.31
Graduate	6.37	6.4	7.83	8.01	8.49	8.87
Matric & above	51.39	55.9	65.21	65.50	66.00	66.18
Below matric	31.09	29.1	22.59	22.37	21.36	20.75
Illiterate	9.86	6.1	1.52	1.23	1.04	0.88
Total (No. in lakhs)	1.42	4.40	8.75	9.00	8.95	9.01
Technically Qualified (No)						
Degree holder			1798	1753	1692	-
Diploma holder			4512	4630	4870	-
Certificate holder (ITI Trade)			30915	31617	34064	-
Total			37225	38000	40626	-

Source: Statistical Abstracts of H.P. (different years), Department of Labour and Employment, Himachal Pradesh

A district-level analysis of the unemployment situation in the state indicates that the three districts of Kangra, Mandi and Shimla, being more urban,

account for about 55.38 per cent of the registrants (Table 21.10). On the other hand, Kinnaur and Lahaul and Spiti, being sparsely populated account for less than one per cent each. In the remaining districts, the percentage of job-seekers varies between 4.73 in Chamba and 7.30 in Bilaspur. The ratio of placement to registration is very low and has declined over the period.

TABLE 21.10

**District-wise Job-seekers on the Live Register of
Employment Exchanges (2002-2003)**

District	Registration	Vacancies Notified	Submission Made	Placement	Live Register
Bilaspur	7,635	129	3,425	136	65,786
Chamba	8,399	240	3,748	188	42,617
Hamirpur	12,469	117	4,896	188	63,976
Kangra	32,585	300	11,001	352	1,67,872
Kinnaur	1,805	9	360	85	7,737
Kullu	6,929	267	2,212	154	45,205
Lahaul & Spiti	1,394	24	450	29	5,584
Mandi	20,337	122	6,266	381	1,66,195
Shimla	15,352	435	5,029	243	1,64,836
Sirmaur	9,686	113	3,453	141	47,479
Solan	9,455	162	4,944	255	64,954
Una	10,172	91	4,468	241	58,711
Himachal Pradesh	1,36,218	2009	50,252	2393	9,00,934

Source: Department of Labour and Employment, Govt. of H.P., Shimla.

The employment exchange data suffer from limitations and constraints and do not give a reliable picture of unemployment in the state. For instance, a large number of applicants registered with the employment exchanges might be employed but continue to be on the live registers. Further, an applicant may be registered with more than one exchange. The Planning Department of Himachal Pradesh conducted a sample survey of the registrants of employment exchanges in six districts to find out the exact status of registrants on 31 December 1991. A two per cent sample was taken. It was found that 36.18 per cent of the registrants were employed, three per cent in the public sector, 18.31 per cent in the private sector and 14.87 per cent were self-employed. If we exclude 36.18 per cent who were employed from the total of unemployed during 2002-03 i.e., 3.26 lakh out of a total of 9.01 lakh, it leaves the number of unemployed to be 5.75 lakh (*Ninth Five Year Plan of HP*, Chand 1993). Thus, there is need to monitor those registered with the exchanges for multiple registration and for being employed.

Quality of Employment

Besides the problem of open unemployment, the quality of a large part of the existing employment is low and is deteriorating. Table 21.11 shows whether the usually employed were underutilising their available labour-time due to lack of enough work or persons having enough work but not getting sufficient return were seeking or were available for additional and alternative work. About six per cent of the usually employed rural males and four per cent of the usually employed urban males reported seeking or being available for additional work during 1999-2000. The corresponding percentages were 1.6 for rural females and 4.3 per cent for urban females. On the other hand, among those who sought alternative work during 1999-00, 5.2 per cent were rural males, 5.6 per cent urban males, 1.3 per cent rural females and 3.2 per cent urban females. It can be observed that the number of those who seek additional/alternative work has declined during 1999-00 except for urban males seeking alternative work. However, underemployment is still high in the state.

TABLE 21.11

Per Thousand Usually Working Persons of Age 15 Years and above Available for Additional/Alternative Work

Year	Available for Additional Work			Available for Alternative Work		
	1987-88	1993-94	1999-00	1987-88	1993-94	1999-00
Rural Male	47	68	63	12	58	52
Rural Female	16	22	16	10	19	13
All	—	49	45	—	41	37
Urban Male	24	54	44	16	54	56
Urban Female	23	50	43	11	32	32
All	—	53	44	—	50	52

Source: NSSO: 1990, 1997, 2001.

Non-Agricultural Employment

Increasing the share of employment and income in non-agricultural activities is identified with the achievement of higher levels of development. The agricultural sector, after a period, cannot absorb any additional labour force and sustain productivity and growth rates. Hence, there is need to diversify into non-agricultural activities for achieving higher growth of the economy.

Table 21.12 indicates the changing structure of the workforce at the broad sector-levels in Himachal Pradesh. The economy of the state is dominated by agriculture, which accounted for 68.90 per cent of the employment during 1999-2000, whereas the non-

agricultural sector accounted for 31.10 per cent. The share of the workforce engaged in the primary sector, especially agriculture, declined over the period. On the other hand, the share of the secondary and tertiary sectors increased. The growth rate of non-agricultural employment in the state was 4.38 per cent as compared to the growth rate of agriculture and allied sectors, which was -1.63 per cent during 1993-94 to 1999-00. Thus, Himachal Pradesh has experienced a shift of the labour force from agriculture to the non-agricultural sector. It is interesting to observe that the contribution of the farm sector to the state domestic product during 2001 was about 23 per cent and that of the non-agricultural sector 77 per cent. This indicates low productivity and high disguised unemployment in agriculture.

TABLE 21.12

Percentage Distribution of Non-Agricultural Employment and its Growth Rate (UPSS)

Sectors	1983	1993-94	1999-00	Growth Rates	
				1983/93-94	1993-94/99-00
Primary	82.05	75.98	68.90	0.85	-1.63
Secondary	7.66	11.05	15.08	4.99	5.30
Tertiary	10.28	12.97	16.02	3.73	3.56
Non-Agricultural Employment	17.94	24.01	31.10	4.29	4.38
All (in Lakh)	24.40	28.93	28.90	1.28	-0.02

Source: NSSO 1987, 1997, 2001.

Comparison with Neighbouring States

As compared to the neighbouring states and the all-India average, the share of non-agricultural employment is the lowest in Himachal Pradesh. It is the highest in Punjab, followed by Jammu and Kashmir and Haryana. In Himachal Pradesh, it is also lower than the national average (Table 21.13). Non-agricultural employment is the highest in Kerala at 76.7 per cent and the lowest in Bihar at 22.6 per cent (Director of Census HP 2002).

TABLE 21.13

Rural Non-farm Employment in Selected States, 2001 (per cent)

States	Farm Employment	Non-farm Employment
Himachal Pradesh	68.6	31.4
Haryana	51.6	48.4
Jammu & Kashmir	50.1	49.9
Punjab	39.4	60.6
All India	58.4	41.6

Source: Census of India, 2001.

TABLE 21.14

Percentage of Usually Working Persons (UPSS) at Broad Industry Category by Area and Sex

Industrial Category	Rural Male			Rural Female			Urban Male			Urban Female		
	1983	1993-94	1999-00	1983	1993-94	1999-00	1983	1993-94	1999-00	1983	1993-94	1999-00
Agriculture, forestry, fishing	77.00	65.8	53.8	97.5	95.5	95.1	6.5	8.8	4.2	34.1	44.4	39.1
Mining & quarrying	0.5	0.2	0	-	-	-	-	0.8	-	-	-	-
Manufacturing	5.0	4.8	6.7	1.1	1.6	1.1	12.2	4.11	9.5	5.8	1.6	1.8
Electricity, gas, water etc.	0.5	1.3	2.0	-	0.2	0.1	2.0	4.0	4.1	2.4	1.5	2.1
Construction	5.8	11.9	17.2	-	0.4	0.4	6.2	8.7	11.7	-	3.9	1.7
Trade, hotel & restaurants	1.8	5.2	6.1	0.2	0.6	0.6	16.3	20.8	24.6	1.6	4.1	10.9
Transport, storage communication etc.	1.1	1.6	4.3	0.1	-	0.1	2.7	3.0	5.9	4.1	-	1.4
Finance, insurance, business activities etc.	0.3	0.4	0.7	-	-	-	5.5	4.0	5.7	1.9	1.2	1.0
Public administration, education, community services etc.	7.1	8.8	9.2	1.1	1.5	2.5	48.0	45.8	34.3	48.3	43.2	41.9
All (In Lakh)	12.65	14.53	14.44	11.09	12.68	12.56	1.13	1.29	1.58	0.30	0.44	0.33

Source: NSSO 1990, 1997, 2001.

Note: The total workers in each industry for each year have been worked out by applying the percentage distribution given by National Sample Surveys across industries to absolute numbers of four categories of workers. These categories of workers in each industry have been added to work out estimates of total workers in each industry.

Rural-urban and Gender-wise Non-agricultural Employment

Table 21.14 presents the distribution of usually employed workers by broad industry for principal and subsidiary status workers. During 1999-2000, among the usually employed workers in the rural areas of Himachal Pradesh, about 54 per cent males and 95 per cent females were engaged in agricultural activity. The proportion of males in the agricultural sector has gradually declined. Over the years, there has been a significant increase in the proportion of males engaged in construction, trade, hotels and restaurants, transport, storage and communication services in the rural areas of the state.

In the urban areas of the state, trade, hotels and restaurants employed about 25 per cent of the male workers, while the manufacturing and construction sectors accounted for 10 per cent and 12 per cent respectively of the usually employed males during 1999-2000. Public administration, community services, transport, storage and communications provided employment to about 34 per cent and six per cent respectively of urban male workers. On the other hand, the services accounted for the highest proportion of urban females, that is, 42 per cent, followed by agriculture (40%), trade, hotels and restaurants (11%), and manufacturing (2%). The proportion of urban male workers in manufacturing declined by two per cent and

in the services by 14 per cent during 1983 to 1999-2000. Their proportion increased in construction, electricity, gas, water, trade, hotels and restaurants, transport, storage and communications during this period. On the other hand, the proportion of urban female workers increased in trade, hotels and restaurants by nine per cent and decreased in agriculture and manufacturing by five and four per cent respectively, between 1983 and 1999-2000.

Sectoral Growth Rates of Non-agricultural Employment

Table 21.15 indicates growth rates of different sectors from 1983/1993-94 to 1993-94/1999-00. Sectors with comparatively higher growth rates in the post-liberalisation period are transport, storage and communications (17.98%), finance, insurance, etc. (9.18%), construction (6.08%) and manufacturing (4.65%). The growth in these sectors has substantially increased over this period. On the other hand, the growth rate of agriculture has declined from 0.85 per cent during 1983/1993-94 to -1.63 per cent during 1993-94/1999-00. Other sectors which have experienced a decline in their growth rate of employment during this period are trade, hotels and restaurants, electricity, gas, water, public administration, community services etc. However, the percentage of employment in these sectors has increased during this period. The overall growth rate of employment has declined from 1.28 per cent to -0.02 per cent over this period.

TABLE 21.15

Growth Rates of Employment at the Industry Level (UPSS)

Industrial Category	Employment (per cent)			Annual Compound Growth Rates	
	1983	1993-94	1999-00	1983/ 1993-94	1993-94/ 1999-00
Agriculture, forestry, fishing etc.	82.05	75.98	68.90	0.85	-1.63
Mining & quarrying	0.26	0.14	-	-4.21	-
Manufacturing	3.73	3.32	4.37	0.49	4.65
Electricity, gas, water etc.	0.38	0.98	1.29	10.37	4.58
Construction	3.29	6.61	9.42	8.19	6.08
Trade, hotel & restaurants	1.80	3.86	4.77	8.86	3.57
Transport, storage communication etc.	1.05	0.94	2.53	0.52	17.98
Finance, insurance, business activities etc.	0.43	0.40	0.67	0.75	9.18
Public administration, education, community Services etc.	7.00	7.77	8.04	1.03	0.54
All	100.00	100.00	100.00	1.28	-0.02

Source: NSSO 1987, 1997, 2001.

Non-agricultural Employment at the District Level

An analysis of non-farm employment at the district level indicates that Lahaul and Spiti has the highest proportion of workers (45.32%) employed in the non-farm sector followed by Solan (42.94%), Una (37.18%) and Kangra (36.36%) (Table 21.16). On the other hand, Kullu district had the lowest non-farm employment (21.22%) during 2001. Districts, which have non-farm employment below the state average, are Sirmaur, Chamba, Hamirpur and Bilaspur. The districts of Kangra, Solan and Una, where non-farm employment is very high, are industrially important. Lahaul and Spiti, being less populated and having desert and snow conditions, a significant proportion of workers depends on non-agricultural activities for employment.

Thus, it may be observed that the share of the non-agricultural sector has increased over the period. However, the pace of the shift from agriculture to non-agricultural activities, especially in the rural areas, needs to be hastened through diversification and other means necessary. The nature and determinants of non-farm employment need to be examined (Chand, 2002). It is interesting to note that in most of the developed countries, only a very small proportion of workers are dependent on the agricultural sector. For instance, in

such countries as Canada, Britain, the United States, Australia, Italy, the Republic of Korea, the workforce engaged in the agricultural sector ranged between one per cent and 5.7 per cent in 1997 (ILO 1999). Hence, a speedy diversification into non-agricultural activities is the immediate requirement for generating higher employment opportunities in the state.

TABLE 21.16

Percentage Distribution of Non-Agricultural Workers at the District Level, 2001

Districts	Farm Employment	Non-Farm Employment
Chamba	73.79	26.21
Kangra	63.64	36.36
Lahaul and Spiti	54.68	45.32
Kullu	78.78	21.22
Mandi	74.09	25.91
Hamirpur	71.58	28.42
Una	62.82	37.18
Bilaspur	70.49	29.51
Solan	57.06	42.94
Sirmaur	74.18	25.82
Shimla	67.16	32.84
Kinnaur	68.87	31.13
Himachal Pradesh	68.65	31.35

Source: Director of Census Operations HP, 2002.

Employment in the Organised Sector

Table 21.17 indicates that out of 3.13 lakh employees in the organised sector in 2001, about 84.6 per cent were employed in the public sector and 15.4 per cent in the private sector. The total public sector employment declined during 1986-90 but increased thereafter. On the other hand, private sector employment has increased throughout the period. An analysis of employment in the organised sector at the broad industry level indicates that the proportion of employment in the public sector is the highest in community, social and personnel services (48.5%), followed by construction (22.5%), electricity, gas and water (12.2%) accounting for 83 per cent of the public sector employment in 2001. Since 1986, the proportion of employment has constantly increased in these sectors, except construction, which has experienced a decline throughout. Employment in the organised private sector at the industry level has been the highest in manufacturing (69.3%) followed by community, social and personnel services (14.5%) and construction (10.2%), accounting for 94 per cent of the employment in the private sector.

TABLE 21.17
Industrial Distribution of Employment in the Organised Sector (per cent)

Category	Public Sector				Private Sector			
	1986	1990	1995	2001	1986	1990	1995	2001
Agriculture, forestry, fishing	9.6	5.2	4.5	4.8	3.0	2.0	1.8	1.3
Mining and quarrying	0.1	0.1	0.1	0.1	0.1	0.5	—	—
Manufacturing	1.5	1.7	1.4	1.1	52.4	67.4	67.2	69.3
Electricity, gas and water	8.9	10.4	11.6	12.2	0.1	—	—	—
Construction	35.7	26.5	25.0	22.3	18.7	8.3	7.6	10.2
Trade, hotels & restaurants	0.4	0.4	0.5	0.5	5.5	4.0	5.3	4.0
Finance, insurance, real estate & business services	5.3	5.8	6.0	6.2	1.0	0.9	0.7	0.4
Transport, storage & communications	2.7	4.0	4.6	4.4	1.8	0.1	0.1	0.1
Community, social and personnel services	35.8	45.3	46.2	48.5	17.4	17.0	17.3	14.5
All (No.)	265566	240794	247246	264378	22059	30082	39082	48266

Source: Ninth Five Year Plan 1997-2002, Department of Labour and Employment 2002.

The growth rate of organised sector employment as a whole has constantly declined from 2.63 per cent in 1981-85 to 1.36 per cent in 1995-96 and further to 0.10 per cent in 1999-2000. The annual growth rate of employment in the organised public sector has been 1.12 per cent as against 3.58 per cent in the private sector. The growth rate of private sector employment declined from 8.06 per cent during 1986-90 to 5.37 per cent during 1990-95 and further to 3.58 per cent during 1995-2001. On the other hand, the growth rate of public sector employment during the same period has risen from -2.22 per cent to 0.5 per cent and further to 1.12 per cent.

Of the total employment in the organised public sector, 68.9 per cent of the employment during 2001 was in state government establishments, 23.4 per cent in quasi-government, 6.3 per cent in central government and 1.4 per cent in local bodies (Table 21.18).

The share of organised sector employment in the total employment in the state was about ten per cent only in 2001. Obviously, a very large proportion of the workforce (90%) in the state is employed in the informal sector. As compared to Himachal Pradesh, the proportion of workforce engaged in the organised sector in the country is only about seven per cent (Planning Commission 2001a).

Table 21.19 shows that the total number of government employees on 31 March 2001 was 2,35,594, of which 1,39,882 were regular employees and the remaining, about 40 per cent, non-regular employees. About 69 per cent of the regular employees are employed in the departments of Education (41.78%), Police (8.60%), Health and Family Welfare (8.57%), Forests (5.10%) and Public Works (4.79%). Three districts, namely,

Shimla, Kangra and Mandi account for about 54 per cent of the employees (Census of Government Employees 1999, 2001). Of the regular employees, about 19 per cent are women. The state has the highest ratio of government employees per 1000 of population in the country. In the absence of large employment opportunities, especially in the non-agricultural sector, people aspire for government jobs, which provide adequate social security. Political considerations also play a significant role in adding to the number of government employees. There has been a continuous addition to the number of government employees since 1990. Regularisation of non-regular employees in 1999 has further enhanced the number of these employees. Large resources are spent on their salaries and pensions.

TABLE 21.18
Percentage Distribution of
Public Sector Employees by Establishments

Sector	Years					
	1970	1980	1985	1990	1995	2001
I. Public sector						
State government	75.10	71.9	71.7	67.4	68.6	68.9
Central government	20.00	10.2	6.9	6.7	6.7	6.3
Quasi-government (central+ state)	2.2	15.9	20.3	24.6	23.4	23.4
Local bodies	2.7	2.0	1.2	1.3	1.3	1.4
Total (no.) (public sector)	162243 (92.4)	225104 (95.3)	244443 (92.9)	240794 (88.9)	2477246 (86.4)	264378 (84.6)
II Private sector	13395 (7.6)	11176 (4.7)	18791 (7.1)	30082 (11.1)	39082 (13.6)	48266 (15.4)
Total I & II	175638 (100.0)	236280 (100.0)	263234 (100.0)	270876 (100.0)	286328 (100.0)	312644 (100.0)

Source: Economic Review, Himachal Pradesh, 1971, 1981, 1986, Ninth Five Year Plan 1997-02, Himachal Pradesh, Department of Labour and Employment, Himachal Pradesh.

TABLE 21.19
Regular and Other Government Employees

Date of Census	Regular	Ad-hoc	Tenure	Part-time	Work-charged	Voluntary	Daily Paid	Total
31.3.1990	111700	—	—	4217	6098	—	58617	180632
31.3.1991	113851	—	—	4613	5434	2718	58024	184640
31.3.1992	114831	812	305	4867	6126	5857	65042	197840
31.3.1993	112717	2780	1553	5404	6624	8405	59570	197053
31.3.1994	113039	2677	1834	5426	6455	8860	60124	198415
31.3.1995	115493	2200	1781	5704	12023	8753	56725	202679
31.3.1996	117944	1490	1157	5667	17716	8401	58607	210982
31.3.1997	120703	1216	1721	6308	19294	8295	56318	213855
01.1.1998	123626	1011	2487	7242	21039	7090	54983	217478
31.3.1999	131919	669	3622	8718	23778	4199	54190	227095
31.3.2000	136085	615	4034	9000	27827	3753	52430	233744
31.3.2001	139882	481	3960	9794	31001	4021	46455	235594

Source: Department of Economic and Statistics, Govt. of Himachal Pradesh

There is a strong preference for white-collar jobs in the organised sector, especially government jobs, rather than unorganised jobs because of assured regular income and other social security benefits. If the expectations of the labour force, pertaining to the creation of employment in the organised sector, has to be met, a high rate of growth of the economy has to be achieved. In the absence of the expansion of government employment in the organised sector, the possibility of creating more jobs in the private organised sector has to be explored.

A large proportion of people of the state are serving soldiers and ex-servicemen. Further, due to the dearth of sufficient employment opportunities in the state, people migrate to the adjoining and other states in search of work. The number of ex-servicemen in 2000 was 77,852, that of serving soldiers 1,11,845 and war widows 18,481 (Table 20.20). About 88 per cent of the ex-servicemen are from the districts of Kangra, Hamirpur, Mandi, Una and Bilaspur. Thus, a significant proportion of persons in the state are ex-servicemen who retire at a young age and a number of them get re-employed in the organised sector or take up self-employment occupations in the service sector. The ex-servicemen who have high sense of discipline and other moral values need to be involved in various productive activities intensively so that the youth of the state can be better guided and involved in activities in the rural areas

Employment in the Unorganised Sector

The contribution of the unorganised/informal sector in the state is significant in terms of employment and income generation. About 90 per cent of the workforce is engaged in activities in the informal sector. Similarly,

about 93 per cent of the workforce earns its livelihood from the unorganised sector in the country and its share in the net domestic product is 60.5 per cent of the total national net domestic product (CSO 2001). Though this sector provides employment to a large workforce, it has to function under severe constraints and the quality of most of the employment generated is low. The constraints faced by this sector limit its capacity to absorb more workers. Especially, the general lack of credit availability through the formal financial institutions inhibits the expansion of the informal sector activities and hence, the growth of employment (Chand 1997).

TABLE 21.20
Serving Soldiers, Ex-servicemen and War Widows

	1995	1996	1998	1999	2000
Serving Soldiers	103654	105294	107004	112390	111845
Ex-servicemen	67562	71312	75466	76357	77852
War widows	15657	16828	18155	18155	18481

Source: Statistical Outline of Himachal Pradesh (different issues)

The economic census provides information on enterprises in the unorganised sector. Table 21.21 shows that the total number of non-agricultural enterprises in the state was 2.14 lakh during 1998 and 5.59 lakh workers were working in them. Of these, 3.71 lakh were in rural enterprises and 1.89 lakh in urban enterprises. The largest proportion of workers in the rural areas were in OAEs followed by NDEs and DEs. On the other hand, the largest proportion of workers in the urban areas were in DEs, followed by NDEs and OAEs. Per enterprise employment generated in the

TABLE 21.21
Non-Agricultural Enterprises and Workers in Them (In lakh)

	Rural		Urban		Combined	
	Enterprises	Workers	Enterprises	Workers	Enterprises	Workers
Own Account Enterprises (OAE)	1.18	1.36	0.26	0.33	1.44	1.69
Directory Enterprises (DE)	69.01	36.66	60.47	17.46	67.29	30.23
Non-Directory Enterprises (NDE)	0.08	1.33	0.04	1.22	0.12	2.55
All	4.68	35.85	9.30	64.55	5.61	45.62
	0.45	1.02	0.13	0.34	0.58	1.35
	26.32	27.49	30.23	17.99	27.10	24.15
	1.71	3.71	0.43	1.89	2.14	5.59
	100.00	100.00	100.00	100.00	100.00	100.00

Source: Economic Census 1998.

Note: Figures in the second row in each column are percentages to totals

OAE: An enterprise run by members of the household

DE: An enterprise, which employs six or more workers on a fairly regular basis

NDE: An enterprise, which employs five or less workers on a fairly regular basis

urban areas were 4.1 persons as compared to 2.1 persons in the rural areas in 1998.

The growth rate of enterprises has declined over the economic census period (Table 21.22). The decline in the growth rate of workers during this period is sharp, especially in the urban areas. A similar trend is witnessed in the country as a whole. The mortality rate of unorganised enterprises is higher due to the constraints they face. It has been observed that under the present economic order, the growth of employment in the organised sector has considerably declined in recent times and there is not much scope of employment expansion, especially in the public sector. It is essential, in the circumstances that special efforts are made to meet the financial requirements of the economically viable enterprises in the unorganised sector.

TABLE 21.22
Growth Rate of Enterprises and Workers Over Economic Censuses

	1980-90		1990-98	
	HP	India	HP	India
Rural				
Enterprises	2.49	2.69	2.63	2.27
Workers	2.85	2.88	2.73	2.15
Urban				
Enterprises	4.00	3.55	2.70	2.50
Workers	3.73	2.81	2.43	1.34
Combined				
Enterprises	2.76	3.04	2.64	2.36
Workers	3.13	2.84	2.63	1.71

Source: Economic Census 1998.

Poverty and Employment

In India, the strategy to reduce poverty is pursued through

- economic growth and economic development
- directly targeted programmes for poverty eradication through employment generation, training and building up asset endowment of the poor
- human development with emphasis on health, education and minimum needs
- a targeted PDS to protect the poor from inflationary pressures and provide them with access to essential foods at affordable prices.

In what follows, we have discussed the impact of direct intervention programmes especially centrally sponsored programmes of employment generation for poverty alleviation.

A number of centrally sponsored and state level programmes are being implemented in Himachal to provide employment and earnings to the vulnerable sections of society in rural as well as urban areas. Programmes with a state share have been especially designed for poverty alleviation in the rural and urban areas. The major centrally sponsored schemes in the rural areas are: Integrated Rural Development Programme (IRDP) with sub-schemes, Training of Rural Youth for Self-Employment (TRYSEM), Million Wells Scheme (MWS), Supply of Improved Toolkits to Rural Artisans (SITRA) and Development of Women and

Children in Rural Areas (DWCRA). These schemes have been brought under Swaran Jayanti Gram Swarozgar Yojana (SGSY) launched in April 1999-2000. The restructuring of IRDP is considered a step in the right direction for improvement in the programmes. The objective of SGSY is to provide sustainable income to the rural poor. The programme aims at establishing a large number of micro-enterprises in the rural areas. This programme emphasises the cluster approach instead of individual benefits, which would enable the beneficiaries to start viable projects in a joint manner to generate income. This approach will also improve the skills of the poor through the inbuilt training component, upgradation of technology, provide backward and forward linkages and a better market arrangement.

Low productivity and unemployment are the factors responsible for rural poverty. It, therefore, becomes imperative to increase productivity and enhance employment in the rural areas. An employment-oriented growth strategy can achieve this goal in the medium and long run. In the short run, supplementary employment has to be provided to the needy, especially in agriculturally lean seasons. To meet this specific requirement, two wage-employment programmes have been put into operation — the National Rural Employment Programme (NREP) and the Rural Landless Employment Guarantee Programme (RLEGP). On April, 1 1989, NREP and RLEGP were merged into Jawahar Rozgar Yojana (JRY). The main objective of JRY has been the generation of additional gainful employment through creation of rural infrastructure and community and social assets. JRY has been replaced by Jawahar Gram Samridhi Yojana (JGSY), which is now conceived as a rural infrastructure development scheme and also provides wage employment to the rural poor.

Another wage employment scheme, Employment Assurance Scheme (EAS) is being implemented for creating additional employment opportunities during periods of acute shortage of wage employment through manual wage for the rural poor and to create durable community, social and economic assets for sustained employment. JRY and EAS will now be part of Sampooran Grameen Rozgar Yojana (SGRY) and would be executed by the PRIs at all levels. The objective of SGRY is to provide additional wage employment besides food security and also to create durable assets. During the Tenth Five Year Plan 2002-2007, Panchayati Raj Institutions and NGOs will be closely associated with the planning and execution of these programmes.

Similar programmes for the urban areas are also being implemented in the state. Migration from the rural areas is seen as the main cause of urban growth as well as urban poverty, making its alleviation an important issue. The Nehru Rozgar Yojana (NRY) and the Prime Minister's Integrated Urban Poverty Eradication Programme (PMIUPEP) are two urban poverty alleviation programmes. NRY, which consisted of three schemes: (i) Scheme for Development of Urban Micro Enterprises, (ii) Scheme for Urban Wage Employment and (iii) Scheme for Housing and Shelter Upgradation, has now been replaced by a new scheme, Swaran Jayanti Shahari Rozgar Yojana (SJSRY). It has three components (i) Urban Self-employment Programme, (ii) Urban Wage Employment Programme and (iii) Development of Women and Children in Urban Areas.

In addition, Drought Prone Area Programme (DPAP), Desert Development Programme (DDP) and Integrated Watershed Development Programme are being implemented under a watershed development approach. In all these programmes, a micro watershed of approximately 500 hectares is taken up for development for a period of five years. The objective of these projects is to promote the economic development of the village community to reduce the adverse effect of drought, to restore ecological balance and generate employment for the people of the watershed areas. Apart from this, a number of state sponsored schemes are in operation.

These programmes have, by and large, performed satisfactorily as far as the percentage of expenditure to available or allocated funds and achievement of the physical targets in terms of employment generation are concerned. On the other hand, a study of all the rural development programmes in Punjab found several lacunae in the implementation of these programmes (Chand, 1999)

It is difficult to measure the impact of growth and employment on poverty reduction. Only some causal linkages can be established. The proportion of people below the poverty line in Himachal Pradesh increased significantly from 16.40 per cent in 1983 to 28.44 per cent in 1993-94 but declined to 7.63 per cent in 1999-00. A vast majority of the people live in the rural areas where poverty is more acute. The number of persons below the poverty line in the rural areas was 4.84 lakh as compared to 0.29 lakh in the urban areas during 1999-00.

Per capita consumption has increased both in rural and urban areas from Rs. 350.63 and Rs 746.92

TABLE 21.23
Change in Poverty Status in Selected States

States	Percentage of Persons BPL			Improvement (+)/Deterioration(-) in Persons BPL		Annual Rate of Reduction in Persons BPL	
	1983	1993-94	1999-00	1983/93-94	1993-94/99-00	1983/93-94	1993-94/99-00
Himachal Pradesh	16.40	28.44	7.63	-12.04	20.81	5.66	-19.69
Haryana	21.37	25.05	8.74	-3.68	16.31	1.6	-16.09
Jammu & Kashmir	24.24	25.17	3.48	-0.93	21.69	0.38	-28.09
Punjab	16.18	11.77	6.16	4.41	5.61	-3.13	-10.23
India	44.48	35.97	26.10	8.51	9.87	-2.1	-5.2

Source: Planning Commission, 2002a.

respectively in 1993-94 to Rs. 684.50 and Rs. 1242.93 per month in 1999-00. Gini ratio for per capita consumption expenditure has declined for the rural and urban areas from 0.275 and 0.435 to 0.236 and 0.298 during this period, indicating a reduction of inequalities. The annual compound growth rate of per capita consumption expenditure has been 11.79 per cent for the rural areas and 8.86 per cent for the urban areas during 1993-94/1999-00 (Planning Commission 2001a).

It is interesting to note that the growth of employment during 1993-94/1999-00 has declined from 2.9 per cent to 1.4 per cent and the incidence of unemployment has increased from 0.7 per cent to 1.6 per cent on UPSS for workers in the age groups of 15 years and above (Planning Commission 2002) though the growth rate of the economy has been at 7.1 per cent per annum. However, poverty has substantially declined during this period, i. e., by 21 per cent and the rate of poverty reduction during the period has been -19.69 per cent. This suggests that the state has been able to reduce poverty through various poverty alleviation programmes and that higher achievements in the social sector have also contributed to improving the human resource quality in the state (Table 21.23).

An overwhelming majority of the poor are not apparently unemployed, but engaged, for a major part of their time, in some activity, however, at very low level of productivity and income. Thus, the strategy has to focus not only on the generation of new employment opportunities but also on the augmentation of the existing employment in terms of productivity and income through suitable technological, market and institutional interventions.

No macro policy of market-led growth by itself will be successful in dealing with the problem of poverty or employment. Very often development under market-led

growth benefits those who are adequately qualified and socially well placed to take advantage of the capital-intensive and labour-displacing technologies. Policies to upgrade the skills of the poorer sections of the population to a reasonable level are needed to enable them to enter the mainstream market activities.

Thus, there is need for direct employment generation measures for the rural poor in the short run. Added emphasis is essential on improving education and training and on creating employment opportunities for the rural poor, spread over medium and long periods so that they can also enter the high productivity areas including non-farm activities or post-harvest activities in rural areas.

According to the Planning Commission (2002a), Himachal ranked first in the urban poverty index and eighth in the rural poverty index among various states and union territories of the country. As for the Human Development Index, the state ranked 1st in the urban index and 12th in the rural index in the country. These indicators are much better than those of the neighbouring states of Haryana, Jammu and Kashmir and Punjab and many other states of the country.

Reorientation of the employment and anti-poverty schemes has to be undertaken during the Tenth Plan. The problem of disguised unemployment and underemployment is serious in the state and the growth process may not fully deal with it during the plan period. The appropriate instrument for addressing this specific problem is the Employment Assurance Scheme (EAS), which has been designed specially for this purpose and should be implemented on the pattern of the Maharashtra Employment Guarantee Scheme, which has been a success (ILO, 2000).

A number of agencies are involved in watershed development programmes with different approaches and

guidelines. It is felt that these programmes should be unified with simple common guidelines so that states are free to give priority to activities according to local needs. Periodic evaluation of these programmes needs to be undertaken to assess their efficacy.

The detailed analysis of poverty alleviation programmes will be undertaken elsewhere in the report.

Skills, Training and Employment

Skill-level is what determines labour productivity. Mismatch of the skill requirements of employment and the skill base of the unemployed is one cause of unemployment. This is likely to become more acute with rapid structural changes in the economy.

It is widely recognised that the unplanned rapid expansion of education, particularly of higher education, has contributed to the mismatch in the labour market. High private rates of return from higher education, to a large extent resulting from low private cost, are an important reason for the rush for higher education despite high incidence of educated unemployment. At the same time, after completion of schooling, very few join vocational courses. Efforts to strengthen vocational education are needed. It is, therefore, necessary to orient the educational and training system improving its capability to impart the requisite skills in the medium and long run, so as to enable it to respond quickly to the needs of the labour market in the short run. Besides, the system should also be in a position to impart suitable training to the large proportion of workers engaged as self-employed and wage earners in the informal sector, for upgrading their skills so as to raise their productivity and income levels.

Skill-level and training have a decisive impact on the growth of income and employment. However, quantification of skill-levels is not easy due to data constraints. The level of vocational skills in the labour force in India is very low as compared to other countries. For instance, in the age group of 20-24, only five per cent of the labour force in India has vocational skills, whereas in the developed countries the percentage varies between 60 and 80. The percentage for Korea at 96 is very high. Many developing countries too have a much higher percentage of skilled manpower than India. For example, in Mexico, it is 28 per cent, Mauritius, 36 per cent and Botswana 22 per cent (Planning Commission, 2001a).

The existing training institutions, like industrial training institutes, have undoubtedly been meeting a

significant part of the requirements of skilled manpower for organised industry. It, however, seems that expeditious restructuring and reorientation of their courses should be undertaken to enable them to respond quickly to the changing demands of labour market. Greater involvement of industry in planning and running the training system would also be necessary for this purpose.

According to employment exchange data, a large section of the technically trained manpower from ITIs and other institutions has remained unemployed. An evaluation of special training programmes in Punjab (Chand, 1999) has indicated that a number of those who had got training were either unemployed or not employed in the trade in which they had received training, pointing to the mismatch between market demand in terms of technology and supply. Thus, there is immediate need for expansion of specialised training through the ITIs. The role of the private sector in higher general education and technical education must be expanded. The existing ITIs must be strengthened and modernised. The industrial sector should be more involved in the development of training programmes and imparting instruction.

Various aspects of employment, unemployment and related issues have been comprehensively dealt with in reports prepared by the Government of India (Planning Commission 2001a, 2001b, 2002b; Ministry of Labour 2002).

Employment Generation: Potential Sectors

The agriculture sector in Himachal Pradesh is very important in terms of its contribution to employment and income generation and hence cannot be ignored at the policy level, despite its declining share. However, it should be kept in mind that this sector has a limited capacity to engage a large workforce as it suffers from disguised unemployment. From the long-term point of view, expansion of employment opportunities has to be explored in the non-farm sector. A significant shift in the labour force must take place from agriculture to non-agricultural activities.

The potential labour-intensive areas for higher employment and income generation can be listed as:

- Horticulture, animal husbandry, fisheries, agro-forestry, aromatic and medicinal plants, and other allied activities
- Small-scale industries
- Construction

- Tourism
- Information technology
- Education and health infrastructure
- Transport
- Retail trade
- Hydel power
- Biotechnology

Detailed analyses of various aspects of these potential areas will be discussed in the relevant sections of this report.

The Task Force on Employment Opportunities, set up by the Planning Commission, has identified the following five broad areas, which together would constitute an appropriate strategy for employment generation (Planning Commission 2001a):

- Accelerating the rate of growth of the economy especially in sectors, which would ensure the spread of income to the low-income segment of the labour force.
- Pursuing appropriate policies in individual sectors, which are important for employment generation. These sector-level policies must be consistent with the overall objective of accelerating the growth of the state domestic product.
- Implementing focused special employment programmes for creating additional employment and enhancing income generation for existing activity, aimed at helping the weaker sections of society that may not be sufficiently benefited by the more general growth promoting policies.
- Pursuing suitable policies for education and skill development, which would upgrade the quality of the labour force and make it capable of supporting a growth which generates high quality jobs.
- Ensuring that the policy and the legal environment governing the labour market encourage labour absorption in the organised sector.

Future Growth of Employment

The slow growth of employment may primarily be due to the fact that the SDP growth rate actually achieved has fallen short of what was expected during the plan periods and the growth of employment has not taken place according to the elasticity of employment

projected in the plans. Thus, in order to generate additional opportunities for productive employment and improve the quality of existing employment during the Tenth Five Year Plan and beyond, the growth of the economy has to be accelerated to higher levels. Hence, the emphasis is on growth-led employment generation. To attain a higher growth rate of the economy in the future, the investment level has to be raised substantially and its efficient use has to be ensured to the extent possible. That would result in higher employment elasticity. The rate of investment (gross state capital formation) as a percentage of GSDP, and the efficiency of investment measured by the incremental capital-output ratio (ICOR), are two critical determinants of growth, which are important from a policy point of view for accelerating growth in the future.

The rate of investment in Himachal Pradesh has been about 23 to 24 per cent in the last two years. The Tenth Plan of the state envisages an increase of more than 32 per cent in the rate of investment for attaining a higher level of growth and employment, whereas the average growth rate during this period has been about 6.0 per cent (Table 21.24). An investment rate of about 23 to 24 per cent resulting in 6.0 per cent growth rate of the economy, roughly gives an ICOR of about 4.0 per cent. By applying this ICOR, an acceleration from 6.0 per cent growth to 8.0 per cent would need an investment rate of 32 per cent. Similarly, acceleration to nine per cent and ten per cent would require investment rates of 36.0 per cent and 40.0 per cent respectively. The growth target of GSDP for the state in the national Tenth Plan has been estimated to be 8.92 per cent per annum, agriculture contributing 4.55 per cent, industry 12.49 per cent and services 8.26 per cent (*Tenth Five Year Plan 2002-07, Vol. III*). To achieve this growth rate, a very high rate of investment is required, which is a difficult task. However, policies to reduce the ICOR resulting in efficient use of capital, can also help attain a higher growth level with a relatively lower investment level. Since the major source of financing investment is domestic savings, it has to be maintained at an adequate level, in addition to raising foreign direct investment (FDI) to meet the shortfall in domestic savings. However, falling interest rates and the slow pace of FDI due to a number of reasons have to be taken care of. Improvement in efficiency in every sector is imperative if the targeted rate of growth has to be achieved. To attain efficiency, domestic and international competition is essential, though initially, it could have some adverse effect on employment. China could achieve a higher growth rate of the economy

because of a very high rate of domestic investment and FDI, though mainly by overseas Chinese.

TABLE 21.24
Average Investment Rate and Growth Rate

Rate of investment	24.0
Growth rate	6.0
Incremental capital-output ratio	4.0
To achieve growth rate of:	Estimated investment required:
7 per cent	28.0 per cent
8 per cent	32.0 per cent
9 per cent	36.0 per cent
10 per cent	40.0 per cent

Source: Economic Survey H.P., 2001-2002 and Tenth Five-Year Plan, H P 2002-07.

Thus, if accelerated growth of the gross state domestic product (GSDP) has to be the core of a viable strategy for employment generation, then the policy framework for its realisation and necessary action in this regard are essential preconditions for successful employment generation. The following areas can be regarded critical at the level of macro-economic policy (Planning Commission 2001a).

- Achieving high rate of investment.
- Improvement in efficiency.
- Improvement in infrastructure.
- Improvement in financial system.
- Credit availability for informal sector

Keeping in view the seriousness of the unemployment problem, the state authorities concerned have intensified efforts to make available higher employment opportunities, especially for the educated persons including technically qualified, through several measures, such as identifying workers in short supply and high demand in the private sector, identifying skill gaps, improving the quality of training to narrow down the mismatch of demand and supply, promoting on-the-job training by involving employers in the private sector, strengthening overseas employment avenues for those desirous of working abroad, etc.

Employment Strategy of Himachal Pradesh

Planning Department of the state has prepared employment generation plan and strategy to generate higher employment opportunities in the state for the Tenth Five Year Plan (2002-07) (Planning Department, 2003). State Employment Plan as by-product of budget document has the following components:

Government Sector Employment Plan: Employment generated by opening new institutions especially pertaining to education and health.

Organised Sector and Self-Employment Sector Plan: Self-employment generated by various corporations such as HP State SC/ST Corporation, BC Finance and Development Corporation, Department of Social and Women Welfare and Others.

Wage Employment Sector Plan: Employment generated by implementing capital works especially by the Public Works Department and Irrigation & Public Health Department.

Total employment generated by these sector plans was 108070 in 2001-02 and 94750 in 2002-03.

The development strategy of the state envisages implementing of such programmes and schemes, which aim at increasing productive employment in different sectors of the economy. Broad strategy of the government will focus on the following areas for containing the rising unemployment situation in the state:

- Supplementing and complementing land based agricultural activities and animal husbandry and other diversified horticultural activities to make livelihoods of marginal cultivators and agricultural labourers sustainable.
- Diversification of cropping pattern, promoting production of off-season vegetables by increasing new areas under vegetables and fruits crops by raising productivity for all cash crops including maize crop.
- Promoting the production of floriculture in the state.
- Strengthening marketing system for farm products.
- Increasing marginal returns on investment in the Primary Sector.
- Promoting emerging biotechnology for generating employment in the field of agriculture and horticulture.
- Policies for the provision of income generating assets aimed at encouraging small-scale and cottage industries and providing gainful employment opportunities through backward and forward linkages.
- Direct expenditure on employment generation.

- Enhancing labour productivity by investing on health and education.
- Strengthening of industrial units in all districts and backward pockets as per revised Backward Area Industrial Policy announced by the Central Government.
- Improving and locating new tourist destinations for the domestic and foreign tourists by providing ideal infrastructure facilities to the visiting tourists in the state.
- Improving of airstrips at Bhuntar, Kangra and Shimla. This would generate additional employment to the local people, besides significant increase in the foreign tourists flow to the State.
- Accelerating actualisation of power potential.
- Increasing private sector investment in transport and tourism.

Sectoral policy initiatives for generating higher employment opportunities have been spelled out in detail in the Strategy for sectors such as: Agriculture and Horticulture, Power, Forest, Tourism, Animal Husbandry, Fisheries, Cooperation and Information Technology.

In addition, to explore above areas, a number of centrally sponsored and state schemes are in operation to generate additional higher employment by promoting non-farm activities. Important state schemes in this regard are *Vikas Main Jan Sahyog*, *Dalit Varg Vyavsayak Prashiksan Yojana*, Loan for Self-employment to Ex-servicemen and Granting of Permits to Unemployed Youth for plying of vehicles and ancillary employment.

Besides, a committee was constituted for employment generation and resource mobilisation and Project Proposals to provide employment to 50,000 persons through mushroom cultivation were submitted. Perspective Plan for angora development, proposals on employment generation through olive cultivation and resin tapping through forestry have been submitted and are under consideration of the state government which will help in raising the potential of employment generation.

Micro finance is being made available to the informal enterprises through Self Help Groups (SHGs) already established. In this respect, NABARD is instrumental in strengthening these SHGs. Total number of SHGs operating in the state are 7304. Of these, 3024 stand linked for obtaining group linked micro finance.

Following Committees have been set up to monitor the employment generation in the state:

- I) State level Employment Monitoring and Review Committee with Chief Secretary as its Chairperson
- II) District Employment Generation and Manpower Planning Committees with Deputy Commissioners with their Chairpersons

These committees monitor the employment targets fixed under different sectors at the district level and take remedial measures for the achievement of the employment targets.

Conclusions and Implications of Employment Policy

- The overall unemployment rate in the state is low as compared to other states. However, it has increased during 1993-94 and 1999-00, which is a matter of concern.
- Unemployment rates in the urban areas are higher than the rural areas, especially unemployment rates for urban females are very high. Excessive migration from rural to urban areas might be responsible for this situation. Efforts need to be made to generate higher productive employment in rural areas through schemes and programmes and conscious policy intervention.
- The growth of employment in the state has been one of the lowest in the country, with the lowest employment elasticity during 1993-94/1999-00, though the growth rate of the economy during this period has been significantly high, indicating lack of strong linkage between growth and employment. There is need for deeper exploration of this situation so that corrective steps can be taken.
- Districts which are industrially important such as Solan, Una and Kangra, have a very high proportion of employment seekers. There is immediate need for appropriate intervention in these areas for enhancing employment opportunities. The backward districts located in the interior of the state should be promoted by using the local resource base for generation of employment opportunities in these districts, which can also result in a balanced development of the state.

- Underemployment in the state has been high, which indicates a low quality of employment. In fact, the major challenge is the replacement of the existing low-quality jobs with high-quality jobs. The proportion of main workers declined, whereas that of marginal workers increased significantly during 1981-91. Casual employment of rural males at 20 per cent and urban males at 12 per cent is high and registered an increase during 1999-00 over 1993-94. There is need to improve the quality of such employment in terms of higher working days and better real wages, which can be ensured through faster growth of the economy.
- Educated unemployment in the state is far more serious, especially of matriculates and undergraduates. Appropriate employment opportunities have to be created for this section, which could ensure a higher income level. A fresh look at the present education policy is required for proper manpower planning.
- Though the rate of female work-participation has been high in the state, a large proportion of women workers are engaged in a subsidiary capacity in low productivity activities. A large majority of them are self-employed in the agriculture sector, which suffers from severe underemployment. Efforts need to be made to provide employment to women in non-farm activities. There is need for a detailed study of various aspects of activities in which women are engaged.
- The private sector has to be encouraged for the generation of higher employment in the state. Regular jobs in the organised sector can be increased if serious and sincere efforts are made to remove the bottlenecks, which discourage rapid expansion of regular employment in the private sector. Inflexible labour laws present a major hurdle in this regard. Changes in labour laws, the process for which has already begun, can provide flexibility for the expansion of employment in potential areas. Creation of regular employment in the near future will not be substantial. A large volume of better-quality employment has to be generated through self-employment. Therefore, adequate policy steps have to be taken to promote self-employment by facilitating credit, raw material and marketing requirements of those involved.
- Activities in the non-agricultural sector have to be promoted and excessive dependence on the agricultural sector has to be reduced for better quality of employment and incomes. Sectors, which have the potential for higher employment generation in the future are, agro-and food-processing industries including horticulture and agro-forestry, small-scale industries, construction, trade, tourism, transport, communication, information technology and other services. Most of these sectors have achieved significant growth during the post-liberalisation period. It is expected that most of the employment to be generated in the next few years will be in the service sector. Thus, improvements in this sector can create quality employment. Extensive economic and social infrastructure development is the need of the time. Private investment needs to be encouraged in this sector. Faster development of non-farm activities, especially in the rural areas, will be helpful in checking rural-to-urban migration. However, there is need for in-depth studies to understand the type of activities pursued and their productivity level, potential areas and constraints to their promotion.
- The Khadi and Village Industries (KVI) sector has the potential for creating new jobs at low cost. This sector not only provides employment in rural areas at low investment per job, but also utilises local skills and resources and provides part-time and full-time work to rural artisans, women and the weaker sections of society. Expansion of village industries will ensure an increase in income levels and the quality of life of rural workers and craftsmen. There is need to restructure KVIC programme to enhance the design and quality of its products. PMRY and other special schemes can be effectively used to promote non-farm activities.
- The unorganised sector assumes greater significance for future expansion of employment, as the growth of employment in the organised sector has substantially declined. However, to promote wage and self-employment in this sector, its different needs, especially finance and marketing have to be met.
- Apart from growth, the impact of resources expended on rural development and direct poverty alleviation programmes has contributed to reducing poverty. Though these programmes seem

to have succeeded in raising the standard of living of the poor, they need to be effectively monitored for optimum results. State-specific features such as topography, geography, work conditions, economic status, cost of execution of development works, etc., should be kept in view while issuing guidelines for centrally sponsored schemes. In view of the high cost of implementation of these schemes in the hilly areas, separate guidelines should be issued for these areas. Availability of funds should be regular and adequate for proper implementation of these schemes. Funds should be provided on the basis of area, population and performance.

- There is a large unmet need for imparting vocational training to new entrants to the labour force, as only about five per cent enter the labour force with some kind of formal vocational training. The ITIs and other technical institutions are in need of upgradation and modernisation of infrastructure, staff and courses. The system of specialised higher technical education needs to be strengthened if the technical manpower is to take advantage of the opportunities in the international labour market. Industry should be involved in the management of these institutions. The private sector has to be encouraged to play an important role in imparting vocational training. Such institutions as IITs and IIMs, which are known for their quality of talent, need to be promoted. Several developed countries have achieved high levels of growth because of a very high level of vocational and technical education. Training systems of these countries need to be studied.
- Social security of workers deserves special attention. Only workers in the organised sector, who constitute hardly 10 per cent of the total workforce, are covered by some form of social security. The rest of the workers, especially in the unorganised sector, are deprived of social security benefits. These workers need to be adequately covered under social security. Vulnerable groups of the labour force such as child labour, migrant labour, building and construction workers need special attention.
- Since the state has the highest number of employees in the public sector per thousand of population in the country, there is need for identifying superfluous jobs, abolishing vacant posts, banning new appointments and preparing VRS package for loss making PSUs. Appropriate manpower planning and judicious use of the human resource is the urgent need.
- At the prevailing growth rate, it will not be possible to achieve any significant improvement in the employment situation. A very high investment rate is required to achieve a higher rate of growth of the state economy during the Tenth Five Year Plan along with increase in efficiency of capital use, i.e., reduction in ICOR. Hence, there is a need for a higher investment rate to ensure growth-led employment generation. A comprehensive review of policies in different areas is needed to identify constraints to efficiency and optimal utilisation of resources.
- In view of the fact that there is limited scope for employment opportunities in the organised sector, the Department of Labour, H.P. wants that the network of 67 employment offices evenly spread throughout the state should be utilised for dissemination of information on all employment and especially self-employment schemes available in Himachal Pradesh. In this regard, it is proposed that the Department of Labour and Employment be actively involved in all the committees formed at government level and all meetings held as such relating to employment and self-employment promotion and monitoring thereof. This shall ensure that this department is kept up-to-date on all the information and schemes relating to employment in the state. Thereby the Employment Exchanges can be utilised to further disseminate this information to the youth visiting these offices.

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