

# Employment and Unemployment Scenario of Jammu and Kashmir

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## ABSTRACT

The unemployment problem in the State of Jammu and Kashmir has reached alarming dimensions which is ever increasing every passing year with thousands of educated and uneducated youth getting added to the list of unemployment largely due to economic distress and mismatch. In a latest survey released by Labour Bureau under Union Ministry of Labour and Employment, Jammu and Kashmir State has emerged as having highest unemployment rate in Northern India. So on the bases of secondary sources the present paper tries to analyse the situation of employment and unemployment in Jammu and Kashmir. We found unlike structural transformation theory, occupational pattern of the J&K State have shifted from Primary sector to Services Sector, without undergoing the development of the Secondary sector. Also our results show that the problem of Unemployment is more prevalent amongst females in the State of J&K.

**Key words:** Unemployment, Employment, Jammu and Kashmir, Educated Youth

## I. INTRODUCTION

The State of Jammu & Kashmir presents peculiar geographical and socio-economic settings. It occupies an important position in the Indian subcontinent by virtue of its rugged topography, high altitude and rough terrain. The State is highly dependent on outside supplies of not only material but also men, the dependency in material is easily understandable but the paradox of unemployment and inward migratory labour force is a grave matter of concern. Whereas, on one hand it employs more than 4.5 lakh skilled and unskilled labours who migrate inwards from different parts of the country; on the other hand unemployment is being claimed as one of the sensitive areas of the state economy. The unemployment problem in the State has reached alarming dimensions which is ever increasing every passing year with thousands of educated and uneducated youth getting added to the list of unemployment largely due to economic distress and mismatch. According to the population census of India the population of J&K State has increased from 101.44 lakhs in 2001 to 125.49 lakhs in 2011. The number of workers also registered an increase of 15.15% during the

same period. Work participation rate for J&K was estimated at 34.5% as against the All India figures of 39.8% as per census 2011. The number of total workers in J&K as per 2011 census stood at 43.23 lakhs of which the main workers constitute 26.44 lakhs (61.77%) and the number of marginal workers constitutes 16.79 lakhs (38.83%). Female workers constituted 26.09% of the total work force. The share of female in the Main workers is only 12.80% as against 47.02% in marginal workers category in J&K. Work opportunities, however, have not kept pace with the increasing population. The problem of unemployment gains more importance because of higher incidence of unemployment among the educated section of youth in the State. Almost 70% of the population is directly or indirectly dependent on agriculture and allied activities which continue to be a major subsistence sector. However, it may be mentioned that near about 70% of the said marginal workers are associated with the Agricultural and allied sector contributing very marginally to the total production thus giving rise to the disguised unemployment in Agriculture. To avoid this situation, out of the said 16.79 lakh of marginal workers, half of this working force suffers from disguised unemployment who can contribute positively on being shifted to the other sectors

of economy without affecting the total agricultural production and yield productivity in the State. In the absence of desirable industrial growth and limited scope for absorption in the private sector, many have been rendered unemployed and have joined the ranks of job seekers.

## II. OBJECTIVES OF THE STUDY

The study is based on following objectives

1. To understand the situation of employment and unemployment in the J&K state.
2. To analyse the sector wise occupational distribution of the state.
3. To examine the sex and area-wise unemployment trends in the state.
4. To compare unemployment situation of northern states of India.
5. To know the approach of J&K state government towards Employment Generation.

## III. METHODOLOGY

In present study data has been collected from all the possible secondary sources like National sample survey organisation, Economic census Government of India, Digest of statistics; Directorate of Economics and Statistics; Government of J&K and Economic Survey of J&K. In addition to this, data have also been collected from other reliable sources like articles, journals and newspapers.

## IV. ANALYSIS AND DISCUSSION

### A. Registration of Unemployed Youth

Due to limited job opportunities available for unemployed youth in the State, the number of unemployed youth has been increasing with every passing year. The number of unemployed youth registered in various District Employment & Counseling Centres of the J&K State had increased from 106130 in 2008 to 307827 in 2013 (ending December, 2013) thereby registering an increase of 190%. The Statistics of employment exchanges does not provide accurate picture of unemployment in the State. The data suffers mainly from two defects; one, all the unemployed persons do not register themselves with these Employment Exchanges and second, some of the

registered persons may not be actually unemployed but only in search of better jobs. However, in the past, the process of placements which was made through employment exchanges has vanished altogether as a result of which there has been decrease in the registration level at these employment exchanges. In anticipation to the announcement of Employment Policy in the State and the invitation of the Government to the unemployed persons to register themselves in the Employment Exchanges, the whole scenario changed. The registration level increased tremendously. The registration of illiterate persons has decreased but that of educated unemployed persons has increased.

### B. Sectoral distribution of employment

Broadly an economy is classified into primary sector, secondary sector and tertiary sector. Agriculture and allied activities like forestry, fishing and dairying and mining and quarrying are the economic activities of the primary sector. Manufacturing, electricity, gas, water supply, and construction constitute the secondary sector. The tertiary sector also known as the services sector includes trade, transport, storage, communications, financial services, community social and personal services.

In table 1.1 we have provided the estimates of employment by sectors. These estimates are based on the census data from 1981 to 2011.

**Table 1.1 Sectoral Occupation Structure (Percentage)**

Occupation	1981	2001	2011
Primary sector	63.88	50.1	41.48
Secondary sector	14.25	6.23	3.99
Tertiary sector	21.87	43.67	54.53

**Source:** Compiled from Census of India, various issues

It is observed from the table 1.1 that the percentage of labor force employed in primary sector has decreased continuously in the state of J&K from 63.88% in 1981 to 41.48% in 2011. This means that since last three decades there has been a decline of 22.4 percentage points in labour force employed in primary sector. Considering the overall performance of secondary sector in terms of

employment of labour force it looks that persistent decline has happened in this sector also. In 2011, 3.99% of labor force was employed in this sector as against 14.25% in 1981 i.e. labour force employed in service sector has decreased by 10.26 percentage points over the same period. There is a terrific and continuous rise in the percentage of labor force employed in service sector since 1981 up to 2011. In 1981 the total labor force employed in tertiary sector was 21.87% which rises to 54.53% in 2011. This means there has been an increase of 32.66 percent rise in labor force employed in tertiary sector.

Thus the analysis of the above table clearly depicts that occupational pattern of the J&K State have shifted from Primary sector to Services Sector, without undergoing the development of the Secondary sector – which provides the opportunities for creation of jobs on a larger scale. This shows that there exists lopsided path of economic development on one hand and agricultural backwardness on the other. This agricultural backwardness has created an alarming situation of unemployment in the State, as the tertiary sector does not have the capacity to absorb the ever increasing unemployed labor force of the State. This is due to the fact that there are limited technological advancements in this sector in the State, thus leading to limited employment opportunities for the unemployed youths of the State. Thus for the sustainable development of the State it is necessary that the Agricultural Sector (Primary) of the economy should be promoted and developed, thereby providing suitable support to the manufacturing units (Secondary sector). Such an accelerated approach would help generate more employment opportunities for the unemployed youth of the State.

### ***C. Concepts of Unemployment***

Keeping in view the recommendations of the Committee of Experts on Unemployment, the National Sample Survey Organisation (NSSO) has developed and standardised concepts and definitions of labour force, employment and unemployment suitable to Indian conditions. These concepts have not only been adopted by the NSSO for conducting surveys on employment since 1972-73, but have also been accepted by the Planning Commission for analysing the dimension of the unemployment problem. The three concepts of unemployment developed by the NSSO are: (i) Usual

Status Unemployment, (ii) Current Weekly Status Unemployment and (iii) Current Daily Status Unemployment.

(i) The Usual Status concept is meant to determine the Usual Activity Status - employed, or unemployed or outside the labour force - of those covered by the survey. The activity status is determined with reference to a longer period; say a year proceeding to the time of survey. The persons covered by the survey may be classified into those working and/or available for work in their principal activity sector, and those working and/or available for work in a subsidiary sector, that is, a sector other than their principal activity sector. Hence, within the Usual Status concept, the estimates are now derived on the Usual Principal Status (UPS) as well as Usual Principal and Subsidiary Status basis. The Usual Status unemployment rate is a person rate and indicates chronic unemployment because all those who are found usually unemployed in the reference year are counted as unemployed.

(ii) The Current Weekly Status (CWS) concept determines the activity status of a person with reference to a period of preceding seven days. If in this period a person seeking employment fails to get work for even one hour on any day, he/she is deemed to be unemployed. A person having worked for an hour or more on any one or more days during the reference period gets the employed status. The Current Weekly Status unemployment rate, like the Usual Status unemployment rate, is also a person rate.

(iii) The Current Daily Status (CDS) concept considers the activity status of a person for each day of the preceding seven days. A person who works for one hour but less than four hours is considered having worked for half a day. If he works for four hours or more during a day, he/she is considered as employed for the whole day. The Current Daily Status unemployment rate is a time rate.

Out of these concepts of unemployment, the Current Daily Status concept provides the most appropriate measure of unemployment. Raj Krishna states, "The daily status flow rate is evidently the most inclusive, covering open as well as partial unemployment. It is therefore, the rate which is most relevant for policy-making." In India, the problem of chronic

unemployment is far less serious as compared with the enormous problem of the discontinuous underemployment of a section of the labour force whose composition keeps on changing over time. This factor has important policy implication and has thus to be kept in mind while employment programmes are chalked out.

#### D. Comparison of Unemployment Rate in Jammu and Kashmir at National Level

The latest NSS Survey- 68th round conducted during July, 2011 to June, 2012 throughout the country constitutes an important source of information on unemployment. The unemployment rates revealed by 68th round of NSS for J&K State in comparison to all India figures is given in the following table:-

**Table 1.2 Unemployment Rate\* for J&K State vis-a-vis All India, 68th Round of NSSO Survey (July 2011–June 2012)**

Area	J&K (%)			All India (%)		
	Male	Female	Persons	Male	Female	Persons
<b>Rural</b>						
UPS	2.7	16.6	3.9	2.1	2.9	2.3
CWS	3	6.3	3.8	3.3	3.5	3.4
CDS	5	11.8	6.1	5.5	6.2	5.7
<b>Urban</b>						
UPS	4.7	25.6	7.8	3.2	6.6	3.8
CWS	4.5	21.8	7.6	3.8	6.7	4.4
CDS	5.3	24.2	8.4	4.9	8	5.5
<b>Combined (Rural + Urban)</b>						
UPS	3.2	20.2	4.9	2.4	3.7	2.7
CWS	3.4	8.8	4.7	3.5	4.2	3.7
CDS	5	14.7	6.7	5.3	6.6	5.6

US: Usual Principal Status; CWS: Current Weekly Status; CDS: Current Daily Status

\* : Unemployment rate per 100 persons

The analysis of table 1.2 reveals that the combined Unemployment Rate (Rural+Urban) of J&K state as per 68<sup>th</sup> Round of NSSO, under UPS was 4.9% and under CWS was 4.7%, while as the indicator for CDS was 6.7%. As against this the All India level indicator was lower than that of State level under all the three approaches as indicated in the above table. The table 1.2 further shows that at State level, the unemployment rates for females as per all the three approaches viz UPS, CWS and CDS were on the higher side when compared to corresponding figures for males. Further there is a

huge gap of female unemployment rate in comparison to national level as per all the three approaches. For example as per UPS approach unemployment rate among female in J&K state is 20.2% while at national level it is just 3.7 % means thereby that in J&K state as per the UPS unemployment rate among female is more than five times than at national level. Similarly as per CWS, and CDS unemployment rate in the state among female is 8.8% and 14.7 % while as at national level it is 4.2 % and 6.6 % respectively. Thus the results show that the problem of Unemployment is more prevalent amongst females in the State of J&K.

#### E. Estimates of Unemployment

The statistics of unemployment in J&K do not indicate any clear trend over the last 13 years as is in shown in table 1.3. However it is quite clear that unemployment rate in the state is highest in urban areas than in rural areas and within urban areas it the female unemployment rate that has shown an increasing trend through all the three approaches. Also in rural areas female unemployment rate has increased from 4.4 % in 1999 to 16.6% as per Usual status which means that rural female unemployment has increased around four times in the last 13 years. Similar trend is evident from current weekly status as female unemployment has doubled from 3.3 % to 6.3 % from 1999 to 2012. The table 1.3 further shows that unemployment rate among male in urban areas has decreased in the last decade as per all the three approaches. Thus the analysis of the table makes it clear that in the state of Jammu and Kashmir unemployment is mostly an urban phenomenon and that too in female population which needs a serious concern by government and policy makers.

**Table 1.3 Unemployment rate in J&K as per Sex, Residence and Status (percent)**

NSSO Rounds/Year	Male			Female		
	US	CWS	CDS	US	CWS	CDS
<b>Rural</b>						
55 <sup>th</sup> (1900-00)	2.3	3.6	4.8	4.4	3.3	11.8
60 <sup>th</sup> (2003-04)	2.03	3.1	5.4	18.18	6.1	10.6
61 <sup>th</sup> (2004-05)	3.8	8.6	10.7	81.8	14.7	36.7
62 <sup>th</sup> (2005-06)	5.1	6.5	7.9	0.6	0.3	0.5
66 <sup>th</sup> (2009-10)	3.1	3.0	3.8	19.3	5.7	10.3
68 <sup>th</sup> (2011-12)	2.7	3.0	5.0	16.6	6.3	11.8
<b>Urban</b>						
55 <sup>th</sup> (1900-00)	6.2	6.8	7.0	5.2	15.1	4.5

60 <sup>th</sup> (2003-04)	5.36	5.6	5.2	19.6	25.96	27
61 <sup>th</sup> (2004-05)	7.3	8.8	13.18	5.8	12.2	15.2
62 <sup>th</sup> (2005-06)	6.7	7.0	7.6	11.7	8.1	8.7
66 <sup>th</sup> (2009-10)	5.0	5.2	5.5	14.5	13.1	15.0
68 <sup>th</sup> (2011-12)	4.7	4.5	5.3	25.6	21.8	24.2

**Source:** Compiled from various Rounds of NSSO

### F. Unemployment in Northern States

As per the results of 68<sup>th</sup> Round of NSS, the Unemployment situation of J&K in comparison to Northern States viz H.P, Punjab, Haryana, Delhi and at All India level is given in the table 1.4 below:-

**Table 1.4 Unemployment Rate as per Usual Principal Status in J&K State in comparison with the neighbouring States/All India as per 68<sup>th</sup> Round of NSS (2011-12)**

State	Rural			Urban			Rural + Urban		
	Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
J&K	2.7	16.6	3.9	4.7	25.6	7.8	3.2	20.2	4.9
H.P	1.8	1.8	1.8	2.1	11.0	4.2	1.8	2.2	2.0
Punjab	2.3	6.1	2.6	2.8	5.1	3.1	2.5	5.6	2.8
Haryana	2.6	4.2	2.8	4.0	5.6	4.2	3.1	4.8	3.2
Delhi	9.4	0.0	7.8	3.4	4.8	3.6	3.9	4.3	4.7
All India	2.1	2.9	2.3	3.2	6.6	3.8	2.4	3.7	2.7

**Source:** NSSO 68<sup>th</sup> Round

The analysis of table 1.4 reveals that based on Usual Principal Status (UPS), J&K has the highest Unemployment rate of 4.9% in comparison to its neighbouring States viz. Punjab (2.8%), H.P (2.0%), Delhi (4.7%), Haryana (3.2%). All India figures for Unemployment rate stood at 2.7% only. The above table also shows that Unemployment rate for Males in J&K was 3.2% only whereas that of females was 20.2% which is far too high when compared to the unemployment of females in neighbouring States viz Punjab (5.6%), Haryana (4.8%), Delhi (4.3%), H.P (2.2%). The analysis of the above table clearly shows that based on Usual Principal Status there is a huge gap of unemployment amongst females in J&K (20.2%) compared to the national aggregate (3.7%). Further the unemployment is more prevalent in urban than in rural areas; unemployment rate in urban area of J&K based on 68<sup>th</sup> Round of NSS stood at 7.8% as against 3.9% in rural area. The Unemployment amongst urban male (4.7%) is higher than that of rural males (2.7%) in J&K. Rural female unemployment in J&K stood at 16.6% which is far too high as compared to the neighbouring States viz Punjab (6.1%), H.P (1.8%), Haryana (4.2%) and far too higher than the national average of 2.9% only. So it is quite clear that based on the Findings of

68<sup>th</sup> Round of NSSO, the rate of unemployment based on UPS indicator is more pronounced and visible in J&K compared to the national average and further the gender differential is prominently visible and highlighted in the unemployment statistics of the State, irrespective of the approaches of measurement used. Furthermore, a regional differential in unemployment is also pronounced with the highest incidence of unemployment found in urban areas than in rural areas of the state, using any of the three approaches viz, UPS, CWS and CDS.

Further increasing rates of literacy seem to exhibit a positive relationship with unemployment which is a serious area of concern for policy makers and development practitioners. The disproportionate growth of the educated persons and employment opportunities have created a chaotic scenario where opportunities for employment are not substantial vis-à-vis educated workforce added. As per Census 2001, the literacy rate of the State stood at 55.52 %, which has increased further to 67.16 percent as per Census 2011. The population of State as per census 2011 is 12,541,302 persons out of which 7,067,233 persons are literate. The literacy is growing at an annual average growth rate of 1.02 percent, which results in addition to the educated youth year after year. This situation requires creation of ample opportunities in terms of employment avenues in the State or otherwise increase in literacy rate and number of literates will culminate into higher unemployment ratios.

### V. Need for Employment Policy

The State of J&K has certain inherent strengths that can be utilized to improve the income of its people and to provide gainful employment opportunities on sustainable basis, which are:

- i. Strong base of traditional skills not found elsewhere;
- ii. Untapped natural resource;
- iii. A natural environment which has been very profitably utilized by other countries for high income- environment friendly tourism industry.

In order to sustain growth and employment in its economy, the State Government should articulate an Employment Policy focusing on:

- i. Improving the productivity of, and thereby income of those engaged in industries based on traditional skills,
- ii. Shifting the agricultural work force to high value-added/high-income agriculture/horticulture;
- iii. Transforming the service industry in the State, driven by tourism, from informal and low income to modern by setting up a world class tourism infrastructure, largely on the basis of private investment and entrepreneurship; and creating a vibrant self-employed-professional workforce, which does not depend on government jobs, or for off-take of its services by government alone.

The policy would need to incorporate the following objectives:

- i. To exploit the full growth potential of the sectors and sub-sectors which are important to the state's Economy.
- ii. To create necessary infrastructure and extension services for diversification of agriculture and setting up new enterprises in manufacturing or services sector.
- iii. To rehabilitate people who have suffered loss in employment due to the slowdown in the economy.
- iv. To assist the self-employed workers to upgrade themselves through provision of credit, marketing, technological and training facilities.
- v. To utilise the government consumption expenditure to promote off take of commodities produced in J&K.
- vi. To improve prospects of long term growth by creating physical infrastructure such as transport and communication services.
- vii. To improve the efficiency of utilization of resources already invested in electricity, irrigation and transport sectors.
- viii. To carry out reforms in delivery of education, health, civic and other community services.

Government of J&K would also need regularly to update the Employment Policy statement. Manpower Planning would be an important element of this Employment Policy of the state, the Planning Department of the state government if required could seek assistance of the Planning Commission of India in this task.

## VI. Approach towards Employment Generation

The economy of Jammu & Kashmir has suffered from disturbed conditions prevailing in the State for almost two decades. It would, therefore, be necessary to put the economy back on the rails to enable the average person to get employment opportunities. This would require giving fillip to the economic activities that have traditionally been the mainstay of the State's economy and continue to hold significant potential for growth and employment. Such activities include Agriculture (including Horticulture), Food Processing, Handicrafts and Handlooms, Tourism etc. It would be equally necessary to ensure diversification of the State economy, especially expanding the industrial base by promoting private capital inflows into the State through various incentives and concessions in the initial stage. The special industrial package announced for Jammu and Kashmir has been a step in the right direction.

The government is taking all possible steps and making all possible efforts in providing gainful employment to the unemployed youth of the state, but it may not be possible for the government to provide government jobs to the educated unemployed the graph of which is increasing at a very faster pace. Under these circumstances possibilities have to be explored for absorbing the youth by way of creating work opportunities in the private sector as well. In this direction the following 8 sectors of economy have been identified for generation of gainful employment opportunities in the state on sustainable basis:-

- 1) Agriculture (including Horticulture, Floriculture , Food Processing and Animal Husbandry),
- 2) Handlooms and Handicrafts,
- 3) Industries (including Small Scale industries and Rural industries)
- 4) Tourism & travels,
- 5) Education & health,
- 6) Large infrastructure projects (Roads & Railways),
- 7) Information Technology & Telecommunication,
- 8) Construction Sector.

While as tourism - both domestic as well as international may provide possibilities for employment generation in the hotels, catering, entertainment and travel sectors as well as a market for handlooms and handicrafts, there

are equal chances of gainful self employment in the other above defined sectors as well.

## V. CONCLUSION

By way of conclusion we can say that occupational pattern of the J&K State have shifted from Primary sector to Services Sector, without undergoing the development of the Secondary sector – which provides the opportunities for creation of jobs on a larger scale. This shows that there exists lopsided path of economic development on one hand and agricultural backwardness on the other. Further based on our analysis and discussion it is quite clear that in the state of Jammu and Kashmir, unemployment is mostly an urban phenomenon and that too in female population which needs a serious concern by government and policy makers.

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