

## **CHAPTER-8**

### **Employment Situation in Himachal Pradesh**

#### **1. Introduction**

Expansion of employment opportunities has been an important objective of development planning not only to cover the backlog of un-employment but also to provide gainful employment to the additions to the labour force which enter labour market annually. While approaching employment as an objective of the Plan, employment generation and economic growth are to be treated as mutually complementary rather than conflicting processes. Employment has, therefore, to be generated in the process of development and should contribute to the acceleration of economic growth. Employment to be gainful and sustainable has therefore, to be productive in character, it should be about to yield a reasonable level of income to the workers and also generate surplus for further growth and employment generation. This, therefore, demands that vast mass of unemployed and under-employed labour force should be provided gainful employment to eliminate poverty, reduction in inequality and sustenance of reasonable rate of economic growth.

**8.1.2** Himachal Pradesh has entered the new millennium with a 60.77 lakh population according to 2001 Census. A majority of the population resides in the rural areas and survives on agriculture and allied activities. According to the Census of India, about 77 percent of the total labour force live in the rural areas. Out of the total workforce, about 58.4 percent are engaged in agriculture alone. In such a situation, unless the rural economy is made vibrant in terms of employment, issues of poverty and human development would remain unaddressed. Since employment is the basis for acquiring purchasing power, which in turn ensures the basic requirements of livelihood, endemic poverty and miserable levels of human development are the logical conclusion of declining employment.

**8.1.3** Unemployment among the educated youth is serious, considering that the State is one of the highly literate one. The growth of employment has not kept pace with the state's domestic product, and the result is underutilization of the labour force. One of the important monitorable targets of the Eleventh Five Year Plan at the national level that has rightly been given prominence is to provide gainful high quality employment to the labour force. Similarly, a thrust area in the Eleventh Five Year Plan of Himachal Pradesh is the generation of additional employment opportunities in the private sector by promoting investment and improving marketable vocational skills. The annual growth rate of 8.5 percent or above as envisaged in the Eleventh Plan period will generate higher employment opportunities, raise the standard of living of the people and reduce the poverty level. However, the process of globalization and privatization has serious implications for further generation of employment opportunities in the organized sector, especially

the public sector, where the disinvestment process is on and there is emphasis on efficient use of resources. The higher use of capital-intensive technology has serious implications for the generation of employment opportunities. This indicates possibility of further deterioration of the employment situation in the short run, if not in the long run, and hence, calls for appropriate policy interventions at different levels.

**8.1.4** This chapter seeks to examine the dimensions of the employment and unemployment situation in the state, its status and quality of employment, sector-level changes, especially non-farm employment, employment in the organized sector and the role of special employment generating schemes for alleviating poverty. Trends and the structure of employment and unemployment have been analysed at the area, gender, age, and education level over specific periods for which relevant information is available.

## **2. Employment Strategy of Himachal Pradesh**

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

- Supplementing and complementing land based agricultural activities and animal husbandry and other diversified horticultural activities to make livelihoods of marginal cultivators and agricultural labourers sustainable.
- Diversification of cropping pattern, promoting production of off-season vegetables by increasing new areas under vegetables and fruit crops by raising productivity for all cash crops including maize crop.
- Promoting the production of floriculture in the State.
- Strengthening marketing system for farm products.
- Increasing marginal returns on investment in the Primary Sector.
- Promoting emerging biotechnology for generating employment in the field of agriculture and horticulture.
- Policies for the provision of income generating assets aimed at encouraging small scale and cottage industries and providing gainful employment opportunities through backward and forward linkages.
- Direct expenditure on employment generation.
- Enhancing labour productivity by investing on health and education.
- Strengthening of industrial units in all districts and backward pockets as per revised Backward Area Industrial Policy announced by the Central Government.
- Improving and locating new tourist destinations for the domestic and foreign tourists by providing ideal infrastructure facilities to the visiting tourists in the State.

- Improving of airstrips at Bhuntar, Kangra and Shimla. This would generate additional employment to the local people, besides significant increase in the foreign tourists flow to the State.
- Accelerating actualisation of power potential.
- Increasing private sector investment in transport and tourism.
- Implementation of National Rural Employment Guarantee Act. 2005

### 3. An overview of population and labour force situation in Himachal Pradesh

**8.3.1** Before discussing the situation of employment and unemployment in the Pradesh, it would be necessary to highlight the population characteristics of the State. The population of the State was 34.60 lakh in 1971, 42.81 lakh in 1981, 51.71 lakh in 1991 and 60.77 lakh in 2001. The decennial increase during 1971-81 was 23.71 percent and during 1981-91 and 1991-2001, it was 20.79 percent and 17.54 percent, respectively, against 25.00 percent, 23.56 percent and 21.34 percent for the country as a whole. The annual compound growth rate of population during 1971-81 was 2.15 percent which declined to 1.91 percent during 1981-91 and further declined to 1.63 percent during 1991-2001 decade. The annual compound growth of rural and urban population sex-wise is depicted in Table -1.

**Table -1**  
**Annual Compound Growth Rate of Rural and Urban Population, Sex-Wise**

Year	Components	Annual Growth Rate		
		Male	Female	Total
1971-81	Rural	2.02	2.15	2.08
	Urban	2.76	3.38	3.03
	<b>Total</b>	<b>2.08</b>	<b>2.23</b>	<b>2.15</b>
1981-91	Rural	1.78	1.80	1.78
	Urban	3.05	3.51	3.26
	<b>Total</b>	<b>1.89</b>	<b>1.92</b>	<b>1.91</b>
1991-2001	Rural	1.43	1.59	1.51
	Urban	3.84	1.75	2.86
	<b>Total</b>	<b>1.66</b>	<b>1.60</b>	<b>1.63</b>

### 4. Literacy

**8.4.1** The percentage literacy of Himachal Pradesh increased from 31.96 percent in 1971 to 42.48 percent in 1981 and subsequently to 63.86 percent in 1991 and 76.50 percent in 2001. In the case of males, the literacy percentage went-up from 43.20 percent in 1971 to 75.36 percent in 1991 and subsequently to 86.02 in 2001. However, in the case of females, the percentage literacy recorded was 68.08 percent in 2001 and 52.13 percent in 1991 against only 20.20 percent in 1971. The following tables give the status of literacy percentages:

**Table -2**  
**Literacy in Himachal Pradesh**

<b>Literacy Percentage</b>	<b>1971 Census</b>	<b>1981 Census</b>	<b>1991 Census</b>	<b>2001 Census</b>
Male	43.20	53.19	75.36	86.02
Female	20.20	31.46	52.13	68.08
<b>Total</b>	<b>31.96</b>	<b>42.48</b>	<b>63.86</b>	<b>76.50</b>

**Table-3**  
**Decadal District-wise Literacy Rate**

<b>Sr.No.</b>	<b>District</b>	<b>1991</b>	<b>2001</b>
1.	Chamba	44.70	63.73
2.	Bilaspur	67.17	78.80
3.	Hamirpur	74.88	83.16
4.	Kangra	70.57	80.68
5.	Kinnaur	58.36	N.A.
6.	Kullu	54.82	73.36
7.	Lahaul & Spiti	56.82	73.17
8.	Mandi	62.74	75.86
9.	Shimla	64.61	79.68
10.	Sirmaur	51.62	70.85
11.	Solan	63.30	77.16
12.	Una	70.91	81.09
	<b>Himachal Pradesh</b>	<b>63.86</b>	<b>76.50</b>

## 5. Work Force

**8.5.1** The 'Main Workers and Marginal Workers' both constitute 29.92 lakh persons according to 2001 census against 22.14 lakh persons according to 1991 census. Thus the increase in total workers was 7.78 lakh persons which yielded an annual rate of growth of 3.5 percent. The Main & Marginal workers during 1991 and 2001 Census is given in table-4 below:-

**Table-4**  
**Main and Marginal Workers-1991 and 2001 Census**

<b>Main Workers</b>		<b>Marginal Workers</b>		<b>Total Workers (Main + Marginal)</b>		<b>Increase in Workforce</b>	<b>%age Increase</b>
<b>1991</b>	<b>2001</b>	<b>1991</b>	<b>2001</b>	<b>1991</b>	<b>2001</b>	<b>1991-2001</b>	
17,79,100	19,63,882	4,35,279	10,28,579	22,14,379	29,92,461	7,78,082	35.14

**8.5.2** The distribution of workers by category for census-1991 is available for main workers only. However, the distribution of workers by category for 2001 census is available for both main and marginal workers due to change in the definitions of main and marginal workers. As such, the sectoral break-up of workers during 1991 and 2001 is given in tables 5 & 6 below:-

**Table-5**  
**Sectoral Distribution of (Main) Workers 1991 Census**

Sr.No.	Category	1991 Census	%age to total
1.	Cultivators	11,25,311	63.25
2.	Agriculture Labourers	58,668	3.30
3.	Workers in household Industries	25,454	1.43
4.	Other Workers	5,69,667	32.02
	<b>Total</b>	<b>17,79,100</b>	<b>100.00</b>

**Table-6**  
**Sectoral Distribution of (Main & Marginal) Workers 2001 Census**

Sr.No.	Category	2001 Census	%age to total
1.	Cultivators	19,54,870	65.33
2.	Agriculture Labourers	94,171	3.15
3.	Workers in household Industries	52,519	1.75
4.	Other Workers	8,90,901	29.77
	<b>Total</b>	<b>29,92,461</b>	<b>100.00</b>

**9.5.3** It would be seen from the above table that maximum workers are cultivators which constitute 65.33 percent of total workers whereas the household industry constitute 1.75 percent which is the minimum of the total main and marginal workers. Thus, the cultivators and other workers constitute the major categories which are providing gainful employment to the people.

**Table -7**  
**Growth of Workforce in H.P. over the Census Periods**

Workforce	1981	1991	2001	Annual Growth Rates	
				1981-91	1991-2001
Population (In lakh)	42.81	51.70	60.77	1.90	1.62
Work participation rate (Main Workers)	34.36	34.41	32.36	0.01	-0.61
Main workers (In lakh)	14.71	17.79	19.64	1.92	0.99
Work participation rate(Marginal Workers)	8.01	8.42	16.92	0.50	7.23
Marginal workers (In lakh)	3.43	4.35	10.28	2.40	8.97

Source: Census of India 1981, 1991, 2001 (SDR, H.P. page-480)

**8.5.4** The above table indicates the growth of the workforce based on the census data. The work participation rate of main workers declined during 1991-2001. On the other hand, the work participation rate of marginal workers increased. The growth of main workers declined during the decadal census period. On the other hand, the growth rate of marginal workers increased.

## **6. Labour Force**

**8.6.1** Labour force includes workers and unemployed in the age group 15-59. The labour force in the age group 15-59 was estimated from the projected population. Labour force participation rates (usual status) or proportion of economically active labour force in principal and subsidiary status as thrown up by the 55<sup>th</sup> round of N.S.S. has been used in arriving at the economically active labour force. The labour force participation rates per thousand population (15+) used are as under:-

	<b>Rural</b>	<b>Urban</b>
Male	825	738
Female	675	203

NSS Report No. 458 Employment & Unemployment situation in India 1999-2000.

**8.6.2** The projected labour force and after applying the labour force participation rates, the economically active labour force is depicted in the following table:-

**Table-8**

<b>Year</b>	<b>Labour Force in the age group 15-59</b>	<b>(In lakh)</b>
		<b>Economically Active Labour Force</b>
2001	36.31	26.23
2002	37.15	26.83
2003	37.95	27.41
2004	38.76	28.01
2005	39.59	28.60
2006	40.45	29.21
2007	41.32	29.85
2008	42.21	30.49
2009	43.11	31.15

**8.6.3** The distribution of economically active labour force, sex-wise for rural and urban areas is depicted in the tables given below:-

**Table-9**  
**Projected Economically Active Labour Force in the Age Group (15-59)**  
(In lakh)

Year	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2001	13.21	10.99	24.20	1.68	0.35	2.03	14.88	11.35	26.23
2002	13.49	11.23	24.72	1.74	0.36	2.10	15.23	11.59	26.82
2003	13.79	11.46	25.25	1.78	0.37	2.15	15.57	11.84	27.41
2004	14.09	11.71	25.80	1.82	0.38	2.20	15.91	12.09	28.00
2005	14.40	11.95	26.35	1.86	0.39	2.25	16.26	12.34	28.60
2006	14.72	12.20	26.92	1.90	0.40	2.30	16.62	12.60	29.22
2007	15.04	12.46	27.50	1.94	0.40	2.34	16.99	12.86	29.85
2008	15.37	12.72	28.09	1.99	0.41	2.40	17.36	13.13	30.49
2009	15.71	12.99	28.70	2.03	0.42	2.45	17.74	13.41	31.15

**Table-10**  
**Distribution of Population by Main Workers, Marginal Workers and Non-Workers 2001 Census**

(In lakh)						
Total Rural Urban	Persons Males Females	Total Population	Total Workers	Main Workers	Marginal Workers	Non Workers
Total	Persons	60.77	29.92	19.63	10.28	30.85
	Males	30.87	16.86	13.33	3.53	14.01
	Females	29.89	13.05	6.30	6.75	16.84
Rural	Persons	54.82	27.72	17.58	10.13	27.09
	Males	27.56	15.06	11.62	3.44	12.49
	Females	27.26	12.65	5.96	6.69	14.60
Urban	Persons	5.95	2.20	2.05	0.15	3.75
	Males	3.31	1.79	1.70	0.90	1.51
	Females	2.63	0.40	0.34	0.50	2.23

**Table-11**  
**Additional Employment Generation during the year 2002-03 to 2007-08**  
(In Nos.)

Sr. No.	Sector	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08 (upto Feb. 08)
A.	Government Sector	1835	2072	1087	9703	36546	33062
B.	Organised and Self Employment Sector	36479	35936	46305	100089	70421	128954
C.	Wage Employment Sector	58271	109517	92954	146247	197179	150439
	<b>Total</b>	96585	147525	140346	256039	304146	312455

## 7. Estimation of Employment and Unemployment through NSSO 55<sup>th</sup> Round (1999-2000)

**8.7.1** The Labour Force is very useful in estimation of employment and unemployment position of the State. Labour force includes workers and unemployed in the age group 15-59. The labour force in the age group 15-59 is estimated from the projected population. The projected labour force is depicted in the following table:-

**Table -12**  
**Projected Labour Force in The Age Group (15-59)**  
(In lakh)

Year	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2001	16.00	16.29	32.29	2.28	1.74	4.01	18.28	18.03	36.31
2002	16.35	16.64	32.99	2.37	1.79	4.16	18.72	18.43	37.15
2003	16.72	16.99	33.71	2.41	1.83	4.24	19.13	18.82	37.95
2004	17.08	17.35	34.43	2.46	1.87	4.33	19.54	19.22	38.76
2005	17.46	17.70	35.16	2.51	1.92	4.43	19.97	19.62	39.59
2006	17.84	18.08	35.92	2.58	1.95	4.53	20.42	20.03	40.45
2007	18.24	18.45	36.69	2.62	2.01	4.63	20.86	20.46	41.32
2008	18.64	18.84	37.48	2.69	2.04	4.73	21.33	20.88	42.21
2009	19.05	19.25	38.30	2.74	2.07	4.81	21.79	21.32	43.11

### Unemployment Rate for the State as per Usual Status Approach through the NSSO 55<sup>th</sup> round (1999-2000)

#### Unemployment Rate as per Usual Status Approach (Per thousand)

	Rural	Urban
Male	30	63
Female	18	118



**8.7.2** The estimation of unemployment after applying the above rates to the labour force is depicted in the following table:-

**Table - 13**

(In lakh)

Year	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2001	0.48	0.29	0.77	0.14	0.21	0.35	0.62	0.50	1.12
2002	0.49	0.29	0.78	0.14	0.22	0.36	0.63	0.52	1.15
2003	0.50	0.30	0.80	0.15	0.21	0.36	0.65	0.52	1.17
2004	0.51	0.31	0.82	0.15	0.22	0.37	0.66	0.54	1.20
2005	0.52	0.32	0.84	0.15	0.23	0.38	0.68	0.54	1.22
2006	0.53	0.33	0.86	0.16	0.23	0.39	0.69	0.56	1.25
2007	0.54	0.33	0.87	0.16	0.24	0.40	0.71	0.57	1.28
2008	0.55	0.34	0.89	0.16	0.24	0.40	0.72	0.58	1.30
2009	0.57	0.34	0.91	0.17	0.24	0.41	0.74	0.59	1.33

NSSO 55<sup>th</sup> round Report No. 478, Page No. 140

### Employment Rate for the State as per Usual Status Approach

(Per thousand)

	Rural	Urban
Male	941	988
Female	883	897

**8.7.3** The estimation of employment after applying the above rates to the labour force is depicted in the following table:-

**Table -14**

(In lakh)

Year	Rural			Urban			Total		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
2001	15.05	14.38	29.44	2.24	1.56	3.81	17.30	15.94	33.25
2002	15.39	14.68	30.07	2.33	1.61	3.94	17.72	16.29	34.02
2003	15.72	14.99	30.72	2.38	1.64	4.02	18.11	16.64	34.75
2004	16.07	15.31	31.38	2.43	1.67	4.11	18.51	16.99	35.50
2005	16.42	15.63	32.06	2.49	1.71	4.20	18.91	17.34	36.26
2006	16.78	15.96	32.75	2.54	1.75	4.29	19.33	17.71	37.04
2007	17.15	16.29	33.45	2.60	1.78	4.38	19.76	18.08	37.84
2008	17.53	16.63	34.17	2.65	1.82	4.48	20.19	18.46	38.65
2009	17.92	16.98	34.91	2.71	1.86	4.57	20.63	18.85	39.49

**8.7.4** From the above data the unemployment position of the State for the year 2009 emerges as follows:-

		(In lakh)
A.	Total projected Labour Force	: 43.11
B.	Total Employed	: 39.49
C.	Unemployed ( A-B)	: 3.62
D.	Unemployed as per NSSO rates	: 1.33
E.	Backlog of unemployment(A-B-D)	: 2.28
F.	Total Unemployed (C+E)	: 5.90

## **8. Estimation of Employment through Employment Exchange Data**

**8.8.1** The number of registrants on the live register of the Employment Exchange according to educational status since 2001 is depicted in the following table:-

	(Numbers)					
Year	Post Graduates	Graduates	Matric	Below Matric	Illiterate	Total
2001	27348	74866	592765	192014	9548	896541
2002	29478	79330	595025	188546	8129	900508
2003	34950	82454	597740	183356	7574	906074
2004	37548	87081	571946	167577	6390	870542
2005	38178	94007	572581	157017	5359	867142
2006	37989	91376	537514	145498	4491	816878
2007	40846	94856	492351	125275	3651	756980

The above table shows that :-

1. Total No. of registrants on the Live register : 7,56,980
2. Percentage of registrants already employed as per estimates of survey study by the Planning Department : 36.18
3. Total registrants already employed : 2,73,875
4. Total registrants unemployed : 4,83,105

**8.8.2** Thus the unemployment position of the State from both approaches i.e; the NSSO data and Employment exchange data ranges between 4.83 lakh to 5.90 lakh.

## **9. State Government Employment Plan 2007-08**

**8.9.1** In Himachal Pradesh there is a State Employment Plan as by-product of the budget document. This Employment Plan has been divided in the following three components:-

1. Govt. Sector Employment Plan
2. Organised and Self Employment Sector Plan
3. The Wage Employment Sector Plan

## **10. Govt. Sector Employment Plan**

**8.10.1** In the budget document of the State Govt., it is decided as a policy to open the new institutions like Primary Schools, Middle Schools, High Schools, Sr.Secondary Schools, Health Institutions, Vet. Institutions, Industrial Training Institutions and also the new programmes / Schemes to be introduced in the particular year. The staff component of these proposed institutions in the budget is quantified and given as an additional employment generation target to a particular sector every year.

## **11. Organized and Self Employment Sector Plan**

**8.11.1** In this sector the targets for the State employment are quantified and these targets are dis-aggregated sector wise for the monitoring purposes. The main sectors/institutions who are responsible for the self employment in the State are the H.P. State SC/ST Corporation, Backward Classes Finance and Development Corporation, Social Women Development Corporation, Minorities Finance and Development Corporation, Development of Social and Women Welfare etc.

## **12. The Wage Employment Sector Plan**

**8.12.1** In the Wage Employment Sector, the different departments implementing the capital works and engage the work related labour for the implementation of the works and depending upon their budget allocation for the capital component as Employment Generation targets for the particular year are decided. The main departments for the employment generation under this component are Public Works Department (PWD), Irrigation & Public Health(I&PH), State Housing Board and other sectoral departments implementing the capital components. The major Wage Employment Generation is being made by the PWD and I&PH department.

### **Targets of Additional Employment Generation during the year 2007-08**

<b>Sr. No.</b>	<b>Sector</b>	<b>Target</b>	<b>Achievement</b>
A.	Government Sector	30463	28265
B.	Organised and Self Employment Sector	78334	129014
C.	Wage Employment Sector	256461	211718
	<b>Total</b>	<b>365258</b>	<b>368997</b>

## **13. Targets of additional employment generation for 2008-09**

**8.13.1** The exercise to firm up target of employment generation for the year 2008-09 is under process and the targets shall be finalized in due course.