

Economic Reforms and Employment Growth in India



सत्यमेव जयते

September 2005



**Town and Country Planning Organisation
(Social Infrastructure Planning Division)
Ministry of Urban Development
Government of India**

CONTENTS

	Preface	i - ii
I	Introduction	1 - 4
II	Economic Reforms in Nutshell	5 - 14
III	Impact of Economic Reforms	15 - 27
IV	Growth in Employment - All India Scenario	28 - 37
V	Growth in Overall Employment - State wise Scenario	38 - 47
VI	Growth in Urban Employment - State wise Scenario	48 - 57
VII	Growth in Rural Employment - State wise Scenario	58 - 68
VIII	Growth in Employment in Selected Class I Towns	69 - 90
IX	Findings & Recommendations	91 - 107

PREFACE

India nurtured “protectionism” for almost four and a half decades before embarking on the economic reforms programme in the early nineties. Protectionism was perhaps justified in India’s cradling years, but it seems it had continued for a much longer period than what was actually necessary. This becomes evident when one looks at the enormous gains that have accrued to the economy so far, after the economic reforms were initiated.

Today, India is experiencing an unprecedented surge in upward mobility in the economic sphere. It is marching ahead in all the sectors. It is no more a land of snake charmers and elephants. Even the worst of opponents of economic reforms cannot deny the fact that the economic scenario in India today is vastly different from what it was a decade and a half before. Gone are the days of shortages and people waiting in long queues for getting even food grains. An era of plenty has ushered in. Many of the things, which were the monopoly of the rich in the past, have now become toy-like-thing even for the common man. The craze for foreign things is over. Quality of life of every Indian has improved.

Undoubtedly, the credit for ushering in the revolutionary change in the Indian economic scenario goes to the originators of economic reforms. The economic reforms programme, which is underway, has made everyone realize the immense potential and economic power of the market-driven economy, especially for India. The dormant Indian economy has been awakened from its slumber and has already become dynamic, innovative and energetic and may soon emerge as an economic power. India has already become the biggest future fear for native workers across the United States and Europe because of outsourcing of work to India.

Though economic reforms undertaken so far have benefited our country in many ways, there are some strong opponents to the reforms programme. Their strong contention is that the economic reforms programme has led to “jobless growth”. Has the economic growth reforms programme really led to “jobless growth”? Can it be possible when the investment is going up by leaps and bounds in many sectors? The answers will be found in this report.

The report is the outcome of the efforts put in by Shri J. Nagarajan, Senior Social Scientist, who not only conceived the project but also shouldered the responsibility of drafting the report. In drafting the report, he was ably assisted by Shri C.A. Lokesh and Shri P.P. Tuteja who also took upon themselves the responsibility of drafting some of the chapters of the report. Shri H.L. Poddar, Research Officer, who has since retired, was associated with the study in the initial stages and helped in a big way in drawing up the tabulation plan and in deciding the format as well as the contents that should go into the report.

I would also like to place on record my appreciation of Shri M.L. Chotani, Town and Country Planner, for the painstaking efforts put in by him in going through the entire draft report and making valuable suggestions for being incorporated into the final report.

Shri B.K.Bharti, Senior Research Officer, in addition to supervising the work of computerization and scrutiny of data, assisted in generating analytical tables required for drafting the report. He also made brief analysis of some of the tables that have gone into this report.

The work of collection, compilation, computerization, scrutiny of data and generating analytical tables required for drafting the report was shared by Shri R.S. Meena, Shri C.A. Lokesh, Smt. Aruna Pathak and Shri P.P.Tuteja. Smt. Amarjeet Kaur rendered secretarial assistance of exemplary nature.

It is hoped that this report would be found interesting, informative, thought provoking and useful for policy-makers, administrators, planners and researchers.

**NEW DELHI
SEPTEMBER, 2005**

**(K.T. GURUMUKHI)
CHIEF PLANNER**

(ii)

CHAPTER I

Introduction

Almost all the developed countries of the world have open economies. These developed countries, which have “open” economies, are not only “economically” strong, but many of them are also militarily strong. A classic example is, of course, the United States of America (U.S.A), a market-oriented economy, which is not only economically strong, but is also a “super-power” in terms of defence. Today, the United States, dominates the world with its “military’ and “economic” power.

India did not realize the immense potential and enormous power of the market-driven economy till the beginning of the nineties of the last century. It did not comprehend that market-economy has the gigantic power to awaken a dormant economy from its slumber and make it dynamic, innovative and energetic to make it grow at a jet-speed to take the country reach “Himalayan” heights in prosperity. For more than four decades since Independence, the country followed the policy of “protectionism”. The policy-makers were obsessed with the idea that the prime role of government is to own/control industry and commerce rather than being the facilitator of these two important segments of the economy. There was more emphasis on “control” rather than on good governance. The industrial and commercial sectors faced thousands of controls. Foreigners dreaded to invest in India. Domestic investors too were feeling strangulated. Over-protectionism resulted in low productivity, low production, low investment and less employment.

The year 1991, however, saw India open its eyes to the reality and realize the vast potential of a market economy. The ‘closed’ economy was opened up and sweeping changes in economic policies were initiated, thereby giving economic freedom to one and all. India is no more a closed economy where only a few capitalists could thrive. Today, even a pauper can become a billionaire if he has the entrepreneurial ability. Controls will not come in his way. The innumerable controls that were inhibiting the economic growth have largely been eliminated. The quota-

license-permit raj is almost over. Telecommunications, power, civil aviation etc., which were hitherto the monopoly of the government, have now been opened to the private sector. Even railways are being opened to the private sector. Foreign investments are being welcomed in many areas. User charges in many areas are being revised to make it cost-based. Import restrictions are being removed in stages to reach ultimately the stage where there won't be quantitative restriction on import of any commodity or service. The need for cutting down "unproductive employment" in government sector has been fully realized. Liberalization, privatization, globalization, computerization, fiscal reforms are the keywords that are being liberally used in the corridors of power.

Economic reforms, ushered in 1991, have greatly transformed the economy and have placed it on the path of speedier progress. The reforms have been consumer-friendly and have resulted in an era of availability of everything in plenty. In spite of visible positive gains of economic reforms, some have termed economic reforms as "anti-people" and have vehemently opposed them on the ground that they have resulted in "jobless growth". It is, however, difficult to accept this argument, as investment, both foreign and domestic, have swelled, since the reforms were initiated in the early nineties. When investment has been going up by leaps and bounds, how can employment remain stagnant? What is the reality? Has economic reforms resulted in "jobless growth" or has it pushed up employment? Have the economic reforms really resulted in "jobless growth"? Have they reduced the job opportunities for people? It is to probe into these questions and find out the answers to depict the real scenario; the instant study was taken up.

Scope and Objectives

1. To highlight in brief the important economic reforms ushered in so far.
2. To assess the impact of economic reforms undertaken till now.
3. To know the growth in employment, both urban and rural, at All-India, state and city levels during the last three decades, i.e., 1971-81, 1981-91 and 1991-2001.
4. To highlight the inter-state and inter-town disparities in growth in employment and identify the reasons for the same.
5. To make suggestions/ recommendations on the basis of findings.

Definition of Employment

At the outset, it may be noted that employment, as adopted in this report, does not mean only wage earners or persons belonging to the salaried class. In this report, employment includes all those who are engaged in some economic activity. Thus, it includes all workers including farmers, agricultural laborers, industrialists, businessmen, self-employed persons – whether as doctors, architects, engineers, mechanics etc., petty vendors and so on. In short, in this report, employment refers to the total number of workers as identified by the Census of India.

The Census of India (since 1981 Census) has classified workers into two categories, viz., main workers and marginal workers. A main worker is a person whose main activity is participation in any economically productive activity. Such participation may be physical or mental in nature. For determining a worker, he / she should have worked for six months or 183 days or more in one or more than one activity. A person who has worked for less than 183 days in a year is considered as a marginal worker. Total workers refer to main workers plus marginal workers.

Coverage and Limitations

In order to study the growth in employment at all-India level, both urban and rural areas were taken up for analysis. With regard to assessing the scenario at state level, all the states and union territories have been covered. As far as making the study at town level is concerned, the study has been limited to Class-I Urban Agglomerations and towns as identified by the 1971 Census. In this regard, it may be noted that 2001 Census was not considered for identifying Class I U.As and towns because some of the Class I U.As / towns as identified by the Census 2001, did not qualify as towns in some of the earlier censuses. As per the 1971 Census, there were 146 Class I (population with one lakh or above) urban agglomerations and towns. Among these, two towns viz., Ulhasnagar and Thane form parts of Greater Mumbai Urban Agglomeration as per the 2001 Census. Hence, these two towns have not been considered separately while making analysis at town level. Further, Guwahati (Assam), though existed as a separate town in 1971, has also been excluded from analysis at town level due to non-availability of continuous data from 1971 to 2001 for Guwahati, as no Census was conducted in Assam in 1981.

Methodology

The study of course required lot of data in order to fulfill its objectives. The main data required for the study pertained to population and number of workers, and the Census documents of various years formed the sources for this data. With regard to data / information that was required for knowing the economic reforms that have been undertaken so far and their impact on the economy, the Five Year Plan documents published by the Planning Commission, Economic Surveys published by the Ministry of Finance, documents published by the Ministry of Commerce and Industry pertaining to various policies, the Statistical Abstracts published by the Central Statistical Organisation, articles published in various newspapers, books dealing with subject of economic reforms, etc. were the main sources.

Chapterisation

The report has been structured into nine chapters including this introductory chapter. Some of the important measures that have been undertaken under the economic reforms programme have been explained in the second chapter. The positive impact that the country has experienced so far due to economic reforms has been analysed in the third chapter. It has to be noted that the second and third chapters do not cover each and every aspect of economic reforms carried out so far and that the points that have been covered are only illustrative. The fourth chapter deals with trends in employment (number of workers) from 1971 to 2001 at all-India level. In this chapter, the growth in overall as well as both in urban and rural employment has been analysed. In the fifth chapter, the state level scenario in growth in overall employment from 1971 to 2001 has been analysed in detail. The sixth chapter deals with analysis of growth in urban employment from 1971 to 2001 at state level. Growth in rural employment from 1971-2001 has been analysed in the seventh chapter. The town level scenario has been analysed in detail in the eighth chapter. The last chapter presents findings and recommendations.

CHAPTER II

Economic Reforms in Nutshell

There are many important years in the history of India, but as far as economic history is concerned, the year 1991 has definitely to be termed as a “landmark”. It saw fundamental changes in the economic policies of the country. In the beginning of the year, the country faced a severe economic crisis, which was partly triggered by serious balance of payments situation. The crisis made the government of the day to have a fresh look at the economic policies. The need for having drastic changes in the economic policies was realized and this led to the initiation of economic reforms. It was realized that the roles of state and market have to be redefined, if productivity and efficiency of the system have to be improved. Since its introduction in 1991, economic reforms have covered several areas. In the following paragraphs, the reforms that have been undertaken in some of the areas so far have been mentioned in brief.

1. Removal of Industrial Licensing

Industrial licensing in India is governed by the Industries (Development and Regulation) Act, 1951. In the pre-reforms era, the country practiced a system of industrial licensing under which a license was required before setting up any large industrial unit. It was thought the licensing system would enable best allocation of the available resources. However, the system only led to delay, harassment, lower production and inefficiency. This led to a change in the mindset and it was realized that in order to have a sustained growth in productivity, enhance gainful employment, attain optimum utilization of human resources, attain international competitiveness and transform India into a major partner in the global arena, industrial licensing policy need to be liberalized. Accordingly, the list of items requiring compulsory licensing has been coming down in the past few years. Today, all industrial undertakings are exempt from obtaining industrial license to manufacture, except for

(i) industries reserved for the Public Sector (ii) industries retained under compulsory licensing (iii) items of manufacture reserved for the small scale sector and (iv) if the proposal attracts locational restriction. As regards locational restrictions, it has to be noted that industries located within 25 km. of the periphery of the standard urban area limits of a city with a population of more than one million require a license. This condition, however, does not apply to electronics, computer software, printing and certain other non-polluting industries and units located within designated "industrial areas.

2. Removal of Restrictions on Foreign Investment

In the pre-reforms era, foreign investment was not fully welcome. In fact, it was restrictive. In most areas, it was limited to 30%. Majority ownership was an exception rather than the rule. It was feared that foreign investment would restrict the growth of domestic industries. The result was lower investment and lesser growth. Today, the scenario is different and foreign investment is being welcomed in a big way. Promotion of foreign direct investment forms an integral part of India's economic policies. Everyone realizes that foreign direct investment can accelerate economic growth by infusing capital, technology and modern management practices. We now have a liberal and transparent foreign investment regime where most activities are opened to foreign investment on automatic route without any limit on the extent of foreign ownership. The Government has now allowed 100% FDI under automatic route in printing of scientific and technical magazines, periodicals and journals, petroleum product marketing, oil exploration in both small and medium sized fields and also for petroleum product pipeline. FDI up to 100% is now permitted for natural gas/LNG pipeline with prior Government approval. Some of the recent initiatives taken to further liberalize the FDI regime, inter alia, include opening up of sectors such as insurance (26%), development of integrated townships (100%), defence industry (26%) etc. In the telecom sector, foreign investment up to 74% is allowed now. The equity cap in the private sector banking has been raised to 74%. In the civil aviation sector, FDI up to 40% is allowed in domestic airlines. In case of airports, FDI can go up to 100% with Government's approval.

3. Reduction in Import Duties and Phasing out of Quantitative Restrictions

In order to protect domestic industries, import substitution formed a major plank of India's foreign trade policy. The Indian economy was over-protected and inward looking till 1991. This policy only led to domestic industries producing low quality goods at high prices. The high cost of imports also adversely affected import of modern technology. This led to "technological lag" and the export industries also could not show good performance.

The fallacy of having high customs duties was realized and the government started undertaking reforms in this sector. The peak rate of customs duties, which was as high as 200 per cent in 1991, came down to 35% in 2000 due to progressive decline in the rates over the past few years. The average tariff duty in 1991-92 was 128%, along with a very large number of separate tariff rates across commodity groups and also coupled with many exemptions. In 2001-02, the average import duty (total) was 37.1% and this was reduced to 33.7% in 2002-03. The peak rate of customs duties now stands at 15% (as proposed in the Budget 2005-06). There are, however, a number of exceptions to the 'peak', especially for agricultural products, and hence, the peak rate of 15%, is actually for non-agricultural products. The quantitative controls have also been phased out. The government's policy is to bring down customs duties to ASEAN levels.

4. Determination of Exchange Rate by Market Forces

Exchange rate (between currency) is no more determined by the government but by the forces of demand and supply. This has been made possible by the introduction of almost full convertibility on the current account and also partial convertibility on the capital account. The RBI, however, monitors closely the development in the financial markets at home and abroad and coordinates the market operations with suitable regulatory measures, as considered necessary from time to time.

5. Reforms in Financial Sector

Banks and insurance companies were mainly owned by the state in the pre-reforms era. The scenario is different today. Private banks and insurance companies are in place. The state owned banks have been given autonomy in many areas to improve their efficiency to compete with private banks. The statutory

liquidity requirements through which banks were required to invest in government securities have been drastically reduced. Commercial banks are increasingly entering new businesses such as merchant banking, underwriting, mutual funds and leasing, usually through subsidiaries. Computerization of bank operations has been taken up on a very large scale. To enhance competition, many new private sector banks, including some more foreign banks have been allowed entry into the market. RBI supervision over commercial banks and other financial institutions including non-bank financial companies has been strengthened. Issues relating to autonomy of bank managements are being given due attention.

6. Liberalisation of Capital Market

Capital market is a major vehicle for converting savings into investment. It is also the preferred investment destination of foreign savings. The capital market has been considerably liberalized. Corporates are now free to issue capital and price their issues. Foreign Institutional Investors (FIIs) are now permitted to invest in the Indian market. The Indian companies have been allowed to access foreign markets for raising equity and debt finance.

There was a “free for all” atmosphere in the stock market prior to the introduction of regulation of capital market. There were many “scandals” and “scams” in the stock market, which pauperized many small investors, before the stock market came under the control of the government. The setting up of SEBI (Stock Exchange Board of India) has greatly helped the government to keep an eye on the stock market and regulate it to protect small investors. SEBI has been able to control insider trading, regulate large acquisition of shares and improve the trading practices in stock exchanges. It has been able to revamp the governing boards of stock exchanges, which till recently were predominantly the domain of the broker community. The dematerialization of shares has been introduced. Stock Exchanges have introduced screen-based trading.

7. Entry of Private Sector in Public Sector Areas

The most laudable measure taken under the process of economic reforms, is the opening up of areas to private sector hitherto reserved for the public sector. A few of these areas are the telecom, power, T.V and Radio broadcasting, and the civil

aviation. Today, there are many players in the telecom and civil aviation sectors, and T.V and Radio broadcasting.

Power sector reforms were initiated in 1991 to encourage competition in each sub element of the sector, namely, generation, transmission and distribution under an independent and transparent regulatory regime. The Central Electricity Regulatory Commission (CERC) has been set up at the national level and State Electricity Regulatory Commissions (SERC) has been set up at state levels. Today, private sector can involve itself in generation, transmission and distribution.

8. Privatisation

In the post Independence era, till the beginning of economic reforms, the industrial scenario was dominated by the public sector. It was believed that if the country has to be economically self-reliant, then public sector should play a dominant role in the economy. The Industrial Policy Resolution of 1956 and the adoption of the socialist pattern of society led to deliberate enlargement of public sector. The general thinking in the government was that a dominant public sector would go a long way in reducing the inequality of income and wealth and also advance the general prosperity of the nation. This was because the goal of public sector is public-good and not profits. Further, since, in the first few years of Independence, private capital was lacking, the Central government had to make large investment in heavy industry, fuel and infrastructure. There was also a school of thought that profits made by public enterprises can be ploughed back into the economy and this can push up growth of industrial sector further. The different and flexible pricing policy with regard to public sector undertakings was also advanced as an argument for having more and more undertakings in the public sector. The government can follow a policy of average price being equal to or higher or lower than the average cost depending on the type of commodity being manufactured by the public enterprise.

With the passage of time, many of the public undertakings started making losses and had to depend on budgetary support for their survival. The reasons were poor management, non-accountability, corruption, political interference, lackadaisical attitude of workers etc. The losses started mounting and this changed the mindset of the government with regard to public enterprises. It was realized that government should move away from manufacturing activities and concentrate more on social sectors. Many eminent economists argued that the government must not venture into

those areas where the private sector can undertake the job efficiently. The government also started feeling that the role of state should be that of a regulator and a facilitator rather than of the producer. Accordingly, the government initiated reforms in the public sector, through privatization and disinvestments of public sector enterprises. So far (June, 2005), 14 public enterprises have been privatized. Some of these are Modern Food Industries Limited, Bharat Aluminum Company Limited, CMC Limited, IBP Company Limited, VSNL, ITDC, Maruti Udyog Limited, Indian Petrochemical Corporation Limited etc. The disinvestments done from 1991-92 to 2004-05 generated total revenue of about Rs. 47.6 thousand crore against a target of about Rs. 96.8 thousand crore.

9. Reduction in Excise Duties

In the pre-reforms era, tax structure relating to excise duties was pretty miserable. In the mid-1970s, excise duties were levied on virtually all manufactured products at the manufacturing stage and the rates varied from 2 to 100%. There were 24 separate rates into which commodities were grouped. Today, the maximum rate of excise is 16%, except for a few items, which attract 24%. There may ultimately be a single CENVAT (Central Value Added Tax) of 16% on all commodities, except for a few luxury consumer products on which additional excise duties may be levied.

10. Reduction in Income and Corporate Taxes

The direct taxation in the pre-reforms era, especially in the 1970s, was influenced by socialist ideals. High progressive rates of direct taxation was considered indispensable to bring in 'socialistic pattern of society' as well as to raise high tax revenues to finance public expenditure. Income tax rates were high and progressive. In 1973-74, there were 11 different tax slabs with rates ranging from 10 to 85%. There was also a surcharge of 15% on the tax payable pushing the top marginal rate to 97.75%. Corporate rates were also high at around 60% with rate differentials across "widely-held" and "closely held" companies. The high rates of taxation, far from bringing high tax revenues for the government, resulted in large scale tax evasion and growth of black money. In fact, a parallel economy was operating with black money as the medium of exchange. With ushering in of reforms, tax rates started falling and today, as proposed in the budget for 2005-06, there are

only three tax slabs as far as income tax is concerned. The minimum rate is 10% and the maximum is 30%. There is a surcharge of 10%, but the same is leviable only on taxable income of Rs.10 lakh and above. There is no tax on annual income up to Rs.1 lakh. As far as corporate tax is concerned, it is now 30% for domestic companies. There is also a surcharge of 10%.

11. Introduction of Service Tax

Service tax was introduced in 1994 in order to explore new avenues for taxation and bring more people into the tax net. In the beginning, the service tax rate was 5% and was levied only on three services, viz., service rendered by the telegraph authorities to the subscribers in relation to telephone connections, service provided by the insurer to the policyholder in relation to general insurance business, and service provided by a stockbroker. Service tax is now firmly on board today and covers more than 60 services. The rate has been increased to 10%. The service tax generated revenue of only Rs.400 crore in 1994-95 for the central government but the revenue has been going up very sharply every year. The total revenue from central service tax was Rs.2612 crore in 2000-01 and was expected to fetch Rs. 13,500 crore in 2004-05.

12. Urban Reforms

In order to give fillip to the growth of housing sector by freeing the urban land market, the central government has repealed the Urban Land (Ceiling and Regulation) Act, 1976 at the central level and the states have been advised to do the same at the state level. Many state governments have already repealed the law existing in their states.

Rent control and tenancy laws come in the way of the development of rental housing and thereby contract the housing stock. It is now well recognized that rent control at absurdly low levels with virtually no relation to market rates and extraordinary protection to tenants not only hinder the development of rental housing but also act as deterrent to the growth of cities. Keeping this in view, the central government has made it mandatory for the states to amend their Rent Control Laws to stimulate private investment in rental housing schemes.

The central government has also laid emphasis on rationalization of stamp duty and reform of property tax laws. It is proposed to reduce Stamp Duty to 5 per

cent by the end of the Eleventh Five Year Plan. Many states have already reduced the rate of Stamp Duty. With regard to rationalization of property tax, not only the rate has been brought down in Delhi, but the methodology for assessing the property tax has also been changed from ratable value to plinth area of the property.

13. Downsizing Staff in Government

The implementation of recommendations of the Fifth Pay Commission led to a sharp increase in government wage bills, resulting in a high growth rate of non-developmental expenditure thereby causing a large fiscal deficit. The mounting non-developmental expenditure became a matter of deep concern for the central government and therefore, the government set up an Expenditure Reforms Commission in February, 2000 to go into various aspects of government expenditure and make recommendations to bring down government's expenditure. The Expenditure Reforms Commission submitted its report in 10 volumes. Some of its recommendations are being implemented, which includes downsizing the staff in central government. The central government has already reduced its staff strength in many of its departments and the exercise is continuing.

14. Pension Reforms

The upward revision of pay and allowances of Central Government Employees due to recommendations of various Pay Commissions has definitely been increasing the non-developmental expenditure of the government. In this connection, the sharp escalation in the wage bill and pension payments of Central Government made the government not only to start downsizing the staff, but also find resources for payment of pensions. Consequent to the implementation of the recommendations of the Fifth Central Pay Commission, the salary bill and pension outgo of the Central Government civil ministries and departments including defence services (excluding Telecom, Post & Railways) escalated sharply by 33.6 per cent and 35 per cent respectively. As a proportion of net revenue receipts (of Central Government), expenditure on pensions after increasing from 3.9 per cent in 1990-91 to 7.9% in 1999-2000, started declining from 2001-02 to reach 5.8 per cent in 2003-04 (Revised Estimates). The compound annual average growth rate of the pension outgo of the Central Government was 21% during the 1990s.

Unfunded pensions have been a major fiscal drag world over. Keeping in view the ever-increasing burden of pension payments, the Central Government, in order to lessen its burden, has introduced a new restructured defined contribution pension system. The New Pension System (NPS), which has been introduced with effect from January 2004, is applicable to all new entrants to Government service, except armed forces. The NPS will be available, on voluntary basis, to all persons including self-employed professionals and others in the unorganized sector.

15. Introduction of Value Added Tax

One of the important tax reforms that has been undertaken recently is the introduction of State-level Value Added Tax to replace the sales tax. VAT is considered as one of the best practices in taxation all over the world. The VAT system has been introduced in India with effect from April 2005. The underlying principle behind adoption of VAT is that taxes on commodities and services must be based on consumption (on consumers) and not on sales (traders). One of the major advantages of VAT over sales tax is that the former is non-cascading. VAT is a multi-point levy on each of the entities in the supply chain with the facility of set-off of input tax – that is, the tax paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. For instance, if a dealer purchases goods for Rs.100 from another dealer and a tax of Rs.10 has been charged in the bill, and he sells the goods for Rs.120 on which the dealer will charge a tax of Rs.12 at 10 per cent, the tax payable by the dealer will be only Rs.2, being the difference between the tax collected and the tax of Rs.10 already paid on the purchases of Rs.100. Thus, the dealer has paid tax at 10 per cent on Rs.20 being the value addition in his hands.

16. Reduction in Subsidies

Subsidies have always formed a major component of non-development expenditure of the government. Over the years, a number of subsidies, both direct and indirect, have come into existence. Subsidies exist in almost all the sectors of the economy. Realizing that the economy cannot continue to bear the burden of subsidies and that many of the subsidies are accruing to the non-intended beneficiaries, the Central Government has adopted a target-oriented approach and

is slowly bringing down non-transparent and non-targeted subsidies. The Tenth Plan has emphasized the need for progressive reduction in fertilizer subsidy as well as elimination of petroleum subsidy. The subsidy on LPG has been drastically reduced. The need for identifying subsidy element in irrigation, water charges, bus fares etc., and reducing the subsidy element in a phased manner, has also been emphasized in the Tenth Plan.

17. Enactment of Fiscal Responsibility and Budget Management (FRBM) Act, 2003

A landmark step taken by the Central Government for the purpose of bringing down fiscal deficit is the enactment of Fiscal Responsibility and Budget Management (FRBM) Act, 2003 (as amended). The FRBM Act has been operationalised with the notification of rules in July 2004. Under the provisions of the Act and the rules, the Government is mandated to eliminate revenue deficit by March 2009 and reduce fiscal deficit to an amount equivalent to 3 percent of GDP by March 2008. Revenue deficit constituted more than 70% of fiscal deficit in the past few years. Rising interest payments, expenditure on subsidies, pay and allowances, and pensions coupled with a near stagnant tax-GDP ratio have mainly contributed to the worsening of revenue balance. The revenue deficit reached a peak of 4.4 per cent of GDP in 2001-02 and remained at the same level in 2002-03. It declined to 3.6 per cent of GDP in 2003-04 (provisional). Since the FRBM Act has been operationalised, the revenue deficit may start coming down and may be fully eliminated by 2009.

CHAPTER III

Impact of Economic Reforms

The measures that have been undertaken as part of the economic reform programme so far have benefited the economy / people in various ways. They have resulted in a sea change in the standards of living and life-styles of people. The benefits that have already accrued are enormous. Some of these are discussed in brief in the following paragraphs.

1. Improvement in Performance of the Economy – National Product

The economy's performance in the post reform era has been quite impressive. The reforms started in year 1991 and if one leaves out 1991-92, which was exceptionally a bad year, the average annual growth rate between 1992-93 and 1999-2000 was 6.3%. Per capita income and capital accumulation were all higher and their coefficients of variations lower during 1992-2001 than in the 1970s or 1980. The GNP at Factor Cost at current prices grew by 300% during 1990-91 to 2000-01 as against 283% during 1980-81 to 1990-91 and the NNP at Factor Cost at current prices went up by 304% during 1990-91 to 2000-01 as against 278% during 1980-81 to 1990-91. With regard to per capita NNP at Factor Cost at current prices, the increase was 232% during 1990-91 to 2000-01 and 206% during 1980-81 to 1990-91. The absolute figures relating to National Product at Factor Cost at current prices can be seen below (Table 3.1).

Table 3.1 : Estimated National Product at Factor Cost at Current Prices			
Item	1980-81	1990-91	2000-01
GNP (Rs.crore)	122772	470269	1885713
NNP (Rs.crore)	110685	418074	1687818
Per Capita NNP (Rs.)	1630	4983	16563

GNP Index (1980-81 = 100)	100	383	1536
NNP Index (1980-81 = 100)	100	378	1525
Per Capita NNP (1980 -81=100)	100	306	1016
<i>Source : Statistical Abstracts – India – 1997 & 2003 published by Central Statistical Organisation, Government of India</i>			

Looking at the index, it is seen that GNP shot up by 1153 points during 1990-91 to 2000-01 as compared to 283 points during 1980-81 to 1990-91. The NNP grew by 1147 points during 1990-91 to 2000-01 as compared to 278 points during 1980-81 to 1990-91 and the Per Capita NNP increased by 710 points during 1990-91 to 2000-01 as against 206 points during 1980-81 to 1990-91.

2. Wide Choice of Consumer Goods and Services

Economic reforms have resulted in a sea-change in the standards of living and life-styles of people. The benefits that have already accrued are enormous. Today, one has variety of choices to choose from with regard to many of the consumer durables like fridges, televisions, music systems, DVDs, cars etc. Foreign brands of many of the consumer durables are easily available. Due to cutthroat competition, the prices of consumer durables have either come down or remained static. The T.V. viewers today enjoy 24-hour news channels. These 24-hour news channels and other channels depend heavily on the advertising industry, which in turn, depends on India's increasing transformation into a consumerist society.

3. Easy Availability of Bank Loans

In the pre-reforms era, getting loan from a bank was unthinkable for a common man. The scenario has completely changed today. The reforms carried out in the banking sector have led to easy availability of loans. Banks are running after customers today requesting them to take loans. Lending rates have fallen. Computerization and installation of ATMs have brought sea change in the services being rendered by banks. Indian banks have started giving "European" look. The day is not far off when Indian banks may be preferred when compared to foreign banks.

4. Growth in Employment Opportunities and Better Emoluments

Employment opportunities have tremendously increased due to coming up of many new domestic private companies as well as multinational companies (MNCs). Many of the foreign companies are now outsourcing their jobs to India thereby increasing the job opportunities available in the country. In 1991, many Indians were terrified that globalization would cost us millions of jobs. Today, American politicians are terrified that millions of their jobs will be outsourced to India. The latest business to be outsourced to India by the US is mathematics coaching. Health services such as pathological and radiological tests are also being outsourced to India by some countries now. The jobs that have come up in computer software and call centres could not have been predicted ten years ago. The economic reforms have not only increased the job opportunities in India, but have also raised pay packages in many of the sectors benefiting the youngsters from the middle-class. This scenario has come up because the MNCs, which have set up their plants / units in India, pay much higher emoluments than the domestic companies. One important sector, which has vastly expanded and has generated vast employment opportunities in the country after liberalization, is the 'Information Technology'. Other notable sectors in this connection are the telecom, automobiles, civil aviation and electronics.

5. Large Reserves of Foreign Exchange

In the pre reforms era, the country did not have large reserves of foreign exchange and therefore, was not easily available for a person traveling abroad. The procedure for getting foreign exchange was very cumbersome and one had to run from pillar to post to get even a small amount of foreign exchange. There were widespread illegal transactions in foreign exchange. The situation has changed and today foreign exchange is easily available in any amount for persons traveling abroad. The removal of restrictions has also helped in eliminating "black money" generated as a result of illegal transactions in foreign exchange. This is mainly because of the tremendous increase in foreign exchange reserves of the country. The foreign exchange reserves increased from US\$ 5.8 billion (amounting to 2.5 months import bill) in 1990 to US\$ 42.2 billion (providing an import cover for 8.6 months) in 2001.

6. Vast Expansion in Telecommunications

A notable revolution has occurred in the telecom sector. In the pre reforms era, this was entirely in the hands of the central government and due to lack of competition, the call charges were quite high. Further, due to lack of funds with the government, the government could never meet the demand for telephones. In fact, a person seeking a telephone connection had to wait for years before he could get a telephone connection. The service rendered by the government monopoly was also very poor. Wrong billing, telephones lying dead for many days continuously due to slackness on the part of the telecom staff to attend to complaints, cross connections due to faulty / ill maintained telephone lines, obsolete instruments and machinery in the telephone department were the order of the day in the pre reforms era.

Today, there are many players in the telecom sector. The ultimate beneficiary has been the consumer. Prices of services in this sector have fallen drastically. Telephone connections are today affordable to everyone and are also easily available. Gone are the days, when one had to wait for years to get a telephone connection. The number of telephone connections which was only 2.15 million (fixed lines) in 1981 increased to 5.07 million (fixed lines) in 1991. Today (as in 2003), there are 54.62 million telephone connections of which 41.33 million are fixed line telephone connections, 12.69 million are cellular mobiles and the remaining 0.60 million are WLL telephones¹. Wireless in Local Loop (WLL) telephones and cellular mobile telephones were unknown in India a few years ago. Cell phones charges have come down so much that today one can see even a common man going around with a cell phone in his hand. The private companies are giving various incentives to attract customers, a situation which is entirely opposite to the conditions prevailing in the pre reforms era when one had to wait for years to get a telephone connection. .

7. Civil Aviation – Growth in Air Travel

For a common man of India, traveling by air would have remained a dream, had there been no reforms. The civil aviation was the monopoly of the central government and the fares were very high. There has been a vast expansion in the civil aviation sector due to reforms. Monopoly has been replaced by stiff competition.

¹ Source : Selected Socio-Economic Statistics – India – 2002, published by the Central Statistical Organisation, Govt. of India

There are already many private airlines and more are being added. Due to cutthroat competition, prices are continuously falling and every company is thinking of new incentives to attract customers. Air Deccan's lowest air fare is Rs.500. Indian Airlines, Air Sahara and Jet Airways have already announced four levels of fares without any advance booking prerequisites. The lowest-level fare varies from 60-80% of the highest-level fare. The number of flights for important destinations has increased considerably. Air travel has become cheaper and more comfortable. The day is not far off when air will become the most popular mode of transport for an average Indian. It has to be noted that not only domestic airfares have fallen, but fares for flying to foreign destinations have also come down drastically.

The number of hours flown under domestic services registered a fantastic growth of 138% during 1990-91 to 2002-03 as against a mere 27% during 1981 to 1990-91 (total number of hours flown under domestic services: 98000 in 1981, 124000 in 1990-91 and 295000 in 2002-03)². The growth in the number of passengers carried in the domestic sector increased from 42% during 1981 to 1990-91 to 76% during 1990-91 to 2002-03 (passengers carried: 5560000 in 1981, 7912000 in 1990-91 and 13951000 in 2002-03). In terms of index, if 1981 is taken as the base year (index =100), then the index for 1990-91 works out to 142 and 250 for 2002-03, thereby showing that the index went up by 108 points during 1990-91 to 2002-03 as against 42 points during 1981 to 1990-91.

8. Easier Access to Foreign Technology

One of the greatest benefits of economic reforms has been the free flow of global technology. A case in point is the cell phone technology, which came into India after liberalization. Had there been no reforms, this technology would have taken much more time to make entry into India. Due to easy accessibility to latest foreign technology, many of the private companies are adopting latest technology in their production processes to increase production and productivity, as well as to lower production costs to benefit the consumer.

² Source : Statistical Abstracts - India – 1997 and 2003, published by the Central Statistical Organisation, Government of India

9. Significant Fall in Poverty Ratio

There has been a spectacular achievement in the sphere of poverty alleviation. The poverty ratio decreased from 36% in 1993 - 94 to 26.1% in 1999 – 2000 – a fall that was steeper than that in the 1970s or 1980s. Over the six-year period 1977-1978 to 1983, the poverty ratio fell from 51.3 to 44.5 percent; the decline between 1987-1988 and 1993-94 was from 38.9% to 36%. Indeed, while from the mid-1980s to early 1990s, the absolute number of the poor continued to hover around 320 million, the number registered a significant fall at 260 million by 1999-2000. The percentages of population below the poverty line for urban and rural areas separately can be seen below (Table 3.2).

Year	Rural	Urban	Total
1973-74	56.4	49.0	54.9
1977-78	53.1	45.2	51.3
1983	45.7	40.8	44.5
1987-88	39.1	38.2	38.9
1993-94	37.3	32.4	36.0
1999-2000	27.1	23.6	26.1

Source : Selected Socio-Economic Statistics – India – 2002, published by the Central Statistical Organisation, Govt. of India

10. Fall in Inflation Rate

Economic reforms pushed up production of goods and services in the country resulting in either prices falling or remaining constant. The fall in inflation rate can be attributed to some extent to a substantial decline in consumer price inflation. The rate of consumer price inflation, which was always in double digits during 1990 – 1993, fell sharply to less than 4% by the end of the millennium. It has to be noted that prices of many of the consumer durables like TVs, ACs, washing machines, fridges, and computers have either nose dived or remained constant.

11. Better Performance after Privatization

Many public sector companies have been privatized after 1991. It has been reported that productivity and production in all these companies have gone up very high after privatization. The liberalized economic policy freed entrepreneurs to enable them to innovate and go in for modernization of their plants. The Bharat Aluminium Company Ltd. introduced VRS for its employees after privatization and went in for computerization in a big way. The plant was also modernized. All this has led to increased efficiency and significant increase in production.

12. Remarkable Growth in Foreign Trade

The most remarkable improvement in the economy's performance has been, in the external sphere. The trade-GDP ratio crawled from 13.6 to 14.2 per cent between 1980-1981 and 1989-1990, but jumped to 22.1% by 2000-2001. The 1990s also saw a reversal of the declining trend in India's share of exports in world trade, with the share registering an increase from 0.5 to 0.6 per cent between the beginning and the end of the decade. The total value of imports increased from Rs.1254915 lakh in 1980-81 to Rs.4319286 lakh in 1990-91 and to Rs.29720587 lakh in 2002-03, thereby showing a growth rate of about 244% between 1980-81 and 1990-91 and 588% between 1990-91 and 2002-03. As regards exports, the value increased from Rs.671070 lakh in 1980-81 to Rs.3255334 lakh in 1990-91 and to Rs.25513728 lakh in 2002-03, thereby showing a growth rate of about 385% between 1980-81 and 1990-91 and 683 % between 1990-91 and 2002-03.

The Unit Value Index of imports rose by 278 points during 1990-91 to 2002-03 as against 134 points during 1980-81 to 1990-91 (Unit Value Index of Imports: 134 in 1980-81, 268 in 1990-91 and 546 in 2002-03. Base year: 1978-79 =100). The Quantum Index of imports rose by 564 points during 1990-91 to 2002-03 as against 100 points during 1980-81 to 1990-91 (Quantum Value Index of Imports: 138 in 1980-81, 238 in 1990-91 and 802 in 2002-03. Base year: 1978-79 =100). With regard to exports, the Unit Value Index rose by 327 points during 1990-91 to 2002-03 as against 184 points during 1980-81 to 1990-91 (Unit Value Index of Exports: 109 in 1980-81, 293 in 1990-91 and 620 in 2002-03. Base year: 1978-79 =100). The Quantum Index of Exports jumped up by 528 points during 1990-91 to 2002-03 as against just 86 points during 1980-81 to 1990-91 (Quantum Index of Exports: 108 in

1980-81, 194 in 1990-91 and 722 in 2002-03. Base year: 1978-79 =100)³. These figures clearly prove the vast expansion in foreign trade after ushering in of the economic reforms.

13. Regulated Capital Market

There was a “free for all” atmosphere in the stock market prior to the introduction of regulation of capital market. There were many “scandals” in the stock market, which pauperized small investors. The setting up of SEBI (Stock Exchange Board of India) has greatly helped the government to keep an eye on the stock market and regulate it to protect small investors. Trading in shares has become very easy, quick and transparent. Stock Exchange brokers can no more take small investors for a ride. Due to dematerialization of shares, the investors have been freed from botheration of getting delivery of shares and sending the same to the concerned companies for transfer of names etc. Further, delays in transfer of shares, loss/pilferage of share certificates, the need to keep shares in safe custody by the investors have become a thing of the past.

14. Increasing Foreign Direct Investment

There is no doubt that after liberalization, foreign investment as well as domestic private investment has increased by leaps and bounds. During 1991-92 (August–March), the foreign direct investment inflows were only Rs.408 crore and the figure increased to Rs.1094 crore during 1992-93. During 2003-04, the FDI inflows were Rs.12117 crore, which is more than ten times the figure of 1992-93. The FDI inflows during 2004-05 were Rs.11726 crore up to November 2004⁴. Foreign investors are showing a keen interest in investing in India. A confidence survey by global consultancy AT Kearney rated India as the third most favored FDI destination, next only to China and the United States.

15. Easy Availability of Motor Vehicles

There has been tremendous expansion in the automobile industry after ushering in of economic reforms. In the pre reforms era, one had to wait for years to get a scooter or car. Black marketing in cars and scooters was rampant. Today, the

³ Source : Statistical Abstracts - India – 1997 and 2003, published by the Central Statistical Organisation, Government of India

⁴ Source : Economic Survey – 2004-2005 (Page 161), published by the Ministry of Finance, Govt. of India

car and scooter industries are running after customers. The number of registered motor vehicles increased from 5173013 in 1980-81 to 21374200 in 1990-91 and to 54991026 in 2000-01⁵. Taking the base year as 1980-81 =100, the index for the years 1990-91 and 2000-01 works out to 413 and 1063 respectively, thereby showing an increase of 650 points in the index during 1990-91 to 2000-01 as against 313 points during 1980-81 to 1990-91.

16. Expanding Tourism

Economic reforms have brought prosperity in every sector and the tourism industry is no exception. The expansion in civil aviation sector seems to have made a very big positive impact on the tourism industry. The number of foreign tourists increased from 1279210 in 1981 to 1677508 in 1991 and to 2537282 in 2001⁶. The flow of foreign tourists during 1991 to 2001 has, thus, been more than double the flow during 1981 to 1991 (859774 during 1991-2001 as against 398298 during 1981-1991). The index works out to 198 for 2001 and 131 for 1991, if 1981 is considered as the base year with an index of 100. The increased flow of foreign tourists has been one of the factors that has pushed up our country's foreign exchange earnings considerably.

17. Substantial Growth in Corporate Sector

One of the greatest gains due to economic reforms is the huge expansion in the corporate sector. With easy flow of foreign investment and increase in domestic private investment, the number of industries in the corporate sector has gone up very high. In 1980-81, there were only 62714 companies with an aggregate paid up capital of Rs.15554.5 crore. Today (as in 2002-03), there are 612155 companies in the corporate sector with a total paid up capital of Rs. 435310.9 crore and the corresponding figures for 1990-91 are 224452 and Rs.68110.6 crore⁷. When 1980-81 is taken as the base year(100), the index of number of companies is observed to be 976 for 2002-03 and 357 for 1990-91, thereby indicating that the index increased by a huge figure of 619 points during 1990-91 to 2000-01 as against 257 points during 1980-81 to 1990-91.

⁵ Source : Statistical Abstracts – India – 1984 and 2003, Published by the Central Statistical Organisation, Govt. of India

⁶ Source : Statistical Abstracts – India – 1984 and 2003, Published by the Central Statistical Organisation, Govt. of India

⁷ Source : Statistical Abstracts – India – 1984 and 2003, Published by the Central Statistical Organisation, Govt. of India

18. Growth in Tax Revenue of Central Government

When investments in industrial and other sectors expand, the benefits of such investments would also accrue to the central government in the form of more taxes. The tax revenue of the central government registered a sharp increase of Rs.85293.2 crore during 2000-01 to 1990-91 whereas the corresponding figure during 1980-81 to 1990-91 was only Rs. 33620 crore. The tax revenues of the Central Government during 1980-81, 1990-91 and 2000-01 were Rs. 9358 crore, Rs.42978 crore and Rs.128271.2 crore, respectively⁸. The index for 2000-01, keeping 1980-81 as the base (100), works out to 1370 as against 459, which indicates that the index rose sharply by 911 points between 1990-91 and 2000-01 as compared to 359 between 1980-81 and 1990-91. When there is more money in the kitty of the central government, it can take up more development-oriented and social welfare schemes.

19. Declining External Debt

The reforms undertaken in the external sector since 1991 has enabled India to place itself in a comfortable position as far as external debt is concerned. The policy focus of the government has been on concessional and relatively less expensive source of funds, preference for long maturity loans, monitoring of short-term debt and emphasis on non-debt creating capital flows. The focus has also been on prepayment of costly government and non-Government loans, rationalization of interest rates etc.

The external debt to GDP ratio declined from 28.7 per cent in 1991 to 17.8 percent in 2004. The ratio of external debt to current receipts came down sharply from 328.9 per cent in 1991 to 95.5 percent in 2004. The short-term debt to GDP ratio declined from 2.9 per cent in 1991 to 0.7 percent in 2004. The ratio of short-term debt to foreign exchange assets nose-dived from 382.1 per cent in 1991 to 4.4 percent in 2004⁹.

⁸ Source : : Statistical Abstracts - India – 1997 and 2003, published by the Central Statistical Organisation, Government of India

⁹ Economic Survey – 2004-2005 , published by the Ministry of Finance, Govt. of India

20. Comfortable Position of Balance of Payments on Current Account

One of the remarkable achievements of economic reforms has been the comfortable position with regard to balance of payments on current account. The balance of payments, which was adverse in the pre reforms era, made a turn around after reforms were ushered in. In the year 1980-81, there was a deficit of Rs.2213.5 crore and this increased to Rs. 17366 crore in 1990-91, whereas in the year 2002-03, the balance of payments on current account was favourable with a net earning of Rs.19987 crore. This was mainly because of earnings from “invisibles” which amounted to Rs. 82415 crore during 2002-03. The invisibles include earnings from export of services, remittances from Indian workers, income from financial assets and earnings from foreign tourists. Due to unbelievable expansion in the IT sector brought about by economic reforms, the earnings from export of services as well as from remittances made by Indian IT professionals employed abroad have given a big push to earnings from invisibles. The overall net earnings from merchandise and invisibles can be seen below.

Table 3.3 : Overall Balance of Payments on Current Account (Figures in Rs. Crore)			
Item	1980-81	1990-91	2002-03
Net Earnings from Merchandise	(-) 6210.8	(-) 16933	(-) 62428
Net Earnings from Invisibles	3997.3	(-) 433	82415
Total Net Earnings	(-) 2213.5	(-) 17366	19987
<i>Source : Statistical Abstracts – India – 1997 and 2003, published by the Central Statistical Organisation, Govt. of India</i>			

21. Elimination of Illegal Transactions in Foreign Exchange

The determination of exchange rate in the foreign exchange market, by market forces, has eliminated illegal transactions in foreign exchange. Foreign currencies are now easily available in any amount for persons traveling abroad. The removal of restrictions has also helped in eliminating “black money” generated as a result of illegal transactions in foreign exchange.

22. Improvement in Power Supply

The reforms undertaken in the power sector have already started yielding good results. In Delhi, after privatization of distribution of power, power availability has drastically improved. Power theft has almost been eliminated. Consumers get

electricity connections or increase in load-capacity easily. Incidence of power failure, voltage fluctuations, variations in frequency etc., has come down sharply. In short, privatization of power sector has definitely improved the quality and quantity of power supply in Delhi.

23. Higher Revenue due to Value Added Tax

Value Added Tax (VAT) is termed as the best practice in taxation all over the world. This has been introduced in India from April 2005. Many states have already shifted to Value Added Tax regime in place of Sales Tax. There has been buoyancy in revenue collections of many states after the introduction of VAT. According to the Empowered Committee of State Finance Ministers on VAT, the VAT regime has improved tax compliance among the traders and has also brought down the prices of many commodities.

In the very first quarter after the introduction of VAT scheme from April 1, 2005, 21 VAT states have reported 12 to 15% higher revenue earnings as a result of implementation of VAT system. Delhi reported more than 30% increase in its revenue. There has been increase in revenue collections in the first quarter even in those states where the prevailing rates of VAT are lower than the erstwhile Sales Tax levy.

24. Check on Inflation due to competition

Rising raw material prices generally push up the prices of final products. However, globalization and privatization help to hold or even cut down the prices of final products even when the prices of raw materials go up. This is because competition raises productivity and thereby helps manufacturers to hold the prices at the same level or even reduce them. An example of such a scenario is the fall in prices of airfares even though the global oil prices have been going up during the last few years. In the current year oil prices have gone through the roof, but inflation has remained modest. The average rate of inflation in the current year (2005-06) so far (till August, 2005) has remained at about 3 percent as against 6.5 percent last year. Thus inflation has almost halved although oil prices jumped up from \$45/barrel last year (2004) to \$65/barrel this year (2005). Earlier, sharp increases in oil prices in 1973-74, 1979-80 and 1990-91 led to massive inflation in the country. Globalization and privatization have massively increased competition and innovation,

thereby putting downward pressure on prices. Productivity has increased tremendously due to infusion of global technology and management techniques. The price of computers has crashed from Rs.1 lakh in 1980s to Rs.10,000 today, while the quality has unimaginably improved. Due to globalization, liberalization, privatization etc., India can accommodate big increases in oil prices without suffering a big bust of overall inflation. Further, government can go for higher fiscal deficits than before, without causing much inflation in the economy.

CHAPTER IV

Growth in Employment – All India Scenario

The year 1991 turned a new leaf in the economic history of India. It was in 1991 when economic reforms were initiated. The noose around the neck of the economy started loosening and it (the economy) started inhaling fresh and fragrant air of economic freedom. The various controls, high taxation and the “Inspector – Raj” which were strangulating the economy and were obstructing faster economic growth, started losing their freedom to give a new and “never-experienced- before” life to the economy. The industrial sector started rejoicing. Every Indian started enjoying economic freedom. The monopoly of many industrial houses started ending and competition started becoming a reality. The “closed economy” was opened up.

The economic reforms started in 1991 continued throughout the nineties and will ‘of course’ continue, to make “India” a big economic giant. The positive impact of reforms on the economic growth is easily discernible. If one recalls the “pre-reforms” era, it can definitely be termed as a “dark era” as far as economic growth is concerned. The pre-reforms era was characterized by “long queues” for almost all-important commodities because of low-production. Those were the days when people used to stand in long queues for milk and grains, which are basic necessities of life. One had to wait for many years to get a telephone connection, scooter, car etc. There is no denial that there has been a “technological revolution” in the last decade and a half, which has enabled even a poor to possess certain things, which were hitherto the monopoly of the rich. A classic example is the “telephone”. Today, even a poor is going around with a mobile phone in his hand. Though “mobile phone” is a product of technological revolution, the same would have remained inaccessible and a dream for the poor had there been no economic reforms. The “technological revolution” supported by sweeping economic reforms have led to a drastic positive change in the life-style and standard of living of every “rational” Indian. Many people think that reforms have operated at a purely macro

level, leaving individuals untouched. This is far from truth. In fact, reforms have benefited each and every Indian directly or indirectly. The falling prices of services in telecom, civil aviation, and availability of plenty of brands in electronic and electrical items such as fridges, televisions, music systems, DVD's, VCD's and so on, amply bear testimony to the positive results of economic reforms.

Even though economic reforms have ushered in an era of “plenty of everything” and “shortage of nothing” and easy availability of everything, even the beneficiaries of reforms either don't acknowledge their positive results or are indifferent. This is perhaps because many do not want to celebrate personal prosperity in the midst of poverty, inequality, illiteracy etc. However, it has to be remembered that these problems existed even in the pre-reforms era and perhaps in a much higher magnitude. A section of the population believe that while reforms would have pushed up economic growth, they have not increased the growth of employment, but have rather created more unemployment. In fact, one often hears the phrase “jobless growth” in relation to economic reforms. This does not seem to be true, as revealed by the analyses made in the following paragraphs.

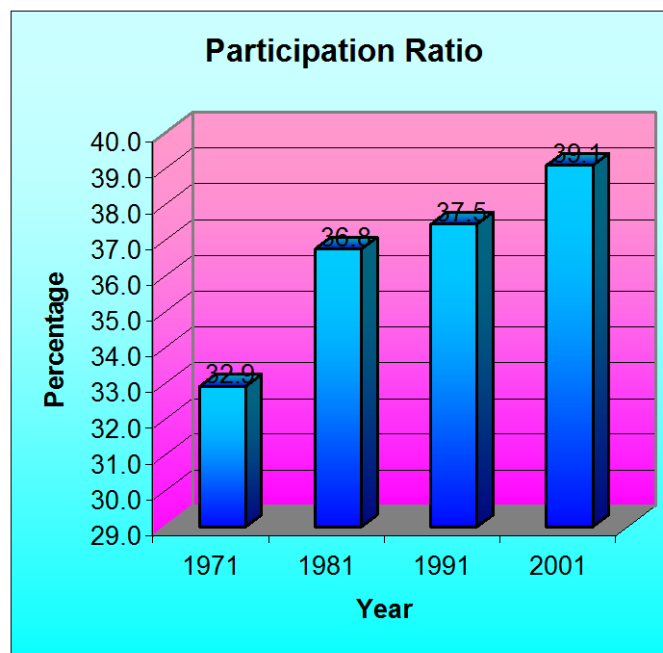
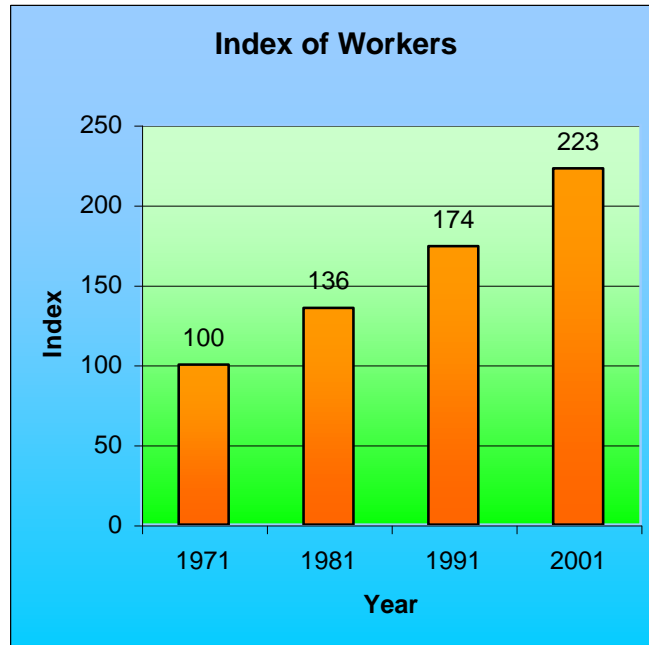
Overall Employment

The overall employment scenario during 1971-2001 is presented in Table 4.1. Observing the trend in absolute increase in number of total workers; it is obvious that there has been a positive impact of economic reforms on employment. The absolute increase in number of workers, which was less than 7 crores during 1971-81 and 1981-91, jumped up to about 8.8 crores during 1991-2001, which was an era of economic reforms. This clearly proves the fallacy of the often-repeated criticism of economic reforms that it led to “jobless growth”. Looking at the index of workers given in Table 4.1 (Fig. 1), it is observed that it increased from 100 in 1971 to 223 in 2001. The increase during 1991-2001 has been 49 points, which is the highest during the last three decades.

The participation ratio has also been continuously rising since 1971. The increase in percentage points in participation ratio was only 0.7 during 1981-1991 but the figure increased to 1.6 during 1991-2001. Of course, during 1971-81, there was a remarkable increase in participation ratio, but this is because the figures of 1981 include marginal workers also. The concept of marginal workers was

Figure 1

Index of Workers and Participation Ratio Total - All India



introduced in the 1981 Census. In fact, figures of 1971 are not comparable with the figures of 1981, 1991 or 2001.

S.No	Year	Total Population	Decadal Growth Rate of Popn. (%)	Total Workers (including Marginal Workers)	Partcpn. Ratio (%)	Decadal increase in Workers	Index of Total Workers
1	1971*	548159652		180485006	32.9		100
2	1981**	665287849	21.4	244604986	36.8	64119980	136
3	1991***	838583988	26.0	314131370	37.5	69526384	174
4	2001	1028610328	22.7	402234724	39.1	88103354	223

* Includes Sikkim
 ** Excluding Assam where 1981 Census was not held
 *** Excludes figures of Jammu & Kashmir where 1991 Census was not held

Source :
 1 . Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
 2 . Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract - General Population
 3 . Census of India 1991 : " Series - 1, India , Part li -B (I), Volume - li, Primary Census Abstract - General Population
 4 . Census of India 2001 : Primary Census Abstract (on CD)

There is no doubt that decadal population growth declined from 26% during 1981-91 to about 22.7% during 1991-2001 and therefore the participation ratio showed an increase during 1991-2001. However, the huge jump in absolute number of workers should not be lost sight of here.

Urban Employment

The number of urban workers increased from about 3.2 crores in 1971 to 4.7 crores, 6.5 crores and 9.2 crores in 1981, 1991 and 2001 respectively (Table 4.2). The increase in the number was highest during the decade 1991-2001, proving once again the positive impact of economic reforms, which began in 1991. The index of urban workers increased from 100 in 1971 to 288 in 2001. The figures given in Table 4.2 (Fig. 2) indicate that the index increased by 85 points during 1991-2001 as against 48 points and 55 during 1971-81 and 1981-1991 respectively. It is observed that during 1991-2001, not only the increase in Index was phenomenal, but it was also the highest when compared to the increase during 1971-81 and 1981-1991.

Table 4. 2 : Growth Of Urban Employment – All India – 1971 - 2001						
S.No.	Year	Urban Popn.	Urban Workers (including Marginal Workers)	Participation Ratio (%)	Absolute increase in Urban Workers	Index of Urban Workers
1	1971*	109113977	32006587	29.3		100
2	1981**	157680171	47296697	30.0	15290110	148
3	1991***	215771612	65102426	30.2	17805729	203
4	2001	286119689	92278654	32.3	27176228	288

* Includes Sikkim
 ** Excluding Assam where 1981 Census was not held
 *** Excludes figures of Jammu & Kashmir where 1991 Census was not held

Source:
 1. Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
 2. Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract, General Population
 3. Census of India 1991 : " Series - 1, India , Part li -B (I), Volume - li, Primary Census Abstract - General Population
 4. Census of India 2001 : Primary Census Abstract (on CD)

The participation ratio increased from 29.3% in 1971 to 32.3% in 2001. There has been a significant increase in participation ratio during 1991-2001 (2.1 percentage points). The increase in participation ratio was only marginal during 1981-91 (0.2 percentage points) and less than one percentage point during 1971-81.

The above analysis of trend in urban workers amply proves that the economic reforms pushed up employment growth during 1991-2001.

Rural Employment

It is often thought that economic reforms benefited only the urban areas and not the rural areas. This turns out to be incorrect when the trend in rural employment is observed. The rural employment increased from about 14.8 crores in 1971 to 19.7 crores, 24.9 crores and 31 crores in 1981, 1991 and 2001 respectively (Table 4.3 and Fig. 3). There has been not only a significant increase during 1991-2001 but the increase has also been the highest. The index of rural workers which showed a continuous increase, increased by 41 points during 1991-2001 as against 33 and 35 during 1971-81 and 1991-2001 respectively). The participation ratio showed a continuous increase and it formed about 42% in 2001.

Figure 2

Index of Workers and Participation Ratio Urban - All India

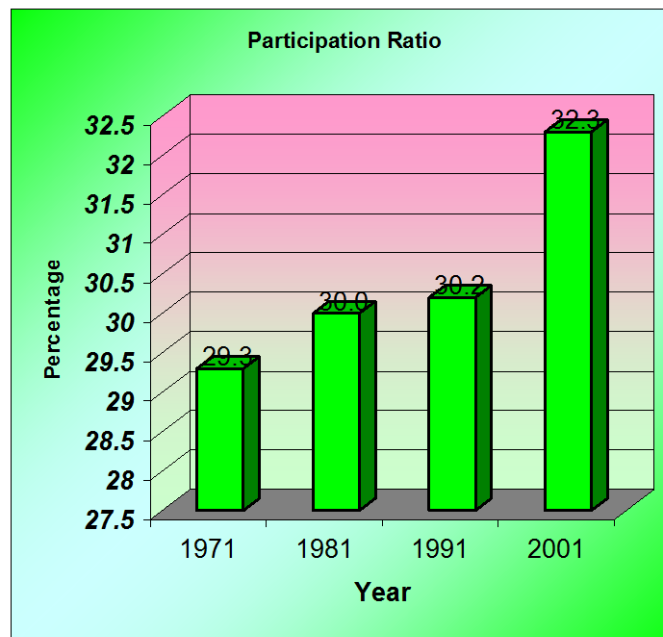
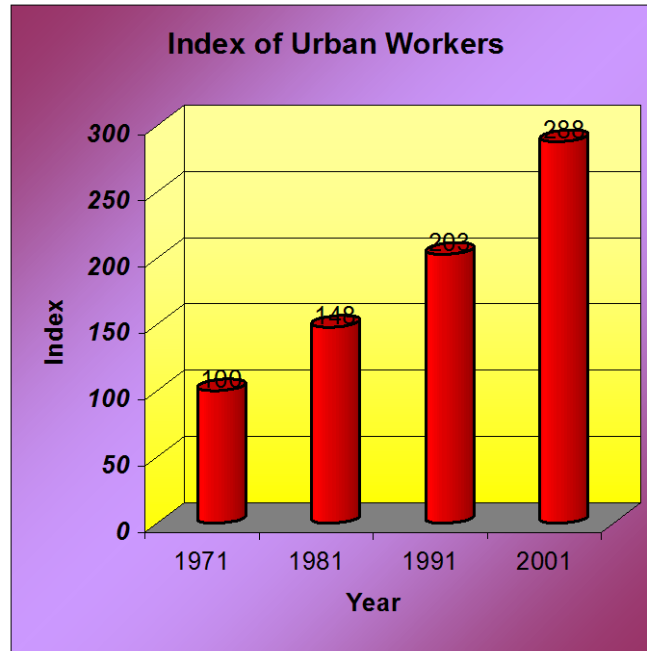


Table 4.3 : Growth of Rural Employment – All India – 1971- 2001						
S.No.	Year	Rural Population	Rural Workers (Including Marginal Workers)	Participation Ratio (%)	Decadal increase in Rural Workers	Index of Rural Workers
1	1971*	439045675	148478419	33.8		100
2	1981**	507607678	197308289	38.9	48829870	133
3	1991***	622812376	249028944	40.0	51720655	168
4	2001	742490639	309956070	41.7	60927126	209

* Includes Sikkim
 ** Excluding Assam where 1981 Census was not held
 *** Excludes figures of Jammu & Kashmir where 1991 Census was not held

Source:
 1. Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
 2. Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract, General Population
 3. Census of India 1991 : " Series - 1, India , Part li -B (I), Volume - li, Primary Census Abstract - General Population
 4. Census of India 2001 : Primary Census Abstract (on CD)

The analyses that have been made in the foregoing paragraphs prove beyond doubt that both urban and rural employment have gone up significantly during 1991-2001, thereby establishing the fact that economic reforms do lead to growth in employment and not result in "jobless growth".

Exclusion of Assam, Mizoram and Jammu & Kashmir

An argument may be put forward that the conclusions drawn so far may not be correct because the figures given for 1971, 1981, 1991 and 2001 are not comparable, because 1981 Census data does not include Assam and the 1991 figures do not include Jammu & Kashmir. However, it has to be noted that the conclusions derived above do not change even if Assam, Mizoram (which was a part of Assam) and Jammu & Kashmir are excluded from the analysis for all the years. In the following paragraphs, the analysis of data has been carried out excluding Assam, Mizoram, and Jammu & Kashmir completely for all the years.

Overall Employment (excluding Assam, Mizoram and Jammu & Kashmir)

The data relating to overall employment etc., excluding Assam, Mizoram and Jammu & Kashmir, can be seen in Table 4.4. The number of total workers more than doubled during the three decades from 1971-2001. The increase was highest during 1991-2001, the era of economic reforms. During 1991-2001, the increase in Index was 47 points whereas it was only 38 and 37 points during 1971-81 and 1981-91 respectively (Table 4.4).

S.No.	Year	Total Population	Total Workers (including Marginal Workers)	Participation Ratio(%)	Absolute increase in Workers	Index of Total Workers
1	1971	528585478	174870993	33.1		100
2	1981	658806703	241730575	36.7	66859582	138
3	1991	815479910	305705090	37.5	63974515	175
4	2001	990922527	388475159	39.2	82770069	222

Source:

1. Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
2. Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract, General Population
3. Census of India 1991 : " Series - 1, India , Part li -B (I), Volume - li, Primary Census Abstract - General Population
4. Census of India 2001 : Primary Census Abstract (on CD)

The participation ratio increased from 33.1% in 1971 to 39.2% in 2001. As may be observed from Table 4.4, the participation ratio has been increasing continuously since 1971. The increase during 1991-2001 was 1.7 percentage points, which was higher than the increase of 0.8 percentage points during 1981-1991.

Urban Employment (Excluding Assam, Mizoram and Jammu & Kashmir)

Table 4.5 reveals that when Assam, Mizoram and Jammu & Kashmir are excluded from analysis, the index of urban workers showed an increase of 82 points during 1991-2001 as against 49 during 1971-81 and 56 during 1981-91. It is, therefore, evident that the conclusion derived before with regard to urban workers does not change even if Assam, Mizoram and Jammu & Kashmir are excluded from the analysis. The number of urban workers nearly tripled during 1971-2001.

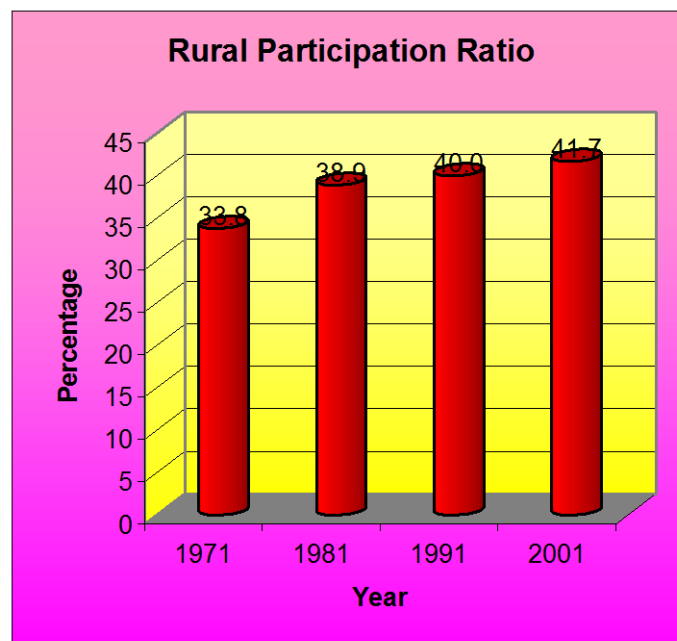
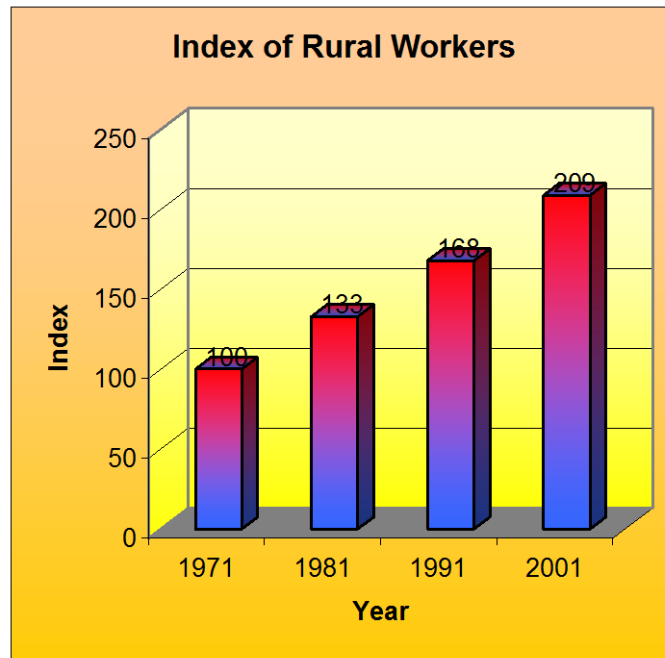
S.No.	Year	Urban Popn.	Urban Workers (including Marginal Workers)	Participation Ratio(%)	Absolute increase in Workers	Index of Urban Workers
1	1971	106928775	31376064	29.3		100
2	1981	156297954	46859312	30.0	15483248	149
3	1991	212965871	64186201	30.1	17326889	205
4	2001	279722805	90096588	32.2	25910387	287

Source:

1. Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
2. Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract, General Population
3. Census of India 1991 : " Series - 1, India , Part li -B (I), Volume - li, Primary Census Abstract - General Population
4. Census of India 2001 : Primary Census Abstract (on CD)

Figure 3

Index of Workers and Participation Ratio Rural - All India



The participation ratio increase by 2.1 percentage points during 1991-2001 whereas it was only 0.1 percentage points during 1981-91 and 0.7 percentage points during 1971-1981. The urban participation ratio moved up continuously from 29.3% in 1971 to 32.2% in 2001.

Rural Employment

As in the case of overall and urban employment, the conclusion with regard to rural employment also does not change even if the three states of Assam, Mizoram and Jammu & Kashmir are excluded from analysis. The figures for All-India, after excluding Assam, Mizoram and Jammu & Kashmir are furnished in Table 4.6. As may be seen from this table, the rural employment increased from about 14.3 crores in 1971 to about 29.8 crores in 2001, that is, the rural employment doubled during 1971-2001. Looking at the index of rural workers, it is observed that the index increased by 40 points during 1991-2001 as against 36 and 32 during 1971-81 and 1981-91 respectively.

S.No.	Year	Rural Population	Rural Workers (including Marginal Workers)	Participation Ratio (%)	Absolute increase in Rural Workers	Index of Rural Workers
1	1971	421656703	143494929	34.0		100
2	1981	502508749	194871263	38.8	51376334	136
3	1991	602514039	241518889	40.1	46647626	168
4	2001	711199722	298378571	42.0	56859682	208

Source:
 1. Census of India 1971 : " Series 1, India , Part li - B (I), General Economic Tables
 2. Census of India 1981 : " Series - 1, India , Part li -B (I) , Primary Census Abstract, General Population
 3. Census of India 1991 : " Series - 1, India , Part li -B (I), Volume - li, Primary Census Abstract - General Population
 4. Census of India 2001 : Primary Census Abstract (on CD)

The participation ratio increased from 34% in 1971 to 42% in 2001. The increase during 1991-2001 (1.9 percentage points) was higher than the increase during 1981-1991 (1.3 percentage points). There was a huge increase during 1971-81, which is due to the inclusion of marginal workers in 1981 Census. The concept of marginal workers, as has been mentioned earlier, was introduced from 1981 Census.

Coming to conclusion, it can be safely said that looking at the Census figures, the economic reforms have had a positive impact on employment growth in India.

CHAPTER V

Growth in Overall Employment State wise Scenario

There is a feeling among many sections of the society that economic reforms have pushed up employment growth, but the benefits have accrued only to a few states and cities and that majority of the states failed to get any benefits in terms of employment growth. In fact, many people feel that economic reforms have led to decline in employment in some of the states. What is the real picture? How much variation is there among the states and union territories with regard to employment growth? The answers to these questions will be found in this chapter.

In the last chapter (Chapter IV), the data at the all-India level was analyzed and it was observed that the economic reforms had a positive impact as far as employment growth at all-India level was concerned. In this chapter, the data at state level is being analyzed to identify the states that have been benefited due to economic reforms.

Overall Employment Growth – Index of Workers

The state wise absolute figures relating to total population and total workers for the year 1971-2001 can be seen in Tables 5.0 A & 5.0 B and the indices of total workers for the years 1971-2001 can be seen in Table 5.1. It may be noted that Assam, Mizoram and Jammu & Kashmir have been excluded, as comparable figures for these states are not available. Further, Uttaranchal, Jharkhand and Chattisgarh have been included in the respective states from which these were carved out after the 1991 Census, to make the data pertaining to Uttar Pradesh, Bihar and Madhya Pradesh comparable.

Among the 28 states and union territories listed in Table 5.1, the index of workers has been continuously increasing in all the states since 1971 and the increase during 1991-2001 has been more than the increase during 1981-1991 in 23

Table 5.0 A
State wise Distribution of Population and Total Workers – 1971 - 2001
(excluding Assam, Jammu & Kashmir and Mizoram)

S.N o.	State	Total Popn (1971)	Total Popn (1981)	Total Popn (1991)	Total Popn (2001)
1	A& N Islands	115,133	188,741	280,661	356,152
2	Andhra Pradesh	43,502,708	53,549,673	66,508,008	76,210,007
3	Arunachal Pradesh	467,511	631,839	864,558	1,097,968
4	Bihar (including Jharkhand)	56,353,369	69,914,734	86,374,465	109,944,338
5	Chandigarh	257,251	451,610	642,015	900,635
6	D & Nagar Haveli	74,170	103,676	138,477	220,490
7	Delhi	4,065,698	6,220,406	9,420,644	13,850,507
8	Goa (including Daman & Diu)	857,771	1,086,730	1,271,379	1,505,872
9	Gujarat	26,697,475	34,085,799	41,309,582	50,671,017
10	Haryana	10,036,808	12,922,618	16,463,648	21,144,564
11	Himachal Pradesh	3,460,434	4,280,818	5,170,877	6,077,900
12	Karnataka	29,299,014	37,135,714	44,977,201	52,850,562
13	Kerala	21,347,375	25,453,680	29,098,518	31,841,374
14	Lakshadweep	31,810	40,249	51,707	60,650
15	M.P. (including Chhattisgarh)	41,654,119	52,178,844	66,181,170	81,181,826
16	Maharashtra	50,412,235	62,784,171	78,937,187	96,878,627
17	Manipur	1,072,753	1,420,953	1,837,149	2,166,788
18	Meghalaya	1,011,699	1,335,819	1,774,778	2,318,822
19	Nagaland	516,449	774,930	1,209,546	1,990,036
20	Orissa	21,944,615	26,370,271	31,659,736	36,804,660
21	Pondicherry	471,707	604,471	807,785	974,345
22	Punjab	13,551,060	16,788,915	20,281,969	24,358,999
23	Rajasthan	25,765,806	34,261,862	44,005,990	56,507,188
24	Sikkim	209,843	316,385	406,457	540,851
25	Tamil Nadu	41,199,168	48,408,077	55,858,946	62,405,679
26	Tripura	1,556,342	2,053,058	2,757,205	3,199,203
27	U.P.(including Uttaranchal)	88,341,144	110,862,013	139,112,287	174,687,270
28	West Bengal	44,312,011	54,580,647	68,077,965	80,176,197
India		528,585,478	658,806,703	815,479,910	990,922,527

Source :

1. Census of India 1971, Series I, India, Part- II – A (i), General Population
2. Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population
3. Census of India 1991, Volume I, Series I, India, Part- II – A (ii), Union Primary Census Abstract
4. Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Popn.
5. Census of India 1991, Series I, India, Part- II – B (i), Volume II, Primary Census Abstract - General Popn.
6. Census of India 2001, Primary Census Abstract (on CD)

Table 5.0 B
State wise Distribution of Population and Total Workers – 1971 - 2001
(excluding Assam, Jammu & Kashmir and Mizoram)

S.No.	State	Total Workers (1971)	Total Workers (1981)	Total Workers (1991)	Total Workers (2001)
1	A& N Islands	45,531	69,612	98,901	136,254
2	Andhra Pradesh	18,005,999	24,505,681	29,963,648	34,893,859
3	Arunachal Pradesh	269,542	332,555	399,782	482,902
4	Bihar (including Jharkhand)	17,488,879	22,617,085	27,777,071	38,083,636
5	Chandigarh	85,645	157,695	224,294	340,422
6	D & Nagar Haveli	34,987	50,719	73,739	114,122
7	Delhi	1,228,397	2,002,192	2,980,461	4,545,234
8	Goa (including Daman & Diu)	271,641	382,448	450,960	595,646
9	Gujarat	8,395,546	12,702,472	16,620,519	21,255,521
10	Haryana	2,653,993	4,087,692	5,103,470	8,377,466
11	Himachal Pradesh	1,278,632	1,813,999	2,214,379	2,992,461
12	Karnataka	10,179,114	14,943,824	18,886,798	23,534,791
13	Kerala	6,216,459	7,771,220	9,146,118	10,283,887
14	Lakshadweep	8,318	9,816	13,664	15,354
15	M.P. (including Chhattisgarh)	15,295,663	22,397,652	28,340,485	35,473,390
16	Maharashtra	18,390,279	26,718,230	33,910,366	41,173,351
17	Manipur	370,863	613,808	774,904	945,213
18	Meghalaya	446,828	613,441	757,322	970,146
19	Nagaland	262,114	373,754	516,237	847,796
20	Orissa	6,850,651	10,022,338	11,882,762	14,276,488
21	Pondicherry	141,025	183,830	267,214	342,655
22	Punjab	3,912,592	5,287,911	6,261,989	9,127,474
23	Rajasthan	8,048,859	12,542,621	17,104,372	23,766,655
24	Sikkim	111,607	152,814	168,721	263,043
25	Tamil Nadu	14,741,967	20,198,790	24,194,343	27,878,282
26	Tripura	432,463	662,449	858,517	1,159,561
27	U.P.(including Uttaranchal)	27,334,455	34,051,362	44,799,280	57,117,860
28	West Bengal	12,368,944	16,464,565	21,914,774	29,481,690
India		174,870,993	241,730,575	305,705,090	388,475,159

Source :

1. Census of India 1971, Series I, India, Part- II – A (i), General Population
2. Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population
3. Census of India 1991, Volume I, Series I, India, Part- II – A (ii), Union Primary Census Abstract
4. Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Popn.
5. Census of India 1991, Series I, India, Part- II – B (i), Volume II, Primary Census Abstract - General Popn
6. Census of India 2001, Primary Census Abstract (on CD)

S.No.	State	Index of Workers				Increase in Index of Workers during 1991-2001	Increase in Index of Workers during 1991-2001 over increase in Index during 1981-1991
		1971	1981	1991	2001		
1	A& N Islands	100	153	217	299	82	17.7
2	Andhra Pradesh	100	136	166	194	27	-2.9
3	Arunachal Pradesh	100	123	148	179	31	5.9
4	Bihar (including Jharkhand)	100	129	159	218	59	29.4
5	Chandigarh	100	184	262	397	136	57.8
6	D & Nagar Haveli	100	145	211	326	115	49.6
7	Delhi	100	163	243	370	127	47.7
8	Goa (including Daman & Diu)	100	141	166	219	53	28.0
9	Gujarat	100	151	198	253	55	8.5
10	Haryana	100	154	192	316	123	85.1
11	Himachal Pradesh	100	142	173	234	61	29.5
12	Karnataka	100	147	186	231	46	6.9
13	Kerala	100	125	147	165	18	-3.8
14	Lakshadweep	100	118	164	185	20	-25.9
15	M.P. (including Chhattisgarh)	100	146	185	232	47	7.8
16	Maharashtra	100	145	184	224	39	0.4
17	Manipur	100	166	209	255	46	2.5
18	Meghalaya	100	137	169	217	48	15.4
19	Nagaland	100	143	197	323	126	72.1
20	Orissa	100	146	173	208	35	7.8
21	Pondicherry	100	130	189	243	53	-5.6
22	Punjab	100	135	160	233	73	48.3
23	Rajasthan	100	156	213	295	83	26.1
24	Sikkim	100	137	151	236	85	70.3
25	Tamil Nadu	100	137	164	189	25	-2.1
26	Tripura	100	153	199	268	70	24.3
27	U.P.(Including Uttaranchal)	100	125	164	209	45	5.7
28	West Bengal	100	133	177	238	61	17.1
India		100	138	175	222	47	10.7
<i>Source : Compiled from the data given in Table 5.0 B</i>							

states, that is in about 82% of the 28 states and union territories. Out of the 5 states, where the increase in workers during 1991-2001 was either equal to or lesser than the increase during 1981-91. Lakshadweep and Pondicherry are very small but Kerala, Tamil Nadu and Andhra Pradesh are bigger states and in all these states/U.T., the growth rate of population during 1991-2001 declined resulting in perhaps relatively lesser number of job-seekers. The rate of growth of population during 1981-91 and 1991-2001 in these five States/U.T. can be seen below.

S.No.	State/U.T	Population Growth (%)	
		1981-1991	1991-2001
1.	Andhra Pradesh	24.2	14.6
2.	Kerala	14.3	9.4
3.	Tamil Nadu	15.4	11.7
4.	Pondicherry	33.6	20.6
5.	Lakshadweep	28.5	17.3

It is seen from the table given above that there has been a very sharp decline in growth rate of population in Andhra Pradesh (about 10 percentage points), Lakshadweep (about 11 percentage points) and Pondicherry (about 13 percentage points). The decline in Kerala, Tamil Nadu is also notable.

It can be easily concluded from the analysis made above that the economic reforms had a positive impact on growth of employment in all the states and union territories. There is no doubt that some would have gained more and some less. In this respect, it seems that some of the smaller states/union territories relatively gained more than some of the bigger states. The distribution of states by “increase in Index of workers during 1991-2001 over increase in Index during 1981-1991” is given in Table 5.2. As may be seen from this table, even Nagaland and Sikkim gained relatively more than the bigger states. In Nagaland, there was a huge increase in number of workers during 1991-2001, resulting in 223% increase in employment during 1971-2001. The corresponding figure for Sikkim is 136%.

The highest “increase in Index of workers during 1991-2001 over increase in Index of workers during 1981-91” was observed in case of Haryana. This is because many of the I.T. Companies located their offices in Gurgaon (Haryana) because of its nearness to Delhi and lower cost of land in Gurgaon.

Table 5.2 : Distribution of States by increase in Index of Workers during 1991- 2001 over Increase in Index during 1981 - 1991 (excluding Assam, Jammu & Kashmir and Mizoram)		
Range of increase in Index	No.of States	Names of States
≤ zero	5	Lakshadweep, Pondicherry, Kerala, A.P. & Tamil Nadu
> zero - 10	8	Maharashtra, Manipur, U.P. (Including Uttaranchal), Arunachal Pradesh, Karnataka, M.P. (including Chhattisgarh), Orissa & Gujarat
10 - 20	3	Meghalaya, West Bengal & A & N Islands
20 - 30	5	Tripura, Rajasthan, Goa (including Daman & Diu), Bihar (including Jharkhand) & Himachal Pradesh
30 - 40	0	Nil
40 - 50	3	Delhi, Punjab & Dadar & Nagar Haveli
50 - 60	1	Chandigarh
60 & above	3	Sikkim, Nagaland & Haryana
Source : Compiled from the data given In Table 5.1		

As may be seen from Table 5.2, the increase in Index of workers during 1991-2001 over increase in Index of workers during 1981-91 was more than 70 points in Sikkim, Nagaland and Haryana and was between 40 and 50 points in Delhi, Punjab and Dadra & Nagar Haveli. Looking at the data furnished in Table 5.1, it is seen that the number of workers more than doubled during 1971-2001 in all the states and union territories, except Lakshadweep, Kerala, Andhra Pradesh, Tamil Nadu and Arunachal Pradesh.

Participation Ratio

The trend in participation ratio is also a good indicator to assess the impact of economic reforms. Had the economic reforms resulted in “jobless growth”, the participation ratio should have declined during the decade 1991-2001, especially when the population is growing at a higher rate. The participation ratios have been analysed in the following paragraphs to assess the real scenario.

Table 5.3 : Statewise Participation Ratio - 1971 - 2001 (excluding Assam, Jammu & Kashmir and Mizoram)						
S.No.	State	Participation Ratio (%)				Increase in Participation Ratio during 1991 - 2001
		1971	1981	1991	2001	
1	A & N Islands	39.5	36.9	35.2	38.3	3.0
2	Andhra Pradesh	41.4	45.8	45.1	45.8	0.7
3	Arunachal Pradesh	57.7	52.6	46.2	44.0	-2.3
4	Bihar (including Jharkhand)	31.0	32.3	32.2	34.6	2.5
5	Chandigarh	33.3	34.9	34.9	37.8	2.9
6	Dadra & Nagar Haveli	47.2	48.9	53.2	51.8	-1.5
7	Delhi	30.2	32.2	31.6	32.8	1.2
8	Goa (including Daman & Diu)	31.7	35.2	35.5	39.6	4.1
9	Gujarat	31.4	37.3	40.2	41.9	1.7
10	Haryana	26.4	31.6	31.0	39.6	8.6
11	Himachal Pradesh	37.0	42.4	42.8	49.2	6.4
12	Karnataka	34.7	40.2	42.0	44.5	2.5
13	Kerala	29.1	30.5	31.4	32.3	0.9
14	Lakshadweep	26.1	24.4	26.4	25.3	-1.1
15	M.P. (including Chhattisgarh)	36.7	42.9	42.8	43.7	0.9
16	Maharashtra	36.5	42.6	43.0	42.5	-0.5
17	Manipur	34.6	43.2	42.2	43.6	1.4
18	Meghalaya	44.2	45.9	42.7	41.8	-0.8
19	Nagaland	50.8	48.2	42.7	42.6	-0.1
20	Orissa	31.2	38.0	37.5	38.8	1.3
21	Pondicherry	29.9	30.4	33.1	35.2	2.1
22	Punjab	28.9	31.5	30.9	37.5	6.6
23	Rajasthan	31.2	36.6	38.9	42.1	3.2
24	Sikkim	53.2	48.3	41.5	48.6	7.1
25	Tamil Nadu	35.8	41.7	43.3	44.7	1.4
26	Tripura	27.8	32.3	31.1	36.2	5.1
27	U.P. (including Uttaranchal)	30.9	30.7	32.2	32.7	0.5
28	West Bengal	27.9	30.2	32.2	36.8	4.6
India		33.1	36.7	37.5	39.2	1.7
<i>Source : Compiled from the data given in Tables 5.0 A & 5.0 B</i>						

The participation ratios (urban + rural) of various states and union territories for the years 1971, 1981, 1991 and 2001 are given in Table 5.3. Among the 28 states listed in Table 5.3, all the states and union territories, except 6 states/U.T's, viz., Arunachal Pradesh, Dadra & Nagar Haveli, Lakshadweep, Maharashtra, Meghalaya and Nagaland, registered increases in their participation ratios during 1991-2001. However, it has to be noted that in all these six states and union territories, the participation ratios (as in 2001) are more than 40% except in Lakshadweep (25.3%), which is a small union territory.

Since in majority of the states, the participation ratio has increased, it is difficult to accept that reforms led to “jobless growth”. The distribution of states and union territories by participation ratio can be seen in Table 5.4.

It is revealed by the figures furnished in Table 5.4 that the number of states/U.T's having participation ratio below 35% came down from 11 in 1991 to only 5 in 2001. During 1981-91, the number of states/U.T's falling in the range “below 35%” remained constant. The number of states and union territories having participation ratio equivalent to 35% or above has been continuously increasing since 1971, except during 1981-91 when they remained constant at 17.

Participation Ratio Range	1971	1981	1991	2001
Below 30	7	1	1	1
30 - 35	10	10	10	4
35 - 40	5	5	4	9
40 - 45	2	6	10	10
45 - 50	1	5	2	3
50 & above	3	1	1	1
Total	28	28	28	28

Source : Compiled from the data given in Table 5.3

Looking at the data furnished in Table 5.3, it is observed that in 1971, the number of states and union territories having participation ratio below the all-India average of 33.1 was 14 and the corresponding figures for 1981, 1991 and 2001 are 13, 13 and 12. It is observed that the number of states and union territories having participation ratio below the all-India average in the respective year is showing a declining trend. Since the all-India average of participation ratio is showing an increasing trend and the number of states/U.T's falling below the national average is

declining, it can be safely concluded that employment is having positive growth and that economic reforms have not had any adverse effect on employment growth.

Variations in State's Share in Growth in Total Employment at All-India Level

It has been already mentioned in the last chapter that the increase in overall employment during 1991-2001 was much more than the increase during 1981-91. The shares of different states and the union territories in the increase at all-India level and their trends will definitely throw light on the intensity of impact of economic reforms in different states. It is often believed that the southern states benefited more than the northern states because of economic reforms and that the impact was almost 'nil' in smaller states, especially the northeastern states. The analysis of the relevant data, however, tells a different story as far as growth in overall employment at state level is concerned.

The state wise increases in total workers (overall employment) during 1981-91 and 1991-2001 and their percentages to the respective all-India total are presented in Table 5.5. In the last column of the table, the percentage increase in the share of the state is given. The percentage share in the increase in the number of workers has increased in 14 states/U.T's i.e., West Bengal (7.3%), Rajasthan (12.9%), Meghalaya (14.3%), Tripura (18.7%), Delhi (23.6%), Chandigarh (34.8%), Dadra and Nagar Haveli (35.6%), Himachal Pradesh (50.2%), Bihar (including Jharkhand) (54.4%), Goa (including Daman & Diu) (63.2%), Nagaland (79.9%), Punjab (127.4%), Haryana (149.1%) and Sikkim (358.3%). In Punjab, Haryana, and Sikkim, the share has increased by more than 100% indicating thereby that these states have relatively, been benefited more by the economic reforms. Haryana accounts for the highest increase, which is due to setting up of many companies in Gurgaon. Haryana has taken advantage of its nearness to Delhi. Gurgaon is on the border of Delhi and many industries have come up here because of easy availability of land and that too at cheaper rates.

The analysis made in the foregoing paragraphs clearly prove that all the states have benefited due to economic reforms, as far as overall employment is concerned. The scenario relating to urban employment at state level is examined in the next chapter.

Table 5.5 : Decadal increase in Number of Workers – 1981-1991 and 1991-2001 (excluding Assam, Jammu & Kashmir and Mizoram)						
S.No.	State	Increase in Total Workers during 1981 - 91		Increase in Total Workers during 1991- 2001		%age Increase in the Share of State
		Absolute	% To All India Total	Absolute	% To All India Total	
1	A& N Islands	29,289	0.05	37,353	0.05	-1.4
2	Andhra Pradesh	5,457,967	8.53	4,930,211	5.96	-30.2
3	Arunachal Pradesh	67,227	0.11	83,120	0.10	-4.4
4	Bihar (incl. Jharkhand)	5,159,986	8.07	10,306,565	12.45	54.4
5	Chandigarh	66,599	0.10	116,128	0.14	34.8
6	D & Nagar Haveli	23,020	0.04	40,383	0.05	35.6
7	Delhi	978,269	1.53	1,564,773	1.89	23.6
8	Goa (incl. Daman & Diu)	68,512	0.11	144,686	0.17	63.2
9	Gujarat	3,918,047	6.12	4,635,002	5.60	-8.6
10	Haryana	1,015,778	1.59	3,273,996	3.96	149.1
11	Himachal Pradesh	400,380	0.63	778,082	0.94	50.2
12	Karnataka	3,942,974	6.16	4,647,993	5.62	-8.9
13	Kerala	1,374,898	2.15	1,137,769	1.37	-36.0
14	Lakshadweep	3,848	0.01	1,690	0.00	-66.1
15	M.P. (incl. Chhattisgarh)	5,942,833	9.29	7,132,905	8.62	-7.2
16	Maharashtra	7,192,136	11.24	7,262,985	8.77	-21.9
17	Manipur	161,096	0.25	170,309	0.21	-18.3
18	Meghalaya	143,881	0.22	212,824	0.26	14.3
19	Nagaland	142,483	0.22	331,559	0.40	79.9
20	Orissa	1,860,424	2.91	2,393,726	2.89	-0.6
21	Pondicherry	83,384	0.13	75,441	0.09	-30.1
22	Punjab	974,078	1.52	2,865,485	3.46	127.4
23	Rajasthan	4,561,751	7.13	6,662,283	8.05	12.9
24	Sikkim	15,907	0.02	94,322	0.11	358.3
25	Tamil Nadu	3,995,553	6.25	3,683,939	4.45	-28.7
26	Tripura	196,068	0.31	301,044	0.36	18.7
27	U.P.(incl. Uttaranchal)	10,747,918	16.80	12,318,580	14.88	-11.4
28	West Bengal	5,450,209	8.52	7,566,916	9.14	7.3
India		63,974,515	100.00	82,770,069	100.00	0.0

Source : Compiled from the data given in table 5.0 B

CHAPTER VI

Growth in Urban Employment State wise Scenario

In the last chapter, growth in overall employment at state level was analysed and it was observed that almost all the states experienced a positive impact of economic reforms on overall employment growth. But, what is the scenario at urban level and rural levels? Do all the states indicate the same scenario with regard to growth in urban employment? The answer to this question will be found in this chapter.

Urban Employment Growth – Index of Workers

The state wise data pertaining to urban population and urban workers for the years 1971-2001 may be seen in Tables 6.0 A and 6.0 B and the index of the urban workers for the same years can be seen in Table 6.1. The states of Assam, Mizoram and Jammu & Kashmir have not been included in the table due to non-availability of comparable data. Uttaranchal, Jharkhand and Chattisgarh have been included in the respective states from which these were carved out after the 1991 Census, to make the data pertaining to Uttar Pradesh, Bihar and Madhya Pradesh comparable. The state of Goa includes the data in respect of Daman and Diu also, as it was earlier part of the Union Territory known as Goa, Daman and Diu.

Looking at the statistics furnished in Table 6.1, it may be observed that only Lakshadweep registered a decline in index of urban workers during 1991-2001. With regard to increase in index of urban workers during 1991-2001 over increase in number of workers during 1981-91, it is seen that all the states and union territories, except five, had higher increase in index of urban workers. Of the five states, where the increase in urban workers during 1991-2001 was lesser than the increase during 1981-91, Lakshadweep, Pondicherry and Tripura are very small, while Kerala and

**Table 6.0 A : State wise Distribution of Urban Population – 1971 - 2001
(excluding Assam, Jammu & Kashmir and Mizoram)**

S.No.	State	Urban Population			
		1971	1981	1991	2001
1	A& N Islands	26,218	49,634	74,955	116,198
2	Andhra Pradesh	8,402,527	12,487,576	17,887,126	20,808,940
3	Arunachal Pradesh	17,288	41,428	110,628	227,881
4	Bihar (incl. Jharkhand)	5,633,966	8,718,990	11,353,012	14,675,541
5	Chandigarh	232,940	422,841	575,829	808,515
6	Dadra & Nagar Haveli	0	6,914	11,725	50,463
7	Delhi	3,647,023	5,768,200	8,471,625	12,905,780
8	Goa (incl. Daman & Diu)	226,774	351,808	527,295	727,925
9	Gujarat	7,496,500	10,601,653	14,246,061	18,930,250
10	Haryana	1,772,959	2,827,387	4,054,744	6,115,304
11	Himachal Pradesh	241,890	325,971	449,196	595,581
12	Karnataka	7,122,093	10,729,606	13,907,788	17,961,529
13	Kerala	3,466,449	4,771,275	7,680,294	8,266,925
14	Lakshadweep	0	18,629	29,114	26,967
15	M.P. (incl. Chhattisgarh)	6,784,767	10,586,459	15,338,837	20,152,892
16	Maharashtra	15,711,211	21,993,594	30,541,586	41,100,980
17	Manipur	141,492	375,460	505,645	575,968
18	Meghalaya	147,170	241,333	330,047	454,111
19	Nagaland	51,394	120,234	208,223	342,787
20	Orissa	1,845,395	3,110,287	4,234,983	5,517,238
21	Pondicherry	198,288	316,047	516,985	648,619
22	Punjab	3,216,179	4,647,757	5,993,225	8,262,511
23	Rajasthan	4,543,761	7,210,508	10,067,113	13,214,375
24	Sikkim	19,668	51,084	37,006	59,870
25	Tamil Nadu	12,464,834	15,951,875	19,077,592	27,483,998
26	Tripura	162,360	225,568	421,721	545,750
27	U.P. (including Uttaranchal)	12,388,596	19,899,115	27,605,915	36,718,656
28	West Bengal	10,967,033	14,446,721	18,707,601	22,427,251
India		106,928,775	156,297,954	212,965,871	279,722,805

Source :

1. Census of India 1971, Series I, India, Part- II – A (i), General Population
2. Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population
3. Census of India 1991, Volume I, Series I, India, Part- II – A (ii), Union Primary Census Abstract
4. Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Population
5. Census of India 1991, Series I, India, Part- II – B (i), Volume II, Primary Census Abstract - General Population
6. Census of India 2001, Primary Census Abstract (on CD)

Table 6.0 B : State wise Distribution of Urban Workers – 1971 - 2001 (excluding Assam, Jammu & Kashmir and Mizoram)					
S.No.	State	Urban Workers			
		1971	1981	1991	2001
1	A& N Islands	11,745	18,107	26,068	42,202
2	Andhra Pradesh	2,582,000	3,896,503	5,512,906	6,720,971
3	Arunachal Pradesh	8,916	17,181	40,262	80,892
4	Bihar (incl. Jharkhand)	1,594,688	2,298,415	2,846,180	3,761,476
5	Chandigarh	77,108	147,292	196,799	300,219
6	Dadra & Nagar Haveli	0	2,900	4,922	22,580
7	Delhi	1,116,937	1,865,844	2,704,072	4,244,170
8	Goa (incl. Daman & Diu)	73,466	117,734	177,039	268,714
9	Gujarat	2,066,499	3,120,925	4,305,002	6,262,209
10	Haryana	466,463	826,497	1,148,332	1,925,879
11	Himachal Pradesh	82,736	114,900	157,141	220,110
12	Karnataka	2,108,225	3,306,049	4,455,214	6,406,988
13	Kerala	935,455	1,308,349	2,274,011	2,612,777
14	Lakshadweep	0	4,357	7,952	7,347
15	M.P. (incl. Chhattisgarh)	1,906,020	3,135,776	4,533,125	6,195,490
16	Maharashtra	4,996,505	7,071,693	9,877,187	13,911,920
17	Manipur	37,575	133,348	172,834	222,126
18	Meghalaya	47,596	78,743	106,591	147,615
19	Nagaland	25,894	42,040	68,131	106,357
20	Orissa	561,820	975,363	1,256,628	1,689,519
21	Pondicherry	50,807	85,503	155,708	214,889
22	Punjab	903,895	1,385,970	1,801,606	2,767,123
23	Rajasthan	1,174,255	1,973,329	2,836,151	3,910,232
24	Sikkim	7,778	21,356	14,507	24,041
25	Tamil Nadu	3,768,685	5,112,576	6,360,260	10,318,514
26	Tripura	39,371	62,251	121,840	177,114
27	U.P. (incl. Uttaranchal)	3,428,337	5,431,183	7,490,998	9,943,066
28	West Bengal	3,303,288	4,305,128	5,534,735	7,592,048
India		31,376,064	46,859,312	64,186,201	90,096,588
Source :					
1. Census of India 1971, Series I, India, Part- II – A (i), General Population					
2. Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population					
3. Census of India 1991, Volume I, Series I, India, Part- II – A (ii), Union Primary Census Abstract					
4. Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Population					
5. Census of India 1991, Series I, India, Part- II – B (i), Volume II, Primary Census Abstract - General Population					
6. Census of India 2001, Primary Census Abstract (on CD)					

Table 6.1 : State wise Index of Urban Workers – 1971- 2001 (excluding Assam, Jammu & Kashmir and Mizoram)							
S.No.	State	Index of Urban Workers				Increase in Index of Urban Workers during 1991 - 2001	Increase in Index of Urban Workers during 1991 - 2001 over Increase during 1981 - 1991
		1971	1981	1991	2001		
1	A& N Islands	100	154	222	359	137	70
2	Andhra Pradesh	100	151	214	260	47	-16
3	Arunachal Pradesh	100	193	452	907	456	197
4	Bihar (incl. Jharkhand)	100	144	178	236	57	23
5	Chandigarh	100	191	255	389	134	70
6	Dadra & Nagar Haveli	0	100	170	779	609	539
7	Delhi	100	167	242	380	138	63
8	Goa (incl. Daman & Diu)	100	160	241	366	125	44
9	Gujarat	100	151	208	303	95	37
10	Haryana	100	177	246	413	167	98
11	Himachal Pradesh	100	139	190	266	76	25
12	Karnataka	100	157	211	304	93	38
13	Kerala	100	140	243	279	36	-67
14	Lakshadweep	0	100	183	169	-14	-96
15	M.P. (incl. Chhattisgarh)	100	165	238	325	87	14
16	Maharashtra	100	142	198	278	81	25
17	Manipur	100	355	460	591	131	26
18	Meghalaya	100	165	224	310	86	28
19	Nagaland	100	162	263	411	148	47
20	Orissa	100	174	224	301	77	27
21	Pondicherry	100	168	306	423	116	-22
22	Punjab	100	153	199	306	107	61
23	Rajasthan	100	168	242	333	91	18
24	Sikkim	100	275	187	309	123	211
25	Tamil Nadu	100	136	169	274	105	72
26	Tripura	100	158	309	450	140	-11
27	U.P. (incl. Uttaranchal)	100	158	219	290	72	11
28	West Bengal	100	130	168	230	62	25
India		100	149	205	287	83	27

Source : Compiled from the data given in Table 6.0 B

Andhra Pradesh are bigger states, and in all these states/union territories the rate of growth of urban population during 1991-2001 was much lesser during 1981-91, resulting in perhaps relatively lesser number of job seekers. The rate of growth of urban population during 1981-91 and 1991-2001 in these five states/U.T.'s can be seen below.

Sl. No.	State/U.T.	Urban Population Growth (%)	
		1981-1991	1991-2001
1.	Andhra Pradesh	43.2	16.3
2.	Kerala	61.0	7.6
3.	Lakshadweep	56.3	-7.4
4.	Pondicherry	63.6	25.5
5.	Tripura	87.0	29.4

It may be observed from the table given above that there has been drastic decline in growth rate of urban population in Kerala (about 53.4 percentage points), Tripura (about 57.6 percentage points) and Lakshadweep (about 63.7 percentage points). The sharp decline can also be seen in Pondicherry and Andhra Pradesh.

It can be easily inferred from the above analysis that the economic reforms had made a positive impact on urban employment growth in all the states and union territories. There is no doubt that some would have gained more and some less. It is clear that even smaller states and union territories such as Arunachal Pradesh, Sikkim, Haryana, Dadra & Nagar Haveli and Andaman and Nicobar Islands relatively gained more than some bigger states.

The distribution of states by “increase in index of urban workers during 1991-2001 over increase in index during 1981-1991” is given in Table 6.2. As seen from this table, even Arunachal Pradesh and Dadra & Nagar Haveli relatively gained more than the bigger states. The increase in index of urban workers during 1991-2001 over increase in index of urban workers during 1981-1991 was more than 100 points in Arunachal Pradesh, Sikkim & Dadra & Nagar Haveli and was between 90-100 points in Haryana (98 points). In five states viz., Lakshadweep, Kerala, Pondicherry, Andhra Pradesh and Tripura, the index either remained the same or declined. In Uttar Pradesh, Madhya Pradesh and Rajasthan the increase in index was between 10 and 20. In seven states viz., Bihar, Maharashtra, Himachal Pradesh, West Bengal, Manipur, Orissa and Meghalaya, the increase in index varied from 20 to 30.

Looking at the figures furnished in Table 6.1, it is seen that the number of urban workers more than doubled during 1971-2001 in all the states and union territories.

Table 6.2 : Distribution of States by increase in Index of Urban Workers during 1991- 2001 over increase in index of Urban Workers during 1981 – 1991 (excluding Assam, Jammu & Kashmir and Mizoram)		
Range of increase in Index	No.of States	Names of States
≤ Zero	5	Lakshadweep, Kerala, Podicherry, A.P. and Tripura
>Zero - 10	0	
10 - 20	3	U.P., M.P. and Rajasthan
20 - 30	7	Bihar, Maharashtra, Himachal Pradesh, West Bengal, Manipur, Orissa and Meghalaya
30 - 40	2	Gujarat and Karnataka
40 - 50	2	Goa and Nagaland
50 - 60	0	
60 - 70	2	Punjab and Delhi
70 - 80	3	Andaman & Nicobar Island, Chandigarh and Tamil Nadu
80 - 90	0	
90 - 100	1	Haryana
100 & above	3	Arunachal Pradesh, Sikkim and Dadra & Nagar Haveli
Total	28	
Source : Compiled from the data given in Table 6.1		

Urban Population Ratio

The trend in urban participation ratio is also a good indicator to assess the impact of economic reforms. The urban participation ratios have been analysed in the following paragraphs to know the real scenario. The urban participation ratio of various states and union territories for the year 1971, 1981, 1991 and 2001 are given in Table 6.3. Among the 28 states and union territories, all except four, viz.,

Table 6.3 : Statewise Urban Participation Ratio – 1971 – 2001 (excluding Assam, Jammu & Kashmir and Mizoram)						
S.No.	State	Urban Participation Ratio (%)				Increase in Urban Participation Ratio during 1991- 2001
		1971	1981	1991	2001	
1	A& N Islands	44.8	36.5	34.8	36.3	1.5
2	Andhra Pradesh	30.7	31.2	30.8	32.3	1.5
3	Arunachal Pradesh	51.6	41.5	36.4	35.5	-0.9
4	Bihar (Incl. Jharkhand)	28.3	26.4	25.1	25.6	0.6
5	Chandigarh	33.1	34.8	34.2	37.1	3.0
6	Dadra & Nagar Haveli	0.0	41.9	42.0	44.7	2.8
7	Delhi	30.6	32.3	31.9	32.9	1.0
8	Goa (Incl.Daman & Diu)	32.4	33.5	33.6	36.9	3.3
9	Gujarat	27.6	29.4	30.2	33.1	2.9
10	Haryana	26.3	29.2	28.3	31.5	3.2
11	Himachal Pradesh	34.2	35.2	35.0	37.0	2.0
12	Karnataka	29.6	30.8	32.0	35.7	3.6
13	Kerala	27.0	27.4	29.6	31.6	2.0
14	Lakshadweep	0.0	23.4	27.3	27.2	-0.1
15	M.P. (Incl. Chhattisgarh)	28.1	29.6	29.6	30.7	1.2
16	Maharashtra	31.8	32.2	32.3	33.8	1.5
17	Manipur	26.6	35.5	34.2	38.6	4.4
18	Meghalaya	32.3	32.6	32.3	32.5	0.2
19	Nagaland	50.4	35.0	32.7	31.0	-1.7
20	Orissa	30.4	31.4	29.7	30.6	0.9
21	Pondicherry	25.6	27.1	30.1	33.1	3.0
22	Punjab	28.1	29.8	30.1	33.5	3.4
23	Rajasthan	25.8	27.4	28.2	29.6	1.4
24	Sikkim	39.5	41.8	39.2	40.2	1.0
25	Tamil Nadu	30.2	32.1	33.3	37.5	4.2
26	Tripura	24.2	27.6	28.9	32.5	3.6
27	U.P. (Incl. Uttaranchal)	27.7	27.3	27.1	27.1	-0.1
28	West Bengal	30.1	29.8	29.6	33.9	4.3
	India	29.3	30.0	30.1	32.2	2.1
.Source : Compiled from the data given in Tables 6.0 A & 6.0 B						

Arunachal Pradesh, Lakshadweep, Nagaland and Uttar Pradesh (including Uttaranchal), registered increases in their urban participation ratios during 1991-2001. The increase in urban participation ratio has been at least two percentage points in 14 states / union territories. The increase in case of Manipur, Tamilnadu and West Bengal has been more than 4 percentage points and with regard to seven states / union territories, viz., Chandigarh, Goa, Haryana, Karnataka, Pondicherry, Punjab and Tripura, the increase has been between three and four percentage points. The states and union territories in which the increase has been in the range of 2-3 percentage points are Dadra & Nagar Haveli, Gujarat, Himachal Pradesh and Kerala. It may be seen from the table that while in Andaman & Nicobar Islands, Andhra Pradesh, Delhi, Madhya Pradesh, Maharashtra, Rajasthan and Sikkim, the urban participation ratio had risen between 1 and 2 percentage points during 1991-2001, the increase was less than one percentage point in Bihar, Meghalaya and Orissa during the same period.

The distribution of states and union territories by urban participation ratio can be seen in Table 6.4. The figures given in the table reveal that the number of states/union territories having urban participation ratio equivalent to or above 35 percent, increased from a mere 4 in 1971 to 10 in 2001. In fact, a dramatic increase in the number of states and union territories which are having a participation ratio of at least 35 per cent occurred during 1991-2001 – the figure increased from 4 in 1991 to 10 in 2001, i.e. in the post reforms era. It is interesting to note that during 1981-91, i.e. before economic reforms were initiated, the number of states falling in the range of “35 per cent and above” fell from 7 to 4.

Participation Ratio Range	1971	1981	1991	2001
Below - 30	14	12	10	4
30 - 35	10	9	14	14
35 - 40	1	4	3	8
40 - 45	1	3	1	2
45 - 50	0	0	0	0
50 & Above	2	0	0	0
Total	28	28	28	28

The figures given in Table 6.3 reveal that in 1971, the number of states and union territories having urban participation ratio below all-India average of 29.3% was 13. The corresponding figures for 1981, 1991 & 2001 are 12, 10 and 9. It is observed that the all-India participation ratio is showing an increasing trend and the number of states and union territories falling below the national average is declining. Further, the number of states and union territories having urban participation ratio equivalent or above 35% went up drastically during 1991-2001. These trends clearly indicate that economic reforms have not led to “jobless growth”, but rather have in fact pushed up growth in urban employment. The positive impact of economic reforms on overall employment has already been established by the analyses made in the last chapter.

State’s Share in Growth in Urban Employment at All-India Level

The state wise increase in urban workers during 1981-91 and 1991-2001 and their percentages to the respective all-India totals are given in Table 6.5. In the last column of the table, the percentage increase in the share of the state is given. The percentage share in the increase in number of urban workers has increased in 15 states/U.T.’s namely Orissa (2.9%), Goa including Daman & Diu (3.4%), Gujarat (10.5%), Bihar (including Jharkhand) (11.7%), West Bengal (11.9%), Karnataka (13.6), Arunachal Pradesh (17.7%), Delhi (22.9%), Andaman & Nicobar Islands (35.5%), Chandigarh (39.7%), Punjab (55.3%), Haryana (61.6%), Tamil Nadu (112.2%), Sikkim (200%) and Dadra & Nagar Haveli (484%). In Tamil Nadu, Sikkim and Dadra & Nagar Haveli, the share of urban workers has increased by more than 100%, revealing thereby that these states have relatively been benefited more by the economic reforms. The highest increase is accounted for by Dadra & Nagar Haveli.

**Table 6.5 : Decadal increase in Number of Urban Workers – 1981 - 1991 & 1991- 2001
(excluding Assam, Jammu & Kashmir and Mizoram)**

S.No.	State	Increase in Urban Workers during 1981 - 1991		Increase in Urban Workers during 1991 - 2001		%age increase in the Share of State
		Absolute	%age to All India Total	Absolute	%age to All India Total	
1	A& N Islands	7,961	0.05	16,134	0.06	35.5
2	Andhra Pradesh	1,616,403	9.33	1,208,065	4.66	-50.0
3	Arunachal Pradesh	23,081	0.13	40,630	0.16	17.7
4	Bihar (Incl. Jharkhand)	547,765	3.16	915,296	3.53	11.7
5	Chandigarh	49,507	0.29	103,420	0.40	39.7
6	Dadra & Nagar Haveli	2,022	0.01	17,658	0.07	484.0
7	Delhi	838,228	4.84	1,540,098	5.94	22.9
8	Goa (Incl. Daman & Diu)	59,305	0.34	91,675	0.35	3.4
9	Gujarat	1,184,077	6.83	1,957,207	7.55	10.5
10	Haryana	321,835	1.86	777,547	3.00	61.6
11	Himachal Pradesh	42,241	0.24	62,969	0.24	-0.3
12	Karnataka	1,149,165	6.63	1,951,774	7.53	13.6
13	Kerala	965,662	5.57	338,766	1.31	-76.5
14	Lakshadweep	3,595	0.02	-605.00	0.00	-111.3
15	M.P. (Incl. Chhattisgarh)	1,397,349	8.06	1,662,365	6.42	-20.4
16	Maharashtra	2,805,494	16.19	4,034,733	15.57	-3.8
17	Manipur	39,486	0.23	49,292	0.19	-16.5
18	Meghalaya	27,848	0.16	41,024	0.16	-1.5
19	Nagaland	26,091	0.15	38,226	0.15	-2.0
20	Orissa	281,265	1.62	432,891	1.67	2.9
21	Pondicherry	70,205	0.41	59,181	0.23	-43.6
22	Punjab	415,636	2.40	965,517	3.73	55.3
23	Rajasthan	862,822	4.98	1,074,081	4.15	-16.8
24	Sikkim	-6,849	-0.04	9,534	0.04	200.0
25	Tamil Nadu	1,247,684	7.20	3,958,254	15.28	112.2
26	Tripura	59,589	0.34	55,274	0.21	-38.0
27	U.P. (Incl. Uttaranchal)	2,059,815	11.89	2,452,068	9.46	-20.4
28	West Bengal	1,229,607	7.10	2,057,313	7.94	11.9
	India	17,326,889	100.00	25,910,387	100.00	0.0

Source : Compiled from the data given in Table 6.0 B

CHAPTER VII

Growth in Rural Employment State wise Scenario

In spite of rapid urbanisation during the last few decades, India's rural population still accounts for about three-fourths of the total population. The rural population constituted about 80% of the total population in 1971 and the proportion has been continuously falling since then. The proportion of rural population was 76.3%, 74.3% and 72.2% in 1981, 1991 and 2001 respectively.

The scenario relating to overall and urban employment growth was analysed in the last two chapters. In this chapter, the growth in rural employment has been analysed to know whether the economic reforms had positive impact on rural employment or not.

Rural Employment Growth – Index of Workers

The state wise data in respect of rural population and rural workers may be seen in Tables 7.0 A and 7.0 B. The index of rural workers for the years 1971, 1981, 1991 and 2001 are available in Table 7.1. The states of Assam, Mizoram and Jammu & Kashmir have been excluded because of non-availability of comparable data for these states. The states of Uttaranchal, Jharkhand and Chattisgarh have been included in the respective states out of which these were carved out, to make the data of different years of Uttar Pradesh, Bihar and Madhya Pradesh comparable. The data in respect of Daman and Diu has been included in the state of Goa, as it was earlier included in the union territory of Goa, Daman and Diu.

While going through the statistical data in Table 7.1, it may be seen that the index of rural workers has been increasing continuously in almost all the states/union territories, except Tamil Nadu and Lakshadweep. In case of Lakshadweep, there was a steep fall in the index by about 34 points during 1971-81. However, after 1981, there has been a continuous increase and the increase during 1991 to 2001 was significant (28 points). In case of Tamil Nadu, there was a continuous increase

Table 7.0 A : State wise Distribution of Rural Population – 1971 - 2001 (excluding Assam, Jammu & Kashmir and Mizoram)					
S.No.	State	Rural Popn 1971	Rural Popn 1981	Rural Popn 1991	Rural Popn 2001
1	A & N Islands	88,915	139,107	205,706	239,954
2	Andhra Pradesh	35,100,181	41,062,097	48,620,882	55,401,067
3	Arunachal Pradesh	450,223	590,411	753,930	870,087
4	Bihar (Incl.Jharkhand)	50,719,403	61,195,744	75,021,453	95,268,797
5	Chandigarh	24,311	28,769	66,186	92,120
6	D & Nagar Haveli	74,170	96,762	126,752	170,027
7	Delhi	418,675	452,206	949,019	944,727
8	Goa (Incl. Daman & Diu)	630,997	734,922	744,084	777,947
9	Gujarat	19,200,975	23,484,146	27,063,521	31,740,767
10	Haryana	8,263,849	10,095,231	12,408,904	15,029,260
11	Himachal Pradesh	3,218,544	3,954,847	4,721,681	5,482,319
12	Karnataka	22,176,921	26,406,108	31,069,413	34,889,033
13	Kerala	17,880,926	20,682,405	21,418,224	23,574,449
14	Lakshadweep	31,810	21,620	22,593	33,683
15	M.P.(Incl.Chhattisgarh)	34,869,352	41,592,385	50,842,333	61,028,934
16	Maharashtra	34,701,024	40,790,577	48,395,601	55,777,647
17	Manipur	931,261	1,045,493	1,331,504	1,590,820
18	Meghalaya	864,529	1,094,486	1,444,731	1,864,711
19	Nagaland	465,055	654,696	1,001,323	1,647,249
20	Orissa	20,099,220	23,259,984	27,424,753	31,287,422
21	Pondicherry	273,419	288,424	290,800	325,726
22	Punjab	10,334,881	12,141,158	14,288,744	16,096,488
23	Rajasthan	21,222,045	27,051,354	33,938,877	43,292,813
24	Sikkim	190,175	265,301	369,451	480,981
25	Tamil Nadu	28,734,334	32,456,202	36,781,354	34,921,681
26	Tripura	1,393,982	1,827,490	2,335,484	2,653,453
27	U.P. (Incl. Uttaranchal)	75,952,548	90,962,898	111,506,372	137,968,614
28	West Bengal	33,344,978	40,133,926	49,370,364	57,748,946
	India	421,656,703	502,508,749	602,514,039	711,199,722
Source :					
1. Census of India 1971, Series I, India, Part- II – A (i), General Population					
2. Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population					
3. Census of India 1991, Volume I, Series I, India, Part- II – A (ii), Union Primary Census Abstract					
4. Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Population					
5. Census of India 1991, Series I, India, Part- II – B (i), Volume II, Primary Census Abstract - General Population					
6. Census of India 2001, Primary Census Abstract (on CD)					

Table 7.0 B : State wise Distribution of Rural Workers – 1971 - 2001 (excluding Assam, Jammu & Kashmir and Mizoram)					
S.No.	State	Total Rural Workers 1971	Total Rural Workers 1981	Total Rural Workers 1991	Total Rural Workers 2001
1	A& N Islands	33,786	51,505	72,833	94,052
2	Andhra Pradesh	15,423,999	20,609,178	24,450,742	28,172,888
3	Arunachal Pradesh	260,626	315,374	359,520	402,010
4	Bihar (Incl.Jharkhand)	15,894,191	20,318,670	24,930,891	34,322,160
5	Chandigarh	8,537	10,403	27,495	40,203
6	D & Nagar Haveli	34,987	47,819	68,817	91,542
7	Delhi	111,460	136,348	276,389	301,064
8	Goa (Incl. Daman & Diu)	198,175	264,714	273,921	326,932
9	Gujarat	6,329,047	9,581,547	12,315,517	14,993,312
10	Haryana	2,187,530	3,261,195	3,955,138	6,451,587
11	Himachal Pradesh	1,195,896	1,699,099	2,057,238	2,772,351
12	Karnataka	8,070,889	11,637,775	14,431,584	17,127,803
13	Kerala	5,281,004	6,462,871	6,872,107	7,671,110
14	Lakshadweep	8,318	5,459	5,712	8,007
15	M.P.(Incl.Chhattisgarh)	13,389,643	19,261,876	23,807,360	29,277,900
16	Maharashtra	13,393,774	19,646,537	24,033,179	27,261,431
17	Manipur	333,288	480,460	602,070	723,087
18	Meghalaya	399,232	534,698	650,731	822,531
19	Nagaland	236,220	331,714	448,106	741,439
20	Orissa	6,288,831	9,046,975	10,626,134	12,586,969
21	Pondicherry	90,218	98,327	111,506	127,766
22	Punjab	3,008,697	3,901,941	4,460,383	6,360,351
23	Rajasthan	6,874,604	10,569,292	14,268,221	19,856,423
24	Sikkim	103,829	131,458	154,214	239,002
25	Tamil Nadu	10,973,282	15,086,214	17,834,083	17,559,768
26	Tripura	393,092	600,198	736,677	982,447
27	U.P. (Incl. Uttaranchal)	23,906,118	28,620,179	37,308,282	47,174,794
28	West Bengal	9,065,656	12,159,437	16,380,039	21,889,642
	India	143,494,929	194,871,263	241,518,889	298,378,571
Source :					
1.Census of India 1971, Series I, India, Part- II – A (i), General Population					
2.Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population					
3. Census of India 1991, Series I, Volume I, India, Part- II – A (ii), Union Primary Census Abstract					
4.Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Population					
5.Census of India 1991, Series I, India, Part-II – B (i), Volume II, Primary Census Abstract - General Population					
6. Census of India 2001, Primary Census Abstract (on CD)					

Table 7.1 : State wise Index of Rural Workers – 1971 - 2001 (excluding Assam, Jammu & Kashmir and Mizoram)							
S.No.	State	Index of Rural Workers				Increase in Index of Rural Workers during 1991- 2001	Increase in Index of Rural Workers during 1991- 2001 over Increase during 1981-91
		1971	1981	1991	2001		
1	A& N Islands	100	152	216	278	63	0
2	Andhra Pradesh	100	134	159	183	24	-1
3	Arunachal Pradesh	100	121	138	154	16	-1
4	Bihar (Incl. Jharkhand)	100	128	157	216	59	30
5	Chandigarh	100	122	322	471	149	-51
6	D & Nagar Haveli	100	137	197	262	65	5
7	Delhi	100	122	248	270	22	-104
8	Goa (Incl. Daman & Diu)	100	134	138	165	27	22
9	Gujarat	100	151	195	237	42	-1
10	Haryana	100	149	181	295	114	82
11	Himachal Pradesh	100	142	172	232	60	30
12	Karnataka	100	144	179	212	33	-1
13	Kerala	100	122	130	145	15	7
14	Lakshadweep	100	66	69	96	28	25
15	M.P. (Incl. Chhattisgarh)	100	144	178	219	41	7
16	Maharashtra	100	147	179	204	24	-9
17	Manipur	100	144	181	217	36	0
18	Meghalaya	100	134	163	206	43	14
19	Nagaland	100	140	190	314	124	75
20	Orissa	100	144	169	200	31	6
21	Pondicherry	100	109	124	142	18	3
22	Punjab	100	130	148	211	63	45
23	Rajasthan	100	154	208	289	81	27
24	Sikkim	100	127	149	230	82	60
25	Tamil Nadu	100	137	163	160	-2	-28
26	Tripura	100	153	187	250	63	28
27	U.P. (Incl. Uttaranchal)	100	120	156	197	41	5
28	West Bengal	100	134	181	241	61	14
	India	100	136	168	208	40	7

Source : Compiled from the data given In Table 7.0 B

upto 1991, but a slight decline of 2 points occurred during 1991 to 2001. The reason could be attributed to decline in rural population as well as migration to urban areas.

Looking at the index of rural workers during 1991-2001 over increase in number of rural workers during 1981-91, it is observed that Haryana registered the highest increase of 82 points, and was followed by Nagaland (75 points) and Sikkim (60 points). The index declined during 1991-2001 in as many as 8 states/union territories, when compared with the index of 1981-91. These are Andhra Pradesh, Arunachal Pradesh, Chandigarh, Delhi, Gujarat, Karnataka, Maharashtra and Tamil Nadu. The National Capital Territory of Delhi registered a remarkable decline of 104 points followed by Chandigarh (51 points) and Tamil Nadu (28 points). The index remained almost the same in Andaman & Nicobar Islands and Manipur. The states of Andhra Pradesh, Arunachal Pradesh, Gujarat and Karnataka registered a minor decline in the index of rural workers during 1991-2001, when compared with the figures of 1981-91. The National Capital Territory of Delhi, which registered a sharp decline of 104 points, is because of its rapid urbanization. Almost the whole of the rural areas in the National Capital have been converted into urban areas due to which there is a remarkable decline in the number and index of rural workers. The same reason holds true for Chandigarh.

In case of Andaman & Nicobar Islands, Manipur, Arunachal Pradesh, Andhra Pradesh, Gujarat, Karnataka and Maharashtra, in which the index either remained the same or declined, the rate of growth of rural population declined during 1991-2001, when compared to the growth during 1981-91, except in Gujarat. The rate of growth of rural population in these states/union territories and in Delhi, Chandigarh and Tamil Nadu can be seen below.

Sl. No.	State/U.T	Rural Population Growth (%)	
		1981-1991	1991-2001
1.	Andaman & Nicobar Islands	47.9	16.6
2.	Andhra Pradesh	18.4	13.9
3.	Arunachal Pradesh	27.7	15.4
4.	Chandigarh	130.1	39.2
5.	Delhi	109.9	-0.45
6.	Gujarat	15.2	17.3
7.	Karnataka	17.6	12.3
8.	Maharashtra	18.6	15.2
9.	Manipur	27.3	19.5
10	Tamil Nadu	13.3	-5.0

It is seen from the data given in the above table that except the state of Gujarat, which registered an increase of 2.1 percentage points in growth rate during 1991-2001 over the growth rate of 1981-91, all the remaining 9-states/union territories have shown a decline in growth of rural population. The National Capital Territory of Delhi witnessed a steep decline in the growth rate of rural population during 1991-2001. In fact, it registered a negative growth rate (–0.45%) during 1991-2001, as against a very high positive growth rate (109.9%) during 1981-91. Another state, which registered negative growth rate, is Tamil Nadu with a growth rate of – 5.0% in 1991-2001 when compared with the growth rate of 13.3% during 1981-91.

It can be noticed from the table given above that there has been steep fall in the growth rate of population in Andaman & Nicobar Islands (31.3 percentage points), Chandigarh (90.9 percentage points) and Delhi (110.4 percentage points). The decline in Andhra Pradesh, Arunachal Pradesh, Karnataka and Manipur is also notable.

The above analysis shows that out of the total number of 28 states/union territories, the index of rural workers increased in 18 states, and it remained almost the same in two states. The states/union territories in which the index declined, was perhaps due to fall in growth rate of rural population and migration. In fact, the decline in index in these states cannot be construed as a negative impact of economic reforms. The migration from the rural areas of the state can be due to availability of better employment opportunities in the urban areas.

With regard to those states in which there has been a direct positive impact on employment in rural areas, the reason could be attributed to “trickling down” effect and the setting up of many offices of the multi national companies (MNCs) in smaller urban areas, nearer to big metropolises.

Table 7.2 shows the distribution of states by increase in index of rural workers during 1991-2001 over increase in index of rural workers during 1981-1991. It may be seen that the states of Haryana, Nagaland and Sikkim have relatively gained more. Haryana has registered an increase of 82 points, followed by Nagaland and Sikkim where the increase was 75 points and 60 points respectively. In Punjab, the increase was 45 points and in Bihar (including Jharkhand), it was 30 points. In four states viz., Goa, Lakshadweep, Rajasthan and Tripura, the increase in index was between 20-30 points. It was between 10-20 points in Meghalaya and West Bengal. As many as six states viz., Pondicherry, Uttar Pradesh, Dadra and Nagar Haveli,

Orissa, Madhya Pradesh and Kerala come in the range of “above zero but less than 10” points. Interestingly, the smaller states viz., Punjab, Sikkim, Nagaland and Haryana benefited more than the bigger states. The index remained almost the same in Andaman and Nicobar Islands and Manipur.

Table 7.2 : Distribution of States by increase in Index of Rural Workers during 1991- 2001 over increase in Index of Rural Workers during 1981 - 1991 (excluding Assam, Jammu & Kashmir and Mizoram)		
Range of Increase in Index	No.of States	Names Of States
≤ zero	10	Delhi, Chandigarh, Tamil Nadu, Maharashtra, Karnataka, Gujarat, Andhra Pradesh, Arunachal Pradesh, Andaman & Nicobar Islands and Manipur
>zero - 10	6	Pondicherry, U.P., Dadra & Nagar Haveli, Orissa, M.P., and Kerala
10 - 20	2	Meghalaya and West Bengal
20 - 30	4	Goa, Lakshadweep, Rajasthan and Tripura
30 - 40	2	Bihar and Himachal Pradesh
40 - 50	1	Punjab
50 - 60	0	
60 & above	3	Haryana, Nagaland and Sikkim
<i>Source : Compiled from the data given In Table 7.1</i>		

Rural Participation Ratio

It would perhaps be most appropriate if we take into account the rural participation ratio in order to assess the impact of economic reforms in rural areas of the country. The analyses made in the following paragraphs regarding rural participation ratio highlight the real scenario.

The rural participation ratios of various states and union territories for the years 1971, 1981, 1991 and 2001 may be seen in Table 7.3. Out of the 28 states/union territories, the rural participation ratio decreased between 1991 to 2001 in 5 states viz., Arunachal Pradesh, Dadra & Nagar Haveli, Lakshadweep, Maharashtra and Meghalaya. In the 23 states and union territories, where there was

Table 7.3 : State wise Rural Participation Ratio – 1971 – 2001 (excluding Assam, Jammu & Kashmir and Mizoram)						
S.No.	State	Participation Ratio (%)				Increase in Rural Participation Ratio during 1991- 2001
		1971	1981	1991	2001	
1	A& N Islands	38.0	37.0	35.4	39.2	3.8
2	Andhra Pradesh	43.9	50.2	50.3	50.9	0.6
3	Arunachal Pradesh	57.9	53.4	47.7	46.2	-1.5
4	Bihar (Incl. Jharkhand)	31.3	33.2	33.2	36.0	2.8
5	Chandigarh	35.1	36.2	41.5	43.6	2.1
6	D & Nagar Haveli	47.2	49.4	54.3	53.8	-0.5
7	Delhi	26.6	30.2	29.1	31.9	2.7
8	Goa (Incl. Daman & Diu)	31.4	36.0	36.8	42.0	5.2
9	Gujarat	33.0	40.8	45.5	47.2	1.7
10	Haryana	26.5	32.3	31.9	42.9	11.1
11	Himachal Pradesh	37.2	43.0	43.6	50.6	7.0
12	Karnataka	36.4	44.1	46.4	49.1	2.6
13	Kerala	29.5	31.2	32.1	32.5	0.5
14	Lakshadweep	26.1	25.2	25.3	23.8	-1.5
15	M.P. (Incl. Chattisgarh)	38.4	46.3	46.8	48.0	1.1
16	Maharashtra	38.6	48.2	49.7	48.9	-0.8
17	Manipur	35.8	46.0	45.2	45.5	0.2
18	Meghalaya	46.2	48.9	45.0	44.1	-0.9
19	Nagaland	50.8	50.7	44.8	45.0	0.3
20	Orissa	31.3	38.9	38.7	40.2	1.5
21	Pondicherry	33.0	34.1	38.3	39.2	0.9
22	Punjab	29.1	32.1	31.2	39.5	8.3
23	Rajasthan	32.4	39.1	42.0	45.9	3.8
24	Sikkim	54.6	49.6	41.7	49.7	7.9
25	Tamil Nadu	38.2	46.5	48.5	50.3	1.8
26	Tripura	28.2	32.8	31.5	37.0	5.5
27	U.P. (Incl. Uttaranchal)	31.5	31.5	33.5	34.2	0.7
28	West Bengal	27.2	30.3	33.2	37.9	4.7
	India	34.0	38.8	40.1	42.0	1.9
Source : Compiled from the data given in Tables 7.0 and 7.0 B						

increase in participation ratio during 1991-2001, the increase was “more than zero but lesser than one” in six states / union territories viz., Andhra Pradesh, Kerala, Manipur, Nagaland, Pondicherry and Uttar Pradesh; between 1 and 2 in four states, viz., Gujarat, Madhya Pradesh, Orissa, and Tamilnadu; between 2 and 3 in four states/union territories, viz., Bihar, Chandigarh, Delhi and Karnataka; and either 3 or above 3 in nine states/union territories viz., Andaman and Nicobar Islands, Goa, Haryana, Himachal Pradesh, Punjab, Rajasthan, Sikkim, Tripura and West Bengal.

Table No. 7.4 presents the distribution of states and union territories by participation ratio for the years 1971, 1981, 1991 and 2001

Participn.Ratio Range	1971	1981	1991	2001
Below 30	7	1	2	1
30 - 35	7	9	7	3
35 - 40	8	5	4	6
40 - 45	1	3	5	5
45 - 50	2	7	8	9
50 & above	3	3	2	4
Total	28	28	28	28

Source : Compiled from the data given In Table 7.0

In 1971, 14 states participation ratios below the national average of 34%. The corresponding figures in 1981 and 1991 were 13 in both the years. Since, the all-India average of rural participation ratio has been showing a continuous upward trend, and the number of states falling below the all-India average has been showing almost a continuous decline, in trend, it can be inferred that there has been a positive effect of economic reforms in rural areas also.

State’s Share in Growth in Rural Employment at All India Level.

As already stated above, the rural participation ratio has shown almost a continuous increasing trend during the past three decades. It was 34% in 1971, 38.8% in 1981, 40.1% in 1991 and 42.0% in 2001, respectively.

Table 7.5 shows the state wise increase in number of rural workers during 1981-1991 and 1991-2001. The state wise increases in the number of total rural workers (overall employment) during 1981-1991 and 1991-2001 and their

Table 7.5 Statewise decadal increase in number of Rural Workers – 1981-1991 and 1991- 2001 (excluding Assam, Jammu & Kashmir and Mizoram)						
S.No.	State	Increase in Rural Workers during 1981 - 1991		Increase in Rural Workers during 1991 -2001		%age increase in the share of State
		Absolute	%age to All India Total	Absolute	%age to All India Total	
1	A& N Islands	21,328	0.05	21,219	0.04	-18.4
2	Andhra Pradesh	3,841,564	8.24	3,722,146	6.55	-20.5
3	Arunachal Pradesh	44,146	0.09	42,490	0.07	-21.0
4	Bihar (including Jharkhand)	4,612,221	9.89	9,391,269	16.52	67.0
5	Chandigarh	17,092	0.04	12,708	0.02	-39.0
6	D & Nagar Haveli	20,998	0.05	22,725	0.04	-11.2
7	Delhi	140,041	0.30	24,675	0.04	-85.5
8	Goa (incl. Daman & Diu)	9,207	0.02	53,011	0.09	372.4
9	Gujarat	2,733,970	5.86	2,677,795	4.71	-19.6
10	Haryana	693,943	1.49	2,496,449	4.39	195.1
11	Himachal Pradesh	358,139	0.77	715,113	1.26	63.8
12	Karnataka	2,793,809	5.99	2,696,219	4.74	-20.8
13	Kerala	409,236	0.88	799,003	1.41	60.2
14	Lakshadweep	253	0.00	2,295	0.00	644.2
15	M.P. (incl. Chhattisgarh)	4,545,484	9.74	5,470,540	9.62	-1.3
16	Maharashtra	4,386,642	9.40	3,228,252	5.68	-39.6
17	Manipur	121,610	0.26	121,017	0.21	-18.4
18	Meghalaya	116,033	0.25	171,800	0.30	21.5
19	Nagaland	116,392	0.25	293,333	0.52	106.8
20	Orissa	1,579,159	3.39	1,960,835	3.45	1.9
21	Pondicherry	13,179	0.03	16,260	0.03	1.2
22	Punjab	558,442	1.20	1,899,968	3.34	179.1
23	Rajasthan	3,698,929	7.93	5,588,202	9.83	23.9
24	Sikkim	22,756	0.05	84,788	0.15	205.7
25	Tamil Nadu	2,747,869	5.89	(274,315)	-0.48	-108.2
26	Tripura	136,479	0.29	245,770	0.43	47.7
27	U.P. (incl. Uttaranchal)	8,688,103	18.62	9,866,512	17.35	-6.8
28	West Bengal	4,220,602	9.05	5,509,603	9.69	7.1
	India	46,647,626	100.00	56,859,682	100.00	0.0

Source : Compiled from the data given in Table 7.0 B

percentages to the respective all-India totals are also given in this table. The percentage increase in the share of the states is also indicated in the last column of the table.

An increase of 5.68 crores in rural workers was noted during 1991-2001- as against 4.66 crores during the decade 1981-1991. The percentage share in the increase in the number of rural workers increased in 15 states/U.T's viz., Pondicherry (1.2%), Orissa (1.9%), West Bengal (7.1%), Meghalaya (21.5%), Rajasthan (23.9%), Tripura (47.7%), Kerala (60.2%), Himachal Pradesh (63.8%), Bihar (including Jharkhand) (67%), Nagaland (106.8%), Punjab (179.1%), Haryana (195.1%), Sikkim (205.7%), Goa (including Daman & Diu) (372.4%), and Lakshadweep (644.2%). In Nagaland, Punjab, Haryana, Sikkim, Goa (including Daman & Diu) and Lakshadweep, the share of rural workers increased by more than 100% which substantiate the fact that these states have relatively gained more by the economic reforms.

CHAPTER VIII

Growth in Employment in Selected Class I Towns

There is a feeling that economic reforms have benefited only the metropolitan and other bigger towns and the relatively smaller towns have been bypassed. It may be true that towns which are very small and which lack in infrastructure also may not have derived much benefit directly in terms of employment, but they might have benefited indirectly in the sense that the job seekers of these towns would have found better employment opportunities in the bigger towns and would have migrated. In order to ascertain the truth, analyses of growth in employment in 143 Class I towns as of 1971 Census, have been made in this chapter. As per the 1971 Census, there were 146 towns in 1971. Out of these 146 towns, Thane and Ulhasnagar (Maharashtra) were separate towns in 1971, but now (2001) form parts of Greater Mumbai Urban Agglomeration. Hence, these towns have not been included in the analyses separately. Further, Guwahati (Assam), which existed as a separate town in 1971, has also been excluded because of non-availability of data for Guwahati(Assam) for 1981, as no census was conducted in Assam in 1981.

Employment Growth in Selected Class I Towns

The town-wise population figures for the years 1971, 1981, 1991 and 2001 are furnished in Table 8.0 A, and Table 8.0 B presents the statistics relating to number of workers for the years 1971, 1981, 1991 and 2001 for the selected 143 Class-I towns and urban agglomerations. The indices that have been worked out for the figures given in Table 8.0 B are given in Table 8.1. Table 8.1 also contains “increase in Index of Workers during 1991-2001” and the “increase in Index of Workers during 1991-2001 over increase during 1981-91”.

Figures given in Table 8.1 reveal that all the towns except Thoothukudi witnessed increase in Index of workers during 1991-2001. Thoothukudi registered a

S.No.	Name of UA / Town	State	Civic Status 2001	Population			
				1971	1981	1991	2001
1	Eluru	A.P	UA	127023	168154	212866	215804
2	Guntur	A.P	M.Corp.	269991	367699	471051	514461
3	Hyderabad	A.P	UA	1796339	2545836	4344437	5742036
4	Kakinada	A.P	UA	164200	226409	327541	376861
5	Kurnool	A.P	UA	136710	206362	275360	342973
6	Machilipatnam	A.P	M	112612	138530	159110	179353
7	Nellore	A.P	UA	133590	237065	316606	404775
8	Nizamabad	A.P	M	115640	183061	241034	288722
9	Rajahmundry	A.P	UA	188805	268370	401397	413616
10	Tenali	A.P	M	102937	119257	143726	153756
11	Vijayawada	A.P	UA	344607	543008	701827	1039518
12	Visakhapatnam	A.P	UA	363467	603630	1057118	1345938
13	Warangal	A.P	UA	207520	335150	467757	579216
14	Bhagalpur	Bihar	UA	172202	225062	260119	350133
15	Bihar	Bihar	M	100046	151343	201323	232071
16	Darbhanga	Bihar	M.Corp.	132059	176301	218391	267348
17	Gaya	Bihar	UA	179884	247075	294427	394945
18	Munger	Bihar	M	102474	129260	150112	188050
19	Muzaffarpur	Bihar	M.Corp.	126379	190416	241107	305525
20	Patna	Bihar	UA	491217	918903	1099647	1697976
21	Bilaspur	Chhattisgarh	UA	130740	187104	229615	335293
22	Durg-Bhilainagar	Chhattisgarh	UA	245124	490214	685474	927864
23	Raipur	Chhattisgarh	UA	205986	338245	462694	700113
24	Ahmadabad	Gujarat	UA	1741522	2548057	3312216	4525013
25	Bhavnagar	Gujarat	UA	225974	308642	405225	517708
26	Jamnagar	Gujarat	UA	227640	317362	381646	556956
27	Nadiad	Gujarat	UA	108269	142689	170217	196793
28	Porbandar	Gujarat	UA	106727	133307	160167	197382
29	Rajkot	Gujarat	UA	300612	445076	654490	1003015
30	Surat	Gujarat	UA	493001	913806	1518950	2811614
31	Vadodara	Gujarat	UA	467487	744881	1126824	1491045
32	Ambala	Haryana	UA	102493	121203	139889	168316
33	Rohtak	Haryana	UA	124755	166767	216096	294577
34	Bokaro Steel City	Jharkhand	UA	107159	264480	398890	497780
35	Dhanbad	Jharkhand	UA	434031	678069	815005	1065327
36	Jamshedpur	Jharkhand	UA	456146	669580	829171	1104713
37	Ranchi	Jharkhand	UA	255551	502771	614795	863495
38	Bangalore	Karnataka	UA	1653779	2921751	4130288	5701446
39	Belgaum	Karnataka	UA	213872	300372	402412	506480
40	Bellary	Karnataka	CMC	125183	201579	245391	316766
41	Bhadravati	Karnataka	CMC	101358	130606	149257	160662
42	Bijapur	Karnataka	UA	103931	147313	193131	253891

43	Davanagere	Karnataka	CMC	121110	196621	287233	364523
44	Gulbarga	Karnataka	UA	145588	221325	310920	430265
45	Hubli-Dharwad	Karnataka	M.Corp.	379166	527108	648298	786195
46	Kolar Gold Fields	Karnataka	CMC	118861	144385	156746	113907
47	Mangalore	Karnataka	UA	215122	306078	426341	539387
48	Mysore	Karnataka	UA	355685	479081	653345	799228
49	Shimoga	Karnataka	CMC	102709	151783	193028	274352
50	Alappuzha	Kerala	UA	160166	169940	264969	282675
51	Kochi	Kerala	UA	439066	685836	1140605	1355972
52	Kollam	Kerala	UA	124208	167598	362572	380091
53	Kozhikode	Kerala	UA	333979	546058	801190	880247
54	Thiruvananthapuram	Kerala	UA	409627	520125	826225	889635
55	Bhopal	M.P	UA	384859	671018	1062771	1458416
56	Burhanpur	M.P	M.Corp.	105335	140986	172710	193725
57	Gwalior	M.P	UA	406140	555862	717780	865548
58	Indore	M.P	UA	560936	829327	1109056	1516918
59	Jabalpur	M.P	UA	534845	757303	888916	1098000
60	Ratlam	M.P	UA	119247	155578	195776	234419
61	Sagar	M.P	UA	154785	207479	257119	308922
62	Ujjain	M.P	UA	208561	282203	362633	431162
63	Ahmadnagar	Maharashtra	UA	148405	181210	222088	347549
64	Akola	Maharashtra	MCI	168438	225412	328034	400520
65	Amravati	Maharashtra	M.Corp.	193800	261404	421576	549510
66	Aurangabad	Maharashtra	UA	165253	316421	592709	892483
67	Bhusawal	Maharashtra	UA	104708	132142	159799	187564
68	Dhulia	Maharashtra	MCI	137129	210759	278317	341755
69	Gr.Mumbai	Maharashtra	UA	5970575	8243405	12596243	16434386
70	Jalgaon	Maharashtra	MCI	106711	145335	242193	368618
71	Kolhapur	Maharashtra	UA	267513	351392	418538	505541
72	Malegaon	Maharashtra	MCI	191847	245883	342595	409403
73	Nagpur	Maharashtra	UA	930459	1302066	1664006	2129500
74	Nanded-Waghala	Maharashtra	M.Corp.	126538	191269	309316	430733
75	Nashik	Maharashtra	UA	271681	429034	725341	1152326
76	Pune	Maharashtra	UA	1135034	1686109	2493987	3760636
77	Sangli	Maharashtra	UA	201597	268988	363751	447774
78	Solapur	Maharashtra	M.Corp.	398361	514860	620846	872478
79	Imphal	Manipur	UA	100366	156622	202839	250234
80	Shillong	Meghalaya	UA	122752	174703	223366	267662
81	Bhubaneswar	Orissa	UA	105491	219211	411542	658220
82	Brahmapur	Orissa	M	117662	162550	210418	307792
83	Cuttack	Orissa	UA	205759	327412	440295	587182
84	Raurkela	Orissa	UA	172502	322610	398864	484874
85	Sambalpur	Orissa	UA	105085	162214	193297	226469
86	Amritsar	Punjab	UA	458029	594844	708835	1003917
87	Jalandhar	Punjab	UA	296106	408196	509510	714077
88	Ludhiana	Punjab	M.Corp.	401176	607052	1042740	1398467
89	Patiala	Punjab	UA	151041	206254	253706	323884

90	Ajmer	Rajasthan	UA	264291	375593	402700	490520
91	Alwar	Rajasthan	UA	100378	145795	210146	266203
92	Bikaner	Rajasthan	MCI	208894	287712	416289	529690
93	Jaipur	Rajasthan	M.Corp.	636768	1015160	1518235	2322575
94	Jodhpur	Rajasthan	UA	317612	506345	666279	860818
95	Kota	Rajasthan	UA	212991	358241	537371	703150
96	Udaipur	Rajasthan	MCI	161278	232588	308571	389438
97	Chennai	Tamilnadu	UA	3169930	4289347	5421985	6560242
98	Coimbatore	Tamilnadu	UA	736203	920355	1100746	1461139
99	Cuddalore	Tamilnadu	M	101335	127625	144561	158634
100	Dindigul	Tamilnadu	M	128429	164103	182477	196955
101	Erode	Tamilnadu	UA	169613	275991	361755	389906
102	Kancheepuram	Tamilnadu	UA	119693	145254	171129	188733
103	Kumbakonam	Tamilnadu	UA	119655	141794	150540	160767
104	Madurai	Tamilnadu	UA	711501	907732	1085914	1203095
105	Nagercoil	Tamilnadu	M	141288	171684	190084	208179
106	Salem	Tamilnadu	UA	416440	518615	578291	751438
107	Thanjavur	Tamilnadu	M	140547	184015	202013	215314
108	Thoothukkudi	Tamilnadu	UA	181913	250677	280091	243415
109	Tiruchirappalli	Tamilnadu	UA	464624	609548	711862	866354
110	Tirunelveli	Tamilnadu	UA	266688	323344	366869	433352
111	Tiruppur	Tamilnadu	UA	151127	215859	306237	550826
112	Vellore	Tamilnadu	UA	178554	247041	310776	386746
113	Agartala	Tripura	MCI	100264	132186	157358	189998
114	Agra	U.P	UA	634622	747318	948063	1331339
115	Aligarh	U.P	M.Corp.	252314	320861	480520	669087
116	Allahabad	U.P	UA	513036	650070	844546	1042229
117	Bareilly	U.P	UA	326106	449425	617350	748353
118	Faizabad	U.P	UA	109806	143167	176922	208162
119	F.Bad-cum-Fatehgarh	U.P	UA	110835	160796	208727	242997
120	Firozabad	U.P	UA	133863	202338	270536	432866
121	Ghaziabad	U.P	M.Corp.	127700	287170	511759	968256
122	Gorakhpur	U.P	M.Corp.	230911	307501	505566	622701
123	Jhansi	U.P	UA	198135	284141	368154	460278
124	Kanpur	U.P	UA	1275242	1639064	2029889	2715555
125	Lucknow	U.P	UA	813982	1007604	1669204	2245509
126	Mathura	U.P	UA	140150	159498	235922	323315
127	Meerut	U.P	UA	367754	536615	849799	1161716
128	Mirz.-cum-Vindhyachal	U.P	MB	105939	127787	169336	205053
129	Moradabad	U.P	M.Corp.	272652	345350	443701	641583
130	Muzaffarnagar	U.P	UA	114783	171816	247624	331668
131	Rampur	U.P	MB	161417	204610	243742	281494
132	Saharanpur	U.P	MB	225396	295355	374945	455754
133	Shahjahanpur	U.P	UA	144065	205095	260403	321885
134	Varanasi	U.P	UA	606721	797162	1030863	1203961
135	Dehradun	Uttaranchal	UA	203464	293010	368053	530263
136	Asansol	West Bengal	UA	241792	366424	763939	1067369

137	Bardhaman	West Bengal	M	143318	167364	245079	285602
138	Durgapur	West Bengal	M.Corp.	206638	311798	425836	493405
139	Kharagpur	West Bengal	UA	161257	232575	264842	272865
140	Kolkata	West Bengal	UA	7031382	9194018	11021918	13205697
141	Chandigarh	Chandigarh	M.Corp.	232940	422841	575829	808515
142	Delhi	Delhi	UA	3647023	5729283	8419084	12877470
143	Pondicherry	Pondicherry	UA	153325	251420	401437	505959

Abbreviations :

<i>M.Corp</i>	<i>Municipal Corporation</i>
<i>M</i>	<i>Municipality</i>
<i>UA</i>	<i>Urban Agglomeration</i>
<i>MB</i>	<i>Municipal Board</i>
<i>MCI</i>	<i>Municipal Council</i>
<i>CMC</i>	<i>City Municipal Council</i>

Note :

In 1971, as per the 1971 Census, there were 146 separate U.As / towns. However, only 143 have been shown above. Thane and Ulhasnagar, which existed as separate towns in 1971, now form parts of Greater Mumbai U.A. and hence not shown separately. Guwahati (Assam) was a separate town in 1971, but the same has not been included because of non-availability of data for 1981, as no census was conducted in Assam in 1981.

Source :

1. Census of India 1971, Series I, India, Part- II – A (i), General Population
2. Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population
3. Census of India 1991, Volume I, Series I, India, Part- II – A (ii), Union Primary Census Abstract
4. Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Population
5. Census of India 1991, Series I, India, Part- II – B (i), Volume II, Primary Census Abstract - General Population
6. Census of India 2001, Primary Census Abstract (on CD)

S.No.	Name of UA / Town	State	Civic Status 2001	Workers			
				1971	1981	1991	2001
1	Eluru	A.P	UA	39250	51177	67807	72614
2	Guntur	A.P	M.Corp.	88559	119050	153433	179845
3	Hyderabad	A.P	UA	509957	719784	1231333	1744000
4	Kakinada	A.P	UA	45733	65776	93913	114244
5	Kurnool	A.P	UA	43397	61946	84424	115596
6	Machilipatnam	A.P	M	31205	41861	50982	60527
7	Nellore	A.P	UA	39916	77739	100999	134641
8	Nizamabad	A.P	M	38688	63482	77956	98316
9	Rajahmundry	A.P	UA	57818	85247	123952	132577
10	Tenali	A.P	M	31270	38488	47636	53065
11	Vijayawada	A.P	UA	101372	166557	212734	337674
12	Visakhapatnam	A.P	UA	100282	160561	307260	409095
13	Warangal	A.P	UA	58658	97750	135449	185532
14	Bhagalpur	Bihar	UA	44009	53539	60377	90796
15	Bihar	Bihar	M	26053	35396	46619	63505
16	Darbhanga	Bihar	M.Corp.	33059	40319	48666	62307
17	Gaya	Bihar	UA	45106	59827	66770	98533
18	Munger	Bihar	M	22507	27476	32908	42312
19	Muzaffarpur	Bihar	M.Corp.	34369	47233	56982	76518
20	Patna	Bihar	UA	133900	240970	266240	428062
21	Bilaspur	Chhattisgarh	UA	39045	53069	65860	101676
22	Durg-Bhilainagar	Chhattisgarh	UA	75177	149984	200671	271057
23	Raipur	Chhattisgarh	UA	60021	102950	138873	227114
24	Ahmadabad	Gujarat	UA	496938	739972	969934	1445490
25	Bhavnagar	Gujarat	UA	56380	84797	115380	159292
26	Jamnagar	Gujarat	UA	60841	92741	114174	174307
27	Nadiad	Gujarat	UA	29286	39047	47928	58001
28	Porbandar	Gujarat	UA	26335	34928	44254	61141
29	Rajkot	Gujarat	UA	77419	122894	196825	324671
30	Surat	Gujarat	UA	157289	316264	520158	1085944
31	Vadodara	Gujarat	UA	129439	220140	338138	479582
32	Ambala	Haryana	UA	26453	31010	35911	58752
33	Rohtak	Haryana	UA	30023	45005	59797	86935
34	Bokaro Steel City	Jharkhand	UA	45812	76616	99895	117628
35	Dhanbad	Jharkhand	UA	156411	198209	220880	264479
36	Jamshedpur	Jharkhand	UA	131599	170204	211942	296509
37	Ranchi	Jharkhand	UA	68216	132707	154409	227709
38	Bangalore	Karnataka	UA	487920	884068	1371418	2196078
39	Belgaum	Karnataka	UA	58534	86769	122257	165918
40	Bellary	Karnataka	CMC	35738	59779	76027	106468
41	Bhadravati	Karnataka	CMC	27413	35315	43830	54135

42	Bijapur	Karnataka	UA	25049	37023	48873	72574
43	Davanagere	Karnataka	CMC	36154	58884	88011	124000
44	Gulbarga	Karnataka	UA	37176	53738	75250	114540
45	Hubli-Dharwad	Karnataka	M.Corp.	105804	149905	185806	250789
46	Kolar Gold Fields	Karnataka	CMC	25566	29243	35568	40026
47	Mangalore	Karnataka	UA	77655	120262	175821	229979
48	Mysore	Karnataka	UA	94002	134407	199719	265973
49	Shimoga	Karnataka	CMC	30345	45771	60754	97227
50	Alappuzha	Kerala	UA	41189	46252	85793	95810
51	Kochi	Kerala	UA	121293	199209	357674	464009
52	Kollam	Kerala	UA	33194	46768	108305	122144
53	Kozhikode	Kerala	UA	82668	135136	208409	257065
54	Thiruvananthapuram	Kerala	UA	114258	144480	252648	292788
55	Bhopal	M.P	UA	110316	194924	309443	432372
56	Burhanpur	M.P	M.Corp.	28720	42151	49258	57544
57	Gwalior	M.P	UA	105730	149388	191534	244907
58	Indore	M.P	UA	146772	240331	333063	487790
59	Jabalpur	M.P	UA	152067	215026	244750	337680
60	Ratlam	M.P	UA	30068	44769	56123	68744
61	Sagar	M.P	UA	46371	67048	82508	104040
62	Ujjain	M.P	UA	53676	77318	103449	133305
63	Ahmadnagar	Maharashtra	UA	44290	57460	72175	115279
64	Akola	Maharashtra	MCI	45201	58945	90228	116833
65	Amravati	Maharashtra	M.Corp.	51307	69214	117553	159644
66	Aurangabad	Maharashtra	UA	42285	85934	168797	255386
67	Bhusawal	Maharashtra	UA	25966	32251	40605	49872
68	Dhulia	Maharashtra	MCI	34675	55627	70826	96382
69	Gr.Mumbai	Maharashtra	UA	2198098	2902199	4390720	6007840
70	Jalgaon	Maharashtra	MCI	27304	39339	67363	107853
71	Kolhapur	Maharashtra	UA	70003	98943	135027	160280
72	Malegaon	Maharashtra	MCI	54031	74490	89439	108610
73	Nagpur	Maharashtra	UA	255393	359249	477074	651382
74	Nanded	Maharashtra	M.Corp.	32448	47693	78780	111285
75	Nashik	Maharashtra	UA	75006	134909	225973	396584
76	Pune	Maharashtra	UA	337078	526985	798373	1289756
77	Sangli	Maharashtra	UA	55530	78796	114760	143669
78	Solapur	Maharashtra	M.Corp.	113323	163498	194193	303590
79	Imphal	Manipur	UA	26904	44130	55364	84785
80	Shillong	Meghalaya	UA	40315	57286	74196	88161
81	Bhubaneswar	Orissa	UA	33818	70983	134966	219325
82	Brahmapur	Orissa	M	32496	44163	56911	88718
83	Cuttack	Orissa	UA	61846	100957	133831	186622
84	Raurkela	Orissa	UA	57849	98485	113737	138166
85	Sambalpur	Orissa	UA	32581	52906	58333	70256
86	Amritsar	Punjab	UA	135469	179282	213459	323456
87	Jalandhar	Punjab	UA	81195	122225	154276	237806

88	Ludhiana	Punjab	M.Corp.	122662	196284	343359	512920
89	Patiala	Punjab	UA	42153	60264	74746	105946
90	Ajmer	Rajasthan	UA	64537	102477	112303	139113
91	Alwar	Rajasthan	UA	25119	39600	58625	76093
92	Bikaner	Rajasthan	MCI	50013	74718	112655	153547
93	Jaipur	Rajasthan	M.Corp.	171357	280629	431561	709975
94	Jodhpur	Rajasthan	UA	78439	132173	188349	248866
95	Kota	Rajasthan	UA	63701	103342	152793	199751
96	Udaipur	Rajasthan	MCI	43910	66382	93981	123560
97	Chennai	Tamilnadu	UA	897517	1226804	1654118	2240619
98	Coimbatore	Tamilnadu	UA	238284	306306	385142	571211
99	Cuddalore	Tamilnadu	M	26918	35505	41718	49107
100	Dindigul	Tamilnadu	M	35768	46704	59695	69408
101	Erode	Tamilnadu	UA	59430	112058	143580	168802
102	Kancheepuram	Tamilnadu	UA	37548	48134	55158	71626
103	Kumbakonam	Tamilnadu	UA	32897	43407	46284	54083
104	Madurai	Tamilnadu	UA	202355	270532	350822	417674
105	Nagercoil	Tamilnadu	M	38551	51645	56358	64894
106	Salem	Tamilnadu	UA	136880	184704	213322	287092
107	Thanjavur	Tamilnadu	M	36479	53154	57591	67511
108	Thoothukkudi	Tamilnadu	UA	53816	79506	87150	82179
109	Tiruchirappalli	Tamilnadu	UA	129706	178629	213080	285320
110	Tirunelveli	Tamilnadu	UA	81795	106354	128400	161770
111	Tiruppur	Tamilnadu	UA	55026	91570	134829	259360
112	Vellore	Tamilnadu	UA	51024	76106	97190	131386
113	Agartala	Tripura	MCI	24386	36953	48171	62663
114	Agra	U.P	UA	163319	199110	261938	341597
115	Aligarh	U.P	M.Corp.	65330	80555	124647	169711
116	Allahabad	U.P	UA	142487	167136	213261	266420
117	Bareilly	U.P	UA	86842	120494	166841	206925
118	Faizabad	U.P	UA	30915	41798	48653	58663
119	F.Bad-cum-Fatehgarh	U.P	UA	31942	47303	58810	67078
120	Firozabad	U.P	UA	36014	55117	73343	120477
121	Ghaziabad	U.P	M.Corp.	36484	86280	151859	266790
122	Gorakhpur	U.P	M.Corp.	60934	74424	120828	142619
123	Jhansi	U.P	UA	49064	73085	96353	127250
124	Kanpur	U.P	UA	377280	451354	524204	754995
125	Lucknow	U.P	UA	226617	280947	444903	617664
126	Mathura	U.P	UA	37368	44421	62561	89458
127	Meerut	U.P	UA	105147	152039	233240	308781
128	Mirz.-cum-Vindhyachal	U.P	MB	30056	35355	45462	54294
129	Moradabad	U.P	M.Corp.	72549	95339	121543	170643
130	Muzaffarnagar	U.P	UA	28981	44008	64867	86998
131	Rampur	U.P	MB	44870	57896	69516	81851
132	Saharanpur	U.P	MB	61117	80132	101883	123215
133	Shahjahanpur	U.P	UA	38300	54493	68359	81488

134	Varanasi	U.P	UA	167687	211193	279547	344229
135	Dehradun	Uttaranchal	UA	59803	89611	109158	156013
136	Asansol	West Bengal	UA	64236	165362	191626	297275
137	Bardhaman	West Bengal	M	38036	43516	70547	93124
138	Durgapur	West Bengal	M.Corp.	63870	84063	117215	153701
139	Kharagpur	West Bengal	UA	39980	56598	63730	75029
140	Kolkata	West Bengal	UA	2286147	2830443	3367209	4589109
141	Chandigarh	Chandigarh	M.Corp.	77108	147292	196799	300219
142	Delhi	Delhi	UA	1116937	1853804	2688395	4234532
143	Pondicherry	Pondicherry	UA	39845	67256	122738	171893

Abbreviations :

<i>M.Corp</i>	<i>Municipal Corporation</i>
<i>M</i>	<i>Municipality</i>
<i>UA</i>	<i>Urban Agglomeration</i>
<i>MB</i>	<i>Municipal Board</i>
<i>MCI</i>	<i>Municipal Council</i>
<i>CMC</i>	<i>City Municipal Council</i>

Note :

In 1971, as per the 1971 Census, there were 146 separate U.As / towns. However, only 143 have been shown above. Thane and Ulhasnagar, which existed as separate towns in 1971, now form parts of Greater Mumbai U.A. and hence not shown separately. Guwahati (Assam) was a separate town in 1971, but the same has not been included because of non-availability of data for 1981, as no census was conducted in Assm in 1981.

Source :

6. Census of India 1971, Series I, India, Part- II – A (i), General Population
7. Census of India 1981, Series I, India, Part- II – B (i), Primary Census Abstract - General Population
8. Census of India 1991, Volume I, Series I, India, Part- II – A (ii), Union Primary Census Abstract
9. Census of India 1991, Series I, India, Part- II – B (i), Volume I, Primary Census Abstract - General Population
10. Census of India 1991, Series I, India, Part- II – B (i), Volume II, Primary Census Abstract - General Population

S.No.	Name of UA/Town	Index of Workers				Increase in Index during 1971-81	Increase in Index during 1981-91	Increase in Index during 1991-2001	Increase in Index during 1971-1991	Increase in Index during 1991-2001 over increase in Index during 1971-81	Increase in Index during 1991-2001 over increase in Index during 1981-91
		1971	1981	1991	2001						
1	Surat	100	201	331	690	101	130	360	231	259	230
2	Ghaziabad	100	236	416	731	136	180	315	316	179	135
3	Bhubaneswar	100	210	399	649	110	189	249	299	140	60
4	Nashik	100	180	301	529	80	121	227	201	148	106
5	Tiruppur	100	166	245	471	66	79	226	145	160	148
6	Aurangabad	100	203	399	604	103	196	205	299	102	9
7	Bangalore	100	181	281	450	81	100	169	181	88	69
8	Rajkot	100	159	254	419	59	95	165	154	106	70
9	Asansol	100	257	298	463	157	41	164	198	7	124
10	Jaipur	100	164	252	414	64	88	162	152	99	74
11	Jalgaon	100	144	247	395	44	103	148	147	104	46
12	Raipur	100	172	231	378	72	60	147	131	75	87
13	Pune	100	156	237	383	56	81	146	137	89	65
14	Delhi	100	166	241	379	66	75	138	141	72	64
15	Ludhiana	100	160	280	418	60	120	138	180	78	18
16	Chandigarh	100	191	255	389	91	64	134	155	43	70
17	Firozabad	100	153	204	335	53	51	131	104	78	80
18	Pondicherry	100	169	308	431	69	139	123	208	55	-16
19	Vijayawada	100	164	210	333	64	46	123	110	59	78
20	Patna	100	180	199	320	80	19	121	99	41	102
21	Shimoga	100	151	200	320	51	49	120	100	69	71
22	Bhopal	100	177	281	392	77	104	111	181	35	8
23	Imphal	100	164	206	315	64	42	109	106	45	68
24	Vadodara	100	170	261	371	70	91	109	161	39	18
25	Ranchi	100	195	226	334	95	32	107	126	13	76
26	Gulbarga	100	145	202	308	45	58	106	102	61	48
27	Indore	100	164	227	332	64	63	105	127	42	42
28	Jalandhar	100	151	190	293	51	39	103	90	52	63
29	Visakhapatnam	100	160	306	408	60	146	102	206	41	-45
30	Hyderabad	100	141	241	342	41	100	101	141	59	0
31	Nanded-Waghala	100	147	243	343	47	96	100	143	53	4
32	Davanagere	100	163	243	343	63	81	100	143	37	19
33	Jamnagar	100	152	188	286	52	35	99	88	46	64
34	Brahmapur	100	136	175	273	36	39	98	75	62	59
35	Ahmadnagar	100	130	163	260	30	33	97	63	68	64
36	Solapur	100	144	171	268	44	27	97	71	52	69
37	Ahmadabad	100	149	195	291	49	46	96	95	47	49
38	Bijapur	100	148	195	290	48	47	95	95	47	47
39	Durg-Bhilainagar	100	200	267	361	100	67	94	167	-6	26
40	Bilaspur	100	136	169	260	36	33	92	69	56	59
41	Rohtak	100	150	199	290	50	49	90	99	40	41

42	Kochi	100	164	295	383	64	131	88	195	23	-43
43	Ambala	100	117	136	222	17	19	86	36	69	68
44	Warangal	100	167	231	316	67	64	85	131	19	21
45	Cuttack	100	163	216	302	63	53	85	116	22	32
46	Bellary	100	167	213	298	67	45	85	113	18	40
47	Nellore	100	195	253	337	95	58	84	153	-10	26
48	Amravati	100	135	229	311	35	94	82	129	47	-12
49	Bikaner	100	149	225	307	49	76	82	125	32	6
50	Amritsar	100	132	158	239	32	25	81	58	49	56
51	Dehradun	100	150	183	261	50	33	78	83	29	46
52	Coimbatore	100	129	162	240	29	33	78	62	50	45
53	Bhavnagar	100	150	205	283	50	54	78	105	27	24
54	Jodhpur	100	169	240	317	69	72	77	140	9	6
55	Muzaffarnagar	100	152	224	300	52	72	76	124	25	4
56	Lucknow	100	124	196	273	24	72	76	96	52	4
57	Belgaum	100	148	209	283	48	61	75	109	26	14
58	Patiala	100	143	177	251	43	34	74	77	31	40
59	Kota	100	162	240	314	62	78	74	140	11	-4
60	Dhulia	100	160	204	278	60	44	74	104	13	30
61	Gr.Mumbai	100	132	200	273	32	68	74	100	42	6
62	Mathura	100	119	167	239	19	49	72	67	53	23
63	Meerut	100	145	222	294	45	77	72	122	27	-5
64	Kurnool	100	143	195	266	43	52	72	95	29	20
65	Mysore	100	143	212	283	43	69	70	112	27	1
66	Gaya	100	133	148	218	33	15	70	48	38	55
67	Mangalore	100	155	226	296	55	72	70	126	15	-2
68	Alwar	100	158	233	303	58	76	70	133	12	-6
69	Bhagalpur	100	122	137	206	22	16	69	37	47	54
70	Aligarh	100	123	191	260	23	67	69	91	46	1
71	Nagpur	100	141	187	255	41	46	68	87	28	22
72	Moradabad	100	131	168	235	31	36	68	68	36	32
73	Udaipur	100	151	214	281	51	63	67	114	16	5
74	Vellore	100	149	190	257	49	41	67	90	18	26
75	Chennai	100	137	184	250	37	48	65	84	29	18
76	Bihar	100	136	179	244	36	43	65	79	29	22
77	Jamshedpur	100	129	161	225	29	32	64	61	35	33
78	Porbandar	100	133	168	232	33	35	64	68	31	29
79	Jhansi	100	149	196	259	49	47	63	96	14	16
80	Hubli-Dharwad	100	142	176	237	42	34	61	76	20	27
81	Kanpur	100	120	139	200	20	19	61	39	42	42
82	Jabalpur	100	141	161	222	41	20	61	61	20	42
83	Agartala	100	152	198	257	52	46	59	98	8	13
84	Bardhaman	100	114	185	245	14	71	59	85	45	-12
85	Akola	100	130	200	258	30	69	59	100	28	-10
86	Kozhikode	100	163	252	311	63	89	59	152	-5	-30
87	Durgapur	100	132	184	241	32	52	57	84	26	5
88	Muzaffarpur	100	137	166	223	37	28	57	66	19	28
89	Tiruchirappalli	100	138	164	220	38	27	56	64	18	29
90	Ujjain	100	144	193	248	44	49	56	93	12	7
91	Salem	100	135	156	210	35	21	54	56	19	33
92	Kolkata	100	124	147	201	24	23	53	47	30	30
93	Nizamabad	100	164	201	254	64	37	53	101	-11	15
94	Sangli	100	142	207	259	42	65	52	107	10	-13
95	Gwalior	100	141	181	232	41	40	50	81	9	11

96	Agra	100	122	160	209	22	38	49	60	27	10
97	Sagar	100	145	178	224	45	33	46	78	2	13
98	Bareilly	100	139	192	238	39	53	46	92	7	-7
99	Kakinada	100	144	205	250	44	62	44	105	1	-17
100	Kancheepuram	100	128	147	191	28	19	44	47	16	25
101	Erode	100	189	242	284	89	53	42	142	-46	-11
102	Raurkela	100	170	197	239	70	26	42	97	-28	16
103	Ratlam	100	149	187	229	49	38	42	87	-7	4
104	Munger	100	122	146	188	22	24	42	46	20	18
105	Kollam	100	141	326	368	41	185	42	226	1	-144
106	Ajmer	100	159	174	216	59	15	42	74	-17	26
107	Darbhanga	100	122	147	188	22	25	41	47	19	16
108	Tirunelveli	100	130	157	198	30	27	41	57	11	14
109	Bokaro Steel City	100	167	218	257	67	51	39	118	-29	-12
110	Varanasi	100	126	167	205	26	41	39	67	13	-2
111	Bhadravati	100	129	160	197	29	31	38	60	9	7
112	Allahabad	100	117	150	187	17	32	37	50	20	5
113	Sambalpur	100	162	179	216	62	17	37	79	-26	20
114	Kolhapur	100	141	193	229	41	52	36	93	-5	-15
115	Gorakhpur	100	122	198	234	22	76	36	98	14	-40
116	Bhusawal	100	124	156	192	24	32	36	56	11	4
117	Malegaon	100	138	166	201	38	28	35	66	-2	8
118	Thiruvananthapuram	100	126	221	256	26	95	35	121	9	-60
119	Saharanpur	100	131	167	202	31	36	35	67	4	-1
120	Shillong	100	142	184	219	42	42	35	84	-7	-7
121	Nadiad	100	133	164	198	33	30	34	64	1	4
122	Shahjahanpur	100	142	178	213	42	36	34	78	-8	-2
123	Madurai	100	134	173	206	34	40	33	73	-1	-7
124	Faizabad	100	135	157	190	35	22	32	57	-3	10
125	Machilipatnam	100	134	163	194	34	29	31	63	-4	1
126	Guntur	100	134	173	203	34	39	30	73	-5	-9
127	Mirz.-cum-Vindhyachal	100	118	151	181	18	34	29	51	12	-4
128	Burhanpur	100	147	172	200	47	25	29	72	-18	4
129	Kharagpur	100	142	159	188	42	18	28	59	-13	10
130	Dhanbad	100	127	141	169	27	14	28	41	1	13
131	Rampur	100	129	155	182	29	26	27	55	-2	2
132	Cuddalore	100	132	155	182	32	23	27	55	-4	4
133	Thanjavur	100	146	158	185	46	12	27	58	-19	15
134	Dindigul	100	131	167	194	31	36	27	67	-3	-9
135	F.Bad-cum-Fatehgarh	100	148	184	210	48	36	26	84	-22	-10
136	Alappuzha	100	112	208	233	12	96	24	108	12	-72
137	Kumbakonam	100	132	141	164	32	9	24	41	-8	15
138	Nagercoil	100	134	146	168	34	12	22	46	-12	10
139	Kolar Gold Fields	100	114	139	157	14	25	17	39	3	-7
140	Tenali	100	123	152	170	23	29	17	52	-6	-12
141	Rajahmundry	100	147	214	229	47	67	15	114	-33	-52
142	Eluru	100	130	173	185	30	42	12	73	-18	-30
143	Thoothukkudi	100	148	162	153	48	14	-9	62	-57	-23

Source : Compiled from the data given in Table 8.0 B

decline of 9 points in its Index of workers during 1991-2001. It has, however, to be noted here that the decline in Index cannot be construed as a negative impact on employment, as the population of Thoothukudi declined sharply from about 2.80 lakhs in 1991 to about 2.43 lakhs in 2001, a decline of about 13%. This sharp decline may be due to migration to bigger cities because of availability of better employment opportunities in them. This perhaps resulted in lesser number of workers in 2001. However, the participation ratio in Thoothukudi increased from 31.1% in 1991 to 33.8% in 2001. It can, therefore, be safely concluded that in none of the 143 selected towns, the number of workers declined as a result of economic reforms.

The increase in Index during 1991-2001 has been very significant in Surat (360) and Ghaziabad (315). In Bhubeneshwar, Nashik, Tiruppur and Aurangabad, the increase in Index during 1991-2001 ranged between 200-300. Among the six towns, which relatively gained much more in terms of employment due to economic reforms, only two cities viz., Surat and Nashik are metropolitan cities. The distribution of 143 cities/towns by population range and "increase in Index range" can be seen in Table 8.2.

Range of increase in Index during 1991-2001	Population range					
	1 lakh - 5 lakh		5 lakh - 10 lakh		10 lakh & above	
	No. of towns	%age to total	No. of towns	%age to total	No. of towns	%age to total
less than zero	1	1.1	0	0	0	0
0 - 50	39	42.9	6	20.7	2	8.7
50 - 100	41	45.1	14	48.3	9	39.1
100 - 150	8	8.8	4	13.8	9	39.1
150 - 200	0	0.0	2	6.9	2	8.7
200 & above	2	2.2	3	10.3	1	4.3
Total	91	100.0	29	100.0	23	100.0

Source : Compiled from the data given in Table 8.1

The figures given in Table 8.2 show that about 88% of the towns in the population range of 1-5 lakh had increase in Index falling below 100 points. However, about 10% of the towns, each of which had population below 5 lakh, did register increase in Index equivalent to 100 points or above. In the population range of 10 lakhs and above, it can be observed from Table 8.2 that more than half of the

23 towns, registered increase in Index above 100 points. It seems it can be safely concluded that metropolitan towns have relatively gained more due to economic reforms. However, it is also to be noted that smaller towns have also benefited and some of the smaller towns have gained significantly. The reasons for metropolitan cities gaining more are obvious. They have better infrastructure facilities, skilled man power etc., when compared to smaller towns/cities.

In addition to the findings given above, many more conclusions emerge from the figures given in from Table 8.1. It is observed that out of the 143 selected towns, in 91 towns or about 64% of the selected towns, the increase in Index during 1991-2001 has been more than the increase in any of the previous two decades, i.e. 1971-81 or 1981-91.

When the increase in Index in the post-reform decade of 1991-2001 is compared with the increase during the pre-reform decade of 1981-91, it may be seen that the increase in the Index of workers during 1991-2001 has been more in 108 or about three-fourths of the 143 towns. The distribution of towns by “increase in Index of workers during 1991-2001 over increase in Index of workers during 1981-1991” can be seen in Table 8.3.

Range of Increase in Index	No.of UAs / Towns
Less than zero	35
Above Zero but less than 25	52
25 - 50	27
50 - 75	19
75 - 100	4
100 & above	6
Total	143

In case of six towns, the increase has been more than 100 points during 1991-2001 over the increase during 1981-1991. These towns are Surat (Gujarat), Tiruppur (Tamilnadu), Ghaziabad (Uttar Pradesh), Asansol (West Bengal), Nashik (Maharashtra) and Patna (Bihar). Patna, through located in the backward state of Bihar, gained tremendously during 1991-2001, as far as employment is concerned. In four towns, viz., Firozabad (Uttar Pradesh), Raipur (Chattisgarh), Vijayawada (Andhra Pradesh) and Ranchi (Jharkhand), the increase ranged between 75-100.

Among the 35 towns, which registered decline in the Index, Kollam's was the sharpest and was followed Alappuzha and Thiruvananthapuram. All these three towns fall in Kerala. The fact that more than three-fourths of the selected towns had witnessed a higher increase in employment during 1991-2001 than the increase during 1981-2001 clearly indicates that economic reforms had a positive impact on employment growth.

Participation Ratio

The trend in participation ratios of towns is a good indicator to assess the impact of economic reforms on employment. The participations ratios of the 143 selected towns for the years 1971, 1981, 1991 and 2001 are furnished in Table 8.4. During 1991- 2001, the participation ratio increased in 124 towns and remained almost the same in 3 towns.

Out of the 143 selected towns, there were 16 towns, which had participation ratio below 25% in 1971. The corresponding figures for 1981, 1991 and 2001 are 13, 12 and 7. This shows that the number of towns having participation ratio below 25% has been continuously falling. The lowest participation ratio was 21.5% (Kolar Gold Fields) in 1971, 20.3% (Kolan Gold Fields) in 1981, 21.9% (Munger) in 1991 and 22.5% (Munger) in 2001.

It is seen that the lowest participation ratio has almost been showing an increasing trend since 1971. The fact that the number of towns having participation ratio below 25% has fallen steeply between 1991 and 2001 clearly indicates that the economic reforms had a positive impact on employment growth.

The distribution of towns by participation ratio can be seen in Table 8.5. It may be seen from this table that the number of towns falling in the "participation ratio range of 25-30%" has also been falling continuously and the fall has been most significant during 1991-2001. Normally, the participation ratios among towns should vary between 20-40%. The statistics furnished in Table 8.5 show that the number of towns, which had participation ratio in the range of 30-40%, increased from 27 in 1971 to 40 in 1981, 52 in 1991 and 80 in 2001. There has been a big jump in the number of towns during 1991-2001, thereby proving that economic reforms had positive impact on employment growth in towns. The number of towns having participation ratio above 40% increased from one in 1971 to three in 1981 and declined to two in 1991. ,It however, rose to three in 2001.

S.No.	Name of UA / Town	State	Participation Ratio (%)				Increase in Participation Ratio during 1991- 2001
			1971	1981	1991	2001	
1	Eluru	A.P	30.9	30.4	31.9	33.6	1.8
2	Guntur	A.P	32.8	32.4	32.6	35.0	2.4
3	Hyderabad	A.P	28.4	28.3	28.3	30.4	2.0
4	Kakinada	A.P	27.9	29.1	28.7	30.3	1.6
5	Kurnool	A.P	31.7	30.0	30.7	33.7	3.0
6	Machilipatnam	A.P	27.7	30.2	32.0	33.7	1.7
7	Nellore	A.P	29.9	32.8	31.9	33.3	1.4
8	Nizamabad	A.P	33.5	34.7	32.3	34.1	1.7
9	Rajahmundry	A.P	30.6	31.8	30.9	32.1	1.2
10	Tenali	A.P	30.4	32.3	33.1	34.5	1.4
11	Vijayawada	A.P	29.4	30.7	30.3	32.5	2.2
12	Visakhapatnam	A.P	27.6	26.6	29.1	30.4	1.3
13	Warangal	A.P	28.3	29.2	29.0	32.0	3.1
14	Bhagalpur	Bihar	25.6	23.8	23.2	25.9	2.7
15	Bihar	Bihar	26.0	23.4	23.2	27.4	4.2
16	Darbhanga	Bihar	25.0	22.9	22.3	23.3	1.0
17	Gaya	Bihar	25.1	24.2	22.7	24.9	2.3
18	Munger	Bihar	22.0	21.3	21.9	22.5	0.6
19	Muzaffarpur	Bihar	27.2	24.8	23.6	25.0	1.4
20	Patna	Bihar	27.3	26.2	24.2	25.2	1.0
21	Bilaspur	Chhattisgarh	29.9	28.4	28.7	30.3	1.6
22	Durg-Bhilainagar	Chhattisgarh	30.7	30.6	29.3	29.2	-0.1
23	Raipur	Chhattisgarh	29.1	30.4	30.0	32.4	2.4
24	Ahmadabad	Gujarat	28.5	29.0	29.3	31.9	2.7
25	Bhavnagar	Gujarat	24.9	27.5	28.5	30.8	2.3
26	Jamnagar	Gujarat	26.7	29.2	29.9	31.3	1.4
27	Nadiad	Gujarat	27.0	27.4	28.2	29.5	1.3
28	Porbandar	Gujarat	24.7	26.2	27.6	31.0	3.3
29	Rajkot	Gujarat	25.8	27.6	30.1	32.4	2.3
30	Surat	Gujarat	31.9	34.6	34.2	38.6	4.4
31	Vadodara	Gujarat	27.7	29.6	30.0	32.2	2.2
32	Ambala	Haryana	25.8	25.6	25.7	34.9	9.2
33	Rohtak	Haryana	24.1	27.0	27.7	29.5	1.8
34	Bokaro Steel City	Jharkhand	42.8	29.0	25.0	23.6	-1.4
35	Dhanbad	Jharkhand	36.0	29.2	27.1	24.8	-2.3
36	Jamshedpur	Jharkhand	28.9	25.4	25.6	26.8	1.3
37	Ranchi	Jharkhand	26.7	26.4	25.1	26.4	1.3
38	Bangalore	Karnataka	29.5	30.3	33.2	38.5	5.3
39	Belgaum	Karnataka	27.4	28.9	30.4	32.8	2.4
40	Bellary	Karnataka	28.5	29.7	31.0	33.6	2.6
41	Bhadravati	Karnataka	27.0	27.0	29.4	33.7	4.3
42	Bijapur	Karnataka	24.1	25.1	25.3	28.6	3.3
43	Davanagere	Karnataka	29.9	29.9	30.6	34.0	3.4
44	Gulbarga	Karnataka	25.5	24.3	24.2	26.6	2.4
45	Hubli-Dharwad	Karnataka	27.9	28.4	28.7	31.9	3.2
46	Kolar Gold Fields	Karnataka	21.5	20.3	22.7	35.1	12.4
47	Mangalore	Karnataka	36.1	39.3	41.2	42.6	1.4

48	Mysore	Karnataka	26.4	28.1	30.6	33.3	2.7
49	Shimoga	Karnataka	29.5	30.2	31.5	35.4	4.0
50	Alappuzha	Kerala	25.7	27.2	32.4	33.9	1.5
51	Kochi	Kerala	27.6	29.0	31.4	34.2	2.9
52	Kollam	Kerala	26.7	27.9	29.9	32.1	2.3
53	Kozhikode	Kerala	24.8	24.7	26.0	29.2	3.2
54	Thiruvananthapuram	Kerala	27.9	27.8	30.6	32.9	2.3
55	Bhopal	M.P	28.7	29.0	29.1	29.6	0.5
56	Burhanpur	M.P	27.3	29.9	28.5	29.7	1.2
57	Gwalior	M.P	26.0	26.9	26.7	28.3	1.6
58	Indore	M.P	26.2	29.0	30.0	32.2	2.1
59	Jabalpur	M.P	28.4	28.4	27.5	30.8	3.2
60	Ratlam	M.P	25.2	28.8	28.7	29.3	0.7
61	Sagar	M.P	30.0	32.3	32.1	33.7	1.6
62	Ujjain	M.P	25.7	27.4	28.5	30.9	2.4
63	Ahmadnagar	Maharashtra	29.8	31.7	32.5	33.2	0.7
64	Akola	Maharashtra	26.8	26.1	27.5	29.2	1.7
65	Amravati	Maharashtra	26.5	26.5	27.9	29.1	1.2
66	Aurangabad	Maharashtra	25.6	27.2	28.5	28.6	0.1
67	Bhusawal	Maharashtra	24.8	24.4	25.4	26.6	1.2
68	Dhule	Maharashtra	25.3	26.4	25.4	28.2	2.8
69	Gr.Mumbai	Maharashtra	36.8	35.2	34.9	36.6	1.7
70	Jalgaon	Maharashtra	25.6	27.1	27.8	29.3	1.4
71	Kolhapur	Maharashtra	26.2	28.2	32.3	31.7	-0.6
72	Malegaon	Maharashtra	28.2	30.3	26.1	26.5	0.4
73	Nagpur	Maharashtra	27.4	27.6	28.7	30.6	1.9
74	Nanded-Waghala	Maharashtra	25.6	24.9	25.5	25.8	0.4
75	Nashik	Maharashtra	27.6	31.4	31.2	34.4	3.3
76	Pune	Maharashtra	29.7	31.3	32.0	34.3	2.3
77	Sangli	Maharashtra	27.5	29.3	31.5	32.1	0.5
78	Solapur	Maharashtra	28.4	31.8	31.3	34.8	3.5
79	Imphal	Manipur	26.8	28.2	27.3	33.9	6.6
80	Shillong	Meghalaya	32.8	32.8	33.2	32.9	-0.3
81	Bhubaneswar	Orissa	32.1	32.4	32.8	33.3	0.5
82	Brahmapur	Orissa	27.6	27.2	27.0	28.8	1.8
83	Cuttack	Orissa	30.1	30.8	30.4	31.8	1.4
84	Raurkela	Orissa	33.5	30.5	28.5	28.5	0.0
85	Sambalpur	Orissa	31.0	32.6	30.2	31.0	0.8
86	Amritsar	Punjab	29.6	30.1	30.1	32.2	2.1
87	Jalandhar	Punjab	27.4	29.9	30.3	33.3	3.0
88	Ludhiana	Punjab	30.6	32.3	32.9	36.7	3.7
89	Patiala	Punjab	27.9	29.2	29.5	32.7	3.2
90	Ajmer	Rajasthan	24.4	27.3	27.9	28.4	0.5
91	Alwar	Rajasthan	25.0	27.2	27.9	28.6	0.7
92	Bikaner	Rajasthan	23.9	26.0	27.1	29.0	1.9
93	Jaipur	Rajasthan	26.9	27.6	28.4	30.6	2.1
94	Jodhpur	Rajasthan	24.7	26.1	28.3	28.9	0.6
95	Kota	Rajasthan	29.9	28.8	28.4	28.4	0.0
96	Udaipur	Rajasthan	27.2	28.5	30.5	31.7	1.3
97	Chennai	Tamilnadu	28.3	28.6	30.5	34.2	3.6
98	Coimbatore	Tamilnadu	32.4	33.3	35.0	39.1	4.1

99	Cuddalore	Tamilnadu	26.6	27.8	28.9	31.0	2.1
100	Dindigul	Tamilnadu	27.9	28.5	32.7	35.2	2.5
101	Erode	Tamilnadu	35.0	40.6	39.7	43.3	3.6
102	Kancheepuram	Tamilnadu	31.4	33.1	32.2	38.0	5.7
103	Kumbakonam	Tamilnadu	27.5	30.6	30.7	33.6	2.9
104	Madurai	Tamilnadu	28.4	29.8	32.3	34.7	2.4
105	Nagercoil	Tamilnadu	27.3	30.1	29.6	31.2	1.5
106	Salem	Tamilnadu	32.9	35.6	36.9	38.2	1.3
107	Thanjavur	Tamilnadu	26.0	28.9	28.5	31.4	2.8
108	Thoothukkudi	Tamilnadu	29.6	31.7	31.1	33.8	2.6
109	Tiruchirappalli	Tamilnadu	27.9	29.3	29.9	32.9	3.0
110	Tirunelveli	Tamilnadu	30.7	32.9	35.0	37.3	2.3
111	Tiruppur	Tamilnadu	36.4	42.4	44.0	47.1	3.1
112	Vellore	Tamilnadu	28.6	30.8	31.3	34.0	2.7
113	Agartala	Tripura	24.3	28.0	30.6	33.0	2.4
114	Agra	U.P	25.7	26.6	27.6	25.7	-2.0
115	Aligarh	U.P	25.9	25.1	25.9	25.4	-0.6
116	Allahabad	U.P	27.8	25.7	25.3	25.6	0.3
117	Bareilly	U.P	26.6	26.8	27.0	27.7	0.6
118	Faizabad	U.P	28.2	29.2	27.5	28.2	0.7
119	F.Bad-cum-Fatehgarh	U.P	28.8	29.4	28.2	27.6	-0.6
120	Firozabad	U.P	26.9	27.2	27.1	27.8	0.7
121	Ghaziabad	U.P	28.6	30.0	29.7	27.6	-2.1
122	Gorakhpur	U.P	26.4	24.2	23.9	22.9	-1.0
123	Jhansi	U.P	24.8	25.7	26.2	27.6	1.5
124	Kanpur	U.P	29.6	27.5	25.8	27.8	2.0
125	Lucknow	U.P	27.8	27.9	26.7	27.5	0.9
126	Mathura	U.P	26.7	27.9	26.5	27.7	1.2
127	Meerut	U.P	28.6	28.3	27.4	26.6	-0.9
128	Mirz.-cum-Vindhyachal	U.P	28.4	27.7	26.8	26.5	-0.4
129	Moradabad	U.P	26.6	27.6	27.4	26.6	-0.8
130	Muzaffarnagar	U.P	25.2	25.6	26.2	26.2	0.0
131	Rampur	U.P	27.8	28.3	28.5	29.1	0.6
132	Saharanpur	U.P	27.1	27.1	27.2	27.0	-0.1
133	Shahjahanpur	U.P	26.6	26.6	26.3	25.3	-0.9
134	Varanasi	U.P	27.6	26.5	27.1	28.6	1.5
135	Dehradun	Uttaranchal	29.4	30.6	29.7	29.4	-0.2
136	Asansol	West Bengal	26.6	45.1	25.1	27.9	2.8
137	Barddhaman	West Bengal	26.5	26.0	28.8	32.6	3.8
138	Durgapur	West Bengal	30.9	27.0	27.5	31.2	3.6
139	Kharagpur	West Bengal	24.8	24.3	24.1	27.5	3.4
140	Kolkata	West Bengal	32.5	30.8	30.6	34.8	4.2
141	Chandigarh	Chandigarh	33.1	34.8	34.2	37.1	3.0
142	Delhi	Delhi	30.6	32.4	31.9	32.9	1.0
143	Pondicherry	Pondicherry	26.0	26.8	30.6	34.0	3.4

Source : Compiled from the data given in Table 8.0 B

It has been noted while analyzing the trends in Index of workers that 35 towns experienced lesser increase in Index of workers during 1991-2001 when compared

Participation Rate Range	1971	1981	1991	2001
Below - 25	16	13	12	7
25 - 30	99	87	77	53
30 - 35	23	37	50	68
35 - 40	4	3	2	12
40 - 45	1	2	2	2
45 & Above	0	1	0	1
Total	143	143	143	143

Source : Compiled from the data given in Table 8.4

to the increase during 1981-91. These towns, alongwith their participation ratios etc., are listed in Table 8.6. In the first place, it has to be noted from the figures given in Table 8.6 that only one (Thoothukudi) among the 35 towns, registered decline in Index during 1991-2001. However, the participation ratio of this town increased during 1991-2001 – from 31.1% in 1991 to 33.8% in 2001. Secondly, among the 35 towns, the participation ratio declined during 1991-2001 in only 9 towns. These towns are Bokaro Steel City, Gorakhpur, Shahjahanpur, Meerut, Farukhhabad – Cum-Fatehgarh, Kolhapur, Mirjapur-Cum-Vindhyachal, Shillong and Saharanpur. It is however, observed that the decline in participation ratios in these 35 towns is only marginal. The decline can be due migration of workers to bigger cities in search of better economic prospects.

It is clear from the analyses of trends in Index of workers and participation ratios of 143 selected towns that almost all the towns have directly or indirectly benefited from the economic reforms programme. If the situation in all the 5161 towns and cities of India (as per the Census of 2001), is analysed, it is quite possible that some of the towns may depict decline in the participation ratios, but such decline would have been offset by large increases in participation ratios of other towns.

The final conclusion that emerges from the analyses made at all-India, State and towns levels is that economic reforms programme has not led to “jobless growth”. On the contrary, it has pushed up employment growth.

S.No.	Name of UA/Town	Increase in Index of Workers during 1991-2001	Increase in Index of Workers during 1991-2001 over increase in Index during 1981-91	Participation Ratio 1991	Participation Ratio 2001	Increase in Participation Ratio during 1991 - 2001
1	Bokaro Steel City	39	-12	25.0	23.6	-1.4
2	Gorakhpur	36	-40	23.9	22.9	-1.0
3	Shahjahanpur	34	-2	26.3	25.3	-0.9
4	Meerut	72	-5	27.4	26.6	-0.9
5	F.Bad-cum-Fatehgarh	26	-10	28.2	27.6	-0.6
6	Kolhapur	36	-15	32.3	31.7	-0.6
7	Mirz.-cum-Vindhyachal	29	-4	26.8	26.5	-0.4
8	Shillong	35	-7	33.2	32.9	-0.3
9	Saharanpur	35	-1	27.2	27.0	-0.1
10	Kota	74	-4	28.4	28.4	0.0
11	Sangli	52	-13	31.5	32.1	0.5
12	Bareilly	46	-7	27.0	27.7	0.6
13	Alwar	70	-6	27.9	28.6	0.7
14	Amravati	82	-12	27.9	29.1	1.2
15	Rajahmundry	15	-52	30.9	32.1	1.2
16	Visakhapatnam	102	-45	29.1	30.4	1.3
17	Tenali	17	-12	33.1	34.5	1.4
18	Mangalore	70	-2	41.2	42.6	1.4
19	Varanasi	39	-2	27.1	28.6	1.5
20	Alappuzha	24	-72	32.4	33.9	1.5
21	Kakinada	44	-17	28.7	30.3	1.6
22	Akola	59	-10	27.5	29.2	1.7
23	Eluru	12	-30	31.9	33.6	1.8
24	Kollam	42	-144	29.9	32.1	2.3
25	Thiruvananthapuram	35	-60	30.6	32.9	2.3
26	Guntur	30	-9	32.6	35.0	2.4
27	Madurai	33	-7	32.3	34.7	2.4
28	Dindigul	27	-9	32.7	35.2	2.5
29	Thoothukkudi	-9	-23	31.1	33.8	2.6
30	Kochi	88	-43	31.4	34.2	2.9
31	Kozhikode	59	-30	26.0	29.2	3.2
32	Pondicherry	123	-16	30.6	34.0	3.4
33	Erode	42	-11	39.7	43.3	3.6
34	Bardhaman	59	-12	28.8	32.6	3.8
35	Kolar Gold Fields	17	-7	22.7	35.1	12.4

State wise analysis of 108 towns in which the increase in Index of Workers during 1991 – 2001 was higher than the increase during 1981 – 91

It has been already seen that among the 143 selected towns, 108, or about 75% of the 143 towns, witnessed a higher increase in Index of workers during 1991-2001 than the increase in 1981-91. The distribution of these 108 towns by state can be seen in Table 8.7. It is evident from this table that all the towns of Bihar and Orissa, which are considered to be backward states, experienced a higher increase in number of workers during 1991-2001 than the increase in workers that was registered during 1981-91. The other states in which all the towns registered higher increases were Chhatisgarh, Delhi, Gujarat, Haryana, Madhya Pradesh, Manipur, Punjab, Tripura and Uttaranchal. In case of Andhra Pradesh, only seven out of the thirteen towns of 1971, i.e. about 54%, exhibited a higher increase in index of workers during 1991-2001. As regards Tamil Nadu, higher increases in index of workers occurred in twelve of the sixteen towns. In case of Uttar Pradesh, only thirteen of the twenty-one towns showed higher increases in the index of workers during 1991-2001. The state of West Bengal also witnessed higher increases in five towns, i.e. in about 83% of the six towns. Among the twenty-three states listed in Table 8.7, the proportion of towns which experienced higher increases in index of workers during 1991-2001 was less than 75% only in six states namely, Andhra Pradesh, Kerala, Meghalaya, Pondicherry, Rajasthan and Uttar Pradesh. It should however, be noted here that among these six states, Kerala, Meghalaya and Pondicherry are very small. Surprisingly, none of the five towns of Kerala could register a higher increase during 1991-2001. The reasons are not very difficult to discern. Kerala is a small coastal state and the topography of the state is such that there is only a limited possibility of expanding manufacturing and service industries. Due to this scenario in the state, there is large-scale migration from the state to other states in search of employment.

The above analysis shows that even backward states have benefited due to economic reforms, though the larger states might have benefited more due to availability of better infrastructure, highly skilled labour, entrepreneurship etc. It seems that it can be concluded from the data given in Table 8.7 that the positive impact of economic reforms in urban areas has been more even in smaller and backward states than in the larger states.

Table 8.7 State wise distribution of 108 towns in which increase in Index of Workers during 1991 - 2001 was higher than the increase during 1981-91				
S.No.	State	Total no. of towns in 1971 as per the 1971 Census (excluding Ulhasnagar and Thane of Maharashtra)	No. of towns in which increase in Index of Workers during 1991 - 2001 was higher than the increase during 1981-91	Percentage (Col.4/Col.3)
1	2	3	4	5
1	Andhra Pradesh	13	7	53.8
2	Bihar	7	7	100.0
3	Chhattisgarh	3	3	100.0
4	Delhi	1	1	100.0
5	Gujarat	8	8	100.0
6	Harayana	2	2	100.0
7	Jharkhand	4	3	75.0
8	Karnataka	12	10	83.3
9	Kerala	5	0	0.0
10	Madhya Pradesh	8	8	100.0
11	Maharashtra	16	12	75.0
12	Manipur	1	1	100.0
13	Meghalaya	1	0	0.0
14	Orissa	5	5	100.0
15	Pondicherry	1	0	0.0
16	Punjab	4	4	100.0
17	Rajasthan	7	5	71.4
18	Tamilnadu	16	12	75.0
19	Tripura	1	1	100.0
20	Uttar Pradesh	21	13	61.9
22	Uttaranchal	1	1	100.0
23	West Bengal	6	5	83.3
Total		143	108	75.5
Source : Compiled from the data given in Table 8.1				

CHAPTER IX

Findings & Recommendations

I. Findings

1. Reforms have already been undertaken in many sectors/areas and have benefited the economy in a big way. The benefits that have accrued in the civil aviation, telecommunications and the industrial sector are notable. Prices of many electronic items like colour TVs, fridges, digital cameras, mobile phones, DVD players etc have either remained the same or fallen drastically. The price of computers has crashed from Rs. 1 lakh in the 1980s to Rs.10000 today, while the quality has unimaginably improved. Airfares and telecom rates have nose-dived due to cutthroat competition. Liberalization in the area of radio and T.V. broadcasting has led to coming up of several private channels. Productivity has gone up in leaps and bounds with the infusion of global technology and management techniques. Financial liberalization has brought down interest rates and easy availability of consumer finance. Many new job opportunities have been created in India due to outsourcing of many jobs to India by foreign countries. Inflation has either come down or remained modest, even though international oil prices have been spiraling during the last few years, due to competition and rise in productivity. Even though there has been wide spread increase in prices of raw materials during the last 2 to 3 years, yet it has not produced a big burst of global inflation. Consumer has become the king in the liberalized era.

2. The increase in Index of overall employment in the country as a whole during 1991-2001 has been much higher than the increases during the decades 1971-81 and 1981-91. The same trend is observed with regard to urban employment and rural employment in the country as a whole. This clearly shows that the economic reforms did not lead to “jobless growth”.

3. The overall participation ratio as well as the urban and rural participation ratios, in the country as a whole, has been continuously increasing since 1971. This once again proves the fallacy of the argument that economic reforms led to “jobless growth”.

4. The scenario with regard to states depict that almost all the states experienced positive impact of reforms on overall employment. The same is observed with regard to urban employment and rural employment in various states. Some of the smaller states have gained relatively more than the bigger states.

5. Majority of the states and union territories registered increases in their overall as well as urban and rural participation ratios during 1991-2001, thereby disproving the claim of ‘jobless growth’ by opponents of economic reforms.

6. Among the 143 selected towns, the Index of workers increased during 1991-2001 in all the towns except one (Thoothukkudi in Tamil Nadu). Out of the 143 selected towns, the increase in Index of workers during 1991-2001 has been more than the increase during 1981-1991 in 108 towns, i.e. in about 75% of the 143 towns. Since there has been higher increase in Index of workers during 1991-2001 in 75% of the towns and there has been increase in Index of workers in all the selected towns, except one, during 1991-2001, it can be safely concluded that there was positive impact on employment in urban areas of the country.

7. The analysis of trends in participation ratios in the 143 selected towns indicates that the participation ratio increased during 1991-2001 in 124 towns, that is in about 87% of the 143 selected towns. In three towns, the ratio remained almost the same. In case of the remaining 16 towns, where the participation ratio declined, the reason could be attributed to migration to other towns because of availability of better employment opportunities. The number of towns having participation ratio between 30 and 40 per cent increased from 27 in 1971 to 40 in 1981, 52 in 1991 and then made a big jump to 80 in 2001. This once again shows that almost all the towns gained due to economic reforms, as far as employment is concerned.

II. Recommendations

There is a feeling among many sections of the society that economic reforms help only the rich and not the poor. The reality is actually the opposite. Reforms lead to competition, which in turn results in good quality of goods and services being made available at cheaper prices. Protectionism protects the domestic producers at the cost of consumers. In a democracy, it is the consumer who needs to be protected and not the producer. When the domestic producers face global competition, they will be pressurized into producing good quality of goods at lower prices. India has been overactive in the field of industry for very long and, therefore, the opening up of the economy was a step in the right direction.

Economic reforms that have already been undertaken in some of the areas/sectors like civic aviation, communications, power, industry, fiscal policy, etc. have pushed up growth and employment. The reform process needs to be vigorously pursued and accelerated to take India into immeasurable heights in prosperity and put India in a highly respectable place in the hierarchy of developed nations. An economy performs at its peak efficiency and sustains it, if a competitive environment is created and sustained. This calls were more vigorous reforms. The following recommendations are made in this connection.

1. Free flow of Foreign Investment

A huge investment is required to improve infrastructure facilities in India. The existing infrastructure facilities are neither adequate in quantity nor satisfactory in quality. The central and state governments are already facing severe financial crunch and cannot be expected to spend huge funds to provide infrastructure facilities in adequate quantity and quality of international standards. In fact, there are some states where the payment of monthly salaries to government teachers and doctors get delayed due to paucity of funds. Under such circumstances, opposing foreign investments does not seem to be justified. Foreign investments need to be welcomed in as many sectors as possible. Foreign investment brings better technology, helps in human capital formation, increases exports, and improves the productivity and efficiency of resource use. In fact, there should be free flow of foreign investment in all the areas to create competitive markets and improve efficiency.

Foreign investment in coal mining, insurance and retail trade need to be increased / allowed. Housing is a sector which requires huge investment and therefore, foreign investment definitely needed to be encouraged in a big way in this sector to eliminate housing shortage in India. Recently, the government has opened the construction sector to 100% FDI. This will not only go a long way in speedier development of housing and commercial premises such as shopping malls, hotels, resorts, hospitals, educational institutions, recreational facilities and urban infrastructure, but the quality of real estate will also improve.

2. Privatization of Power Sector

The power sector needs to be completely privatized and greater competition has to be encouraged so that power becomes easily available in plenty to all and that too at cheaper rates. Power is the basic input for all industries, and therefore industrial production will increase by leaps and bounds, if power becomes cheaper and its continuous availability both in terms of quality and quantity can be ensured. If domestic power becomes very cheap, even a common man will be able to install an air-conditioner in his house during summer and use heat convectors and geysers during winter. This will give a big boost to industries manufacturing such items. All obstacles that come in the way of private participation in generation, transmission and distribution of electricity have to be eliminated.

Privatisation of power will help in eliminating theft and misuse of power. In Delhi, it was observed by the New Delhi Municipal Council (NDMC) in some of the slums located in its area, that slum dwellers who steal electricity not only use it for running electrical appliances like TV, fridge etc, but also for small scale industries. In fact, the agency has estimated that it is losing Rs.2 crore every month due to such pilferage. It seems stealing of electricity is also being done by affluent people and industries on a large scale. In many states, theft of electricity is as high as 50%. It has to be noted that theft of power not only results in loss of revenue to the supplying agency but also results in frequent power failures due to overloading, thereby causing inconvenience to the genuine consumers. Sometimes, the transformers get burnt because of overloading, forcing the supplying agency to resort to load shedding. Stealing of electricity can also cause grid failure resulting in a major break down of power over large areas. Further, theft of power results in higher tariff for electricity, thereby putting the burden on honest consumers.

3. Discontinuance of Free Power Supply

Electricity is not like rain that drops from the heavens free of charge. Substantial costs are involved in producing, transmitting and distributing electricity. Giving free power to farmers means less money with the state government. That translates into fewer schools, medicines, roads and jobs. Free power is a cancer that spreads and has many other ill effects. It results in over consumption of power. Since power is free but intermittent, farmers do not bother to switch off their pump sets. Further, since power is free, many farmers who have obsolete, power-intensive pump sets; do not bother to replace them with energy efficient ones. Free power encourages farmers to grow water-intensive crops, like rice, sugarcane, even in low-rainfall areas, as they can draw any amount of ground water without paying penny, The over-pumping of ground water ultimately results in falling of water table. When the water table falls below 30 to 40 feet, it will not be possible to draw water by using centrifugal pumps, which are used by small and marginal farmers, and one has to use costly submersible pumps, used by rich farmers, to lift ground water. Free power also deprives the poor of drinking water and small farmers of irrigation. When the water table falls because of over-pumping, no water is left in shallow dry wells supplying drinking water and small-scale irrigation for small farms. In coastal areas, excessive use of ground water for irrigation leads to drying up of aquifers and infiltration of seawater in coastal area resulting in permanent ruining of aquifers. Hence, free power is not free. It is paid by depriving people of drinking water, and by rendering useless the centrifugal pumps of small farmers. It is paid for by the poor, the illiterate and the sick. It is paid for by environmental destruction.

4. Reducing Import Duties

There is a general feeling that exports are a good thing and imports are a bad thing. In fact, this is not true, as a country exports what it has surplus of, and imports what it does not have. Hence, exports are more valuable than imports only because they provide the purchasing power to finance imports. If a nation does not require to import anything, then there is no point in exporting also. However, in reality, such a situation does not exist.

Since, it will not be possible to do away with imports, import duties should be kept to the minimum to benefit domestic consumers. A point that is put forward frequently against reducing import duties is that it will bankrupt domestic producers

and will render their employees jobless. This may be true, but it has to be noted that the beneficiaries will vastly exceed the losers, and the gains will exceed the losses. Further, the only way to keep improving productivity and living standards is to keep shifting investment and labour from less productive to more productive activities. This may cause some displacement of labour. However, the gains accruing from an import duty cut to consumers will be so large that it can easily finance a safety net for the displaced, as such a safety net will cost only a small portion of the benefit. Import duties should not be more than 10% to eliminate smuggling and to force the domestic industries to compete with foreign companies and produce goods with high quality.

5. Reducing Subsidies

Financial condition of state governments as well as the central government has to be very sound if they are required to play the role effectively as facilitator, regulator, and watch-dog. This calls for giving up “populist measures” whatever their form may be. . Reducing revenue expenditure, subsidies, having proper user charges are the need of the day. Subsidies should be brought down drastically by following a target-oriented approach (poor). Subsidies for crop support prices, fertilizers, irrigation and power to farmers be reduced so that funds can be released for public investment in rural infrastructure including irrigation, roads, agricultural extension and research. When government continues giving subsidies over a long period, it gives rise to having a feeling among people that they have a right to such subsidies and therefore, governments find it very difficult to withdraw them for political reasons. However, political will should not come in the way of reducing / withdrawing subsidies, keeping in view the need to achieve fiscal discipline so that governments can fulfill its responsibility in a better way in social sectors such as education and health. Subsidies not only result in shortage of funds with the government, but also lead to many ills including environmental hazards. The pricing policy of public agencies with regard to the services being provided by them should be cost-based and the user charges should be such that they cover the cost of services and their maintenance.

It is not necessary that subsidies always help the poor. In fact, in case of certain subsidies, the rich benefits more and the poorest may not benefit at all . A World Bank analysis of power subsidies in Andhra Pradesh showed that large

farmers get an implicit subsidy of over Rs. 50,000/- per year, small farmers got around Rs. 8,000/- a year, and landless laborers got nothing at all.

6. Service Tax

There is no doubt that the services sector has been growing rapidly over the past few years and the introduction of service tax to bring this sector under the tax net was a step in the right direction. Today, the services sector accounts for the largest share (52%) in country's GDP. However, its contribution to the government/s exchequer has been far from commensurate. In 2003-04, revenue from service tax constituted only 3% of the union tax revenue and was expected to increase to 5% in 2004-05. The revenue from service tax can be increased if more and more services can be brought under the tax net. It has to be noted here that there can be large scale tax evasion as far as service tax is concerned, because services are intangible and are provided by large groups of organized as well as unorganized service providers including retailers who are scattered across the country. It may be easier to widen the scope but tax-evasion may increase further. It is felt that the rate of service tax can be brought down to reduce tax-evasion and also to give relief to the consumers, as the present rate of 10.2 % (as in 2005), seems to be on the much higher side.

7. Administrative Reforms

Economic reforms are underway, but to make them fully successful, they need to be accompanied by drastic administrative reforms. It is said that if one buys a Mercedes, or plan a big wedding in Mumbai, the mafia will knock at the door demanding protection money. One cannot get a completion certificate for his house without greasing the palms of the concerned officials in the local bodies/development authorities. A survey has revealed that four – fifths of the population is unaware of any economic reform at all. This is because the face of the government seen by the ordinary villager is that of the patwari, the police "thana", the SEB linesman, and this bunch of public servants remains totally unreformed.

The legal system, police system and the bureaucracy need to be completely overhauled. A legal system that delivers verdicts within one or two years, that stops endless appeals and actually delivers justice, needs to be in place. Criminals evade the law by using muscle power and/or political interference. What is needed is an

independent criminal investigation branch in every state with autonomy akin to that of the Election Commission, which can prosecute crooked politicians, bureaucrats and businessmen with impunity.

8. Privatization

A private company definitely performs better because of better management, supervision, non-political interference, adoption of latest technology, highly qualified, skilled and dedicated personnel, etc. The production and productivity in BALCO, which was a leading aluminium industry in the public sector, has gone up very high after privatization. There are today many public sector companies, which are sick, and these need to be privatized immediately. Even profit-making enterprises can be privatized to push up efficiency and thereby the growth of the economy.

Government can raise huge revenues by privatizing public enterprises and the proceeds can be used to provide better services in social sectors, The loss-making public enterprises add to the tax burden of people and such units exist on budgetary support. Sometimes, privatization can help the government to increase infrastructure in the same area. For example, India needs about 500 airports today, but has only 80 at present. By privatizing bigger airports, the government can earn huge revenue, which can be used to develop new airports and improve the existing small airports.

In order to accelerate growth, it is indispensable to raise investment in a big way and this is attainable only through a massive private participation in all the sectors. Over time, public sector should slowly vacate from all physical infrastructure and other commercial sectors and enter in a large scale into investment in human infrastructure. Infrastructure plays a critical role in the growth of the country be it the agricultural, manufacturing or service sectors. A greater degree of private participation in infrastructure should be ensured after creating a better regulatory environment. This will help in increasing efficiency, investment, levying proper user charges, eliminate political interference and budgetary constraints. Private projects in poorer and commercially unviable areas as well as in roads, sanitation and waste management where financing by user charges would not be feasible, could be publicly subsidized, with a procedure for minimum subsidy bidding to choose the service provider.

9. Private Sector Participation in Drinking Water Supply

Today, private sector is participating in the drinking water sector in terms of producing “packaged drinking water”. But, only the rich can afford to purchase “packaged drinking water” which costs between Rs. 10-15 a litre. What is required is to invite private sector to participate in big water supply schemes to supply water to the people at reasonable price. The private sector can play a big role in setting up big desalination plants in coastal areas where there is scarcity of drinking water. The city of Chennai is a classic example in this case. Water is a basic need of human being and no time should be lost in ensuring supply of drinking water is abundance and in good quality. This can be possible if proper incentives are given to the private sector to enable them to come forward in a big way.

10. Private Sector in Road Construction and Maintenance

Good and broad roads everywhere go a long way in achieving balanced regional development because they facilitate easy accessibility to all settlements. Unfortunately, roads require huge investment and therefore even after more than 50 years of independence, many of the urban and rural settlements do not have proper roads. The scope for involving the private sector in constructing and maintaining not only Highways but also urban and rural roads needs to be explored.

11. Reducing Fiscal Deficit

The fiscal deficits in the Centre and States are very high. The Fiscal Responsibility and Budget Management Act mandates the elimination of the revenue deficit by 2008-09. The Act should be vigorously implemented to bring about fiscal consolidation so that funds can be found for public and private investments. This calls for a drastic reduction in non-plan expenditure. Downsizing of staff is already underway and this is a positive step. However, while downsizing all those offices which are not engaged in “productive work” should be identified and such offices should either be closed down or the strength of personnel in these offices should be brought down to the minimum. In fact, the government should encourage only “productive employment”.

12. Economic Reforms will Eliminate Corruption

With government controls existing in almost every area of economic activity, corruption cannot be got rid of, without privatization and globalization. As economic reforms progress further, the government's role will come down in many areas. This will go a long way in eliminating corruption and freeing people from harassment, which may exist at various levels. Hence, reforms need to be given greater push.

13. Good Governance

The business of the government should not be to do business but to do the business of governing business. The only business of government should be "good governance". Good governance can be easily ensured, if government concentrates only in a few areas and employ people of proven integrity with high efficiency in those areas, to manage the affairs. Such areas can be education, health, defence, police, social security etc.

14. Telecommunications

The reforms carried out in the telecom sector so far, has enabled the country to achieve runaway success in this sector. However, lot needs to be done to catch up with the rest of the world. More players should be allowed in this sector to increase competition and bring down prices further. The broadband connectivity has to be expanded to cover the whole country and the price of broadband connectivity should be brought down. This will go a long way in spreading e-governance everywhere and providing many of the services to the consumers at their doorsteps.

15. Labour Reforms

In the present era of globalization, India cannot compete in the World market, if reforms are not carried out in the labour market. For example, in the textile sector, exporters are often forced to reject large-quantity supply orders because they are in no position to raise the strength of their work force. These much-million-dollar orders then find their way to other competing countries, besides raising questions over India's reliability as a source in the global supply chain.

Labour laws have to be rationalized to increase labour mobility and establish a relation between productivity and remuneration. A large number of labour in

informal sector is paid below the minimum wage provided in the Minimum Wages Act. The Act is rarely implemented in most cases, whereas in the organized sector, through collective bargaining, the majority of the labour force gets remuneration above their productivity as there is no systematic mechanism to relate productivity to remuneration. The labour laws need to be amended to take care of this. However, this may lead to large retrenchment of labour force. In order to ensure that retrenched labour is not put into hardship, retrenchment schemes should have proper “safety net”. Government should develop training programme and facilities for self-employment.

Sometimes, changes in the labour laws arise out of demands being made by labour. For example, in Tiruppur (Tamil Nadu), women workers are demanding a minimum 12-hour work-a-day to raise their earnings. Changes in labour laws are necessary to enable industries to “modernize”. Reforms in the labour market need to be done at the earliest to eliminate cumbersome entry-exit barriers and create a favourable environment for higher investment in the industrial sectors.

16. Removing Regional Imbalances

There is no doubt that at the national level, both urban and rural areas have been greatly benefited due to reforms. Almost all the states have also gained. However, there are wide inter-state and inter-city variations. The reasons are imminent. A large chunk of foreign and domestic investments have gone into those areas which have big markets, qualified and skilled manpower, better infrastructure facilities, better law and order situation etc. The backward areas have been bypassed. U.P and Bihar have not been able to attract much foreign investment because of poor state of physical infrastructure in these states.

The states, which have poor infrastructure facilities, have to give top priority to improve the situation, if they want to attract foreign and domestic investments. Further, such states have to evolve incentive schemes to attract investment. Last, but not the least, law and order should also be given due attention, as only such states which are free from law and order problems and can maintain public order, will be found as a favourite destination for investors. There are some states where the law and order situation is far from satisfactory and if these states continue to be so, they will lose out in the race in attracting investment and will lag far behind in development. These states should wake up before it is too late.

17. Stricter Laws for Checking Evasion of Tax

In a country with a population of more than one billion, only a few thousands are showing their income as Rs.10 lakhs and above. This is totally unrealistic, more so where there is an open, blatant and vulgar display of luxury. For the assessment year 1999-2000, the total number of people (individual status) filing income tax returns was only 1.42 crore (Source : Central Statistical Organisation : “Statistical Abstract, India, 2003”), which works to only about 1.4% of country’s population of 102.86 crore as per the 2001 Census. The total tax payable by these individual assesseees was only Rs.10376.73 crore. Tax exemptions are misused by unscrupulous elements. Some of the private hospitals and nursing homes, which earn crores of rupees, misuse the exemptions provided for research. Similarly, many charitable trusts, which are exempt from income tax, misuse the provision to their advantage. Filing of income tax returns should be made mandatory even for such institutions, which enjoy income tax exemptions. Punishment for tax evasion has to be made more stringent. Raids by income tax department should be made periodic to unearth black money and detect tax evaders.

18. Reduction in Stamp Duty

In order to encourage housing activity as well as to make transfer of properties without undervaluing them, it would be desirable to keep the Stamp Duty as low as possible. It is desirable to keep the maximum rate of Stamp Duty at 5%. Lower rate of Stamp Duty would help to eliminate transfer of properties on ‘Power of Attorney’, which is widely prevalent in Delhi.

19. Reduction in Income Tax Rates

Tax rates, both direct and indirect, should be such that citizens willingly and gladly come forward to pay taxes without any resentment. This can be easily achieved if tax rates are kept at low levels so that citizens will not consider ‘taxes’ as a burden, but as an instrument of government to raise revenues to provide better service to its citizens.

Though Income Tax rates have been brought down over the past few years, yet it has not given the required relief to the common man. The maximum rate of Income Tax should not be more than 20% and the following income slabs can be

followed. There should be no exemption of any kind, as such exemptions only complicate matter.

Upto Rs. 2 lakhs	Nil
Rs. 2 – 5 lakhs	5%
Rs. 5 – 10 lakhs	10%
Rs. 10 lakhs & above	20%

The Income Tax rates can be fixed as shown above, but the “Income Slabs’ should be revised every year depending upon the inflation rate.

20. Expenditure Tax in lieu of Income Tax

The possibility of introducing Expenditure Tax in lieu of Income Tax needs to be explored. This tax can be in the form of tax on withdrawals/ payments made through cheques / withdrawal forms / mail transfers etc.. It seems the government can earn much more revenue than what it is earning through direct taxes (Corporate Income Tax + Personal Income Tax) at present. Further, since the tax will be on withdrawals/payments made through cheques/withdrawal forms etc., the tax cannot be evaded. In addition, the tax gets collected instantly. Fourthly, the cost that is incurred for collecting direct taxes can be drastically brought down.

As per the “Statistical Abstract-India-2003” published by the Central Statistical Organisation, the total amount of cheques cleared by the clearinghouses throughout India was about Rs.135 lakh crores during 2002-03(provisional). This amount excludes the cheques cleared by banks themselves and payments made through mail-transfers. Even if just 5% (as against a minimum of 10% Income Tax prevailing at present) is levied on the amount mentioned above, the government can earn about Rs.6.75 lakh crores, which is more than eight times the revenue of 0.83 lakh crores earned during 2002-03(actuals) on account of direct taxes (Source: “Economic Survey-2004-05”, Ministry of Finance, Government of India). Of course, the amount of cheques cleared by clearing houses includes government cheques also and hence the expected revenue from Expenditure Tax may be working out very high. However, the possibility of introducing Expenditure Tax in place of Income Tax needs to be examined.

The household statistics released by the Census of India 2001 indicate that about 7 crore households avail banking services in India. However, with the spread of banking facilities and ATM centers, it should not be difficult to increase this figure

to at least 10 crore households. If the average withdrawal of a household in a year is taken as Rs. 1 lakh and if 5 % tax is levied on this withdrawal, the government can easily earn a revenue of Rs. 50000 crore annually on account of Expenditure Tax, which is almost equivalent to the estimated revenue of Rs. 50929 crore for 2004-05 on account of personal income tax (Source: "Economic Survey-2004-05", Ministry of Finance). It has to be noted here that no big administrative machinery is required to collect Expenditure Tax, as it gets automatically collected, and hence the expenditure on collecting the tax will be negligible.

21. Property Tax

The basis of assessment of property tax should be such that it is easy to calculate and does not give any scope for the tax inspector to harass the property owners. All the states and union territories should emulate the model of Delhi to free the property owners from the clutches of property tax inspectors. In Delhi, the property tax is now assessed on the basis of the 'plinth area' following the unit area approach, and not on the rental / ratable value of the property. This has helped in eliminating corruption while assessing property tax. Now, the property owners themselves calculate the tax payable, as the method is very simple now. The era of harassment of property owners by tax inspectors is over in Delhi.

22. Levying New Taxes / Fees

There is a need to identify new taxes/ fees/ charges that will not cause any resentment among the people. In this connection, the following suggestions are made.

- a. A minimum of Rs.5 can be charged for each Railway Reservation Form. This will not only bring additional revenue for the Railways, but also check wastage of forms.
- b. A small fee can be levied annually on each of the vehicles in urban areas as " Urban Space Occupation Fee", as vehicles occupy a large space in urban areas. Land is very "costly" in urban areas, especially in metropolitan cities.

23. Identifying New Revenue Earning Areas

At present, there are thousands of Cable Operators who are providing "Cable T.V." service, but not much revenue is accruing to the government from this sector.

The Central Government can completely take over “ Cable T.V.” and beam all channels through its own “DTH” system and recover charges from the consumers by levying an appropriate monthly fee.

24. Converting India into a Common Market - Goods & Services Tax

Anyone who sells a product across Indian lives through the nightmare of state sales tax, central sales tax, entry tax, turnover tax, service tax, Octroi - all cascading to make India perhaps the highest indirect taxed nation in the world. Octroi is the worst. Today, a truck takes 40 hours to deliver goods from Delhi to Bombay. Of this, only 24 hours are spent driving, the remaining 16 hours are spent at Octroi posts. The answer is to replace this nightmare of taxes by a single flat Goods and Services Tax that is IT intensive, offers transparent, frictionless interface between taxpayer and collector, and integrates the whole country into one market. As a virtual national VAT, it would tax only the added value at each state and thus lower tax burden. It would discourage cash transactions because no one in the value chain wants to lose credit for taxes already paid. Thus, compliance would rise, taxpayers would swell, and government revenues would multiply. By eliminating the entire plethora of indirect taxes, transaction costs and thereby reducing the scope for corruption, the nation’s competitiveness would climb.

25. Level Playing Field

Private sector has already entered many areas in a big way. In order to ensure that it continues to enter more and more areas and also in a large scale , there should not be discrimination against it and the rules of operations in a given area should be the same for public and private sectors where both of them are allowed to operate. This is also necessary to ensure that the public sector also operates at its peak efficiency.

26. Lending Rates in Banks

A low rate of interest is indispensable to push up investment. Though rates of interest on loans have been falling over the past few years, there is scope for bringing them down further. Banks expenditure on establishment should be brought down drastically to reduce lending rates. During the last five years deposit rates have fallen

from 12% to 5%, but housing rates have fallen from about 15% to only 11% - except in case of home loans, which is around 8%.

27. Making E-Governance Obligatory in Public Government Departments

In the present high tech electronic world, it is shocking that e-governance is yet to take off in many of the state governments. With regard to local bodies, the scenario is very dismal. E-governance should be made obligatory in all government offices not only to provide quick and qualitative service to the citizens but also to reduce "unproductive employment" in government offices. E-governance will also go a long way in eliminating corruption and bringing transparency in all areas. Saving in man-hours, lesser traffic on roads, lesser pollution, lesser accidents, saving in terms of money for the public, elimination of over-crowding and long queues in public dealing offices, saving in fuel, neat and clean offices due to less paper work, less dependence on postal services, instant communication between the service providers and seekers, instant service are some of the other advantages of E-governance.

28. Awareness to Latest Technology

All government departments should be aware of the latest technology that is being adopted at the global level regarding the functions allotted to them and apply the same in India, if it can provide better service to the people at a lesser cost. Sometimes, latest technology may even help the departments to lesser their burden and enable the people to get the service themselves without depending on the government agency. A classic example in this regard is a household appliance/machine that can convert air into water. This machine is already being marketed in Chennai and Delhi. The government needs to interact with the manufacturers of this machine to reduce its cost so that it becomes affordable to one and all. In a country, where there is acute shortage of potable drinking water, the machine should be considered as a boon. If the machine becomes affordable to each and everyone, then there may not be a need for big water supply schemes.

Conclusion

The indispensability of speeding up the process of economic reforms does not mean that the government should not have any role to play in the economic system.

Economic reforms do not mean diminishing the role of state but only redefining it – expanding it in some areas and reducing in some areas. In fact, the government should play a greater role by acting as watch dog, regulator and facilitator. If government involves itself in a lesser way in economic sectors, it will have more funds to play an active role in social sectors like education, health and social security. In fact, in health and education sectors, the government has to play a dominant role as service provider, as these services will become inaccessible to poor, if these sectors are left to be managed by private sector alone. Whatever may be the areas or sectors, an “optimal mix“ of public sector and private sector is required so that goods & services can become accessible to one and all. Poverty cannot be eliminated without economic reforms. We need dynamic markets, social investment and good governance to end poverty. Economic reforms would fail to meet the aspirations of people if government fails to invest in education, health and safety nets.