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CHAPTER – V

UNORGANISED SERVICES

Introduction

Services, in the unorganised segment, account for more enterprises, workers and income generated than any other unorganised segment except manufacturing and trade. But unlike manufacturing or trade, this sector is not made up of a homogeneous set of enterprises engaged in roughly the same kind of activity. On the contrary, the enterprises covered in the NSSO-CSO surveys of unorganised services supply a wide array of vastly different kinds of services, and the organisations, institutions and households providing these services differ greatly from one another. In this chapter the following broad categories of services are considered: (i) financing, insurance, real estate and business services, (ii) non-governmental education and health services, and (iii) all other services, including community, cultural and personal services.

The analysis of data on communications services, which are covered by the same set of NSSO-CSO surveys as those listed above, has been excluded from this chapter. It is included in chapter 6 on transport, storage and communications.

Excluded, also, from the scope of the NSSO-CSO surveys themselves, and therefore from this study, are all public sector enterprises owned by central or state governments, local bodies, public corporations and public undertakings, and all enterprises registered under the Banking Companies Act. In the field of education, only unrecognised institutions are covered. The primary purpose, in defining the scope of survey coverage in the case of the service sector, was, in the words of the 1991-92 report, "to catch all institutions for which no regular accounts were available"¹.

Included in the global estimates of this chapter are certain repair services, the data for which, for some, had to be imported from the survey reports on unorganised manufacturing because of recoding, and commission agents and auctioneers, two sub groups which have been shifted from trade to services, again because of changes in the official coding system².

The periodic revision of the National Industrial Classification coding system is, however, only one of two factors which complicate the process of generating data sets on unorganised services which are comparable over time. The other is that the coverage of the services sector enterprise surveys varies from one survey to the next. Three economic activities which are included in the 1991-92 unorganised services enterprise survey were not covered in 1979-80 and 1983-84. They are: banking and similar types of financial institutions (code 80), providents and insurance (code 81), and sanitary services (code 91). Their omission in the early years hardly affects the aggregate employment figures because together they account for only 3 per cent of unorganised service sector employment. But their combined contribution to gross value added by unorganised services is substantial – 12.6 per cent of the total – almost all of it arising in the banking and financial services groups. Thus their omission in 1979-80 and 1983-84 tends to distort the time series figures on gross value added and the productivity figures given in the overview tables of Part I of this chapter. To alert the reader to the

¹ GOI, CSO, 1991-92 Enterprise Survey: Report on Own-Account Enterprises in the Service Sector para 1.5(ii)

² In the 1970 NIC, commission agents (code 821) were grouped with real estate and business services. In 1987, they were introduced as code 640, under trade. In the 1998 NIC, they were reclassified under code 511, a subgroup which is a part of wholesale trade.

presence of this problem, all tables which are affected by it are footnoted appropriately, and the relevant columns and rows are starred, (*).

This chapter is divided into three parts.

Part I provides the overview of this large and exceedingly heterogeneous set of enterprises. It is shown, first, that the performance of unorganised services in the aggregate has been outstanding in terms of both employment generation and productivity growth. The story is then told in terms of three broad categories of services: (i) banking, financial and legal services, (ii) education and health, and (iii) all other categories. This disaggregation reveals that, apart from the high productivity growth rates, the condition of workers and enterprises in the large “other services” category does not differ much from that of their counterparts in other sectors such as unorganised manufacturing or trade, especially in rural areas. Productivity levels in “other services” are miserable.

Part II gives details about the structure and performance of the unorganised services sector at the two-digit level of the national industrial classification. Twelve industry groups are distinguished. Ranked in order of their relative contributions to employment, they are: (i) personal services, (ii) repair services, (iii) community, recreational and cultural services, (iv) education, scientific and research services, (v) medical and health services, (vi) commission agents and business services not elsewhere classified, (vii) real estate and related business services (viii) banking and similar financial institutions (ix) services not elsewhere classified and operation of lotteries, (x) legal services, (xi) sanitary services, and (xii) providents and insurance. It is shown that in the two numerically most important branches of unorganised services – personal services and repair services – the tiny own account enterprises appear to be here to stay, despite the fact that in rural areas especially, labour productivity levels are abysmally low. The large period to period variations in the number of rural workers employed in personal and community services and the low incomes earned by them, suggest that these are the segments which, more than any other, have been absorbing large numbers of self employed workers who have found no where else to go. Their daily earnings stand below the going wage rates for unskilled, rural casual labour.

In part III the results of a regional analysis, covering fifteen major states are presented. One important finding is that the typical high productivity state improved its performance much faster than the typical state where productivity in unorganised services was initially low. The result has been that in a little over a decade, interstate inequalities in gross value added per enterprise, and per worker, have more than doubled.

Part I:

This part is organised along the following lines.

In part I, first a brief overview of the number and size of these enterprises is given, together with estimates of the income generated by them. The substantial increases in employment and gross value added by services are highlighted. Section two of Part I describes the changes in the rural-urban distribution of enterprises, employment and gross value added. Section three focuses on the performance of unorganised service enterprises, first in terms of growth rates, and then in terms of per enterprise and per worker productivity levels and trends in them. The most outstanding feature of the results is the evidence that there has been a qualitative improvement in the services provided by the unorganised segment.

In section four, the record in terms of three separate categories of services is presented. The categories are: banking, financial and business services, education and health services, and a large

catch-all category, "other services". Section five continues this more disaggregated analysis, setting out the growth rate and productivity performance indicators for each of these broad categories of services.

In section six, employment elasticity estimates for the unorganised service sector are given.

5.1.1 The Main Magnitudes: An Overview

The unorganised service sector provides jobs to more than 13 million people, most of them in rural areas. Average enterprise size is very small – smaller than in unorganised manufacturing, but larger than in trade, in both rural and urban areas. Urban enterprises are a little larger than rural ones. Over time the number of workers per enterprise has tended to rise, overall, because size has increased within the combined non-directory and directory establishments category.

Table 5.1.1: Number of Enterprises and Employment in the Unorganised Service Sector by Enterprise Type and by Rural Urban Location: All India, 1979-80, 1983-84, 1991-92

Location and Year	A: Absolute Number of Enterprises			B: Absolute Number of Workers		
	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Rural						
1979-80	2,576,801	89,225	2,666,026	3,706,796	230,307	3,937,10
1983-84	1,924,758	476,383	2,401,141	2,344,080	1,500,523	3,844,60
1991-92	4,450,662	493,609	4,944,271	6,341,212	1,858,257	8,199,46
Urban						
1979-80	926,226	205,182	1,131,409	1,305,975	632,539	1,938,51
1983-84	1,234,137	550,168	1,784,305	1,592,040	2,109,950	3,701,99
1991-92	1,790,773	690,278	2,481,051	2,489,278	2,763,790	5,253,06
Total (R+U)						
1979-80	3,503,027	294,407	3,797,435	5,012,771	862,846	5,875,61
1983-84	3,158,895	1,026,551	4,185,446	3,936,121	3,610,473	7,546,59
1991-92	6,241,435	1,183,887	7,425,322	8,830,490	4,622,047	13,452,5

Table 5.1.2: Enterprise Size by Enterprise Type: All India Rural, Urban and Total (Rural plus Urban) 1979-80, 1983-84, 1991-92

Location and Year	Number of Workers per Enterprise by Enterprise Type		
	OAE	NDE+DE	All Types
Rural			
1979-80	1.44	2.58	1.48
1983-84	1.22	3.15	1.60
1991-92	1.42	3.76	1.66
Urban			
1979-80	1.41	3.08	1.71
1983-84	1.29	3.84	2.07
1991-92	1.39	4.00	2.12
Total (R+U)			
1979-80	1.43	2.93	1.55
1983-84	1.25	3.52	1.80
1991-92	1.41	3.90	1.81

In recent years, there has been tremendous increase in gross value added by the unorganised service sector. It has occurred in all locations, and for all enterprise types. By 1991-92, GVA by services,

had risen to roughly Rs.85 million in constant 1993-94 prices, as compared to less than Rs.4 million in 1979-80.

Table 5.1.3: Gross Value Added by Unorganised Services by Enterprise Type and by Rural or Urban Location: All India, 1979-80, 1983-84 and 1991-92

(Constant 1993-94 prices)

Location and Year	GVA by Enterprise Type (Rs. '000)		
	OAE	NDE+DE	All Types
Rural			
1979-80*	1,176,742	133,590	1,310,332
1983-84*	2,271,706	1,635,902	3,907,607
1991-92	18,954,043	8,785,027	27,739,070
Urban			
1979-80*	1,016,254	788,779	1,805,033
1983-84*	3,189,170	6,744,521	9,933,691
1991-92	18,491,318	38,353,093	56,844,411
Total (R+U)			
1979-80*	2,192,996	922,369	3,115,365
1983-84*	5,460,875	8,380,422	13,841,298
1991-92	37,445,361	47,138,120	84,583,481

* no data on banking and finance was collected in 1979-80 and 1983-84. Its inclusion in 1991-92, pushes up the total for all types by nearly 12 per cent.

Increases in employment have been modest however. This is due mainly to the major reduction in the number of workers in the small family operated own account enterprises, which was compensated for, almost, but not quite, by the substantial expansion in the larger NDEs and DEs. This would appear to be a case of simple expansion of the family operated businesses of 1979-80 to the point where they got reclassified in 1983-84 in the higher size group. The restructuring implied is a significant feature of the development of service sector enterprises during this period. Subsequently employment expanded in both size groups. Thus restructuring did involve some net job losses in the early 1980s but these have been made good subsequently, by the substantial employment growth recorded during the eight years from 1983-84 to 1991-92.

Table 5.1.4: Change in Absolute Numbers of Service Sector Enterprises and Employment by Enterprise Type and by Rural or Urban Location 1979-80, 1983-84, 1991-92

Location / Period	A. Change in the Number of Enterprises by Enterprise Type			B. Change in the Number of Workers by Enterprise Type		
	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Rural						
79-80 to 83-84	-652,043	387,158	-264,885	-1,362,716	1,270,216	-92,500
83-84 to 91-92	2,525,904	17,226	2,543,130	3,997,132	357,734	4,354,865
Urban						
79-80 to 83-84	307,911	344,986	652,897	286,065	1,477,411	1,763,476
83-84 to 91-92	556,636	140,110	696,745	897,238	653,841	1,551,079
Total (R+U)						
79-80 to 83-84	-344,132	732,144	388,011	-1,076,651	2,747,627	1,670,976
83-84 to 91-92	3,082,540	157,336	3,239,876	4,894,370	1,011,574	5,905,944

5.1.2 Changes in the Rural-Urban Distribution of Enterprises, Employment and GVA and Changes in Structure by Enterprise Type

The share of rural areas in very small enterprises dropped in the early 1980s, and then rose again. The rural share in somewhat larger enterprises has tended to rise over the long run.

The majority of workers in unorganised services are employed in rural enterprises – about 60 percent of them. The share of rural areas in employment in the tiny own account enterprise is much greater than the share of rural areas in non-directory and directory establishment employment – about 71 percent as compared to 40 percent.

As is usual among unorganised sector enterprises of all kinds, the proportion of unorganised service sector income generated in rural areas stands much below the proportion of workers employed in rural units. Table 4.1.5 gives details.

Table 5.1.5: The Rural-Urban Distribution of Service Sector Enterprises, Employment and GVA by Enterprise Type All India: 1979-80, 1983-84, 1991-92

(in constant 1993-94 prices)

Year	Share (%) of Rural Enterprises in All Enterprises (R+U)			Share (%) of Rural Employment in All Employment (R+U)			Share (%) of Rural GVA in All GVA (R+U)		
	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
1979-80	73.56	30.31	70.21	73.95	26.69	67.01	53.66	14.48	42.06
1983-84	60.93	46.41	57.37	59.55	41.56	50.94	41.60	19.52	28.23
1991-92	71.31	41.69	66.59	71.81	40.20	60.95	50.62	18.64	32.79

There appears to have been a migration of both rural and urban enterprises from the very small OAE category to the somewhat bigger NDE and DE groups. The structural change in favour of the non-directory and directory establishment size classes appears in both the employment figures and the GVA estimates, as well as in the number of enterprises. In all these cases, there is, apparently, an initial large increase in the shares of the two larger size groups, followed by a relatively modest downward readjustment. In urban areas the second round readjustments are very small. In rural areas, the initial increase in the relative importance of NDEs and DEs was followed by a more substantial decline.

Table 5.1.6: Share of Specified Enterprise Types in the Total Number of Service Enterprises, Employment and GVA (in constant 1993-94 prices) by Rural or Urban Location: All India 1979-80, 1983-84, 1991-92

Location and Year	Per cent of All Types Which are:					
	A: Enterprises		B: Employment		C: Gross Value	
	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE
Rural						
1979-80	96.65	3.35	94.15	5.85	89.80	10.20
1983-84	80.16	19.84	60.97	39.03	58.14	41.86
1991-92	90.02	9.98	77.34	22.66	68.33	31.67
Urban						
1979-80	81.86	18.14	67.37	32.63	56.30	43.70
1983-84	69.17	30.83	43.00	57.00	32.10	67.90
1991-92	72.18	27.82	47.39	52.61	32.53	67.47
Total (R+U)						
1979-80	92.25	7.75	85.31	14.69	70.39	29.61
1983-84	75.47	24.53	52.16	47.84	39.45	60.55
1991-92	84.06	15.94	65.64	34.36	44.27	55.73

5.1.3 The Performance of Unorganised Services

Growth rates in enterprise numbers and employment accelerated in the most recent period in rural areas and overall. In rural areas the growth surge was preceded by a period of contraction in enterprise numbers and employment in the smallest size groups – the OAEs. In urban areas the big expansion came in the earlier period, again, except in the case of the OAEs.

In terms of employment generation, the overall performance of the unorganised service sector has been outstanding. Since this growth was combined with truly spectacular increases in gross value added, the quality of the employment growth may be described as excellent.

Table 5.1.7: Growth Rates of Absolute Numbers of Service Enterprises, Employment and Gross Value Added (in Constant 1993-94 prices) by Enterprise Type: All India, Rural, Urban and Total (Rural plus Urban), 1979-80, 1983-84, 1991-92

Location / Period	Enterprises			Employment			Gross Value Added		
	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Rural									
79-80 to 83-84	-7.03	52.01	-2.58	-10.82	59.77	-0.59	17.87	87.07	31.41
83-84 to 91-92*	11.05	0.45	9.45	13.25	2.71	9.93	30.37	23.38	27.76
Urban									
79-80 to 83-84	7.44	27.96	12.06	5.08	35.14	17.56	33.10	71.00	53.16
83-84 to 91-92*	4.76	2.88	4.21	5.75	3.43	4.47	24.57	24.27	24.36
Total (R+U)									
79-80 to 83-84	-2.55	36.65	2.46	-5.87	43.02	6.46	25.62	73.62	45.18
83-84 to 91-92*	8.89	1.80	7.43	10.63	3.14	7.49	27.21	24.10	25.39

* growth rates in GVA are exaggerated for the second period by the inclusion of banking and financial services in 1991-92 for the first time.

The productivity gains, in absolute terms are implicit in the continuous improvement in productivity levels brought out by the figures in table 8. Productivity levels improved everywhere, in rural as well as urban locations, and for each enterprise type.

Table 5.1.8: Enterprise and Labour Productivity: Absolute Numbers in Constant 1993-94 Prices by Enterprise Type: Rural, Urban and Total, 1979-80, 1983-84, 1991-92

Location And Year	GVA Per Enterprise (Rs.)*			GVA Per Worker (Rs.)*		
	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Rural						
1979-80	457	1,497	491	317	580	333
1983-84	1,180	3,434	1,627	969	1,090	1,016
1991-92*	4,259	17,798	5,610	2,989	4,728	3,383
Urban						
1979-80	1,097	3,844	1,595	778	1,247	931
1983-84	2,584	12,259	5,567	2,003	3,197	2,683
1991-92*	10,326	55,562	22,911	7,428	13,877	10,821
Total (R+U)						
1979-80	626	3,002	821	439	1,034	530
1983-84	1,745	7,963	3,307	1,410	2,283	1,834
1991-92*	6,002	39,799	11,395	4,238	10,422	6,332

Note: * implies productivity figures for 1991-92 are not strictly comparable with those for earlier years because of the inclusion of banking and financial services in 1991-92 for the first time.

In terms of growth rates, presented in table 4.1.9, the productivity improvements are nothing short of spectacular. It may be noticed that the growth rates are higher for the early period – 1979-80 to 1983-84 – which is the period when the number of enterprises and employment in OAEs declined. The outcome of this restructuring, it seems, was highly productive in terms of improved performance.

Table 5.1.9: Growth Rates of Enterprises and Labour Productivity in Services by Enterprise Type and Rural or Urban Location: All India 1979-80, 1983-84, 1991-92

(at constant 1993-94 prices)

Location /Period	Growth Rates of GVA per Enterprise*			Growth Rates of GVA per Worker*		
	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Rural						
79-80 to 83-84	26.79	23.06	34.89	32.18	17.09	32.19
83-84 to 91-92*	17.40	22.83	16.73	15.12	20.13	16.22
Urban						
79-80 to 83-84	23.88	33.63	36.68	26.67	26.53	30.29
83-84 to 91-92*	18.91	20.79	19.34	17.80	20.14	19.04
Total (R+U)						
79-80 to 83-84	28.91	27.05	41.69	33.45	21.39	36.38
83-84 to 91-92*	16.83	21.91	16.72	14.99	20.32	16.65

Note: * implies productivity growth rates on the second period are exaggerated by the inclusion for the first time in 1991-92 of banking and financial services.

5.1.4 The Picture in Terms of Three Broad Services Categories: Banking, Finance and Legal Services, Education and Health, and all Others

By far the largest broad group within services is the catch-all category "other services". It accounts for more than 85 percent of the enterprises and just under 85 percent of employment in unorganised services. As its numbers have increased, almost doubling in the 1983-84 to 1991-92 period, its shares in enterprises, employment and above all, GVA, have tended to go down. The "other services" category is now, and always has been, even more dominant in rural areas than in urban centres. The absolute figures are given in table 4.1.10; the percentage shares in table 4.1.11.

Table 5.1.10: Enterprise and Employment Number in Services by Broad Categories of Services and by Rural or Urban Location: All India 1979-80, 1983-84 and 1991-92

Location and Year	Number of Enterprises				Number of Employees			
	Banking, Finance & Legal Services*	Education & Health	All Others	All Categories	Banking, Finance & Legal Services	Education & Health	All Others	All Categories
Rural								
1979-80	5,218*	221,234	2,439,574	2,666,026	8,022	231,761	3,697,384	3,937,167
1983-84	13,416*	241,070	2,146,655	2,401,141	14,173	604,498	3,336,232	3,954,903
1991-92	41,289	552,676	4,350,306	4,944,271	109,502	910,054	7,183,340	8,202,846
Urban								
1979-80	67,114*	95,840	968,455	1,131,409	93,899	109,165	1,735,495	1,938,560
1983-84	93,422*	263,036	1,427,847	1,784,305	200,966	76,352	2,726,519	3,003,637
1991-92	149,976	266,576	2,064,499	2,481,051	370,103	736,043	4,147,937	4,914,083
Total (R+U)								
1979-80	72,332*	317,074	3,408,029	3,797,435	101,921	340,926	5,432,878	6,135,727
1983-84	106,838*	504,106	3,574,502	4,185,446	215,139	1,380,850	6,062,751	7,001,433
1991-92	191,265	819,252	6,414,805	7,425,322	479,605	1,646,097	11,331,277	13,456,916

* No data on banking and finance was collected in 1979-80 and 1983-84. Thus all estimates for these years cover legal services only.

Education and health services account for the second largest share of services sector workers. The number of enterprises has hardly changed in recent years in urban areas, and the number of workers may actually have gone down. But in rural areas there has been a very substantial increase in education and health workers as well as in the number of enterprises. This has pushed up the share of education and health enterprise in all service enterprises in rural areas. This segments' share in all service workers has, however, slipped downwards.

Table 5.1.11: Share of each Category in the All Categories Combined of Services Enterprises, Employment and GVA (at Constant 1993-94 prices) by Rural or Urban Location: All India 1979-80, 1983-84 and 1991-92

Location and Year	Banking, Finance & Legal	Education & Health	Others
A. Percent of Enterprises			
Rural			
1979-80	0.20	8.30	91.51
1983-84	0.56	10.04	89.40
1991-92	0.84	11.18	87.99
Urban			
1979-80	5.93	8.47	85.60
1983-84	5.24	14.74	80.02
1991-92	6.04	10.74	83.21
Total (R+U)			
1979-80	1.90	8.35	89.75
1983-84	2.55	12.04	85.40
1991-92	2.58	11.03	86.39
B. Percent of Employment			
Rural			
1979-80	0.20	5.89	93.91
1983-84	0.36	15.28	84.36
1991-92	1.33	11.09	87.57
Urban			
1979-80	4.84	5.63	89.53
1983-84	5.43	20.96	73.61
1991-92	7.04	14.01	78.95
Total (R+U)			
1979-80	1.73	5.80	92.46
1983-84	2.81	18.03	79.16
1991-92	3.56	12.23	84.20
C. Percent of Gross Value Added			
Rural			
1979-80*	0.45	10.65	88.90
1983-84*	0.73	20.49	78.77
1991-92	5.08	19.16	75.76
Urban			
1979-80*	8.07	5.52	86.41
1983-84*	12.38	17.02	70.60
1991-92	22.66	16.03	61.31
Total (R+U)			
1979-80*	4.87	7.67	87.45
1983-84*	9.09	18.00	72.91
1991-92	16.89	17.06	66.05

* No data on banking and finance was collected in 1979-80 and 1983-84. Thus all estimates for these years cover legal services only.

Although banking, finance and legal services account for a relatively small number of enterprises and workers, the introduction of estimates for the banking and finance subgroups in 1991-92 had the

effect of raising the share of these financial and business services in enterprises and employment suddenly.

However, the most spectacular changes have taken place in gross value added by these services. In all cases GVA has much more than doubled. The rise in gross value added by banking, financial and legal services is most spectacular, partly because of the inclusion of banking and financial services, resulting in a substantial increase in the share of such services in GVA by all services, at the expense of a compensating decline in the share of GVA by education and health services, and by "other services".

Table 5.1.12: Gross Value Added by the Service Segment by Broad NIC Classification and by Rural or Urban Location: All India 1979-80, 1983-84 and 1991-92

(at constant 1993-94 prices)

Location and Year	GVA (Rs. '000)			
	Banking, Finance &	Education & Health	Others	All
Rural				
1979-80*	5,949	139,551	1,164,841	1,310,341
1983-84*	28,704	800,789	3,078,177	3,907,670
1991-92	1,409,492	5,319,691	21,034,003	27,763,186
Urban				
1979-80*	146,034	99,814	1,563,295	1,809,143
1983-84*	1,231,036	1,692,887	7,022,626	9,946,549
1991-92	12,881,719	9,114,746	34,858,796	56,855,261
Total (R+U)				
1979-80*	151,983	239,365	2,728,136	3,119,484
1983-84*	1,259,741	2,493,676	10,100,803	13,854,219
1991-92	14,291,210	14,434,437	55,892,800	84,618,447

* No data on banking and finance was collected in 1979-80 and 1983-84. Thus all estimates for these years cover legal services only.

Overall, there were no job losses in unorganised services as a whole, but there may have been a small fall in the number of unorganised sector education and health workers in urban areas. In rural areas there was an appreciable fall in the number of people employed in the "other services" category. (It is shown in Part II of this chapter, that the rural service sector enterprises which actually contracted between 1979-80 and 1983-84 all belong to the personal services" subcategory). The net gains in rural areas in the subsequent period were so large, however, that the early decline in the number of workers need cause no concern.

In banking and finance the number of workers per enterprise went up everywhere. This was not the case in the relatively large NDEs and DEs in education and health services where rural enterprise size tended to go down.

In general, financial and business service enterprises, and education and health services units are of roughly the same size, – close to 5 workers per NDE and DE unit, and typically one worker only for the own account enterprises. The average size of the "other services" units is distinctly smaller because the NDE and DE units are not so large.

Table 5.1.13: Absolute Number of Workers Who Gained or Lost Jobs by Broad Category of Services and Rural or Urban Location: All India 1979-80, 1983-84 and 1991-92

Period and Category	Net Gains			Net Losses		
	Rural	Urban	All Locations	Rural	Urban	All
Banking, Finance & Legal Services						
79-80 to 83-84	6,151	107,067	113,218	--	--	--
83-84 to 91-92	95,329	169,137	264,466	--	--	--
Education & Health						
79-80 to 83-84	372,737	667,187	1,039,924	--	--	--
83-84 to 91-92	305,556	--	265,247	--	-40,309	--
Others						
79-80 to 83-84	--	991,025	629,873	-361,152	--	--
83-84 to 91-92	3,847,108	1,421,418	5,268,526	--	--	--
All Categories						
79-80 to 83-84	17,736	1,765,279	1,783,015	--	--	--
83-84 to 91-92	4,247,993	1,550,246	5,798,239	--	--	--

Table 5.1.14: Enterprise Size by Broad Category of Services, Enterprise Type and Rural or Urban Location: All India: 1979-80, 1983-84 and 1991-92

Location and Year	Number of Workers per Enterprise by Broad Category of Services and Enterprise Type								
	Banking, Finance & Legal Services			Education & Health			Other Services		
	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Rural									
1979-80	1.02	2.42	1.54	1.05	2.00	1.05	1.48	2.58	1.52
1983-84	1.01	2.00	1.06	1.05	5.30	2.51	1.23	2.70	1.55
1991-92	1.05	6.82	2.65	1.13	4.42	1.65	1.46	3.53	1.65
Urban									
1979-80	1.05	2.59	1.40	1.14	2.68	1.14	1.47	3.12	1.79
1983-84	1.03	3.73	2.15	1.10	4.70	2.95	1.33	3.54	1.91
1991-92	1.11	4.57	2.47	1.19	5.17	2.76	1.43	3.71	2.01
Total (R+U)									
1979-80	1.04	2.57	1.41	1.07	2.58	1.08	1.47	2.95	1.59
1983-84	1.02	3.70	2.01	1.07	4.93	2.74	1.27	3.11	1.70
1991-92	1.10	4.94	2.51	1.15	4.83	2.01	1.45	3.63	1.77

Two thirds of enterprises, and between one half and two thirds of employment in the two largest categories are located in rural areas. By comparison the share of rural areas in GVA is small. In banking and finance also, where under one quarter of all enterprises and employment is located in rural areas, the share of gross value added by rural enterprises is relatively low.

Table 5.1.15: The Rural Urban Distribution of Services Enterprises, Employment and Gross Value Added (in constant 1993-94 prices) by Broad Category of Services All India: 1979-80, 1983-84 and 1991-92

Year	% Share of Rural Enterprises in All Enterprises			% Share of Rural Employment in All Employment			% Share of Rural GVA in All GVA		
	Banking, Finance & Legal Services	Education & Health	Others	Banking, Finance & Legal Services	Education & Health	Others	Banking, Finance & Legal Services	Education & Health	Others
1979-80	7.21	69.77	71.58	7.87	67.98	68.06	3.91	58.30	42.70
1983-84	12.56	47.82	60.05	6.59	43.78	55.03	2.28	32.11	30.47
1991-92	21.59	67.46	67.82	22.83	55.29	63.39	9.86	36.85	37.63

5.1.5 The Performance of Banking, Financial and Legal Services, Education and Health Services and Other Services

Taken together, the growth rate figures for enterprises, employment and GVA, reflect a huge upward shift in the quality as well as the quantity of services provided. The growth rates in enterprises and employment in "other services" are the most spectacular. In the case of gross value added growth in recent years the highest rates of GVA growth were achieved in education and health services. The miscellaneous "other services" groups, was not far behind. All these growth rates stand far above those for unorganised manufacturing and trade.

Table 5.1.16: Growth Rates of Enterprises, Employment and Gross Value Added by Broad Category of Services and by Rural or Urban Location: All India 1979-80, 1983-84 and 1991-92

(at Constant 1993-94 prices)

Location And Period	Rates of Growth by Broad Category of Services								
	Enterprises			Employment			GVA (Rs. '000)		
	Banking, Finance & Legal Services	Educa-tion & Health	Other Services	Banking & Finance	Educa-tion & Health	Other Services	Banking, Finance & Legal Services	Educa-tion & Health	Other Services
Rural									
1979-80 to 1983-84	26.63	2.17	-3.15	15.29	27.08	-2.54	48.21	54.77	27.50
1983-84 to 1991-92*	15.09	10.93	9.23	29.12	5.25	10.06	62.70	26.71	27.15
Urban									
1979-80 to 1983-84	8.62	28.71	10.19	20.95	63.30	11.96	70.39	102.94	45.58
1983-84 to 1991-92*	6.10	0.17	4.72	7.93	-0.66	5.38	34.11	23.42	22.17
Total (R+U)									
1979-80 to 1983-84	10.24	12.29	1.20	20.54	41.86	2.78	69.68	79.66	38.71
1983-84 to 1991-92*	7.55	6.26	7.58	10.54	2.22	8.13	35.47	24.54	23.84

* The inclusion of banking and financial services for the first time in 1991-92 pushes up the GVA growth rates for 1983-84 to 1991-92.

Productivity levels are, however, far higher in banking and finance than in either of the other two categories of services, and per enterprise productivity growth rates in financial and business services far outstrip those in the other segments. GVA per enterprise and per worker and labour productivity growth rates in the large "other services" category are much lower, and indeed in rural areas, the levels of GVA per worker closely resemble those in unorganised manufacturing and trade.

Table 5.1.17: Enterprise and Labour Productivity: Absolute Numbers in by Broad Category of Services: All India: Rural, Urban, Total: 1979-80, 1983-84 and 1994-95

(at constant 1993-94 Prices)

Location and Year	GVA per Enterprise (Rs.)			GVA per Employee (Rs.)		
	Banking, Finance & Legal Services*	Education & Health	Other Services	Banking, Finance & Legal Services*	Education & Health	Other Services
Rural						
1979-80*	1,140	631	477	742	602	315
1983-84*	2,140	3,322	1,434	2,025	1,325	923
1991-92	34,137	9,625	4,835	12,872	5,845	2,928
Urban						
1979-80*	2,176	1,041	1,614	1,555	914	901
1983-84*	13,177	6,436	4,918	6,126	2,181	2,576
1991-92	85,892	34,192	16,885	34,806	12,383	8,404
Total (R+U)						
1979-80*	2,101	755	801	1,491	702	502
1983-84*	11,791	4,947	2,826	5,855	1,806	1,666
1991-92	74,719	17,619	8,713	29,798	8,769	4,933

* No data on banking and finance was collected in 1979-80 and 1983-84. Thus all estimates for these years cover legal services only.

Table 5.1.18: Growth Rates: Enterprise and Labour Productivity in Unorganised Services by Broad Category of Services and by Rural or Urban |Location: All India 1979-80, 1983-84 and 1991-92

(at constant 1993-94 prices)

Location and Period	Productivity Growth Rates by Broad Category of Services					
	Growth Rates of GVA per Enterprise			Growth Rates of GVA per Worker		
	Banking, Finance & Legal Services*	Education & Health	Other Services	Banking, Finance & Legal Services*	Education & Health	Other Services
Rural						
79-80 to 83-84	17.04	51.49	31.64	28.55	21.79	30.82
83-84 to 91-92*	41.37	14.22	16.41	26.01	20.39	15.53
Urban						
79-80 to 83-84	56.87	57.67	32.12	40.88	24.27	30.04
83-84 to 91-92*	26.41	23.22	16.67	24.25	24.25	15.93
Total (R+U)						
79-80 to 83-84	53.91	59.99	37.07	40.77	26.64	34.96
83-84 to 91-92*	25.96	17.21	15.11	22.55	21.84	14.53

* Productivity growth rates for 1983-84 to 1991-92 have been exaggerated by the inclusion in 1991-92 of banking and financial services for the first time.

Thus the evidence suggests that, apart from the high productivity growth rates, the condition of workers and enterprises in "other services" does not differ much from their counterparts in other sectors such as trade or manufacturing, especially in rural areas.

5.1.6 Estimates of Employment Elasticity with Respect to Gross Value Added

Employment elasticities with respect to gross value added are positive, but very modest by the usual standards. Even for the small own account enterprises, employment elasticities are low in urban areas. Because of the greater weight of own account enterprises, employment elasticities are distinctly higher in rural enterprises than in urban ones, and higher everywhere for the small family operated units than for the others. Overall, however, for every one percent increase in gross value added, the unorganised service sector enterprises generated less than a 0.3 percent increase in employment.

Table 5.1.19: All India Elasticities of Employment with respect to Gross Value Added by Unorganised Services by Enterprise Type: Rural, Urban and Total (Rural plus Urban), 1979-80, 1983-84 and 1991-92

Location & Period	Employment Elasticities wrt. GVA		
	OAE	NDE+DE	All Types
Rural			
1979-80 to 1983-84	-0.61	0.69	0.00
1983-84 to 1991-92	0.44	0.12	0.34
Urban			
1979-80 to 1983-84	0.15	0.49	0.33
1983-84 to 1991-92	0.23	0.14	0.18
Total (R+U)			
1979-80 to 1983-84	-0.23	0.58	0.15
1983-84 to 1991-92	0.39	0.13	0.29

The employment elasticities for the education and medical group are the lowest. Overall employment growth for each one per cent increase in GVA is negligible, and negative in urban areas. Employment elasticities in the other two broad segments are much closer to the all-India averages recorded for the service sector in recent years.

Table 5.1.20: All India Elasticities of Employment with respect to Gross Value Added by Unorganised Services by Broad Category of Services and by Rural or Urban Location 1979-80, 1983-84 and 1991-92

Location and Period	Employment Elasticities wrt. GVA		
	Banking, Finance & Legal Services	Education & Health	Other Services
Rural			
1979-80 to 1983-84	0.32	0.49	-0.09
1983-84 to 1991-92	0.46	0.20	0.37
Urban			
1979-80 to 1983-84	0.30	0.61	0.26
1983-84 to 1991-92	0.23	-0.03	0.24
Total (R+U)			
1979-80 to 1983-84	0.29	0.53	0.07
1983-84 to 1991-92	0.30	0.09	0.34

Part II: Structure and Performance of the Unorganised Services Sector at the Two-digit Level

Introduction

In this part, the fact that three additional activity categories were covered for the first time in 1991-92 is not concealed by aggregation, because data is presented separately for each of the three new kinds of services covered in the 1991-92 enterprise services. They are: banking and financial services, sanitary services, and providents and insurance.

The disaggregated estimates for twelve industrial categories are presented and discussed in five main sections.

In the first, the concentration of the unorganised service sector workforce in personal services is highlighted. In the second, that fact that rural areas account for most of the employment in all really

important service activities, other than repairs, is noted. Section 3 deals with enterprise size – most enterprises are “one man shows” – and with enterprise type – the vast majority are own account units.

The analysis of employment trends constitutes the core of section 4. It is shown that wide swings in employment trajectories characterise some of the activities which employ the largest number of workers, particularly personal services and community, cultural and recreational services. (Employment in repair services is relatively stable). Long term employment elasticities in personal and repair services are extremely low.

In section five, an attempt is made to assess the past performance and future prospects of each of the twelve branches of the unorganised service sector.

5.2.1 The Contribution of Individual Two-digit Categories to Employment and Income Generation in the Unorganised Service Sector

Workforce concentration in a small number of two digit categories is a conspicuous feature of unorganised services in India. Of the 13 million people who work in unorganised services, more than 70 per cent are engaged in just three kinds of activities: personal services, repair services and community, recreational and cultural services. In terms of income generation also, the biggest contributions are made by personal and repair services, with health services coming in at third place, just ahead of community, recreational and cultural services.

In rural areas workforce concentration is even greater than in urban centres, with personal services alone accounting for more than 40 per cent of all rural service sector employment. In 1991-92, there were only three other significant segments in the rural unorganised service sector workforce: commission agents and miscellaneous business services, education services and health services. In rural areas each of them accounts for between five and a half and seven and a half per cent of employment in unorganised services. Each of the other six two-digit categories provide employment to less than two per cent of all workers in this sector.

The income shares of two of the largest groups stand conspicuously below their shares in employment. Personal services and community, recreational and cultural service workers, therefore, earn much less, on the average, than their counterparts in the other substantial category – repair services – where the rural GVA share is far larger than the employment share, as is the case in most of the other smaller, groups covered by the published two-digit level data.

However, there is an obvious data presentation problem here. The aggregation of information on widely differing kinds of personal, community and repair services into three large undifferentiated two digit categories conceals the significant differences which undoubtedly exist as between the corresponding sets of three digit sub categories. But no three-digit data is published. Thus although we know from field work experience that, for example, the one-man cycle tube repair enterprise by the side of the highway and the somewhat larger motorised farm equipment repair shop just off the main road operate on two completely different levels, there is no way of distinguishing between them using CSO enterprise survey publications. In view of the growing importance of unorganised services in the Indian economy, it is now time that the three digit data should be published at least for the more substantial constituents of personal services, repairs, and community, recreational and cultural services. At present the information, which would enable us to make the distinction between more productive and less productive lines of activity in enterprises accounting for 70 per cent of the unorganised sector workforce, is routinely aggregated out of existence.

Table 5.2.1: The Structure of Services Employment and GVA by NIC Code: All India, Rural, Urban and Total 1979-80, 1983-84 and 1991-92

Rank (1991-92)	Industry Description	Code & Year	Share of Employment			Share of GVA		
			(R+U)	(R Only)	(U Only)	(R+U)	(R Only)	(U Only)
1	Personal services	96						
		1979-80	50.07	58.73	32.47	24.31	38.60	15.78
		1983-84	19.65	21.36	17.87	11.02	14.24	9.79
		1991-92	37.31	43.03	28.38	22.26	34.85	16.03
2	Repair services	97						
		1979-80	27.81	21.39	40.83	42.09	37.32	44.94
		1983-84	30.85	31.10	30.59	32.14	36.29	30.53
		1991-92	20.18	13.91	29.98	22.69	21.54	23.26
3	Community, recreational & cultural services	94-95						
		1979-80	8.40	10.53	4.08	3.38	6.21	1.69
		1983-84	20.61	26.64	14.36	17.75	20.47	16.69
		1991-92	14.93	18.90	8.73	5.81	8.57	4.44
4	Education, scientific & research services	92						
		1979-80	1.12	0.83	1.70	0.68	0.68	0.68
		1983-84	9.01	9.58	8.40	5.89	9.39	4.57
		1991-92	6.13	5.84	6.59	5.98	9.71	3.76
5	Medical & health services	93						
		1979-80	4.68	5.06	3.93	5.98	9.71	3.76
		1983-84	9.29	6.14	12.57	10.89	10.32	11.08
		1991-92	6.10	5.26	7.42	10.98	9.97	11.48
6	Commission agents and business services n.e.c	64+890						
		1979-80	2.68	1.02	6.06	13.27	2.43	19.75
		1983-84	3.36	1.76	5.01	6.88	3.46	8.17
		1991-92	5.52	7.51	2.43	7.22	7.98	6.84
7	Real estate & related business services	82+85+89-890						
		1979-80	3.46	2.22	5.97	6.00	4.59	6.84
		1983-84	4.15	2.87	5.48	6.78	4.49	7.63
		1991-92	4.08	1.92	7.45	8.42	2.94	11.13
8	Banking , financial services	80						
		1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	1.97	0.63	4.07	11.86	3.18	16.15
9	Services n.e.c. & operation of lotteries	99+84						
		1979-80	0.05	0.02	0.11	0.05	0.01	0.07
		1983-84	0.23	0.17	0.29	0.18	0.25	0.16
		1991-92	1.45	1.28	1.71	1.79	1.34	2.01
10	Legal services	83						
		1979-80	1.73	0.20	4.84	4.23	0.44	6.49
		1983-84	2.85	0.37	5.43	8.48	0.71	11.38
		1991-92	1.24	0.25	2.77	3.39	0.69	4.73
11	Sanitary services	91						
		1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	0.73	1.02	0.28	0.30	0.45	0.23
12	Providents and insurance	81						
		1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	0.36	0.45	0.21	0.42	0.81	0.23

In recent years, the relative contribution of repair services to employment and gross value added has tended to go down in rural areas. In urban locations, the employment shares of this important category have stagnated, while GVA shares have clearly declined.

Large period-to-period variations in the estimates for this and other dominant two-digit categories make it difficult to say anything definite about the direction of structural change in the long run. The

1983-84 estimates are either much below those for the earlier and later years (personal services), or substantially above them (repairs and community, recreational and cultural services). Details are presented in table 5.2.1.

5.2.2 The Rural-Urban Distribution of Unorganised Services Activities at the Two-digit Level

Rural areas account for most of the employment in all of the really important services activities except repairs, which are predominantly urban located today. Sanitary services and commission agents are overwhelmingly rural located, with more than 80 per cent of both enterprises and employment recorded as rural. The only overwhelmingly urban activities, (defined as those employing less than 30 per cent of workers in rural locations), are real estate and related business services, banking and similar financial institutions and legal services.

However, in all the key service sub sectors – the ones which employ the largest number of people – the share of rural areas has been going down. These include personal services, community services and repair services, as well as medical and health services and real estate and related business services. The share of rural areas in employment in some unorganised service sector activities is, however, going up. The most important of these is education. The others are of no great social or economic consequence: commission agents, services not elsewhere classified and lotteries, and legal services.

There are only three services sector activities where gross value added by rural enterprises is greater than gross value added by urban units. They are: providents and insurance, personal services, and education, scientific and research services.

Moreover, in all service activities, without exception, the share of rural areas in employment is much greater than rural areas' share in gross value added.

Table 5.2.2: Share of Rural Areas in Employment, Enterprises and GVA by the Unorganised Service Sector Two-digit Industrial Categories (Ranked by Share of Rural Areas in Employment in 1991-92), All India 1979-80, 1983-84 and 1991-92

Rank	Description	Code & Year	Share of Rural Areas in		
			Employment	Enterprises	GVA
1	Sanitary services	91			
		1979-80	-	-	-
		1983-84	-	-	-
		1991-92	85.22	89.81	48.72
2	Commission agents and business services n.e.c	64+890			
		1979-80	25.47	31.33	6.85
		1983-84	26.72	35.31	13.69
		1990-91	82.83	84.89	36.55
3	Providents and insurance	81			
		1979-80	-	-	-
		1983-84	-	-	-
		1991-92	77.44	57.67	63.52
4	Community, recreational & cultural services	94-95			
		1979-80	83.96	83.95	68.66
		1983-84	65.83	74.86	31.54
		1991-92	77.17	81.24	48.84

Rank	Description	Code & Year	Share of Rural Areas in		
			Employment	Enterprises	GVA
5	Personal services	96			
		1979-80	78.60	80.32	59.36
		1983-84	55.38	59.30	35.33
		1991-92	70.30	73.15	51.78
6	Education, scientific & research services	92			
		1979-80	49.79	53.18	37.37
		1983-84	54.22	51.60	43.57
		1991-92	58.05	67.04	52.34
7	Services n.e.c. & operation of lotteries	99+84			
		1979-80	25.56	33.67	11.35
		1983-84	38.60	45.30	37.18
		1991-92	53.94	45.41	24.85
8	Medical & health services	93			
		1979-80	72.32	73.58	60.69
		1983-84	33.66	45.82	25.91
		1991-92	52.51	67.74	30.01
9	Repair services	97			
		1979-80	51.55	60.39	33.15
		1983-84	51.36	59.41	30.87
		1991-92	42.00	51.59	31.39
10	Real estate & business services, renting & leasing	82+85+89-890			
		1979-80	43.04	47.26	28.63
		1983-84	35.25	45.24	18.12
		1991-92	28.73	42.06	11.53
11	Banking, financial services	80			
		1979-80	-	-	-
		1983-84	-	-	-
		1991-92	19.44	23.12	8.87
12	Legal services	83			
		1979-80	7.87	7.21	3.91
		1983-84	6.59	12.56	2.28
		1991-92	12.53	13.65	6.69

5.2.3 The Changing Structure of Unorganised Services at the Two-digit Level: Enterprise Size and Enterprise Type

In this section, two aspects of the structure of unorganised services are examined. The first is the size structure of enterprises defined in terms of the number of workers per enterprise in each of twelve kinds of economic activity. The second is the structure of these enterprises by enterprise type: own account enterprises, on the one hand, and non-directory and directory establishments on the other.

(i) The Size Structure of Enterprises

Enterprises in the two activities which, employ the largest number of people – personal, and repair services – typically operate on a very small scale, employing fewer than two workers. The same is true for enterprises engaged in providing other kinds of services, including medical, legal and sanitary services and commission agents. But there are activities where enterprise size is more substantial, particularly in urban areas. Units engaged in providing recreational and educational services are the only numerically significant ones, but real estate, banking and similar financial institutions, providents and insurance businesses are also typically carried out on a slightly larger scale. Rural units are almost always smaller than the urban ones engaged in the same kind of activity.

Over time, in most unorganised services sector activities, there has been a tendency for enterprise size to increase. But this is not so in the cases of personal and repair services. Thus in these two numerically most important branches of unorganised services the tiny own account enterprise may well be here to stay.

The non-directory and directory establishments invariably employ more people per enterprise than the own account units. Some of those engaged in certain kinds of activities are very big by unorganised segment standards. In this category are found: recreational and cultural services, education services, banking, legal and sanitary services, and providents and insurance activities. In urban areas, medical and real estate enterprises also tend to be large, typically employing more than four people.

The own account enterprises, almost without exception, are tiny. Obviously, most of them are one man (or one woman) operations. There is no systematic difference between the enterprise size of rural and urban units engaged in similar lines of activity.

The evidence on enterprise size is presented in table 5.2.3. It demonstrates that what policy makers are mainly dealing with, in the unorganised service sector is, millions of one-man shows, almost all of them in the dominant lines of economic activity, self employed and operating with no hired labour. The overwhelming weight of the own account enterprise type in the most important lines of service activity is brought out by table 5.2.4 in the next subsection.

(ii) The Changing Shares of Own Account Enterprises in Employment and Gross Value Added

The first thing to be said about structure of employment in unorganised services by enterprise type is that most activities in rural areas are still completely dominated by employment in small, family operated own account enterprises. In the case of the two numerically largest groups – personal services and repair services – this is true for urban areas as well. However, there has been a clear fall in the relative importance of employment in own account enterprises engaged in personal services. In rural areas, in 1979-80, the share of own account enterprises in employment in personal services was nearly 99 per cent. This has now come down somewhat to 90 per cent. In urban areas, the fall was from 83 per cent to 66 per cent. In repair services, the share of own account enterprises has remained stable, at around 85 per cent in rural areas and somewhat above 50 per cent in urban areas.

In the other major sector which provides work to large numbers of rural and urban people – community and cultural services – there has been a precipitous decline in the share of own account enterprises in employment. Today employment in this activity is no longer dominated by small family operated enterprises.

The figures for education and medical services also suggest a marked decline in the share of employment accounted for by own account units.

In some of the activities, which employ a relatively smaller number of people, the employment share of the very small family operated businesses may have risen in rural areas. These include commission agents, real estate and business services and legal services. In urban areas, the relative importance of own account enterprise in employment in these activities appears to have declined.

Table 5.2.3: Number of Workers per Enterprise in Unorganised Services by Kind of Activity, Enterprise Type and Rural or Urban Location

Description	Code & Year	OAE			NDE+DE			Total		
		Rural	Urban	Combined	Rural	Urban	Combined	Rural	Urban	Combined
Personal services (96)	1979-80	1.63	1.69	1.64	2.63	2.86	2.82	1.64	1.82	1.68
	1983-84	1.51	1.58	1.54	2.40	3.07	2.90	1.55	1.82	1.66
	1991-92	1.52	1.50	1.51	2.77	3.25	3.04	1.59	1.83	1.65
Repair services (97)	1979-80	1.17	1.31	1.22	2.68	3.33	3.13	1.29	1.84	1.51
	1983-84	1.03	1.12	1.06	2.34	2.80	2.67	1.13	1.56	1.30
	1991-92	1.18	1.36	1.25	2.59	3.33	3.16	1.28	1.88	1.57
Community, recreational & cultural services (94-95)	1979-80	1.43	1.32	1.41	2.56	2.76	2.63	1.48	1.47	1.48
	1983-84	1.67	1.70	1.68	2.85	5.76	3.45	2.44	3.77	2.78
	1991-92	1.74	1.71	1.73	4.54	5.52	4.79	2.52	3.24	2.66
Education, scientific & research services (92)	1979-80	1.04	1.19	1.11	-	-	-	1.04	1.19	1.11
	1983-84	1.11	1.12	1.12	6.75	5.67	6.21	4.09	3.68	3.89
	1991-92	1.06	1.30	1.14	5.31	6.48	5.79	2.21	3.25	2.56
Medical & health services (93)	1979-80	1.05	1.12	1.07	2.00	2.68	2.58	1.05	1.12	1.07
	1983-84	1.03	1.08	1.06	3.33	4.17	3.93	1.56	2.61	2.13
	1991-92	1.17	1.12	1.16	2.53	4.36	3.82	1.28	2.43	1.65
Commission agents and business services n.e.c (64+890)	1979-80	1.05	1.39	1.28	2.51	3.03	2.89	1.25	1.67	1.54
	1983-84	1.10	1.47	1.32	2.84	3.21	3.15	1.25	1.87	1.65
	1991-92	1.40	1.22	1.38	2.39	3.18	3.06	1.41	1.64	1.44
Real estate & business, renting & leasing (82+85+89+890)	1979-80	1.20	1.33	1.26	2.26	2.61	2.47	1.44	1.71	1.58
	1983-84	1.25	1.28	1.27	2.30	4.09	3.51	1.45	2.20	1.86
	1991-92	1.26	1.33	1.29	2.90	4.65	4.27	1.52	2.74	2.23
Banking, financial services (80)	1979-80	-	-	-	-	-	-	-	-	-
	1983-84	-	-	-	-	-	-	-	-	-
	1991-92	1.03	1.37	1.27	5.05	5.56	5.46	3.22	4.02	3.83
Services n.e.c. & operation of lotteries (99+84)	1979-80	1.01	1.14	1.10	2.10	4.02	3.76	1.06	1.56	1.39
	1983-84	1.04	1.29	1.17	2.00	2.61	2.38	1.20	1.58	1.40
	1991-92	2.57	1.20	1.84	3.14	3.65	3.43	2.73	1.94	2.30
Legal services (83)	1979-80	1.02	1.05	1.04	2.42	2.59	2.57	1.54	1.40	1.41
	1983-84	1.01	1.03	1.02	2.00	3.73	3.70	1.06	2.15	2.01
	1991-92	1.02	1.04	1.03	4.20	3.24	3.32	1.49	1.65	1.63
Sanitary services (91)	1979-80	-	-	-	-	-	-	-	-	-
	1983-84	-	-	-	-	-	-	-	-	-
	1991-92	1.71	1.73	1.71	17.00	5.54	7.44	1.80	2.75	1.90
Provident and insurance (81)	1979-80	-	-	-	-	-	-	-	-	-
	1983-84	-	-	-	-	-	-	-	-	-
	1991-92	1.10	1.12	1.11	38.13	3.46	21.10	3.28	1.30	2.45

By sheer weight of numbers, the own account enterprises in both personal and repair services contribute the largest share to gross value added, in urban areas as well as in rural locations. In rural areas this is true also of another relatively important category of services – medical and health services – as well as of several minor categories, from commission agents to legal and sanitary services. However over time, the share of own account enterprise in gross value added has been going down in all major branches of services, except one. The exceptional category is an important one – repair services. In repair services, the share of gross value added contributed by own account enterprises has been going up, gradually, as has their share in employment. Thus there would seem to be at least one unorganised service sector actually where the tiny family operated own account businesses are here to stay. In rural areas this may be true also for some relatively minor lines of activity, such as commission agents, real estate activities and legal services. Details are given in table 5.2.4.

Table 5.2.4: The Structure of Employment and GVA by Unorganised Services by Enterprise Type at the Two-digit Level of the National Industrial Classification: by Rural or Urban Location: 1979-80, 1983-84 and 1991-92 (Activities Ranked by employment Shares in 1991-92)

Rank	Description	Code & Year	Share of OAE in Employment			Share of OAE in GVA		
			Rural	Urban	Combined	Rural	Urban	Combined
1	Personal services	96						
		1979-80	98.96	82.98	95.54	97.03	70.79	86.37
		1983-84	94.22	73.53	84.99	88.48	63.22	72.15
		1991-92	89.93	66.12	82.86	81.61	52.87	67.75
2	Repair services	97						
		1979-80	84.49	52.10	68.80	82.13	46.88	58.56
		1983-84	84.66	52.46	69.00	82.28	50.30	60.18
		1991-92	85.14	53.01	66.50	84.02	51.03	61.38
3	Community, recreational & cultural services	94-95						
		1979-80	93.10	79.31	90.89	96.66	75.04	89.88
		1983-84	23.55	22.17	23.08	11.31	4.99	6.98
		1991-92	49.65	31.66	45.54	45.58	21.76	33.39
4	Education, scientific & research services	92						
		1979-80	100.00	100.00	100.00	100.00	100.00	100.00
		1983-84	12.81	13.39	13.07	7.24	9.26	8.38
		1991-92	35.10	24.99	30.86	21.31	17.64	19.56
5	Medical & health services	93						
		1979-80	99.99	99.76	99.93	100.00	99.76	99.90
		1983-84	50.83	21.10	31.11	65.63	23.75	34.60
		1991-92	83.76	27.25	56.93	74.07	26.99	41.12
6	Commission agents and business services n.e.c	64+890						
		1979-80	72.61	69.29	70.14	63.16	81.27	80.03
		1983-84	79.96	60.14	65.43	81.92	66.08	68.25
		1991-92	98.84	58.59	91.93	96.13	32.42	55.70
7	Real estate & business, renting & leasing	82+85+89-890						
		1979-80	64.11	54.21	58.47	62.34	49.93	53.48
		1983-84	70.37	39.18	50.18	66.99	22.32	30.41
		1991-92	69.31	27.86	39.77	59.03	15.01	20.09
8	Banking , financial services	80						
		1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	14.50	12.55	12.93	3.58	3.83	3.80

Rank	Description	Code & Year	Share of OAE in Employment			Share of OAE in GVA		
			Rural	Urban	Combined	Rural	Urban	Combined
9	Services n.e.c. & operation of lotteries	99+84						
		1979-80	91.30	62.48	69.85	93.33	51.86	56.57
		1983-84	72.24	63.81	67.06	68.02	53.63	58.98
		1991-92	67.45	43.32	56.34	25.80	20.87	22.10
10	Legal services	83						
		1979-80	41.54	57.64	56.37	56.74	58.38	58.31
		1983-84	91.04	27.82	31.98	70.38	19.84	20.99
		1991-92	58.53	45.55	47.17	78.95	50.65	52.54
11	Sanitary services	91						
		1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	94.29	45.96	87.15	82.78	19.39	50.27
12	Providents and Insurance	81						
		1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	31.53	79.42	42.34	36.87	57.77	44.49

5.24 Employment Generation and Employment Elasticities

Time series data is available for only nine unorganised service sector activities. For three sub-sectors, data is available for only the latest year. Banking, providents and insurance and sanitary services are the ones which, accordingly, have to be left out in the analysis of the changes which have taken place over time presented in this section. The results are set out in the form of three kinds of tables. The first shows the number of additional jobs created and the number of jobs which, disappeared, according to the type of service sector activity involved. The second presents the corresponding employment growth rates, positive or negative. Finally employment elasticities are estimated with respect to gross value added.

(i) Employment Gains and Employment Losses in Unorganised Services

Personal services recorded the largest employment gains of all services. Most of the expansion took place in rural areas. In all, three and a half million new jobs were created in personal services from 1983-84 to 1991-92. During the preceding period, 1979-80 to 1983-84, cutbacks in employment of the order of one and a half million had taken place in rural areas. The only other job losses recorded for rural areas took place in repair services between 1983-84 and 1991-92. In other branches of unorganised services, employment expanded in both periods in rural areas. The largest number of additional rural jobs were created in community services among commission agents and miscellaneous business services, followed by medical and educational services, in that order.

In urban locations, employment contracted in several unorganised service sector activities between 1983-84 and 1991-92, as shown in the right hand panel of table 5.2.5. The combined urban job losses in these four activities came to more than two and half million jobs. This is one million more than the combined number of additional urban unorganised service sector jobs created in other activities during this period.

The same information can be looked at in terms of growth rates, as is done in subsection (ii) below.

(ii) The Employment Growth Rates Record by Branch of Unorganised Services

Employment growth rates in unorganised services tend to be large; whether positive or negative, two-digit growth figures are common. In two out of the top three services, (ranked in order of their shares

in total employment in unorganised services), two-digit negative rural employment growth figures were recorded among own account enterprises in the early period, 1979-80 to 1983-84. This was followed, in the subsequent, longer, period by two-digit positive growth rates. Similar wide swings are indicated by the growth figures for other activities. The greatest variations took place among own account workers in rural areas. In urban areas, there are some large numbers also, but all of them are positive.

Table 5.2.5: Employment Gains and Employment Losses in Services by NIC two-digit Industrial Category All India, Rural, Urban and Total; 1979-80 to 1983-84 and 1983-84 to 1991-92

NIC Code	Description	Period	Employment Gains			Employment Losses		
			Rural	Urban	Total	Rural	Urban	Total
96	Personal services	79-80 to 83-84	-	32,255	-	-1,490,925	-	-1,458,670
		83-84 to 91-92	2,706,854	829,183	3536,037	-	-	-
97	Repair services	79-80 to 83-84	353,513	341,018	694,531	-	-	-
		83-84 to 91-92	-	442,114	386,736	-55,378	-	-
94-95	Community, recreational & cultural services	79-80 to 83-84	609,640	452,365	1,062,005	-	-	-
		83-84 to 91-92	525,458	-	452459	-	-72,999	-
92	Education, scientific & research services	79-80 to 83-84	335,735	278,146	613,881	-	-	-
		83-84 to 91-92	110,476	34,994	145,470	-	-	-
93	Medical & health services	79-80 to 83-84	37,002	389,041	426,043	-	-	-
		83-84 to 91-92	195,080	-	119,777	-	-75,303	-
64+890	Commission agents & business services n.e.c	79-80 to 83-84	27,560	68,194	95,753	-	-	-
		83-84 to 91-92	547,805	-	489,796	-	-58,009	-
82+85+8 9-890	Real estate & business, renting & leasing	79-80 to 83-84	22,905	86,962	109,867	-	-	-
		83-84 to 91-92	47,294	188,469	235,763	-	-	-
99+84	Services n.e.c. & Operation of lotteries	79-80 to 83-84	5,920	8,428	14,348	-	-	-
		83-84 to 91-92	98,255	78,976	177,231	-	-	-
83	Legal services	79-80 to 83-84	6,151	107,067	113,218	-	-	-
		83-84 to 91-92	6,690	-	-	-	-55,338	-48,648

This evidence suggests that employment flexibility is greatest in rural areas, and that within rural areas it is greatest among those self employed in two major activities : personal services, and community, recreational and cultural services. Employment in repair services – the other member of the ‘big three’ – has been relatively stable.

The large employment swings do, however, conceal the underlying long-term trends. To reveal them, growth rates for the 1979-80 to 1991-92 period were also calculated. The results are presented in table 5.2.7

What the figures in table 5.2.7 show is that in the long run all the employment growth rates of the five most important branches of services are positive. Employment growth in the own account enterprises of personal, community and medical services was positive and gradual. In the larger, non-directory and directory establishments, on the other hand, positive workforce growth rates were explosive, in rural areas as well as in urban locations. Some of the additions to the larger enterprise categories is undoubtedly the result of tiny family operated units converting themselves into larger establishments by hiring in one or more additional workers. Repair services is the only branch in which the small and large enterprise types grew at roughly the same rates within both rural and urban areas. However, urban employment growth rates in repair enterprises were more than double those recorded for units located in rural areas.

Table 5.2.6: Employment Growth Rates in Unorganised Services by Two-digit Industrial Category, Rural or Urban Location and Enterprise Type: 1979-80 to 1983-84, 1983-84 to 1991-92 and 1979-80 to 1991-92

Rank	Description (Code)	Period	Growth Rates by Location and Enterprise Type								
			Rural			Urban			All Locations		
			OAE	NDE	ALL	OAE	NDE	ALL	OAE	NDE	ALL
1	Personal services (96)	79-80 to 83-84	-23.74	18.65	-22.80	-1.76	13.07	1.26	-18.17	14.15	-15.74
		83-84 to 91-92	19.29	28.61	19.99	9.23	14.16	10.69	16.09	18.41	16.46
2	Repair services (97)	79-80 to 83-84	9.21	8.86	9.16	9.56	9.16	9.37	9.34	9.09	9.26
		83-84 to 91-92	-0.52	-0.98	-0.59	4.34	4.06	4.21	1.47	2.93	1.94
3	Community, recreational & cultural services (94-95)	79-80 to 83-84	-11.09	128.77	25.38	17.05	124.19	60.98	-5.42	127.14	33.24
		83-84 to 91-92	15.61	-0.04	5.31	2.64	-3.41	-1.83	12.40	-1.12	3.24
4	Education, scientific & research services (92)	79-80 to 83-84	9.59	-	83.20	6.00	-	75.25	7.84	-	79.34
		83-84 to 91-92	17.21	-0.41	3.33	9.57	-0.46	1.34	14.07	-0.44	2.45
5	Medical & health services (93)	79-80 to 83-84	-11.88	733.93	4.35	6.61	570.13	57.20	-5.63	595.90	26.34
		83-84 to 91-92	14.77	-6.13	7.82	0.99	-3.17	-2.18	9.99	-3.82	1.99
6	Commission agents and business services n.e.c	79-80 to 83-84	16.75	5.40	13.97	8.23	19.69	12.13	10.67	16.80	12.61
		83-84 to 91-92	35.32	-7.74	31.78	-4.89	-4.12	-4.58	19.37	-4.62	14.40
7	Real estate, business, Renting & leasing	79-80 to 83-84	8.48	1.03	5.99	6.07	23.50	15.04	7.23	16.60	11.41
		83-84 to 91-92	4.36	5.02	4.56	4.03	10.91	8.56	4.20	9.84	7.27
8	Services n.e.c. & operation of lotteries	79-80 to 83-84	63.01	131.01	72.84	49.38	47.26	48.59	54.34	59.40	55.92
		83-84 to 91-92	39.93	43.96	41.13	24.40	38.11	30.57	32.43	40.20	35.35
9	Legal services (83)	79-80 to 83-84	40.28	-27.86	15.29	0.82	38.19	20.95	4.61	34.68	20.54
		83-84 to 91-92	-0.69	27.10	4.95	2.16	-7.27	-3.95	1.67	-6.17	-3.15

In the four less crucial branches of unorganised services, some very high long-term employment growth rates are also recorded. Labour absorption in rural areas is as rapid as in urban areas, and there is no systematic tendency for employment in the larger establishments to grow faster than employment in own account enterprises, except perhaps in urban locations.

Table 5.2.7: Long Term (1979-80 to 1991-92) Employment Growth Rates in Unorganised Services by Two-digit Industrial Category, Rural or Urban Location and Enterprise Type

Rank	Description & Code	Growth Rates by Location and Enterprise Type								
		Rural			Urban			All Locations		
		OAE	NDE	ALL	OAE	NDE	ALL	OAE	NDE	ALL
1	Personal services (96)	2.76	25.20	3.58	5.44	13.79	7.45	3.32	16.97	4.55
2	Repair services (97)	2.62	2.19	2.56	6.05	5.73	5.90	4.03	4.94	4.32
3	Community, recreational & cultural services (94-95)	5.92	31.73	11.62	7.24	27.89	15.77	6.11	30.47	12.41
4	Education, scientific & research services (92)	14.62	-	25.06	8.37	-	21.64	11.95	-	23.48
5	Medical & health services (93)	5.09	94.42	6.65	2.83	84.53	14.58	4.52	86.02	9.54
6	Commission agents and business services n.e.c (64+890)	28.82	-3.56	25.55	-0.70	3.24	0.70	16.40	2.04	13.80
7	Real estate & business, renting & leasing (82+85+89-890)	5.72	3.67	5.03	4.71	14.95	10.68	5.20	12.05	8.63

Rank	Description & Code	Growth Rates by Location and Enterprise Type								
		Rural			Urban			All Locations		
		OAE	NDE	ALL	OAE	NDE	ALL	OAE	NDE	ALL
8	Services n.e.c. & operation of lotteries (99+84)	47.23	68.54	50.99	32.22	41.09	36.32	39.37	46.33	41.89
9	Legal services (83)	11.43	5.23	8.29	1.71	5.92	3.72	2.64	5.85	4.17

(iii) Short Term and Longer Term Employment Elasticities

Despite the wide employment swings, elasticities with respect to gross value added are generally small and within a reasonable range for the branches of unorganised services which employ the most people. In rural areas the highest positive rural elasticities have been recorded by education and research services (in the first period only), commission agents and miscellaneous business services, and services not elsewhere classified and lotteries. High employment elasticities appear in urban areas for the same branches of services. The short period elasticities are given in table 5.2.8, the long term ones in table 5.2.9.

Table 5.2.8: Employment Elasticities with respect to Gross Value Added by Specified Branches of Unorganised Services, by Rural or Urban Location: 1979-80 to 1983-84 and 1983-84 to 1991-92

Rank	Description	Period	Employment Elasticities		
			Rural	Urban	All Locations
1	Personal services (96)	79-80 to 83-84	-8.18	0.04	-0.92
		83-84 to 91-92	0.46	0.33	0.45
2	Repair services (97)	79-80 to 83-84	0.30	0.27	0.28
		83-84 to 91-92	-0.03	0.21	0.10
3	Community, recreational & cultural services (94-95)	79-80 to 83-84	0.33	0.38	0.29
		83-84 to 91-92	0.35	-0.35	0.36
4	Education, scientific & research services (92)	79-80 to 83-84	0.54	0.54	0.55
		83-84 to 91-92	0.13	0.07	0.11
5	Medical & health services (93)	79-80 to 83-84	0.13	0.61	0.40
		83-84 to 91-92	0.28	-0.09	0.08
6	Commission agents and business services n.e.c (64+890)	79-80 to 83-84	0.32	0.65	0.60
		83-84 to 91-92	0.74	-0.21	0.55
7	Real estate & business, renting & leasing (82+85+89-890)	79-80 to 83-84	0.19	0.29	0.24
		83-84 to 91-92	0.21	0.28	0.25
8	Services n.e.c. & operation of lotteries (99+84)	79-80 to 83-84	0.43	0.57	0.55
		83-84 to 91-92	0.70	0.43	0.53
9	Legal services (83)	79-80 to 83-84	0.32	0.30	0.29
		83-84 to 91-92	0.18	-0.35	-0.27

By the usual standards, all the long-term elasticities in the five most important branches of unorganised services are low. In the two branches which employ the largest number of workers – personal and repair services – a one per cent increase in gross value added induces an employment increase of less than 0.2 per cent. Urban elasticities are nearly double rural elasticities. Indeed rural elasticities are so low that it suggests that employment in these activities has reached some kind of longer-term saturation point. When gross value added goes up, the gains tend to be absorbed in the shape of improvements in the labour productivity of existing workers, rather than leading to the employment of more workers. In community and education services the gains of gross value added growth are shared more equally in the form of employment growth on the one hand, and labour productivity growth on the other.

The long-term elasticities for the four less important service sub-sectors fall into two sets. For commission agents and miscellaneous services, elasticities are high. For real estate activities and legal services, employment elasticities are relatively low.

Table 5.2.9: Long Run Employment Elasticities with respect to Gross Value Added by Specified Branches of Unorganised Services, by Rural or Urban Location: 1979-80 to 1991-92

Rank	Description & Code	Employment Elasticities		
		Rural	Urban	All Locations
1	Personal services (96)	0.13	0.23	0.15
2	Repair services (97)	0.11	0.24	0.18
3	Community, recreational & cultural services (94-95)	0.35	0.37	0.34
4	Education, scientific & research services (92)	0.43	0.43	0.43
5	Medical & health services (93)	0.22	0.33	0.25
6	Commission agents and business Services n.e.c (64+890)	0.59	0.03	0.56
7	Real estate & business, renting & leasing (82+85+89-890)	0.20	0.29	0.25
8	Services n.e.c. & operation of lotteries (99+84)	0.57	0.48	0.54
9	Legal services (83)	0.24	0.13	0.15

5.2.4 The Performance of Unorganised Services at the Two-digit Level

This section has three parts. The first subsection begins with an account of levels of per enterprise and per worker productivity. This is followed by an account of enterprise and productivity growth rates. The third subsection poses the question: are there sunrise industries within the unorganised service sector?

(i) Levels of Gross Value Added per Enterprise and per Worker

The enterprises which earn the most are those engaged in banking and similar activities, real estate and business services, legal services and other relatively minor categories of activities. The only high-income activities of substantial economic or social importance are medical and health services and education. Enterprises providing sanitary services, personal services and community services earn the least. In rural areas the gross value added by enterprises in these three branches is not enough to maintain even a single member family above the poverty line

Labour productivity in rural areas in most unorganised services is appallingly low. In all kinds of service activities, labour productivity in urban areas is typically at least twice what it is in rural locations. This brings up urban labour productivity in most activities, to close to, or even greater than, a living wage. In rural areas, on the other hand, labour productivity in most services, is abysmally low, particularly so for the activities which account for the largest number of rural services workers. The relatively small number of rural workers in unorganised banking and similar financial services, and in legal services, are the only ones which are doing alright.

Table 5.2.10: Levels of per enterprise and per worker productivity (in 1993-94 constant prices) by two digit industrial category, ranked by GVA per worker in 1991-92, All India, Rural, Urban and Total 1979-80, 1983-84 and 1991-92

(in Rs.000 at constant 1993-94 prices)

Rank	Description (Code)	Year	GVA per Enterprises			GVA per Worker		
			(R+U)	(R Only)	(U Only)	(R+U)	(R Only)	(U Only)
1	Banking, financial services (80)	1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	156,220	59,912	185,190	40,775	18,605	46,123
2	Legal services (83)	1979-80	2,101	1,140	2,176	1,491	742	1,555
		1983-84	11,791	2,140	13,177	5,855	2,025	6,126
		1991-92	30,199	14,807	32,632	18,583	9,926	19,824
3	Real estate & business services, renting & leasing (82+85+89-890)	1979-80	1,679	1,017	2,272	1,060	705	1,328
		1983-84	5,983	2,397	8,945	3,218	1,654	4,069
		1991-92	31,147	8,540	47,561	13,990	5,616	17,364
4	Medical & health services (93)	1979-80	833	687	1,239	780	655	1,108
		1983-84	4,911	2,777	6,715	2,307	1,776	2,577
		1991-92	20,164	8,933	43,743	12,192	6,968	17,969
5	Commission agents and business services n.e.c (64+890)	1979-80	4,649	1,017	6,306	3,027	814	3,783
		1983-84	6,685	2,592	8,920	4,040	2,070	4,759
		1991-92	12,757	5,493	53,563	8,856	3,908	32,727
6	Services n.e.c. & operation of lotteries (99+84)	1979-80	792	267	1,059	569	253	677
		1983-84	2,210	1,814	2,538	1,574	1,516	1,611
		1991-92	19,283	10,552	26,546	8,377	3,859	13,669
7	Providents and insurance (81)	1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	19,558	21,543	16,855	7,998	6,560	12,934
8	Repair services (97)	1979-80	1,394	765	2,352	925	595	1,277
		1983-84	2,676	1,391	4,557	2,052	1,233	2,916
		1991-92	11,977	7,286	16,976	7,619	5,693	9,014
9	Education, scientific & research services (92)	1979-80	415	291	555	374	280	466
		1983-84	5,015	4,234	5,846	1,288	1,035	1,588
		1991-92	13,705	10,701	19,815	5,362	4,835	6,091
10	Personal services (96)	1979-80	497	368	1,027	297	224	564
		1983-84	1,830	1,090	2,907	1,104	704	1,601
		1991-92	6,688	4,734	12,011	4,042	2,977	6,562
11	Sanitary services (91)	1979-80	-	-	-	-	-	-
		1983-84	-	-	-	-	-	-
		1991-92	5,360	2,908	26,966	2,828	1,617	9,812
12	Community, recreational & cultural services (94-95)	1979-80	363	297	709	246	201	481
		1983-84	4,706	1,983	12,813	1,696	812	3,397
		1990-91	7,004	4,210	19,106	2,636	1,668	5,905

Thus when it is discovered, in a particular period, that large numbers of rural people appear to have moved into the unorganised service sector, this should be treated as a warning signal. With labour productivity figures like these, what we should be looking forward to in the very long run is negative employment elasticities with respect to positive changes in gross value added, instead of the positive elasticities which appear in table 5.2.9.

(ii) Growth Rates in Enterprise and Labour Productivity

Given the low levels of labour productivity which currently prevail, especially in rural areas, the rapid and sustained growth in labour productivity in all branches of services is a welcome trend. Even the lowest of the long-term labour productivity growth rates, recorded in repair services, are truly handsome. As productivity levels have risen, however, productivity growth rates in the branches which employ the largest numbers of workers, have tended to come down somewhat, but all remain higher than five per cent compound nonetheless.

In short, in services, there is nothing to worry about, on the productivity *growth* front. The problem with the levels of labour productivity, however, will persist for some time, even with high growth figures like these.

Table 5.2.11: Short Period and Long Period Growth Rates in Enterprise and Labour Productivity in Unorganised Services by Branch of Services and Rural or Urban Location: 1979-80 to 1983-84, 1983-84 to 1991-92 and 1979-80 to 1991-92

Rank	State	Year	Enterprise Productivity			Labour Productivity		
			Rural	Urban	All Locations	Rural	Urban	All Locations
1	Personal services (96)	79-80 to 83-84	31.24	29.71	38.50	33.14	29.80	38.88
		83-84 to 91-92	20.15	19.40	17.59	19.74	19.29	17.61
		79-80 to 91-92	23.74	22.75	24.18	24.05	22.69	24.31
2	Repair services (97)	79-80 to 83-84	16.11	17.98	17.71	19.98	22.93	22.02
		83-84 to 91-92	23.00	17.87	20.60	21.07	15.15	17.82
		79-80 to 91-92	20.66	17.91	19.63	20.71	17.69	19.21
3	Community, recreational & cultural services (94-95)	79-80 to 83-84	60.73	106.16	89.71	41.76	63.03	62.02
		83-84 to 91-92	9.87	5.12	5.10	9.41	7.16	5.67
		79-80 to 91-92	24.72	31.58	27.97	19.27	23.24	21.85
4	Education, scientific & research services (92)	79-80 to 83-84	95.24	80.17	86.47	38.62	35.86	36.27
		83-84 to 91-92	12.29	16.48	13.39	21.25	18.30	19.51
		79-80 to 91-92	35.02	34.71	33.84	26.78	23.88	24.85
5	Medical & health services (93)	79-80 to 83-84	41.79	52.57	55.82	28.33	23.48	31.12
		83-84 to 91-92	15.72	26.40	19.31	18.63	27.48	23.13
		79-80 to 91-92	23.83	34.58	30.42	21.78	26.13	25.74
6	Commission agents and business services n.e.c (64+890)	79-80 to 83-84	26.35	9.05	9.50	26.27	5.91	7.49
		83-84 to 91-92	9.84	25.12	8.41	8.27	27.25	10.31
		79-80 to 91-92	15.09	19.52	8.77	13.96	19.70	9.36
7	Real estate & business, renting & leasing (82+85+89-890)	79-80 to 83-84	23.90	40.86	37.39	23.77	32.31	32.00
		83-84 to 91-92	17.21	23.23	22.90	16.51	19.89	20.17
		79-80 to 91-92	19.40	28.84	27.55	18.88	23.89	23.99
8	Services n.e.c. & operation of lotteries (99+84)	79-80 to 83-84	61.41	24.42	29.23	56.53	24.19	28.99
		83-84 to 91-92	24.62	34.10	31.10	12.39	30.64	23.24
		79-80 to 91-92	35.84	30.80	30.47	25.51	28.45	25.13
9	Legal services (83)	79-80 to 83-84	17.04	56.87	53.91	28.55	40.88	40.77
		83-84 to 91-92	27.36	12.00	12.47	21.98	15.81	15.53
		79-80 to 91-92	23.82	25.31	24.87	24.13	23.63	23.40

(iii) Are There Any Sunrise Industries Within the Unorganised Service Sector?

In chapter 2, on manufacturing, sunrise and sunset industries were identified using two criteria: long term employment growth rates and long term labour productivity growth rates. The sorting process was easy because most two-digit level manufacturing industries recorded negative growth rates in employment, or in labour productivity, and some suffered negative growth rates in both. The remaining small number³ of industries enjoying both positive employment and positive labour productivity growth rates were readily identified as the “sunrise” industries.

³ Only five, out of a total of 18 manufacturing industries, enjoyed both positive employment and positive labour productivity growth rates.

In the case of unorganised services, the identification of sunrise activities using these criteria is problematic. All branches of unorganised services at the two-digit level qualify as sunrise industries, because all of them record positive growth rates in both employment and labour productivity. Yet one hesitates to describe some of them as activities which have a rosy future, because of the appallingly low productivity levels which characterise them. Moreover, the periodic influx of large numbers of rural people into personal services and other low productivity branches of unorganised services may reflect factors such as the deceleration of demand for farm labour, and the relative ease of entry into such services, rather than the attractiveness of anticipated earnings from the service sector activity.

More detailed analysis is required to find out what is really going on, and for such an exercise to be profitable, what is needed in the next round of enterprise surveys is a much greater degree of disaggregation of at least the three largest two-digit major groups. The first purpose would be to find out which activities contract when rural (or urban) employment prospects generally improve, and expand when employment prospects deteriorate. This would make it possible at least to isolate those activities which are “sunset” industries. If some other activities, say within “personal services”, produce decent returns to enterprise and labour as well as positive employment and productivity growth rates, then they can be defined unambiguously as “sunrise” industries.

For the time being, table 5.2.12 provides a second best solution – a profile of each branch of unorganised services for rural plus urban, and rural areas separately, arranged in descending order of labour productivity levels in 1991-92. If labour productivity levels constitute the “bottom line” in any assessment, then personal services, community services and sanitary services fall below a minimum suggested by the double line. Repair services is clearly a good branch of services for rural people with some skills, but relatively little education. Almost all the other activities which lie above the double line require a relatively high level of literacy and numeracy, or specialised professional training. These activities would therefore be closed to all but the best educated minority in the rural areas of most states. Thus the future prospects for workers qualified to enter into the top nine listed activities would appear to be good. In the short or even medium run, while the income prospects of the typical worker who enters into the activities listed below the line are poor, there are at least no substantial barriers to the would be entrepreneur who would like to set up a small business in one of these relatively ‘open’ branches of services. In the Indian context it is well to remember that poorly paid work is a great deal better than no work at all. Moreover even these are activities where labour productivity, on the average, is growing at a very rapid rate.

Part III: The Performance of Unorganised Services at the Region Level

Given that unorganised services account for 23 per cent of the enterprises, 22 per cent of the employment and more than 15 per cent of the gross value added by all the unorganised sectors covered in this report, what happens to the people who earn their livelihoods in this sector really matters.

At the state level the evidence suggests that the following major changes took place during the period 1979-80 to 1991-92.

To begin with, in some states, unorganised services underwent a massive restructuring during the early 1980s. In six states, the number of enterprises declined sharply; in three of these the absolute number of workers also went down. The outcome in all states was a substantial improvement in gross value added both in absolute terms and in terms of per enterprise and per worker productivity.

Table 5.2.12: An Overview of the Performance of Unorganised Services by Rural, and Rural plus Urban Location, for Twelve Branches of Services

Rural plus Urban			Rural Only		
Labour Productivity Level 1991-92 (Ranked from Highest to Lowest)	Growth Rates		Labour Productivity Level 1991-92 (Ranked from Highest to Lowest)	Growth Rates	
	Labour Productivity (Rank)	Employment (Rank)		Labour Productivity (Rank)	Employment (Rank)
1. Banking and similar financial institutions	Na	Na	1. Banking and similar financial institutions	Na	Na
2. Legal services	23.40 (6)	4.17 (9)	2. Legal services	24.13 (3)	8.29 (5)
3. Real estate & business services, renting and leasing	23.99 (5)	8.63 (6)	3. Medical and health services	21.78 (5)	6.65 (6)
4. Medical and health services	25.74 (1)	9.54 (5)	4. Providents & insurance	Na	Na
5. Commission agents & business services n.e.c	9.36 (9)	13.80 (3)	5. Repair services	20.71 (6)	2.56 (9)
6. Services n.e.c & operation of lotteries	25.13 (2)	41.89 (1)	6. Real estate & business services, renting and leasing	18.88 (8)	5.03 (7)
7. Providents & insurance	Na	Na	7. Education scientific & research services	26.78 (1)	25.06 (3)
8. Repair services	19.21 (8)	4.32 (8)	8. Commission agents & business services n.e.c	13.96 (9)	25.55 (2)
9. Education scientific & research services	24.85 (3)	23.48 (2)	9. Services n.e.c & operation of lotteries	25.51 (2)	50.99 (!)
10. Personal services	24.31 (4)	4.55 (7)	10. Personal services	24.05 (4)	3.58 (8)
11. Sanitary services	Na	Na	11. Community, recreational & cultural services	19.27 (7)	11.62 (4)
12. Community, recreational & cultural services	21.85 (7)	12.41 (4)	12. Sanitary services	Na	Na

However there was a second, less welcome, development. The typical high productivity state improved its performance much faster than the typical low productivity state. The result was that in just a little over a decade interstate inequalities in gross value added both per enterprise and per worker, more than doubled. Rural interstate productivity disparities are now bigger than urban ones, and far higher than they were at the start of the eighties.

These and other key findings, are set out in detail in the two sections which follow.

Section 1 describes the structural adjustments which have taken place in some detail. The major changes in the rural-urban distribution of employment and gross value added and in enterprise structure are reported. In section two the large interstate contrasts in the performance of the unorganised services sector are brought out. It is shown that interstate differences in per capita incomes account for a significant part of these large and growing inequalities.

5.3.1 Structure and Structural Change in Unorganised Services

This section deals with three aspects of regional structure and changes in it. The first subsection describes and analyses interstate differences in the number of enterprises and workers, and in gross value added. Subsection (ii) examines the rural-urban distribution of enterprises, workers and gross value added in fifteen major states. Subsection (iii) reviews the changes in enterprise structure which have taken place at the state level.

(i) Interstate Variations in the Number of Enterprises and Workers, and in Gross Value Added

It is intuitively obvious from tables 5.2.1 to 5.2.3, that the most populous states account for the largest numbers of enterprises and workers, but that today the largest share in gross value added by organised services is contributed, not by Uttar Pradesh, but by Maharashtra, followed by Tamil Nadu. This was not always the case. At the start of the 1980s, Uttar Pradesh was the top performer.

The demotion of Uttar Pradesh from top position was one of several outcomes of the sweeping changes in the structure of unorganised services, which took place during the 1980s. This restructuring involved sharp reductions in the number of rural own account enterprises and workers, most notably in Andhra Pradesh, Bihar, Maharashtra, Orissa, Uttar Pradesh and Rajasthan. By 1991-92, however, the number of rural own account services enterprises had come back up to more than the original, 1979-80 numbers in all states except Andhra Pradesh and Orissa. The downward adjustment of own account service workers in these two states persisted into the 1990s.

The huge period to period changes in the rural enterprise and employment figures might not seem wholly credible were it not for the fact that independent estimates of employment in certain rural services demonstrate that such large shifts can and do take place. The latest evidence to this effect comes from the 1999-2000 National Sample Survey employment and unemployment survey. The survey revealed that during the years from 1993-94 to 1999-2000, the number of workers employed in personal services alone declined by more than 1.2 million persons.⁴

The entrepreneurial and labour mobility implied by the numbers in tables 5.3.1 and 5.3.2 provides yet another empirical justification for the widely held view that it is relatively easy for people to enter into own account unorganised service sector activities, as well as to leave them. Larger scale enterprises and employment in them are both much more stable during the 1980s, when they invariably expand. The decline sets in at the start of the 1990s.

⁴ The significance of this particular shift is highlighted by Sundaram, K (2001). See: Sundaram, K. "Employment poverty in the 1990s. Further results from the NSS 55th Round Employment-Unemployment Survey, 1999-2000" in Economic and Political Weekly, August 11-17, 2001

Table 5.3.1: Absolute Number of Enterprises in Unorganised Services in Each of Fifteen States by Enterprise Type and by Rural or Urban Location: 1979-80, 1983-84 and 1991-92

State	Year	Number of Enterprises by Enterprise Type								
		Rural			Urban			All Locations		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Andhra Pradesh	1979-80	433,360	2,524	435,884	63,610	8,386	71,996	496,970	10,910	507,880
	1983-84	112,849	8,142	120,991	33,110	16,092	49,202	145,959	24,234	170,193
	1991-92	389,627	28,080	417,707	63,599	26,291	89,890	453,226	54,371	507,597
Bihar	1979-80	258,876	486	259,362	31,967	1,595	33,562	290,843	2,081	292,924
	1983-84	46,961	12,355	59,316	36,241	8,372	44,613	83,202	20,727	103,929
	1991-92	283,562	14,451	298,013	58,907	18,401	77,308	342,469	32,852	375,321
Delhi	1979-80	4,441	588	5,029	13,008	2,598	15,606	17,449	3,186	20,635
	1983-84	2,430	285	2,715	19,981	8,039	28,020	22,411	8,324	30,735
	1991-92	na	354	354	18,619	22,309	40,928	18,619	22,663	41,282
Gujarat	1979-80	35,975	247	36,222	24,584	3,726	28,310	60,559	3,973	64,532
	1983-84	31,265	18,099	49,364	34,144	13,526	47,670	65,409	31,625	97,034
	1991-92	78,041	2,575	80,616	56,455	18,830	75,285	134,496	21,405	155,901
Haryana	1979-80	11,749	405	12,154	9,060	677	9,737	20,809	1,082	21,891
	1983-84	13,815	2,216	16,031	20,041	15,427	35,468	33,856	17,643	51,499
	1991-92	44,363	4,487	48,850	25,678	15,230	40,908	70,041	19,717	89,758
Karnataka	1979-80	65,798	675	66,473	62,169	5,728	67,897	127,967	6,403	134,370
	1983-84	60,792	46,614	107,406	41,087	22,065	63,152	101,879	68,679	170,558
	1991-92	159,876	26,858	186,734	82,922	28,321	111,243	242,798	55,179	297,977
Kerala	1979-80	61,976	5,346	67,322	14,113	3,309	17,422	76,089	8,655	84,744
	1983-84	60,699	60,576	121,275	21,239	15,451	36,690	81,938	76,027	157,965
	1991-92	182,883	111,650	294,533	44,389	27,779	72,168	227,272	139,429	366,701
Madhya Pradesh	1979-80	61,669	514	62,183	20,152	2,436	22,588	81,821	2,950	84,771
	1983-84	78,629	2,292	80,921	53,429	12,096	65,525	132,058	14,388	146,446
	1991-92	194,552	376	194,928	62,136	6,792	68,928	256,688	7,168	263,856
Maharashtra	1979-80	106,794	3,611	110,405	59,782	12,510	72,292	166,576	16,121	182,697
	1983-84	82,350	19,677	102,027	45,816	74,249	120,065	128,166	93,926	222,092
	1991-92	302,865	17,520	320,385	156,128	81,804	237,932	458,993	99,324	558,317
Orissa	1979-80	128,300	770	129,070	13,274	548	13,822	141,574	1,318	142,892
	1983-84	83,761	10,453	94,214	29,359	5,336	34,695	113,120	15,789	128,909
	1991-92	127,201	12,384	139,585	22,630	5,641	28,271	149,831	18,025	167,856
Punjab	1979-80	19,404	221	19,625	5,606	678	6,284	25,010	899	25,909
	1983-84	15,183	5,557	20,740	14,771	6,544	21,315	29,954	12,101	42,055
	1991-92	36,397	9,489	45,886	25,068	17,132	42,200	61,465	26,621	88,086
Rajasthan	1979-80	89,286	729	90,015	22,802	3,316	26,118	112,088	4,045	116,133
	1983-84	41,250	31,279	72,529	28,478	8,950	37,428	69,728	40,229	109,957
	1991-92	138,078	13,008	151,086	36,200	11,964	48,164	174,278	24,972	199,250
Tamil Nadu	1979-80	131,215	12,873	144,088	72,916	13,677	86,593	204,131	26,550	230,681
	1983-84	95,564	55,662	151,226	67,820	39,942	107,762	163,384	95,604	258,988
	1991-92	221,777	56,494	278,271	198,506	81,785	280,291	420,283	138,279	558,562
Uttar Pradesh	1979-80	381,805	726	382,531	65,316	9,697	75,013	447,121	10,423	457,544
	1983-84	74,568	15,115	89,683	96,227	49,055	145,282	170,795	64,170	234,965
	1991-92	570,876	29,484	600,360	137,706	52,061	189,767	708,582	81,545	790,127
West Bengal	1979-80	112,140	5,218	117,358	60,374	8,366	68,740	172,514	13,584	186,098
	1983-84	77,897	22,689	100,586	64,943	29,252	94,195	142,840	51,941	194,781
	1991-92	380,220	62,276	442,496	98,331	25,421	123,752	478,551	87,697	566,248

Table 5.3.2: Absolute Number of Workers in Unorganised Services in Each of Fifteen States by Enterprise Type and by Rural or Urban Location: 1979-80, 1983-84 and 1991-92

State	Year	Number of Workers by Enterprise Type								
		Rural			Urban			All Locations		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Andhra Pradesh	1979-80	831,193	5,447	836,640	103,623	20,480	124,103	934,816	25,927	960,743
	1983-84	204,352	25,756	230,108	53,327	97,245	150,572	257,679	123,001	380,680
	1991-92	647,359	95,226	742,585	98,830	102,315	201,145	746,189	197,541	943,730
Bihar	1979-80	343,194	1,179	344,373	46,071	4,455	50,526	389,265	5,634	394,899
	1983-84	68,686	60,409	129,095	47,924	43,388	91,312	116,610	103,797	220,407
	1991-92	385,889	66,416	452,305	87,227	76,762	163,989	473,116	143,178	616,294
Delhi	1979-80	5,034	1,673	6,707	18,257	6,736	24,993	23,291	8,409	31,700
	1983-84	5,673	1,304	6,977	26,386	44,707	71,093	32,059	46,011	78,070
	1991-92	na	913	913	28,151	115,102	143,253	28,151	116,015	144,166
Gujarat	1979-80	38,752	608	39,360	34,636	10,832	45,468	73,388	11,440	84,828
	1983-84	38,181	62,532	100,713	46,989	50,018	97,007	85,170	112,550	197,720
	1991-92	91,945	6,815	98,760	90,070	54,386	144,456	182,015	61,201	243,216
Haryana	1979-80	13,208	948	14,156	11,081	1,807	12,888	24,289	2,755	27,044
	1983-84	16,875	21,052	37,927	25,662	55,390	81,052	42,537	76,442	118,979
	1991-92	53,336	16,961	70,297	35,569	54,455	90,024	8,905	71,416	160,321
Karnataka	1979-80	102,730	1,519	104,249	91,739	15,474	107,213	194,469	16,993	211,462
	1983-84	109,117	122,105	231,222	70,440	93,226	163,666	179,557	215,331	394,888
	1991-92	217,348	82,781	300,129	113,035	110,778	223,813	330,383	193,559	523,942
Kerala	1979-80	74,437	16,632	91,069	18,537	9,137	27,674	92,974	25,769	118,743
	1983-84	104,256	242,101	346,357	30,767	64,775	95,542	135,023	306,876	441,899
	1991-92	215,312	475,459	690,771	58,068	170,764	228,832	273,380	646,223	919,603
Madhya Pradesh	1979-80	76,796	938	77,734	25,481	6,679	32,160	102,277	7,617	109,894
	1983-84	93,431	13,314	106,745	87,168	47,528	134,696	180,599	60,842	241,441
	1991-92	247,710	1,393	249,103	104,712	27,524	132,236	352,422	28,917	381,339
Maharashtra	1979-80	195,262	8,923	204,185	82,464	36,372	118,836	277,726	45,295	323,021
	1983-84	98,312	63,027	161,339	61,191	330,551	391,742	159,503	393,578	553,081
	1991-92	399,508	54,045	453,553	225,530	481,727	707,257	625,038	535,772	1,160,810
Orissa	1979-80	202,448	1,868	204,316	17,370	1,431	18,801	219,818	3,299	223,117
	1983-84	119,138	43,200	162,338	38,741	28,543	67,284	157,879	71,743	229,622
	1991-92	202,962	82,911	285,873	28,934	25,934	54,868	231,896	108,845	340,741
Punjab	1979-80	20,691	574	21,265	7,473	1,808	9,281	28,164	2,382	30,546
	1983-84	15,413	67,326	82,739	20,736	25,468	46,204	36,149	92,794	128,943
	1991-92	41,301	31,918	73,219	33,090	56,465	89,555	74,391	88,383	162,774
Rajasthan	1979-80	113,230	1,402	114,632	30,904	8,062	38,966	144,134	9,464	153,598
	1983-84	62,483	83,000	145,483	37,082	37,149	74,231	99,565	120,149	219,714
	1991-92	201,983	49,906	251,889	53,082	55,686	108,768	255,065	105,592	360,657
Tamil Nadu	1979-80	217,545	33,725	251,270	107,550	37,202	144,752	325,095	70,927	396,022
	1983-84	155,373	176,055	331,428	94,403	185,772	280,175	249,776	361,827	611,603
	1991-92	517,726	174,669	692,395	277,414	299,842	577,256	795,140	474,511	1,269,651
Uttar Pradesh	1979-80	555,470	1,704	557,174	129,024	26,268	155,292	684,494	27,972	712,466
	1983-84	84,005	143,653	227,658	124,711	191,014	315,725	208,716	334,667	543,383
	1991-92	989,911	110,103	1,100,014	190,438	180,186	370,624	1,180,349	290,289	1,470,638
West Bengal	1979-80	131,807	8,896	140,703	71,738	24,918	96,656	203,545	33,814	237,359
	1983-84	85,793	163,360	249,153	98,585	155,203	253,788	184,378	318,563	502,941
	1991-92	460,913	236,532	697,445	121,917	105,612	227,529	582,830	342,144	924,974

Table 5.3.3: Absolute Value of GVA in Unorganised Services in Each of Fifteen States by Enterprise Type and by Rural or Urban Location: 1979-80, 1983-84 and 1991-92

State	Year	Value of GVA								
		Rural			Urban			All Locations		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Andhra Pradesh	1979-80	200,113	3,462	203,575	54,595	20,483	75,077	254,708	23,945	278,653
	1983-84	107,815	42,812	150,627	77,155	291,611	368,766	184,970	334,423	519,393
	1991-92	1,090,404	428,005	1,518,409	443,714	1,031,534	1,475,248	1,534,118	1,459,539	2,993,657
Bihar	1979-80	159,039	877	159,916	48,327	6,032	54,359	207,366	6,909	214,275
	1983-84	61,344	38,340	99,684	85,233	92,063	177,296	146,577	130,403	276,980
	1991-92	1,659,469	377,894	2,037,363	666,948	907,475	1,574,423	2,326,417	1,285,369	3,611,786
Delhi	1979-80	4,928	428	5,356	20,817	10,537	31,353	25,744	10,965	36,709
	1983-84	9,208	890	10,098	67,303	134,236	201,539	76,511	135,126	211,637
	1991-92	na	10,641	10,641	308,025	2,381,898	2,689,922	308,025	2,392,539	2,700,564
Gujarat	1979-80	33,672	563	34,235	47,899	18,782	66,682	81,571	19,345	100,917
	1983-84	71,722	92,866	164,587	166,002	91,907	257,909	237,724	184,773	422,496
	1991-92	565,718	89,672	655,390	869,079	1,302,297	2,171,376	1,434,797	1,391,969	2,826,766
Haryana	1979-80	12,566	592	13,158	14,336	3,055	17,391	26,902	3,647	30,549
	1983-84	40,761	23,984	64,745	65,682	241,206	306,888	106,443	265,190	371,633
	1991-92	249,636	85,646	335,282	311,308	1,531,703	1,843,011	560,944	1,617,349	2,178,293
Karnataka	1979-80	21,249	502	21,751	51,325	15,156	66,481	72,573	15,658	88,232
	1983-84	41,964	39,814	81,779	108,845	170,616	279,461	150,810	210,430	361,239
	1991-92	725,388	234,883	960,271	813,706	2,596,187	3,409,893	1,539,094	2,831,070	4,370,164
Kerala	1979-80	44,557	14,820	59,377	16,639	12,984	29,622	61,195	27,804	88,999
	1983-84	83,090	475,091	558,181	48,096	123,495	171,591	131,186	598,586	729,772
	1991-92	801,860	3,157,852	3,959,712	354,794	1,678,482	2,033,276	1,156,654	4,836,334	5,992,988
Madhya Pradesh	1979-80	26,840	786	27,626	31,136	10,191	41,327	57,976	10,977	68,952
	1983-84	100,229	25,788	126,018	162,133	146,842	308,975	262,362	172,631	434,993
	1991-92	739,834	8,947	748,781	572,311	325,015	897,326	1,312,144	333,962	1,646,106
Maharashtra	1979-80	59,224	5,620	64,844	91,306	64,385	155,691	150,530	70,005	220,535
	1983-84	165,386	101,138	266,525	132,340	2,061,233	2,193,573	297,726	2,162,371	2,460,097
	1991-92	1,354,428	346,029	1,700,456	1,609,124	12,484,463	14,093,587	2,963,551	12,830,492	15,794,043
Orissa	1979-80	61,953	-215	61,737	17,138	1,769	18,907	79,091	1,553	80,644
	1983-84	71,937	12,188	84,125	73,316	133,474	206,791	145,254	145,662	290,916
	1991-92	377,953	225,709	603,661	206,447	155,482	361,928	584,400	381,190	965,590
Punjab	1979-80	12,540	454	12,994	11,453	3,754	15,206	23,993	4,208	28,200
	1983-84	40,988	104,564	145,552	40,405	71,017	111,422	81,393	175,581	256,974
	1991-92	287,859	559,580	847,439	319,636	661,666	981,302	607,496	1,221,246	1,828,742
Rajasthan	1979-80	48,622	392	49,014	34,009	13,052	47,061	82,631	13,444	96,075
	1983-84	55,390	62,219	117,610	77,516	82,587	160,103	132,906	144,807	277,713
	1991-92	517,407	108,026	625,433	285,547	520,643	806,190	802,954	628,669	1,431,623
Tamil Nadu	1979-80	66,963	14,482	81,445	70,586	38,557	109,143	137,549	53,039	190,588
	1983-84	124,275	115,567	239,842	122,034	475,980	598,013	246,309	591,546	837,855
	1991-92	783,739	664,667	1,448,406	1,328,981	3,354,842	4,683,823	2,112,721	4,019,508	6,132,229
Uttar Pradesh	1979-80	174,986	1,582	176,568	101,863	45,310	147,173	276,849	46,892	323,741
	1983-84	100,771	168,538	269,309	334,584	603,775	938,359	435,355	772,312	1,207,668
	1991-92	2,352,644	391,226	2,743,870	1,835,640	1,495,520	3,331,160	4,188,284	1,886,746	6,075,030
West Bengal	1979-80	85,623	2,375	87,998	76,894	35,011	111,905	162,517	37,386	199,903
	1983-84	152,730	74,620	227,350	191,370	491,939	683,309	344,100	566,559	910,659
	1991-92	1,911,975	792,716	2,704,691	922,108	1,247,568	2,169,676	2,834,083	2,040,284	4,874,367

The combined evidence thus suggests that self employment in own account service enterprises plays the role that is commonly attributed to it – a kind of buffer which releases labour in good times when better prospects become available, and reabsorbs it when alternative opportunities close down, despite the fact that in bad times the growth rate in demand for some of these services is bound to slacken.

For rural and urban areas and all enterprise types combined, table 5.3.1 shows that in the early 1980s the number of enterprises fell in six states: Andhra Pradesh, Bihar, Orissa, Rajasthan, Uttar Pradesh and West Bengal. The absolute number of workers declined only three states: Andhra Pradesh, Bihar and Uttar Pradesh. (See table 5.3.2). These substantial adjustments were associated with handsome increases in gross value added by unorganised services in all states. The subsequent period witnessed a healthy expansion of the number of enterprises and workers, even among own account enterprises in rural areas, accompanied by truly impressive gains in gross value added in all states. It is clear from the percentage figures presented in tables 5.3.4, 5.3.5 and 5.3.6 that the dominant position of the more populous states in terms of enterprise and employment numbers which was disturbed during the mid eighties, was restored by the early nineties. But the paramount position of the most populous states in terms of gross value added was lost.

Table 5.3.4: Share of Each State in the Number of Unorganised Enterprises, in India as a Whole: Rural, Urban and All Locations: 1979-80, 1983-84 and 1991-92

State	Year	Enterprises								
		Rural			Urban			All Locations		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Andhra Pradesh	1979-80	16.82	2.83	16.35	6.87	4.09	6.36	14.19	3.71	13.37
	1983-84	5.86	1.71	5.04	2.68	2.92	2.76	4.62	2.36	4.07
	1991-92	8.75	5.69	8.45	3.55	3.81	3.62	7.26	4.59	6.84
Bihar	1979-80	10.05	0.54	9.73	3.45	0.78	2.97	8.30	0.71	7.71
	1983-84	2.44	2.59	2.47	2.94	1.52	2.50	2.63	2.02	2.48
	1991-92	6.37	2.93	6.03	3.29	2.67	3.12	5.49	2.77	5.05
Delhi	1979-80	0.17	0.66	0.19	1.40	1.27	1.38	0.50	1.08	0.54
	1983-84	0.13	0.06	0.11	1.62	1.46	1.57	0.71	0.81	0.73
	1991-92	0.00	0.07	0.01	1.04	3.23	1.65	0.30	1.91	0.56
Gujarat	1979-80	1.40	0.28	1.36	2.65	1.82	2.50	1.73	1.35	1.70
	1983-84	1.62	3.80	2.06	2.77	2.46	2.67	2.07	3.08	2.32
	1991-92	1.75	0.52	1.63	3.15	2.73	3.03	2.15	1.81	2.10
Haryana	1979-80	0.46	0.45	0.46	0.98	0.33	0.86	0.59	0.37	0.58
	1983-84	0.72	0.47	0.67	1.62	2.80	1.99	1.07	1.72	1.23
	1991-92	1.00	0.91	0.99	1.43	2.21	1.65	1.12	1.67	1.21
Karnataka	1979-80	2.55	0.76	2.49	6.71	2.79	6.00	3.65	2.17	3.54
	1983-84	3.16	9.78	4.47	3.33	4.01	3.54	3.23	6.69	4.08
	1991-92	3.59	5.44	3.78	4.63	4.10	4.48	3.89	4.66	4.01
Kerala	1979-80	2.41	5.99	2.53	1.52	1.61	1.54	2.17	2.94	2.23
	1983-84	3.15	12.72	5.05	1.72	2.81	2.06	2.59	7.41	3.77
	1991-92	4.11	22.62	5.96	2.48	4.02	2.91	3.64	11.78	4.94
Madhya Pradesh	1979-80	2.39	0.58	2.33	2.18	1.19	2.00	2.34	1.00	2.23
	1983-84	4.09	0.48	3.37	4.33	2.20	3.67	4.18	1.40	3.50
	1991-92	4.37	0.08	3.94	3.47	0.98	2.78	4.11	0.61	3.55
Maharashtra	1979-80	4.14	4.05	4.14	6.45	6.10	6.39	4.76	5.48	4.81
	1983-84	4.28	4.13	4.25	3.71	13.50	6.73	4.06	9.15	5.31
	1991-92	6.80	3.55	6.48	8.72	11.85	9.59	7.35	8.39	7.52

State	Year	Enterprises								
		Rural			Urban			All Locations		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Orissa	1979-80	4.98	0.86	4.84	1.43	0.27	1.22	4.04	0.45	3.76
	1983-84	4.35	2.19	3.92	2.38	0.97	1.94	3.58	1.54	3.08
	1991-92	2.86	2.51	2.82	1.26	0.82	1.14	2.40	1.52	2.26
Punjab	1979-80	0.75	0.25	0.74	0.61	0.33	0.56	0.71	0.31	0.68
	1983-84	0.79	1.17	0.86	1.20	1.19	1.19	0.95	1.18	1.00
	1991-92	0.82	1.92	0.93	1.40	2.48	1.70	0.98	2.25	1.19
Rajasthan	1979-80	3.46	0.82	3.38	2.46	1.62	2.31	3.20	1.37	3.06
	1983-84	2.14	6.57	3.02	2.31	1.63	2.10	2.21	3.92	2.63
	1991-92	3.10	2.64	3.06	2.02	1.73	1.94	2.79	2.11	2.68
Tamil Nadu	1979-80	5.09	14.43	5.40	7.87	6.67	7.65	5.83	9.02	6.07
	1983-84	4.96	11.68	6.30	5.50	7.26	6.04	5.17	9.31	6.19
	1991-92	4.98	11.45	5.63	11.08	11.85	11.30	6.73	11.68	7.52
Uttar Pradesh	1979-80	14.82	0.81	14.35	7.05	4.73	6.63	12.76	3.54	12.05
	1983-84	3.87	3.17	3.74	7.80	8.92	8.14	5.41	6.25	5.61
	1991-92	12.83	5.97	12.14	7.69	7.54	7.65	11.35	6.89	10.64
West Bengal	1979-80	4.35	5.85	4.40	6.52	4.08	6.08	4.92	4.61	4.90
	1983-84	4.05	4.76	4.19	5.26	5.32	5.28	4.52	5.06	4.65
	1991-92	8.54	12.62	8.95	5.49	3.68	4.99	7.67	7.41	7.63

Table 5.3.5: Share of Each State in the Number of Workers in Unorganised Services, in India as a Whole: Rural, Urban and All Locations: 1979-80, 1983-84 and 1991-92

State	Year	Employment								
		Rural			Urban			All Locations		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Andhra Pradesh	1979-80	22.42	2.37	21.25	7.93	3.24	6.40	18.65	3.00	16.35
	1983-84	8.72	1.72	5.99	3.35	4.61	4.07	6.55	3.41	5.04
	1991-92	10.21	5.12	9.06	3.97	3.70	3.83	8.45	4.27	7.01
Bihar	1979-80	9.26	0.51	8.75	3.53	0.70	2.61	7.77	0.65	6.72
	1983-84	2.93	4.03	3.36	3.01	2.06	2.47	2.96	2.87	2.92
	1991-92	6.09	3.57	5.52	3.50	2.78	3.12	5.36	3.10	4.58
Delhi	1979-80	0.14	0.73	0.17	1.40	1.06	1.29	0.46	0.97	0.54
	1983-84	0.24	0.09	0.18	1.66	2.12	1.92	0.81	1.27	1.03
	1991-92	0.00	0.05	0.01	1.13	4.16	2.73	0.32	2.51	1.07
Gujarat	1979-80	1.05	0.26	1.00	2.65	1.71	2.35	1.46	1.33	1.44
	1983-84	1.63	4.17	2.62	2.95	2.37	2.62	2.16	3.12	2.62
	1991-92	1.45	0.37	1.20	3.62	1.97	2.75	2.06	1.32	1.81
Haryana	1979-80	0.36	0.41	0.36	0.85	0.29	0.66	0.48	0.32	0.46
	1983-84	0.72	1.40	0.99	1.61	2.63	2.19	1.08	2.12	1.58
	1991-92	0.84	0.91	0.86	1.43	1.97	1.71	1.01	1.55	1.19
Karnataka	1979-80	2.77	0.66	2.65	7.02	2.45	5.53	3.88	1.97	3.60
	1983-84	4.66	8.14	6.01	4.42	4.42	4.42	4.56	5.96	5.23
	1991-92	3.43	4.45	3.66	4.54	4.01	4.26	3.74	4.19	3.89
Kerala	1979-80	2.01	7.22	2.31	1.42	1.44	1.43	1.85	2.99	2.02
	1983-84	4.45	16.13	9.01	1.93	3.07	2.58	3.43	8.50	5.85
	1991-92	3.40	25.59	8.42	2.33	6.18	4.36	3.10	13.98	6.84
Madhya Pradesh	1979-80	2.07	0.41	1.97	1.95	1.06	1.66	2.04	0.88	1.87
	1983-84	3.99	0.89	2.78	5.48	2.25	3.64	4.59	1.69	3.20
	1991-92	3.91	0.07	3.04	4.21	1.00	2.52	3.99	0.63	2.83

Maharashtra	1979-80	5.27	3.87	5.19	6.31	5.75	6.13	5.54	5.25	5.50
	1983-84	4.19	4.20	4.20	3.84	15.67	10.58	4.05	10.90	7.33
	1991-92	6.30	2.91	5.53	9.06	17.43	13.46	7.08	11.59	8.63
Orissa	1979-80	5.46	0.81	5.19	1.33	0.23	0.97	4.39	0.38	3.80
	1983-84	5.08	2.88	4.22	2.43	1.35	1.82	4.01	1.99	3.04
	1991-92	3.20	4.46	3.49	1.16	0.94	1.04	2.63	2.35	2.53
Punjab	1979-80	0.56	0.25	0.54	0.57	0.29	0.48	0.56	0.28	0.52
	1983-84	0.66	4.49	2.15	1.30	1.21	1.25	0.92	2.57	1.71
	1991-92	0.65	1.72	0.89	1.33	2.04	1.70	0.84	1.91	1.21
Rajasthan	1979-80	3.05	0.61	2.91	2.37	1.27	2.01	2.88	1.10	2.61
	1983-84	2.67	5.53	3.78	2.33	1.76	2.00	2.53	3.33	2.91
	1991-92	3.19	2.69	3.07	2.13	2.01	2.07	2.89	2.28	2.68
Tamil Nadu	1979-80	5.87	14.64	6.38	8.24	5.88	7.47	6.49	8.22	6.74
	1983-84	6.63	11.73	8.62	5.93	8.80	7.56	6.35	10.02	8.10
	1991-92	8.16	9.40	8.44	11.14	10.85	10.99	9.00	10.27	9.44
Uttar Pradesh	1979-80	14.99	0.74	14.15	9.88	4.15	8.01	13.66	3.24	12.13
	1983-84	3.58	9.57	5.92	7.83	9.05	8.52	5.30	9.27	7.20
	1991-92	15.61	5.93	13.42	7.65	6.52	7.05	13.37	6.28	10.93
West Bengal	1979-80	3.56	3.86	3.57	5.49	3.94	4.99	4.06	3.92	4.04
	1983-84	3.66	10.89	6.48	6.19	7.36	6.85	4.68	8.82	6.66
	1991-92	7.27	12.73	8.51	4.90	3.82	4.33	6.60	7.40	6.88

Table 5.3.6: Share of Each State in the Number of Unorganised GVA, in India as a Whole: Rural, Urban and All Locations: 1979-80, 1983-84 and 1991-92

State	Year	GVA								
		Rural			Urban			All Locations		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Andhra Pradesh	1979-80	17.01	2.59	15.54	5.37	2.60	4.15	11.61	2.60	8.93
	1983-84	4.75	2.62	3.85	2.42	4.32	3.71	3.39	3.99	3.75
	1991-92	5.75	4.87	5.47	2.40	2.69	2.59	4.10	3.10	3.54
Bihar	1979-80	13.52	0.66	12.20	4.76	0.76	3.00	9.46	0.75	6.87
	1983-84	2.70	2.34	2.55	2.67	1.37	1.78	2.68	1.56	2.00
	1991-92	8.76	4.30	7.34	3.61	2.37	2.77	6.21	2.73	4.27
Delhi	1979-80	0.42	0.32	0.41	2.05	1.34	1.73	1.17	1.19	1.18
	1983-84	0.41	0.05	0.26	2.11	1.99	2.03	1.40	1.61	1.53
	1991-92	0.00	0.12	0.04	1.67	6.21	4.73	0.82	5.08	3.19
Gujarat	1979-80	2.86	0.42	2.61	4.71	2.38	3.69	3.72	2.10	3.24
	1983-84	3.16	5.68	4.21	5.21	1.36	2.59	4.35	2.20	3.05
	1991-92	2.98	1.02	2.36	4.70	3.40	3.82	3.83	2.95	3.34
Haryana	1979-80	1.07	0.44	1.00	1.41	0.39	0.96	1.23	0.40	0.98
	1983-84	1.79	1.47	1.66	2.06	3.58	3.09	1.95	3.16	2.68
	1991-92	1.32	0.97	1.21	1.68	3.99	3.24	1.50	3.43	2.57
Karnataka	1979-80	1.81	0.38	1.66	5.05	1.92	3.67	3.31	1.70	2.83
	1983-84	1.85	2.43	2.09	3.41	2.53	2.81	2.76	2.51	2.61
	1991-92	3.83	2.67	3.46	4.40	6.77	6.00	4.11	6.01	5.17
Kerala	1979-80	3.79	11.09	4.53	1.64	1.65	1.64	2.79	3.01	2.85
	1983-84	3.66	29.04	14.28	1.51	1.83	1.73	2.40	7.14	5.27
	1991-92	4.23	35.95	14.27	1.92	4.38	3.58	3.09	10.26	7.08
Madhya Pradesh	1979-80	2.28	0.59	2.11	3.06	1.29	2.28	2.64	1.19	2.21
	1983-84	4.41	1.58	3.22	5.08	2.18	3.11	4.80	2.06	3.14
	1991-92	3.90	0.10	2.70	3.10	0.85	1.58	3.50	0.71	1.95

Maharashtra	1979-80	5.03	4.21	4.95	8.98	8.16	8.61	6.86	7.59	7.07
	1983-84	7.28	6.18	6.82	4.15	30.56	22.05	5.45	25.80	17.76
	1991-92	7.15	3.94	6.13	8.70	32.55	24.79	7.91	27.22	18.67
Orissa	1979-80	5.26	-0.16	4.71	1.69	0.22	1.05	3.61	0.17	2.59
	1983-84	3.17	0.75	2.15	2.30	1.98	2.08	2.66	1.74	2.10
	1991-92	1.99	2.57	2.18	1.12	0.41	0.64	1.56	0.81	1.14
Punjab	1979-80	1.07	0.34	0.99	1.13	0.48	0.84	1.09	0.46	0.90
	1983-84	1.80	6.39	3.72	1.27	1.05	1.12	1.49	2.10	1.85
	1991-92	1.52	6.37	3.06	1.73	1.73	1.73	1.62	2.59	2.16
Rajasthan	1979-80	4.13	0.29	3.74	3.35	1.65	2.60	3.77	1.46	3.08
	1983-84	2.44	3.80	3.01	2.43	1.22	1.61	2.43	1.73	2.00
	1991-92	2.73	1.23	2.25	1.54	1.36	1.42	2.14	1.33	1.69
Tamil Nadu	1979-80	5.69	10.84	6.22	6.95	4.89	6.03	6.27	5.75	6.11
	1983-84	5.47	7.06	6.14	3.83	7.06	6.01	4.51	7.06	6.05
	1991-92	4.13	7.57	5.22	7.19	8.75	8.24	5.64	8.53	7.25
Uttar Pradesh	1979-80	14.87	1.18	13.48	10.02	5.74	8.13	12.62	5.08	10.38
	1983-84	4.44	10.30	6.89	10.49	8.95	9.43	7.97	9.22	8.72
	1991-92	12.41	4.45	9.89	9.93	3.90	5.86	11.19	4.00	7.18
West Bengal	1979-80	7.28	1.78	6.72	7.57	4.44	6.19	7.41	4.05	6.41
	1983-84	6.72	4.56	5.82	6.00	7.29	6.87	6.30	6.76	6.57
	1991-92	10.09	9.02	9.75	4.99	3.25	3.82	7.57	4.33	5.76

The regression statistics set out in tables 5.3.7 to 5.3.9 confirm this assessment. Population size is the decisive factor in accounting for interstate variations in the number of enterprises and workers, and in the gross value added by unorganised service sector activities. Regional variations in per capita incomes have no significant effects on enterprise numbers or employment magnitudes. However, the explanatory power of sheer population size with respect to interstate contrasts in gross value added declined gradually over time, although it remained the only significant factor, while that of per capita incomes tended to rise towards acceptable levels of significance.

The introduction of a third explanatory variable failed to produce any additional insights. However the consistently negative sign of the coefficient for this variable – the rural share in total population – suggested that this factor may have a depressing effect on enterprise and employment numbers.

Table 5.3.7: Regression Results: Dependent Variable – Number of Unorganised Services Enterprises in Each of Fifteen States: 1979-80, 1983-84 and 1991-92

Independent Variables	Statistics	Year		
		1979-80	1983-84	1991-92
First Regression Set	R²	.564	.446	.685
1. Population	Beta coefficient	.768	.570	.864
	t-Value	3.566	2.343	4.745
	Significance	***	*	***
2. SGDP per Capita	Beta coefficient	-.041	-.227	.018
	t-Value	.189	.932	.096
	Significance	–	–	–

Note: Stars ***, **, *, respectively denote levels of significance of 99 per cent, 97.5 and 95 per cent.

Table 5.3.8: Regression Results: Dependent Variable – Number of Unorganised Services Workers in Each of Fifteen States: 1979-80, 1983-84 and 1991-92

Independent Variables	Statistics	Year		
		1979-80	1983-84	1991-92
First Regression Set	R²	.418	.312	.487
1. Population	Beta coefficient	.722	.558	.785
	t-Value	2.902	2.058	3.379
	Significance	**	•	***
2. SGDP per Capita	Beta coefficient	.026	-.129	.068
	t-Value	.103	.474	.294
	Significance	–	–	–

Table 5.3.9: Regression Results: Dependent Variable – Gross Value Added by Unorganised Services in Each of Fifteen States: 1979-80, 1983-84 and 1991-92

Independent Variables	Statistics	Year		
		1979-80	1983-84	1991-92
First Regression Set	R²	.762	.288	.220
1. Population	Beta coefficient	.961	.764	.688
	t-Value	6.045	2.770	2.399
	Significance	***	**	*
2. SGDP per Capita	Beta coefficient	.131	.434	.495
	t-Value	.824	1.572	1.726
	Significance	–	–	⁵

(ii) The Rural-Urban Distribution of Unorganised Service Enterprises, Employment and Gross Value Added

In the typical state the rural share in unorganised services enterprises has gone down somewhat, the rural share in employment by a slightly larger margin, while the rural share in gross value added has declined substantially. There are exceptional states, however. In Karnataka, Kerala, Madhya Pradesh and West Bengal, the enterprise shift was in the other direction; the share of rural areas went up. In Karnataka and West Bengal, the share of rural employment in service sector activities rose and in Madhya Pradesh and West Bengal gross value added by rural located service enterprises increased. Thus the trend in favour of a greater degree of urbanisation is not uniform across states.

Today the states with the highest rural shares in enterprises are Andhra Pradesh, Kerala and Orissa. Andhra Pradesh and Orissa are the most ruralised in terms of employment, and Bihar, Kerala and Orissa in terms of gross value added by unorganised services. Looked at the other way round, Gujarat, Punjab and Tamil Nadu are the most urbanised states in terms of enterprise location. In terms of employment, Gujarat, Haryana and Maharashtra are the most urbanised. Gujarat, Haryana, Karnataka, Maharashtra and Tamil Nadu all record high urban shares in gross value added.

⁵ 'Significant' at the 89 per cent level

5.3.10: Share of Rural Areas in Enterprises, Employment and Gross Value Added in Fifteen Major States: 1979-80, 1983-84 and 1991-92

State	Year	Rural Share in Enterprises			Rural Share in Employment			Rural Share in GVA		
		OAE	NDE+DE	All Types	OAE	NDE+DE	All Types	OAE	NDE+DE	All Types
Andhra Pradesh	1979-80	87.20	23.13	85.82	88.92	21.01	87.08	78.57	14.46	73.06
	1983-84	77.32	33.60	71.09	79.30	20.94	60.45	58.29	12.80	29.00
	1991-92	85.97	51.65	82.29	86.76	48.21	78.69	71.08	29.32	50.72
Bihar	1979-80	89.01	23.35	88.54	88.16	20.93	87.21	76.69	12.70	74.63
	1983-84	56.44	59.61	57.07	58.90	58.20	58.57	41.85	29.40	35.99
	1991-92	82.80	43.99	79.40	81.56	46.39	73.39	71.33	29.40	56.41
Delhi	1979-80	25.45	18.46	24.37	21.61	19.90	21.16	19.14	3.90	14.59
	1983-84	10.84	3.42	8.83	17.70	2.83	8.94	12.04	0.66	4.77
	1991-92	0.00	1.56	0.86	0.00	0.79	0.63	0.00	0.44	0.39
Gujarat	1979-80	59.40	6.22	56.13	52.80	5.31	46.40	41.28	2.91	33.92
	1983-84	47.80	57.23	50.87	44.83	55.56	50.94	30.17	50.26	38.96
	1991-92	58.02	12.03	51.71	50.52	11.14	40.61	39.43	6.44	23.19
Haryana	1979-80	56.46	37.43	55.52	54.38	34.41	52.34	46.71	16.24	43.07
	1983-84	40.81	12.56	31.13	39.67	27.54	31.88	38.29	9.04	17.42
	1991-92	63.34	22.76	54.42	59.99	23.75	43.85	44.50	5.30	15.39
Karnataka	1979-80	51.42	10.54	49.47	52.83	8.94	49.30	29.28	3.21	24.65
	1983-84	59.67	67.87	62.97	60.77	56.71	58.55	27.83	18.92	22.64
	1991-92	65.85	48.67	62.67	65.79	42.77	57.28	47.13	8.30	21.97
Kerala	1979-80	81.45	61.77	79.44	80.06	64.54	76.69	72.81	53.30	66.72
	1983-84	74.08	79.68	76.77	77.21	78.89	78.38	63.34	79.37	76.49
	1991-92	80.47	80.08	80.32	78.76	73.58	75.12	69.33	65.29	66.07
Madhya Pradesh	1979-80	75.37	17.42	73.35	75.09	12.31	70.74	46.29	7.16	40.07
	1983-84	59.54	15.93	55.26	51.73	21.88	44.21	38.20	14.94	28.97
	1991-92	75.79	5.25	73.88	70.29	4.82	65.32	56.38	2.68	45.49
Maharashtra	1979-80	64.11	22.40	60.43	70.31	19.70	63.21	39.34	8.03	29.40
	1983-84	64.25	20.95	45.94	61.64	16.01	29.17	55.55	4.68	10.83
	1991-92	65.98	17.64	57.38	63.92	10.09	39.07	45.70	2.70	10.77
Orissa	1979-80	90.62	58.42	90.33	92.10	56.62	91.57	78.33	-13.87	76.56
	1983-84	74.05	66.20	73.09	75.46	60.21	70.70	49.53	8.37	28.92
	1991-92	84.90	68.70	83.16	87.52	76.17	83.90	64.67	59.21	62.52
Punjab	1979-80	77.58	24.58	75.75	73.47	24.10	69.62	52.26	10.79	46.08
	1983-84	50.69	45.92	49.32	42.64	72.55	64.17	50.36	59.55	56.64
	1991-92	59.22	35.64	52.09	55.52	36.11	44.98	47.38	45.82	46.34
Rajasthan	1979-80	79.66	18.02	77.51	78.56	14.81	74.63	58.84	2.92	51.02
	1983-84	59.16	77.75	65.96	62.76	69.08	66.21	41.68	42.97	42.35
	1991-92	79.23	52.09	75.83	79.19	47.26	69.84	64.44	17.18	43.69
Tamil Nadu	1979-80	64.28	48.49	62.46	66.92	47.55	63.45	48.68	27.30	42.73
	1983-84	58.49	58.22	58.39	62.20	48.66	54.19	50.45	19.54	28.63
	1991-92	52.77	40.86	49.82	65.11	36.81	54.53	37.10	16.54	23.62
Uttar Pradesh	1979-80	85.39	6.97	83.61	81.15	6.09	78.20	63.21	3.37	54.54
	1983-84	43.66	23.55	38.17	40.25	42.92	41.90	23.15	21.82	22.30
	1991-92	80.57	36.16	75.98	83.87	37.93	74.80	56.17	20.74	45.17
West Bengal	1979-80	65.00	38.41	63.06	64.76	26.31	59.28	52.69	6.35	44.02
	1983-84	54.53	43.68	51.64	46.53	51.28	49.54	44.39	13.17	24.97
	1991-92	79.45	71.01	78.15	79.08	69.13	75.40	67.46	38.85	55.49

(iii) Changes in Enterprises Structure at the State Level

In most states, rural enterprise structure has not changed much. It remains completely dominated by own account enterprises. However, even in rural areas there has been a significant decline in the relative importance of these family operated businesses in Karnataka, Kerala, Punjab, Tamil Nadu and West Bengal. On the other hand, the employment shares of these tiny units has gone down significantly in most states. The exceptions are Gujarat, Madhya Pradesh and Maharashtra. Moreover, the share of GVA accounted for by own account enterprises has declined in the rural areas of all states with the sole exception of Madhya Pradesh.

Units in urban areas have experienced much greater structural changes. The share of the tiny units in all enterprises and in employment has gone down in all states except Madhya Pradesh, and the share of these family operated businesses in gross value added has declined significantly everywhere.

In general the decline in the relative importance of own account enterprises in gross value added is greater than the fall in their share in employment and the decline in the relative importance of employment in family run service enterprises is greater than the decline in the number of such units.

The net results for rural and urban areas combined, are given in the last few columns of table 5.3.11. The substantial restructuring that took place in urban areas in favour of the larger establishments dominates the rural plus urban results, producing an overall decline in the relative importance of own account services units in all states except Madhya Pradesh.

Table 5.3.11: The structure of Services Enterprises, Employment and GVA at the State Level by Enterprise Type, OAE, Establishments (NDE+DE): 1979-80, 1983-84 and 1991-92

State	Year	Share of Enterprise by Enterprise Type						Share of Employment by Enterprise Type						Share of GVA by Enterprise Type					
		Rural		Urban		Total		Rural		Urban		Total		Rural		Urban		Total	
		OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE
Andhra Pradesh	1979-80	99.42	0.58	88.35	11.65	97.85	2.15	99.35	0.65	83.50	16.50	97.30	2.70	98.30	1.70	72.72	27.28	91.41	8.59
	1983-84	93.27	6.73	67.29	32.71	85.76	14.24	88.81	11.19	35.42	64.58	67.69	32.31	71.58	28.42	20.92	79.08	35.61	64.39
	1991-92	93.28	6.72	70.75	29.25	89.29	10.71	87.18	12.82	49.13	50.87	79.07	20.93	71.81	28.19	30.08	69.92	51.25	48.75
Bihar	1979-80	99.81	0.19	95.25	4.75	99.29	0.71	99.66	0.34	91.18	8.82	98.57	1.43	99.45	0.55	88.90	11.10	96.78	3.22
	1983-84	79.17	20.83	81.23	18.77	80.06	19.94	53.21	46.79	52.48	47.52	52.91	47.09	61.54	38.46	48.07	51.93	52.92	47.08
	1991-92	95.15	4.85	76.20	23.80	91.25	8.75	85.32	14.68	53.19	46.81	76.77	23.23	81.45	18.55	42.36	57.64	64.41	35.59
Delhi	1979-80	88.31	11.69	83.35	16.65	84.56	15.44	75.06	24.94	73.05	26.95	73.47	26.53	92.01	7.99	66.39	33.61	70.13	29.87
	1983-84	89.50	10.50	71.31	28.69	72.92	27.08	81.31	18.69	37.11	62.89	41.06	58.94	91.19	8.81	33.39	66.61	36.15	63.85
	1991-92	0.00	100.00	45.49	54.51	45.10	54.90	0.00	100.00	19.65	80.35	19.53	80.47	0.00	100.00	11.45	88.55	11.41	88.59
Gujarat	1979-80	99.32	0.68	86.84	13.16	93.84	6.16	98.46	1.54	76.18	23.82	86.51	13.49	98.36	1.64	71.83	28.17	80.83	19.17
	1983-84	63.34	36.66	71.63	28.37	67.41	32.59	37.91	62.09	48.44	51.56	43.08	56.92	43.58	56.42	64.36	35.64	56.27	43.73
	1991-92	96.81	3.19	74.99	25.01	86.27	13.73	93.10	6.90	62.35	37.65	74.84	25.16	86.32	13.68	40.02	59.98	50.76	49.24
Haryana	1979-80	96.67	3.33	93.05	6.95	95.06	4.94	93.30	6.70	85.98	14.02	89.81	10.19	95.50	4.50	82.43	17.57	88.06	11.94
	1983-84	86.18	13.82	56.50	43.50	65.74	34.26	44.49	55.51	31.66	68.34	35.75	64.25	62.96	37.04	21.40	78.60	28.64	71.36
	1991-92	90.81	9.19	62.77	37.23	78.03	21.97	75.87	24.13	39.51	60.49	55.45	44.55	74.46	25.54	16.89	83.11	25.75	74.25
Karnataka	1979-80	98.98	1.02	91.56	8.44	95.23	4.77	98.54	1.46	85.57	14.43	91.96	8.04	97.69	2.31	77.20	22.80	82.25	17.75
	1983-84	56.60	43.40	65.06	34.94	59.73	40.27	47.19	52.81	43.04	56.96	45.47	54.53	51.31	48.69	38.95	61.05	41.75	58.25
	1991-92	85.62	14.38	74.54	25.46	81.48	18.52	72.42	27.58	50.50	49.50	63.06	36.94	75.54	24.46	23.86	76.14	35.22	64.78
Kerala	1979-80	92.06	7.94	81.01	18.99	89.79	10.21	81.74	18.26	66.98	33.02	78.30	21.70	75.04	24.96	56.17	43.83	68.76	31.24
	1983-84	50.05	49.95	57.89	42.11	51.87	48.13	30.10	69.90	32.20	67.80	30.56	69.44	14.89	85.11	28.03	71.97	17.98	82.02
	1991-92	62.09	37.91	61.51	38.49	61.98	38.02	31.17	68.83	25.38	74.62	29.73	70.27	20.25	79.75	17.45	82.55	19.30	80.70
Madhya Pradesh	1979-80	99.17	0.83	89.22	10.78	96.52	3.48	98.79	1.21	79.23	20.77	93.07	6.93	97.15	2.85	75.34	24.66	84.08	15.92
	1983-84	97.17	2.83	81.54	18.46	90.18	9.82	87.53	12.47	64.71	35.29	74.80	25.20	79.54	20.46	52.47	47.53	60.31	39.69
	1991-92	99.81	0.19	90.15	9.85	97.28	2.72	99.44	0.56	79.19	20.81	92.42	7.58	98.81	1.19	63.78	36.22	79.71	20.29
Maharashtra	1979-80	96.73	3.27	82.70	17.30	91.18	8.82	95.63	4.37	69.39	30.61	85.98	14.02	91.33	8.67	58.65	41.35	68.26	31.74
	1983-84	80.71	19.29	38.16	61.84	57.71	42.29	60.94	39.06	15.62	84.38	28.84	71.16	62.05	37.95	6.03	93.97	12.10	87.90
	1991-92	94.53	5.47	65.62	34.38	82.21	17.79	88.08	11.92	31.89	68.11	53.84	46.16	79.65	20.35	11.42	88.58	18.76	81.24
Orissa	1979-80	99.40	0.60	96.04	3.96	99.08	0.92	99.09	0.91	92.39	7.61	98.52	1.48	100.35	-0.35	90.65	9.35	98.07	1.93
	1983-84	88.91	11.09	84.62	15.38	87.75	12.25	73.39	26.61	57.58	42.42	68.76	31.24	85.51	14.49	35.45	64.55	49.93	50.07
	1991-92	91.13	8.87	80.05	19.95	89.26	10.74	71.00	29.00	52.73	47.27	68.06	31.94	62.61	37.39	57.04	42.96	60.52	39.48

State	Year	Share of Enterprise by Enterprise Type						Share of Employment by Enterprise Type						Share of GVA by Enterprise Type					
		Rural		Urban		Total		Rural		Urban		Total		Rural		Urban		Total	
		OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE	OAE	NDE+DE
Punjab	1979-80	98.87	1.13	89.21	10.79	96.53	3.47	97.30	2.70	80.52	19.48	92.20	7.80	96.51	3.49	75.32	24.68	85.08	14.92
	1983-84	73.21	26.79	69.30	30.70	71.23	28.77	18.63	81.37	44.88	55.12	28.03	71.97	28.16	71.84	36.26	63.74	31.67	68.33
	1991-92	79.32	20.68	59.40	40.60	69.78	30.22	56.41	43.59	36.95	63.05	45.70	54.30	33.97	66.03	32.57	67.43	33.22	66.78
Rajasthan	1979-80	99.19	0.81	87.30	12.70	96.52	3.48	98.78	1.22	79.31	20.69	93.84	6.16	99.20	0.80	72.27	27.73	86.01	13.99
	1983-84	56.87	43.13	76.09	23.91	63.41	36.59	42.95	57.05	49.95	50.05	45.32	54.68	47.10	52.90	48.42	51.58	47.86	52.14
	1991-92	91.39	8.61	75.16	24.84	87.47	12.53	80.19	19.81	48.80	51.20	70.72	29.28	82.73	17.27	35.42	64.58	56.09	43.91
Tamil Nadu	1979-80	91.07	8.93	84.21	15.79	88.49	11.51	86.58	13.42	74.30	25.70	82.09	17.91	82.22	17.78	64.67	35.33	72.17	27.83
	1983-84	63.19	36.81	62.93	37.07	63.09	36.91	46.88	53.12	33.69	66.31	40.84	59.16	51.82	48.18	20.41	79.59	29.40	70.60
	1991-92	79.70	20.30	70.82	29.18	75.24	24.76	74.77	25.23	48.06	51.94	62.63	37.37	54.11	45.89	28.37	71.63	34.45	65.55
Uttar Pradesh	1979-80	99.81	0.19	87.07	12.93	97.72	2.28	99.69	0.31	83.08	16.92	96.07	3.93	99.10	0.90	69.21	30.79	85.52	14.48
	1983-84	83.15	16.85	66.23	33.77	72.69	27.31	36.90	63.10	39.50	60.50	38.41	61.59	37.42	62.58	35.66	64.34	36.05	63.95
	1991-92	95.09	4.91	72.57	27.43	89.68	10.32	89.99	10.01	51.38	48.62	80.26	19.74	85.74	14.26	55.11	44.89	68.94	31.06
West Bengal	1979-80	95.55	4.45	87.83	12.17	92.70	7.30	93.68	6.32	74.22	25.78	85.75	14.25	97.30	2.70	68.71	31.29	81.30	18.70
	1983-84	77.44	22.56	68.95	31.05	73.33	26.67	34.43	65.57	38.85	61.15	36.66	63.34	67.18	32.82	28.01	71.99	37.79	62.21
	1991-92	85.93	14.07	79.46	20.54	84.51	15.49	66.09	33.91	53.58	46.42	63.01	36.99	70.69	29.31	42.50	57.50	58.14	41.86

5.3.2 The Performance of Unorganised Services in Fifteen Major States: Employment and Gross Value Added: Growth, Productivity and Productivity Growth and Changes in the Absolute Number of Workers Employed

This section is organised in three subsections.

The first one focuses on growth rates in employment and gross value added at the state level. Subsection (ii) begins with the evidence on enterprise and labour productivity. The large and growing interstate disparities in enterprise and labour productivity are highlighted. An attempt is made to find out what factors account for these widening inequalities. It is found that interstate differences in per capita income account for a large and growing part of the interstate differences in the productivity of unorganised services enterprises and workers. A high rural share in total population has tended to depress productivity levels in recent years. The last subsection looks at the state wise tally of employment losses and employment gains in the rural and urban areas of the fifteen major states covered in the regional analysis of this chapter.

(i) Employment and GVA Growth: The State Level Record

In unorganised services, at the region level, the highest overall employment growth rates are recorded in Haryana, Kerala and Punjab from 1979-80 to 1983-84. The same three states also experienced the most rapid rural employment growth. While gross value added growth rates are even more spectacular, it is noteworthy that all of the really rapid GVA growth took place in the early period, before the introduction of banking and financial services into the coverage of the unorganised service sector surveys in 1991-92.

For rural and urban areas combined, employment growth in unorganised services has been positive in all states in both periods, with three exceptions. Andhra Pradesh, Bihar and Uttar Pradesh all suffered negative employment growth in the 1979-80 to 1983-84 period. In all three states this was due entirely to the contraction of the workforce in rural areas. In two other states also – Maharashtra and Orissa – the rural workforce contracted during this early period, but the expansion of the urban workforce more than made up for the job losses in rural locations. Three of the more advanced states suffered cutbacks in rural employment between 1983-84 and 1991-92. They are: Delhi, Gujarat, and Punjab. In urban areas, the late-period employment reductions are recorded in Madhya Pradesh, Orissa and West Bengal.

Gross value added growth is positive in all states except Andhra Pradesh and Bihar from 1979-80 to 1983-84, where there was some reduction in gross value added in rural locations. In the subsequent period, positive growth in gross value added is the rule in all states.

The growth rate figures are given in table 5.3.12.

Table 5.3.12: The performance of Unorganised services in fifteen major states in terms of growth rates in employment and GVA, Rural, Urban and Total: 1979-80 to 1983-84 and 1983-84 to 1991-92

State	Period	Employment Growth			GVA Growth		
		Rural	Urban	Total	Rural	Urban	Total
Andhra Pradesh	79-80 to 83-84	-27.58	4.95	-20.66	-7.25	48.87	16.84
	83-84 to 91-92	15.77	3.69	12.02	33.49	18.92	24.48
Bihar	79-80 to 83-84	-21.75	15.95	-13.57	-11.14	34.39	6.63
	83-84 to 91-92	16.97	7.59	13.72	45.82	31.39	37.85
Delhi	79-80 to 83-84	0.99	29.87	25.27	17.18	59.23	54.95
	83-84 to 91-92	-22.45	9.15	7.97	0.66	38.25	37.48
Gujarat	79-80 to 83-84	26.48	20.86	23.56	48.08	40.24	43.04
	83-84 to 91-92	-0.24	5.10	2.62	18.85	30.51	26.82
Haryana	79-80 to 83-84	27.94	58.36	44.83	48.94	104.96	86.76
	83-84 to 91-92	8.02	1.32	3.80	22.82	25.12	24.74
Karnataka	79-80 to 83-84	22.04	11.15	16.90	39.25	43.19	42.25
	83-84 to 91-92	3.31	3.99	3.60	36.06	36.71	36.56
Kerala	79-80 to 83-84	39.65	36.31	38.89	75.10	55.14	69.22
	83-84 to 91-92	9.01	11.54	9.59	27.75	36.21	30.11
Madhya Pradesh	79-80 to 83-84	8.25	43.06	21.75	46.14	65.36	58.48
	83-84 to 91-92	11.17	-0.23	5.88	24.95	14.26	18.10
Maharashtra	79-80 to 83-84	-5.72	34.75	14.39	42.39	93.74	82.75
	83-84 to 91-92	13.79	7.66	9.71	26.07	26.18	26.17
Orissa	79-80 to 83-84	-5.59	37.54	0.72	8.04	81.86	37.82
	83-84 to 91-92	7.33	-2.52	5.06	27.93	7.25	16.18
Punjab	79-80 to 83-84	40.45	49.37	43.34	82.95	64.53	73.74
	83-84 to 91-92	-1.52	8.62	2.96	24.63	31.25	27.80
Rajasthan	79-80 to 83-84	6.14	17.48	9.36	24.46	35.81	30.39
	83-84 to 91-92	7.10	4.89	6.39	23.23	22.39	22.75
Tamil Nadu	79-80 to 83-84	7.17	17.95	11.48	31.00	53.00	44.80
	83-84 to 91-92	9.65	9.46	9.56	25.20	29.34	28.25
Uttar Pradesh	79-80 to 83-84	-20.05	19.41	-6.55	11.13	58.90	38.98
	83-84 to 91-92	21.76	2.02	13.25	33.66	17.16	22.38
West Bengal	79-80 to 83-84	15.36	27.29	20.65	26.78	57.20	46.09
	83-84 to 91-92	13.73	-1.36	7.91	36.28	15.54	23.33

(ii) Enterprise and Labour Productivity and Productivity Growth

Rural per enterprise productivity is highest in Delhi, Punjab and Maharashtra, in that order. In urban areas also, Delhi tops the list, followed by Maharashtra, Haryana and Karnataka.

Rural labour productivity levels run into five figures only in Delhi and Punjab. There are, however, as many as six states where urban labour productivity exceeds Rs. 10,000. Arranged in descending order, from highest to lowest they are: (i) Haryana, (ii) Maharashtra, (iii) Delhi, (iv) Karnataka and (v) Gujarat.

Details can be seen in table 5.3.13

Table 5.3.13: The performance of Unorganised Services in Fifteen Major States in terms of Levels of Enterprise and Labour Productivity, Rural, Urban and Total: 1979-80, 1983-84 and 1991-92

State	Year	GVA per Enterprise (Rs.)			GVA per Employment (Rs.)		
		Rural	Urban	Total	Rural	Urban	Total
Andhra Pradesh	1979-80	467.04	1042.80	548.66	243.32	604.96	290.04
	1983-84	1244.94	7494.95	3051.79	654.59	2449.10	1364.38
	1991-92	3635.11	16411.71	5897.70	2044.76	7334.25	3172.15
Bihar	1979-80	616.57	1619.65	731.50	464.37	1075.86	542.61
	1983-84	1680.55	3974.10	2665.09	772.17	1941.65	1256.67
	1991-92	6836.49	20365.59	9623.19	4504.40	9600.78	5860.49
Delhi	1979-80	1064.94	2009.06	1778.96	798.50	1254.48	1158.01
	1983-84	3719.37	7192.68	6885.86	1447.34	2834.86	2710.86
	1991-92	30060.55	65723.28	65417.47	11655.46	18777.42	18732.32
Gujarat	1979-80	945.13	2355.42	1563.82	869.78	1466.57	1189.66
	1983-84	3334.16	5410.30	4354.11	1634.22	2658.66	2136.84
	1991-92	8129.77	28842.08	18131.80	6636.19	15031.40	11622.45
Haryana	1979-80	1082.59	1786.05	1395.48	929.48	1349.37	1129.59
	1983-84	4038.75	8652.54	7216.32	1707.10	3786.31	3123.52
	1991-92	6863.51	45052.58	24268.51	4769.51	20472.44	13587.07
Karnataka	1979-80	327.22	979.14	656.63	208.64	620.08	417.25
	1983-84	761.40	4425.21	2117.99	353.68	1707.51	914.79
	1991-92	5142.45	30652.65	14666.11	3199.53	15235.46	8340.93
Kerala	1979-80	881.98	1700.29	1050.21	652.00	1070.41	749.51
	1983-84	4602.60	4676.77	4619.83	1611.58	1795.97	1651.44
	1991-92	13444.04	28174.20	16342.98	5732.31	8885.45	6516.93
Madhya Pradesh	1979-80	444.27	1829.58	813.40	355.39	1285.03	627.45
	1983-84	1557.29	4715.38	2970.33	1180.55	2293.87	1801.65
	1991-92	3841.32	13018.31	6238.65	3005.91	6785.79	4316.65
Maharashtra	1979-80	587.33	2153.64	1207.11	317.57	1310.14	682.73
	1983-84	2612.29	18269.88	11076.93	1651.95	5599.53	4447.99
	1991-92	5307.54	59233.68	28288.67	3749.19	19927.11	13606.05
Orissa	1979-80	478.33	1367.90	564.37	302.17	1005.64	361.44
	1983-84	892.91	5960.24	2256.75	518.21	3073.40	1266.93
	1991-92	4324.69	12802.11	5752.49	2111.64	6596.35	2833.79
Punjab	1979-80	662.10	2419.87	1088.43	611.04	1638.45	923.20
	1983-84	7017.94	5227.42	6110.44	1759.17	2411.53	1992.93
	1991-92	18468.36	23253.61	20760.86	11574.03	10957.54	11234.85
Rajasthan	1979-80	544.51	1801.85	827.28	427.58	1207.74	625.50
	1983-84	1621.56	4277.63	2525.65	808.41	2156.82	1263.97
	1991-92	4139.58	16738.44	7185.06	2482.97	7412.02	3969.49
Tamil Nadu	1979-80	565.24	1260.41	826.20	324.13	754.00	481.26
	1983-84	1585.98	5549.39	3235.11	723.66	2134.43	1369.93
	1991-92	5205.02	16710.57	10978.60	2091.88	8113.94	4829.85
Uttar Pradesh	1979-80	461.58	1961.96	707.56	316.90	947.72	454.39
	1983-84	3002.90	6458.88	5139.78	1182.95	2972.08	2222.50
	1991-92	4570.37	17553.95	7688.68	2494.40	8987.98	4130.88
West Bengal	1979-80	749.82	1627.95	1074.18	625.42	1157.77	842.20
	1983-84	2260.26	7254.19	4675.30	912.49	2692.44	1810.67
	1991-92	6112.35	17532.45	8608.18	3878.00	9535.82	5269.73

It is intuitively obvious that the interstate inequalities in both enterprise and labour productivity are very large, and growing.

(iii) The Rise of Interstate Productivity Disparities Over Time in Unorganised Services

(a) The Evidence on Divergence and Convergence

Among all unorganised sectors covered in this report, the most shocking increases in interstate inequalities in GVA per enterprise has taken place in services, in rural areas. In a little over ten years, productivity inequalities have more than doubled in both rural and urban areas. Thus in unorganised services, it appears that regionally divergent development processes have set in with a vengeance. The coefficients of variation for unorganised service sector enterprise and labour productivity are even larger than those for per capita income, calculated for the same period⁶.

Interstate inequalities in labour productivity, though very high today, stand much below the corresponding inequalities in enterprise productivity. Rural interstate inequalities are far greater than urban ones, and inequalities across states in productivity in own account enterprises are generally much lower than in the larger non-directory and directory establishments.

The urban interstate productivity disparities in own account enterprises are conspicuously below those for any other category. In rural areas, the productivity disparities among own account enterprises have tended to moderate over time but they remain much larger than the corresponding urban disparities.

The decline in the interstate productivity inequalities in rural own account enterprises is truly remarkable. The convergence to such low productivity figures across states possibly implies that in all states people are being pushed down to a common minimum income level, a kind of floor on full time earnings from the least remunerative of the non-farm livelihood options. What this means, in short, is that own account services enterprises and the workers who run them are more or less equally poor, regardless of geographical location.

Table 5.3.14 gives an overview, and table 5.3.15 reveals the contrasting levels and trends in interstate inequalities as between the own account enterprises and workers on the one hand and the non-directory and directory establishments on the other. It is the widening of the interstate productivity disparities in the larger establishments, especially in urban areas, which has pushed up the inequality measures to their present high levels.

Table 5.3.14: Interstate Coefficients of Variation for Enterprise Productivity and Labour Productivity, Rural, Urban and Total: 1979-80, 1983-84 and 1991-92

Year	Coefficient of Variation for					
	GVA per Enterprise (Rs.)			GVA per Worker (Rs.)		
	Rural	Urban	Total	Rural	Urban	Total
1979-80	35.78	24.98	37.27	47.44	26.53	42.16
1983-84	63.22	52.68	53.09	42.66	35.85	46.56
1991-92	85.87	60.26	91.53	67.22	42.79	60.79

⁶ GSDP figures available from CSO State Domestic Product publications were combined with interpolated state population estimates to derive per capita GSDP in constant 1993-94 prices for the relevant years. Coefficients of variation (for rural and urban areas combined) were 38.95, 33.75 and 41.09 for 1979-80, 1983-84 and 1991-92 respectively

Table 5.3.15: Interstate Coefficients of Variation for Enterprise and Labour Productivity by Enterprise Type, Rural, Urban and Total; 1979-80, 1983-84 and 1991-92

Year	Coefficient of Variation for			
	GVA per Enterprise (Rs.)		GVA per Worker (Rs.)	
	OAE	NDE+DE	OAE	NDE+DE
Rural				
1979-80	36.77	60.11	51.35	54.90
1983-84	49.80	82.68	54.13	53.67
1991-92	31.82	59.16	45.51	69.18
Urban				
1979-80	25.05	22.96	28.66	21.42
1983-84	24.69	43.75	28.20	39.63
1991-92	27.88	55.71	26.55	48.67
Rural + Urban				
1979-80	35.31	32.03	44.32	29.86
1983-84	34.93	50.92	42.02	49.80
1991-92	48.37	65.31	49.29	57.33

(b) The Proximate Causes of Interstate Productivity Inequalities in Unorganised Services

To determine what factors have operated to produce such large and growing interstate productivity disparities, two sets of regressions were run. In the first, the impact of two factors was measured: state population, and state per capita income. In the second, a third explanatory variable was added to the regressions: the rural share in total population. The statistics which emerge from these exercises are given in table 5.3.16, for gross value added per enterprise, and in table 5.3.17 for gross value added per worker.

In general, the explanatory power of the chosen combinations of variables has tended to increase over time, and is greatest for the most recent year, 1991-92, with R^2 in the high seventies for labour productivity and in the eighties for gross value added per enterprise.

Differences in the level of state per capita income is the factor, which explains interstate differences in per enterprise productivity. In the most recent year, a high rural share in the total population of any state also was a significant factor, which tended to depress average per enterprise productivity in unorganised services.

Levels of labour productivity in unorganised services also depend a great deal on state per capita incomes. Today, the only significant determinant of interstate variations in unorganised service sector labour productivity is interstate differences in per capita income. The rural share in total population does not matter, but in the early 1980's, sheer population size may have played a moderately significant role.

In short, unorganised service sector productivity is largely regionally demand determined. Despite its heterogeneity, the unorganised service sector is one in which relative productivity and therefore prosperity depends heavily on the level of per capita incomes in each state. The higher are state per capita incomes, the more productive, are the unorganised service sector enterprises and workers. Behind these proximate causes of interstate productivity differences lie the factors which have determined the regional per capita income inequalities.

Table 5.3.16: Regression Results: Dependent Variable – Gross Value Added per Enterprise in Unorganised Services in Each of Fifteen States: 1979-80, 1983-84 and 1991-92

Independent Variables	Statistics	Year		
		1979-80	1983-84	1991-92
First Regression Set	R²	.562	.492	.805
1. Population	Beta coefficient	-.065	.473	.071
	t-Value	.303	2.032	.495
	Significance	–	•	–
2. SGDP per Capita	Beta coefficient	.751	.917	.951
	t-Value	3.477	3.936	6.627
	Significance	***	***	***
Second Regression Set	R²	.527	.509	.886
1. Population	Beta coefficient	-.081	.509	.005
	t-Value	.354	2.204	.043
	Significance	–	*	–
2. SGDP per Capita	Beta coefficient	-.120	.374	-.539
	t-Value	.343	1.189	3.093
	Significance	–	***	*
3. Rural Share in total Population	Beta coefficient	-.120	.374	-.539
	t-Value	.343	1.189	3.093
	Significance	–	–	***

Note: Stars ***, and * indicate levels of significance at 99 per cent, 97.5 per cent and 95 per cent respectively. A dot, •, indicates a significance level of more than 95 per cent. A dash–, not significant.

Table 5.3.17: Regression Results: Dependent Variable – Gross Value Added per Worker in Unorganised Services in Each of Fifteen States: 1979-80, 1983-84 and 1991-92

Independent Variables	Statistics	Year		
		1979-80	1983-84	1991-92
First Regression Set	R²	.384	.440	.792
1. Population	Beta coefficient	-.242	.513	.057
	t-Value	.946	2.095	.384
	Significance	–	•	–
2. SGDP per Capita	Beta coefficient	.519	.882	.938
	t-Value	2.025	3.603	6.340
	Significance	•	***	***
Second Regression Set	R²	.332	.456	.775
1. Population	Beta coefficient	-.228	.550	.066
	t-Value	.839	2.259	.419
	Significance	–	*	–
2. SGDP per Capita	Beta coefficient	.616	1.211	1.004
	t-Value	1.323	3.257	3.682
	Significance	–	***	***
3. Rural Share in total Population	Beta coefficient	.106	.385	.072
	t-Value	.256	1.163	.294
	Significance	–	–	–

Note: Stars ***, and * indicate levels of significance at 99 per cent, 97.5 per cent and 95 per cent respectively. A dot, •, indicates a significance level of more than 95 per cent. A dash–, not significant.

(c) Growth in Enterprise and Labour Productivity

One of the implications of the widening gaps between state productivity levels in unorganised services is that, on the average, productivity must have been growing faster in the relatively more productive states than in those where enterprise and labour productivity are relatively low.

Table 5.3.18 gives both short and long period growth rates. The long period growth rates tell the story. Per enterprise productivity growth rates are the highest in Delhi, Maharashtra, Karnataka, Punjab and Haryana, in that order. The ranking of labour productivity growth rates differs only

marginally. Karnataka enjoyed the highest labour productivity growth rates, followed by Maharashtra, Delhi, Punjab and Haryana.

In general, productivity growth was more rapid in the early 1980s than in the later years. This is invariably the case for enterprise productivity. But there are four states where labour productivity growth accelerated in the later years of the decade. These include: Delhi, Gujarat, Karnataka and Punjab. In unorganised services, there are no negative productivity growth episodes in any state.

Table 5.3.18: The Performance of Unorganised Services in Fifteen Major States in terms of Growth in Enterprise and Labour Productivity, Rural, Urban and Total: 1979-80 to 1983-84 and 1983-84 to 1991-92

State	Period	GVA per Enterprise			GVA per Employment		
		Rural	Urban	Total	Rural	Urban	Total
Andhra Pradesh	79-80 to 83-84	27.78	63.74	53.57	28.07	41.85	47.27
	83-84 to 91-92	14.33	10.29	8.58	15.30	14.69	11.12
	79-80 to 91-92	18.65	25.82	21.88	19.41	23.11	22.06
Bihar	79-80 to 83-84	28.49	25.16	38.16	13.56	15.91	23.36
	83-84 to 91-92	19.17	22.66	17.41	24.66	22.11	21.22
	79-80 to 91-92	22.20	23.49	23.95	20.85	20.01	21.93
Delhi	79-80 to 83-84	36.71	37.55	40.26	16.03	22.61	23.69
	83-84 to 91-92	29.85	31.86	32.50	29.79	26.66	27.33
	79-80 to 91-92	32.10	33.73	35.04	25.03	25.29	26.11
Gujarat	79-80 to 83-84	37.05	23.11	29.17	17.08	16.04	15.77
	83-84 to 91-92	11.79	23.27	19.52	19.15	24.18	23.58
	79-80 to 91-92	19.64	23.21	22.66	18.45	21.40	20.92
Haryana	79-80 to 83-84	38.98	48.36	50.80	16.41	29.43	28.95
	83-84 to 91-92	6.85	22.91	16.37	13.70	23.49	20.17
	79-80 to 91-92	16.64	30.86	26.87	14.60	25.44	23.03
Karnataka	79-80 to 83-84	23.51	45.81	34.01	14.10	28.82	21.68
	83-84 to 91-92	26.97	27.37	27.36	31.69	31.47	31.82
	79-80 to 91-92	25.80	33.24	29.54	25.55	30.58	28.35
Kerala	79-80 to 83-84	51.14	28.78	44.82	25.39	13.81	21.83
	83-84 to 91-92	14.34	25.17	17.11	17.19	22.12	18.72
	79-80 to 91-92	25.48	26.36	25.70	19.86	19.29	19.75
Madhya Pradesh	79-80 to 83-84	36.83	26.70	38.24	35.00	15.59	30.17
	83-84 to 91-92	11.95	13.53	9.72	12.39	14.52	11.54
	79-80 to 91-92	19.69	17.77	18.50	19.47	14.87	17.44
Maharashtra	79-80 to 83-84	45.22	70.66	74.05	51.02	43.78	59.76
	83-84 to 91-92	9.27	15.84	12.43	10.79	17.20	15.00
	79-80 to 91-92	20.13	31.81	30.06	22.84	25.46	28.32
Orissa	79-80 to 83-84	16.89	44.48	41.41	14.44	32.22	36.83
	83-84 to 91-92	21.80	10.03	12.41	19.20	10.02	10.59
	79-80 to 91-92	20.14	20.49	21.35	17.59	16.97	18.72
Punjab	79-80 to 83-84	80.44	21.23	53.93	30.26	10.15	21.21
	83-84 to 91-92	12.86	20.51	16.52	26.55	20.83	24.13
	79-80 to 91-92	31.96	20.75	27.85	27.78	17.16	23.15
Rajasthan	79-80 to 83-84	31.37	24.13	32.18	17.26	15.60	19.23
	83-84 to 91-92	12.43	18.59	13.96	15.06	16.69	15.38
	79-80 to 91-92	18.42	20.41	19.74	15.79	16.32	16.65
Tamil Nadu	79-80 to 83-84	29.42	44.85	40.67	22.24	29.71	29.89
	83-84 to 91-92	16.02	14.77	16.50	14.19	18.17	17.06
	79-80 to 91-92	20.32	24.03	24.06	16.81	21.90	21.19
Uttar Pradesh	79-80 to 83-84	59.71	34.70	64.17	39.00	33.07	48.71
	83-84 to 91-92	5.39	13.31	5.16	9.77	14.84	8.06
	79-80 to 91-92	21.05	20.03	21.99	18.76	20.62	20.19
West Bengal	79-80 to 83-84	31.76	45.29	44.44	9.90	23.49	21.09
	83-84 to 91-92	13.24	11.66	7.93	19.82	17.13	14.29
	79-80 to 91-92	19.11	21.90	18.94	16.42	19.21	16.51

(iv) Employment Gains and Employment Losses at the State Level

One tends to think of unorganised services as some kind of sponge, capable of absorbing virtually limitless numbers of workers, albeit at very low income levels. The figures in table 5.3.19 tell us that this is not true. Five states experienced very substantial reductions in rural employment at the start of the 1980s decade. These include Andhra Pradesh, Bihar, Maharashtra, Orissa and West Bengal. In three of them the expansion of urban employment failed to make good the deficit. The most seriously affected state was Andhra Pradesh, where more than half a million unorganised service sector jobs were lost in rural and urban areas combined. There were no job losses during this period in the urban areas of any state.

During the second period there were rural job losses in only three states – Delhi, Gujarat and Punjab. But the rural losses were not very significant, except perhaps in Punjab, and they were far outweighed by the additional employment in services which materialised in urban locations. However, three states recorded urban job losses, and in two of them – Orissa and West Bengal – the cut backs in employment were substantial.

Table 5.3.19: Changes in the Absolute Number of Persons Employed (+ or -) in Unorganised Services in Fifteen States, Rural, Urban and Total: 1979-80, 1983-84 and 1991-92

State	Year	Changes in the Number of Workers		
		Rural	Urban	Total
Andhra Pradesh	79-80 to 83-84	-606532	26469	-580063
	83-84 to 91-92	512477	50573	563050
Bihar	79-80 to 83-84	-215278	40786	-174492
	83-84 to 91-92	323210	72677	395887
Delhi	79-80 to 83-84	270	46100	46370
	83-84 to 91-92	-6064	72160	66096
Gujarat	79-80 to 83-84	61353	51539	112892
	79-80 to 83-84	-1953	47449	45496
Haryana	83-84 to 91-92	23771	68164	91935
	79-80 to 83-84	32370	8972	41342
Karnataka	83-84 to 91-92	126973	56453	183426
	79-80 to 83-84	68907	60147	129054
Kerala	83-84 to 91-92	255288	67868	323156
	79-80 to 83-84	344414	133290	477704
Madhya Pradesh	79-80 to 83-84	29011	102536	131547
	83-84 to 91-92	142358	-2460	139898
Maharashtra	79-80 to 83-84	-42846	272906	230060
	83-84 to 91-92	292214	315515	607729
Orissa	79-80 to 83-84	-41978	48483	6505
	83-84 to 91-92	123535	-12416	111119
Punjab	79-80 to 83-84	61474	36923	98397
	79-80 to 83-84	-9520	43351	33831
Rajasthan	83-84 to 91-92	30851	35265	66116
	79-80 to 83-84	106406	34537	140943
Tamil Nadu	83-84 to 91-92	80158	135423	215581
	79-80 to 83-84	360967	297081	658048
Uttar Pradesh	83-84 to 91-92	-329516	160433	-169083
	79-80 to 83-84	872356	54899	927255
West Bengal	79-80 to 83-84	108450	157132	265582
	83-84 to 91-92	448292	-26259	422033

