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GROWTH, POVERTY AND EMPLOYMENT IN UTTARAKHAND

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This paper examines the pattern of growth, poverty and employment in Uttarakhand. It finds that despite a double digit growth in the state, there has been a very slow growth of employment. The growth process could hardly reach to hill areas of the state which suffer with the poor quality of employment. A large proportion of the workforce in the state is engaged in agriculture, whose real earnings declined in the state, resulting in a very high incidence of poverty. The policy measures though resulted in accelerated growth, these miserably failed to provide gainful employment to a large section of the workforce, particularly in the hill areas of the state.

I. UTTARAKHAND ECONOMY: A BRIEF COMPARATIVE OVERVIEW

Uttaranchal (now renamed as Uttarakhand) came into being as the 27th state of the Indian Union on 9 November, 2000 by carving out 13 districts of Uttar Pradesh. With a population of 8.48 million in 2001, Uttarakhand accounts for 0.82 per cent of the Indian population. According to 2001 Population Census, nearly three-fourths of Uttarakhand's population lives in its rural areas. The state has comparatively higher ratio of urban population as compared to its neighbouring states of Himachal Pradesh and Jammu and Kashmir (Table 1). Likewise the national pattern, the population growth rate of the state has decelerated since the 1980s and is now lower than the national average.

Uttarakhand has achieved commendable success in attaining relatively high level of literacy in comparison to many regions of the country. More than 72 per cent of population of the state is literate and thus it ranked at 9th place in India. There is a big gender gap in literacy levels in the state—nearly 60 per cent females are literate as compared to over 84 per cent males (GoI, 2002). This type of gap is more pronounced in the hill districts of the state (Mamgain, 2004). Yet the state has comparatively much lower literacy rate than Himachal Pradesh. Similarly, Uttarakhand is relatively better-off in attaining higher enrolment in primary and elementary level of education in comparison to the national average. The state also has relatively better social indicators such as infant mortality rate (Table 1).

While looking at economic indicators such as per capita gross state domestic product (PCGSDP), Uttarakhand has relatively higher income than national average as well as states like Jammu & Kashmir and Uttar Pradesh. However, PCGSDP for the state is substantively less than Himachal Pradesh which has almost similar geographical features (Table 1). Similarly, the percentage of economically active population is much lower in Uttarakhand as compared to Himachal Pradesh. This is true for both males and females as well as for rural areas of the state. Rate of unemployment is relatively low in Uttarakhand in comparison to national average. Other states depicted in Table 1 also follow the same league.

Table 1
Development Indicators for Selected States

Indicator	Uttarakhand	Himachal Pradesh	Jammu & Kashmir	Uttar Pradesh	All-India
Per capita GSDP (2004-05) (Rs.) (At 1993-94 prices)	22425	30880	18768	13179	
% of workers (UPSS) in population (2004-05)					
Total	43.9	52.4	39.4	36.3	42.0
Female-Total	35.7	48.5	22.8	21.6	28.7
Rural	47.4	53.0	41.6	37.1	43.9
% of urban population	25.67	9.80	24.81	20.78	27.82
Literacy rate (2001)	71.6	76.48	55.5	56.3	64.8
Gross enrolment ratio (2004-05)					
Classes I-V (6-11 yrs)	117.7	108.9	83.7	107.5	108.6
Classes VI-VIII (11-14 yrs)	88.1	108.5	60.3	52.4	70.5
Infant mortality rate	42.0	49.0	50.0	73.0	58.0
% of population below poverty line (2004-05)	31.8	6.7	4.2	25.5	21.8
Unemployment rate (CDS) (2004-05)					
Rural	4.1	5.7	5.6	3.7	8.2
Urban	6.8	4.9	6.0	6.3	8.3

Source: CSO (2006).

Growth and Structure of GSDP

Since its formation Uttarakhand has witnessed an impressive increase of over 11.6 per cent per annum in its gross state domestic product (GSDP) during the period 1999-00 to 2004-05. As a result, it has achieved an accelerated pace of increase in its per capita GSDP over two periods of time. This is in contrast with the states like Himachal Pradesh, Jammu & Kashmir and Uttar Pradesh (Table 2). This growth is largely resulted by a rapid growth of GSDP in secondary and tertiary sectors of the economy of Uttarakhand.

Table 2
Growth of Per capita GSDP, 1993-94 to 2004-05
(At 1993-94 Prices)

State	Per capita GSDP (Rs.)			Growth rate		
	1993-94	1999-00	2004-05	1994-00	2000-05	1994-05
Uttarakhand	7674	12967	22425	9.14	11.58	10.24
Himachal Pradesh	8857	20410	30880	14.93	8.63	12.02
Jammu & Kashmir	7545	14180	18768	11.09	5.77	8.64
Uttar Pradesh	5745	10287	13179	10.20	5.08	7.84
All-India						

Source: CSO (2006).

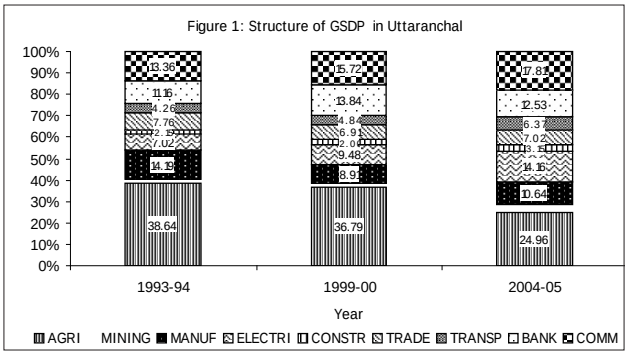
The secondary sector has registered a highest compound annual growth rate of over 14 per cent in Uttarakhand. The registered organized manufacturing has been the major driver of growth in the GSDP as it registered highest annual increase of over 17 per cent during the period. The annual growth of GSDP in services sector almost doubled to 10 per cent during the period. The growth in GSDP has been appreciable in trade and transport sectors. The process of growth could hardly touch the agriculture sector, as it remained lowest at about 2 per cent per annum during the period 1999-2000 to 2004-05. If we compare the growth of GSDP in the state during the earlier period of 1993-94 to 1999-00- prior to its formation- a definite impact of the policies of the new state is clearly visible in all sectors of the state's economy except agriculture (Table 3).

Table 3
Annual Compound Growth of GSDP (At 1993-94 Prices) by Industry in Uttarakhand

Industry	Growth rate	
	1993-94 to 99-00	1999-00 to 2004-05
Agriculture & allied activities	2.33	1.81
Mining & quarrying	3.75	29.18
Manufacturing	-4.52	13.99
Electricity, gas & water supply	8.46	19.23
Construction	2.00	20.42
Trade, hotels & restaurants	1.19	10.39
Transport, storage & communication	5.39	16.28
Banking & insurance	6.92	7.87
Community and social services	6.01	12.81
All	3.17	10.03

Source: CSO (2006).

The structure of GSDP has changed considerably in the state particularly over a period of last five years. The share of agriculture in GSDP declined by about 12 percentage points-- from 36.8 per cent in 1999-2000 to 25.0 per cent in 2004-05. The relative share of secondary sector increased by over seven percentage points with nearly 2 percentage points in manufacturing and 4.7 percentage points in the case of electricity, gas and water supply. The share of services sector has increased marginally by 2.4 percentage points, yet it remains the largest contributor to GSDP (43.7 per cent in 2004-05) (see Figure 1).



A comparative picture of the structure of GSDP amongUttarakhand, Himachal Pradesh, Jammu & Kashmir and Uttar Pradesh shows a fairly large share of manufacturing in Himachal Pradesh (Table 4). This also explains to a certain extent the high per capita GSDP in Himachal Pradesh. In fact, manufacturing provides opportunity for a wide spectrum of skills not only within the sector but also outside the sector such as induced demand for services. On the other hand, the services sector is predominated by low skills (mainly relating to trade and services) which are hardly able to generate any induced demand for goods and services.

Table 4
Structure of GSDP, 2004-05: A Comparison among Selected States

State	Primary	Secondary	Tertiary	Total
Uttarakhand	27.96	27.27	44.77	100.00
Himachal Pradesh	25.40	35.59	39.01	100.00
Jammu & Kashmir	29.59	17.82	52.59	100.00
Uttar Pradesh	34.39	21.92	43.69	100.00
All-India				

Source: CSO (2006).

In brief, the economy of Uttarakhand has steadily followed a path of higher economic growth since its formation. However, this growth process has been limited to three plain districts of the state. Since most of the manufacturing units are located in these districts, the hill districts, in fact, have almost remained untouched with this high growth. These districts continued to remain deprived in terms of credit flows (Mamgain and Mehta, 2006) where about 53 per cent of population of the state resides. Low yield agriculture is a predominant sector of employment, more so in hill districts of the state. In fact, lack of gainful employment opportunity had been one of the major reasons for the demand for a separate state of Uttarakhand. In such situation, understandably poverty is widespread in the state. This is discussed in the next section.

II. POVERTY

For the first time Planning Commission has provided the estimates of poverty for Uttarakhand based on the recent 61 Round data of the NSSO. According to these estimates, nearly 40 per cent of population in the state is living below poverty line during the year 2004-05. This is very high (about 12 percentage points) as compared to national average. The state, thus, has the dubious distinction of being the fifth largest state in India in terms of poverty. In contrast, the percentage of poor is as low as 10 per cent in Himachal Pradesh and Jammu & Kashmir (Table 5).

Table 5
Poverty in Uttarakhand and Other Selected States, 2004-05
(Based on Uniform Recall Period)

State	Rural	Urban	Combined
Uttarakhand	40.8	36.5	39.6
Himachal Pradesh	10.7	3.4	10.0
Jammu & Kashmir	4.6	7.9	5.4
Uttar Pradesh	33.4	30.6	32.8
All India	28.3	25.7	27.5

Source: Planning Commission, 2006

It merits mention here that poverty estimates based on calorie intake norm (consumption expenditure) generally remain at lower side and are inadequate in explaining various forms of poverty, particularly in the context of hill/mountain regions. Mountain conditions, terrain, and climate make it absolutely necessary that people have a higher minimum energy and calorie intake, in their food, for survival than in the plains and that they have minimum clothing, including warm clothing and permanent shelter, to protect themselves from the extremities of weather and climate. Use of common consumption norms to measure the well-being of the people in these aspects, therefore, may place many people in hills/ mountains above the poverty line even though their basic needs have not been fulfilled. Poverty ratios based on consumption, using common 'poverty line' are likely to indicate that many people who are not able to meet their basic survival needs according to local conditions are non-poor; and thus the incidence of poverty is shown to be lower in mountain areas that even in relatively better-off regions in the plains (Papola, 2002). Papola (2002) shows how a poverty line taking into account (i) higher energy/calorie intake, (ii) greater non-food needs for clothing and shelter for survival, and (iii) higher prices prevalent in mountain areas, becomes much higher (about 70 per cent) for mountain areas. In case of Uttarakhand it is also seen how poverty ratio was very low (17.1 per cent in 1999-2000) by applying the state average poverty line expenditure of Uttar Pradesh—the parent state. Now there is a steep jump in poverty ratio (39.6 per cent in 2004-05) simply because of applying consumer price index prepared by the new state of Uttarakhand. The poverty ratios based on state price index again are unable to capture the poverty in hill/mountain areas of the state. This can be seen in a marginal difference in poverty ratios between rural (mostly in hilly areas) and urban (mostly in plains). In fact, poverty ratio is likely to be much less in plain districts of the state if one applies the consumer price index for plain districts separately.

This anomaly in poverty measurement can be further argued if one compares the availability of land as a productive asset in hill and plain districts of the state. There is comparatively a very less incidence of landlessness among rural households in the hill districts as compared to plain districts (Mamgain, 2004). However, the average size of land holdings in hill districts is very low as compared to plain districts. More than one-tenth of land holdings in hill districts are less than 0.25 hectare size, which could be termed almost landless; another half of the land holdings are between 0.25 to 0.5 hectare sizes. Similarly, the productivity of land is abysmally low (less than half) in hill agriculture as compared to plain areas (Mamgain, 2004). Thus, the condition of most of those working in agriculture in hill districts is not different than those working as agricultural labour in plain districts.

In fact Uttarakhand is largely facing a problem of working poor, which does not appear to be so in the case of Himachal Pradesh and Jammu & Kashmir. This can be seen in the relatively lower rate of unemployment and higher incidence of poverty in Uttarakhand than Himachal Pradesh and Jammu & Kashmir. This type of syndrome can be noticed both in rural and urban areas of Uttarakhand.

III. GROWTH AND STRUCTURE OF EMPLOYMENT

It will be appropriate to understand the growth and structure of employment in Uttarakhand in the context of a very high rate of economic growth accompanied by high incidence of poverty in the state.

1. Growth in Employment

We have calculated the growth in employment in Uttarakhand by using both Census and NSS sources. The Census data show a decline in employment growth during 1991-2001. In fact, there has been an absolute decline in the number of main workers in the state (from 2.16 million to 1.97 million) during 1991 to 2001. Though there has been a decline in the case of both male and female workers, the decline is more pronounced in case of female workers during the period. The absolute decline in the number of main workers is observed only in rural areas of the state. As against this pattern, in urban areas female employment increased by 3.8 per cent per annum and that for males by about 1.4 per cent during the same period. However, during 1981 to 1991, there has been a positive growth of more than 2 per cent in the case of the main workers in the state (Table 6).

Taking both the main and marginal workers in the state together, their number increased from 2.49 million in 1991 to 2.71 million in 2001, recording a compound annual growth rate of 1.07 per cent. The growth was comparatively higher (1.2 per cent) in the case of male workers as compared to female workers (0.81 per cent). If we compare the earlier decade i.e. 1981-1991, there was a higher growth rate (2.25 per cent) of total workers in Uttarakhand. However, the decline in the growth rate of female workers was much steeper — from 2.8 per cent during 1981-1991 to 0.8 per cent during 1991-2001. The rural areas witnessed a steep deceleration in employment growth during 1991-2001.

Table 6

Annual Compound Growth Rate of Workers in Uttarakhand

Area/Sex	Main workers		Main plus marginal workers	
	1981-91@	1991-2001	1981-91@	1991-2001
Rural				
Person	1.80	-1.28	1.99	0.55
Male	1.38	-1.17	1.45	0.74
Female	2.46	-1.47	2.65	0.33
Total				
Person	2.10	-0.65	2.25	1.07
Male	1.84	-0.45	1.89	1.22
Female	2.61	-1.12	2.78	0.81

Note: @ Excluding Hardwar district.

Source: Computed from Census of India, 1981, 1991 and 2001.

The decade of 1990s witnessed an accelerated pace of marginalisation of the workforce both in Uttarakhand and India. The percentage of marginal workers in population almost doubled to 10 percentage points in Uttarakhand during the period 1991-2001. The degree of

marginalisation was however more pronounced for rural male workers in the state. Thus, the decade of 1990s witnessed deteriorating employment opportunities for stable employment in the state, and more so in its rural areas (Mamgain, 2004).

The growth rate in employment calculated on the basis of NSS data also corroborates a faster deceleration in employment growth in Uttarakhand during the 1990s. The fall was even more pronounced among the females. While at all-India level compound annual growth of employment was positive at about 1.25 per cent (Table 7).

Table 7
Employment Growth in Uttarakhand and All-India during 1983 to 2004-05

Period	Uttarakhand			All-India		
	Person	Male	Female	Person	Male	Female
1983-88	0.62	0.84	0.36	0.94	1.18	0.45
1988-94	2.83	1.97	3.88	2.92	3.06	2.65
1994-00	-1.44	-0.29	-2.84	1.06	1.42	0.27
2000-04	3.48	4.65	1.84	3.09	2.65	4.04
1983-04	0.51	0.65	0.34	1.25	1.43	0.87

Source: Various Rounds of NSSO.

There has been a significant uptrend in the annual growth rate of employment during the period 1999-00 to 2004-05, both in Uttarakhand and all-India 3.5 per cent and 3.09 per cent, respectively (Table 7). This growth is witnessed both in the case of males and females and also in rural and urban areas of Uttarakhand as well as all-India. However, four distinct features of growth of employment in Uttarakhand as compared to all-India during the period 1999-2004 are as follows. First, growth in male employment has been much higher in Uttarakhand (4.7 per cent) whereas that for females was higher in all-India (4.04 per cent). Second, urban areas of Uttarakhand witnessed a much higher growth of employment for both the sexes as compared to its rural areas. Third, growth in female employment in rural areas of Uttarakhand is comparatively much low (1.4 per cent) as compared to that at all-India level (3.8 per cent). Fourth, the gap in growth rates between rural and urban areas, in fact, is comparatively very high (2.5 percentage points) in Uttarakhand than all-India. These trends clearly show faster increase in employment opportunities for males in Uttarakhand since its formation in 2000. The growth in urban areas of the state has definitely resulted in the growth of employment opportunities both for males and females therein. However, such opportunities are yet to percolate to rural women in the state, particularly in its hill districts.

Sectoral Pattern in the Growth of Employment

The decade of 1990s witnessed an absolute decline in the number of workers in agricultural sector in Uttarakhand, and thus, witnessed a negative growth (-0.42 per cent per annum). Other sectors witnessed a substantive growth in employment. Both manufacturing and construction witnessed a compound growth rate of over 7 per cent per annum. Growth of

employment in trade and transport was 4 and 5 per cent, respectively during the decade 1991-2001. However, this growth was not adequate enough to absorb the huge decline in employment in agriculture, thus, restricting the overall employment growth at about 1 per cent during the period, 1991-2001 (Table 8a).

Table 8a
Sectoral Growth in Employment in Uttarakhand during 1991-2001

Sector	Compound annual growth rate		
	Rural	Urban	Total
Cultivator	-0.36	-4.94	-0.42
Agriculture labour	0.53	-3.92	0.20
Livestock, forestry, etc.	4.28	-5.80	2.06
Mining and quarrying	16.42	10.24	15.45
Manufacturing HH	9.67	8.35	9.39
Manufacturing non- HH	9.46	3.86	6.56
Construction	10.09	4.76	7.93
Trade and commerce	5.28	3.50	4.19
Transport, storage and communication	6.44	3.07	4.65
Other services	-2.29	2.30	0.01
All	0.75	2.50	1.08

Source: Census of India, 1991 and 2001.

The NSSO data also provides almost similar features of sectoral growth of employment during the 1990s, barring an exceptionally higher annual rate of decline in agriculture sector (-3.1 per cent). But unlike the earlier period, i.e., 1993-94 to 1999-2000, employment in agricultural sector grew at 3.5 per cent per annum during the later period, 1999-2000 to 2004-05. The growth of employment in trade and transport has been impressive-- about 10 per cent and 8.4 per cent, respectively during this period. Manufacturing also registered a moderate growth of 2 per cent in its employment during the period 1999-2000 to 2004-05 (Table 8b).

Table 8b
Sectoral Growth in Employment in Uttarakhand

Industry	Compound annual growth rate		% distribution of additional employment generated during 1999-00 to 2004-05
	93-94 to 99-00	99-00 to 20004-5	
Agriculture and allied activities	-3.12	3.47	64.68
Mining & quarrying	-		0.00
Manufacturing	17.01	1.98	3.06
Electricity, gas & water supply	34.26	-12.92	-2.73
Construction	11.11	-0.12	-0.27
Trade, hotels & restaurants	15.7	10.32	22.23
Transport, storage & communication	11.78	8.44	6.65
Banking & insurance	15.25	-6.29	-2.45
Community and social services	2.11	3.12	8.51
All	-1.44	3.48	100.00

Source: Various Rounds of NSSO.

In brief, the impressive growth in employment (over 3.45 per cent) in Uttarakhand during the period 1999-2000 to 2004-05 has been largely confined to agricultural sector. This can be seen in Table 8b. Agricultural sector alone generated a highest 65 per cent of the total additional employment over the period. Trade, hotels and restaurants generated another highest 22.2 per cent of the additional employment. In all, the services sector generated 38 per cent of the additional employment; and manufacturing sector generated about 3 per cent additional employment in the state during the period, 1999-2000 to 2004-05 (Table 8b). In other words, the growth process of the state is not releasing its workforce from largely subsistence agriculture to non-agricultural sector. This pattern of sectoral growth in employment may have serious implications for growing sectoral inequalities in the earnings of the workers in the state.

2. Structure of Employment

The NSS 61st Round data (2004-05) on employment and unemployment shows agriculture still a dominant sector of employment. It employed over 60 per cent of the state's workforce in 2004-05. While comparing with all-India, the share of agriculture in employment is relatively higher by 6.6 percentage points in Uttarakhand in 2004-05.Next to agriculture is the services sector, which employed about one-fourth of the workforce in the state. The remaining 12.7 per cent workforce is employed in the secondary sector. Within the services sector, public administration and trade are the main sub-sectors each employing nearly one-tenth of the total workforce. The share of manufacturing in employment in the state is abysmally low at about 5.5 per cent (Table 9).

Table 9
Structural Shifts in Employment in Uttarakhand

Industry	1993-94	1999-00	2004-05
Agriculture and allied activities	58.56	64.46	61.69
Mining & quarrying	0.25	0.00	0.00
Manufacturing	2.12	5.50	5.54
Electricity, water etc.	0.18	1.06	0.48
Construction	3.29	8.23	7.16
Trade, hotel and restaurant	2.83	6.75	10.06
Transport and Communication	1.26	2.43	3.33
Finance, insurance and business etc.	0.73	1.70	1.05
Public administration, education & community services	8.09	9.87	10.66
Total	100.00	100.00	100.00

Source: Various Rounds of NSSO.

In the case of rural areas in Uttarakhand, an overwhelmingly large majority (78.4 per cent) of workers (UPSS) are employed in agriculture and allied activities in 2004-05 and the remaining 21.6 per cent in rural non-farm activities. The share of rural non-farm employment is thus comparatively much lower in Uttarakhand than the national average, Himachal

Pradesh and Jammu & Kashmir—5.5, 8.8 and 14.5 percentage points, respectively (NSSO, 2006). Within the non-farm sector construction is a dominant activity in rural areas as it employed about 6.1 per cent of the rural workforce in the state during 2004-05. The next largest employer is 'other services' sector--mainly public services-- accounting for about 5 per cent share in rural employment. Trade also provides employment to 4.4 per cent of the rural workforce in the state.

Gender-wise, about 37 per cent of rural male workforce is employed in the rural non-farm sector. On the other hand, more than 96 per cent of rural female workers are employed in the agricultural sector during the year 2004-05. Thus, rural non-farm employment is mainly the domain of males, with limited access to female workers.

The NSS data show a marginal decline in the share of agricultural employment during the period 1999-2000 to 2004-05. If we look into a longer period, i.e. 1993-94 to 2004-05, there has been a decline of over 12 percentage points in the share of agriculture (Table 9). This pattern has been repeated in rural areas. This also shows the importance of agriculture acting as a cushion for absorbing the access supply of labour by the households. Self-employment is still a predominant mode of employment. As stated earlier, the structural shift has been mainly observed in the case of male workers in the state.

Yet another important feature of structural shift in employment is a steady increase in the share of trade, hotels and restaurants in employment in the state over the past 10 years. The share of this sector in rural employment more than doubled between 1999-00 and 2004-05 (Table 9).

The structure of employment significantly varies across hill and plain regions of the state, even if we see it for the rural areas. The percentage of workers in rural non-farm sector is comparatively much lower at 23.1 per cent in hill areas. The corresponding figure for plain regions is much higher at 38.6 per cent during the year 2001 (Table 10).

In brief, the structure of employment in Uttarakhand, particularly in its rural areas (and that too in hill regions), is predominated by low yielding employment in agriculture. This is seen in the following section, which examines the pattern of per worker GSDP across nine major industrial categories.

Table 10

Structure of Employment in Hills and Plain regions of Uttarakhand, 2001

Region		Farm			Non-farm		
		Person	Male	Female	Person	Male	Female
Hills	Total	69.33	49.29	90.91	30.67	50.71	9.09
	Rural	76.92	59.25	93.12	23.08	40.75	6.88
	Urban	3.59	1.65	16.18	96.41	98.35	83.82
Plains	Total	41.16	38.42	53.91	58.84	61.58	46.09
	Rural	61.37	59.61	67.93	38.63	40.39	32.07
	Urban	5.03	4.81	6.75	94.97	95.19	93.25

Source: Population Census of India, 2001.

3. Quality of Employment

(i) Predominance of Multiple Employment

The higher incidence of poverty, particularly in rural areas of Uttarakhand can be traced in the quality of employment. Substantive percentages (more than one-fifth) of principal workers also undertake cultivation as their secondary activity (Mamgain, 204). Since agriculture and animal husbandry are major occupations among the rural workforce, these are interchangeably reported by the bulk of the sample workforce. Nearly 30 per cent of cultivators undertake animal husbandry as their secondary occupation and 54 per cent of principal workers in animal husbandry also work as cultivators as their secondary activity. About 12 per cent of cultivators work as casual wage labourers and 5.5 per cent as self-employed in petty trade and business as their secondary activity (Mamgain, 2004).

As is obvious, the extent of multiplicity of activities is highest among wage labourers—about 81 per cent of agricultural labour and 68 per cent of non-agricultural labour pursue secondary activity. Among the agricultural labourers, 40 per cent do cultivation, 10.7 per cent practice animal husbandry and 29.3 per cent work as casual wage labour in the non-farm sector. Similarly, more than half the non-agricultural wage labourers also cultivate land and 13.3 per cent work as agricultural labourers. Among the self-employed in trade and business, about 70 per cent also take up secondary employment—more than two-thirds alone are engaged in cultivation and another 1.2 per cent also work as casual wage labourers. This also suggests that trade and business is mainly being pursued as a survival strategy. Understandably, a very high percentage of workers in regular salaried jobs (more than 84 per cent) do not take up secondary employment, the remaining are mainly engaged in cultivation (Mamgain, 2004). Livelihoods among the rural households in mountain region of Uttaranchal are highly diversified. However, this kind of diversification has been mainly in low yielding activities thus serving merely as a coping mechanism for nearly 60 per cent households (Mamgain, 2004)

(ii) Low Levels of Earnings

As emerges from earlier sections, a very large percentage (nearly 62 per cent) of the agricultural work force contributes only 28 per cent of the GSDP in Uttarakhand. Accordingly, per worker GSDP in agriculture is lowest at Rs. 11,164 (at 1993-94 prices), which is almost 2.5 times lower than the average of the state. Construction, which employs nearly another 7 per cent of the workforce, is yet another sector with marginally higher per worker GSDP (Rs. 12950) than agriculture (Rs. 12950). If we exclude electricity, gas and water supply, and banking (these sectors have a significant contribution to the GSDP of the state), per worker GSDP is highest in manufacturing (Rs. 59981). This is closely followed by transport, storage and communication sector (Rs. 58841) during the year 2004-05 (Table 11).

Table 11
Relative Difference in per Worker GSDP (%)

Industry	1993-94	1999-00	2004-05
Agriculture and allied activities	100	100	100
Manufacturing	949	293	508
Electricity, water etc.	5,566	1,719	8,030
Construction	97	43	113
Trade, hotel and restaurant	384	195	188
Transport and communication	474	353	507
Finance, insurance and business etc.	2,155	1,550	3,196
Public administration, education & community services	235	301	448

Source: 1. CSO (2006); 2. NSSO, Various Rounds.

A look into growth rate in per worker GSDP brings out some interesting features. Growth in per worker GSDP turned to negative in the agriculture sector---a major employment-providing sector-- during the period 1999-2000 to 2004-05. This has happened due to relatively rapid growth in employment in agriculture during this period. This reflects the distress situation of workers who are forced to work in agriculture sector despite declining real income levels therein. On the other hand, per worker GSDP increased steadily in the services sector except trade. It increased at a fastest rate in construction and manufacturing sector during the period 1999-2000 to 2004-05 after an initial negative growth during the earlier period, i.e. 1993-94 to 1999-2000 (Table 12).

Table 12
Industry-wise Growth Rate of GSDP per Worker in Uttarakhand

Industry	Compound annual growth rate	
	1993-94 to 99-00	1999-00 to 2004-05
Agriculture &Allied	5.62	-1.61
Mining & Quarrying		
Manufacturing	-18.40	11.78
Electricity, Gas & Water Supply	-19.22	36.92
Construction	-8.20	20.56
Trade, Hotels & Restaurants	-12.54	0.06
Transport, Storage &Communication	-5.72	7.23
Banking & Insurance	-7.22	15.12
Community and Social Services	3.82	9.40
All	4.67	6.33

Source: Various Rounds of NSSO.

The situation in the hill areas of the state is more serious where productivity in agriculture is very low (even less than half in case of major crops such wheat and rice) as compared to plain areas (Mamgain, 2004). Furthermore, the hill's agriculture which largely depends on climatic conditions is subject to large fluctuations and uncertainties in production. A

recent study by Mamgain et al. (2005) also shows that nearly half of the labour input in agricultural sector (employing nearly 70 per cent of the rural workforce) in hill districts of Uttarakhand could not fetch up even a minimum wage level (Rs. 60) during the year 2004 (Table 13). This only indicates a very high incidence of underemployment among those engaged in these two sectors.

Table 13
Percentage Distribution of Total Persondays by Range of per Personday Average Earnings in Hill districts of Uttarakhand

Range of per personday earnings (Rs.	Self- employed in agricutlure	Self -employed in animal husbandary	Casual wage labour	Self-employed in non farm activites
Upto 30	14.85	23.25	0.16	10.36
30-60	33.16	30.14	10.06	14.77
60-90	22.14	25.82	54.75	17.84
90-150	19.80	15.60	34.74	26.70
150+	10.05	5.18	0.29	30.33
All	100.00	100.00	100.00	100.00

Source: Mamgain et al. (2005).

In sum, it appears that the benefits of a fairly higher growth in income in Uttarakhand has yet to reach to hill districts of the state, which are predominantly agrarian with extremely low levels of productivity. This precarious situation needs to be reversed through appropriate policies and programmes with a special focus on the development needs of such regions.

4. Impact of Government Employment Programmes

A number of government programmes have been evolved over the years to alleviate poverty and unemployment both in rural and urban areas. One set of programmes is aimed at improving the income levels of poor households by providing them productive assets. Another set of programmes provides wage employment to poor households. These two sets of employment generation and poverty alleviation programmes are also in operation in Uttarakhand. A study by Mamgain et al. (2005) has assessed the impact of these programmes in all the hilly districts of Uttarakhand in terms of employment and income generation. In case of self-employment programmes, the study finds a large gap that exists between the demand for self-employment programmes and availability of funds-- only 38.1 per cent of the SHGs could qualify for the first grading. Among those qualifying first grading, a very low proportion (21.2 per cent) could be eligible for the second grading where they are declared eligible for bank loans.

In fact, there is a complete lack of knowledge among villagers about income potential activities except dairy work. Many of the SHGs are functioning as thrift and credit societies. No instrumental help comes either from block officials or NGOs in identifying income potential activities and the markets available for their products. In fact, most of the village

development officers do not have any knowledge about the potential of activities in their area. They have not been adequately trained to promote income potential activities.

Given the higher incidence of underemployment and low income levels among the population in the mountain districts of Uttarakhand, the demand for wage employment programmes is fairly high. A study by Mamgain (2004) shows a fairly higher participation of rural households (39 per cent) in government wage employment programmes in the hill districts of Uttarakhand. But the average days of employment in a year do not exceed 16 days. Another study (Mamgain et al., 2005) also shows a dismal picture of wage employment programmes. On an average, a household participating in SGRY could get 14 days employment in a year. This is a minuscule in the existing situation of underemployment and unemployment in the hill districts of Uttarakhand. There is, therefore, a need for a meaningful employment strategy to ameliorate the problem of underemployment and poverty among rural households in the hill districts. The National Employment Guarantee Scheme, in fact, needs to be operated in all the districts inflicted with the high incidence of poverty in an earnest manner.

IV. SUMMING UP

The pattern of growth in employment has been disappointing in Uttarakhand as it appears to be largely distress-driven, particularly in the hill districts of the state. Agriculture still remains a last resort by absorbing the major share of additions in the workforce. Though the structure of employment has been shifting in favour of non-agricultural sector over the years, this has been mainly in the case of male workforce. There has been hardly any shift in the structure of female employment in the state, particularly in its rural areas. They continue to remain the back bone of agriculture in the state, particularly in the hill region.

The double-digit growth in GSDP in the state since its inception could hardly reach to agriculture and more so to rural areas in the hill districts. In fact per worker real GSDP in agriculture sector—a major employer of the workforce--declined in absolute terms during the period 1999-2000 to 2004-05. Similar pattern is also observed in the case of 'trade, hotel and restaurants' sector. Other sectors witnessed a faster growth in GSDP per worker. In brief, the income inequalities between agriculture and non-agricultural sector have further widened over the years. This only shows a distress situation prevailing in the rural areas of the state. This is also reflected in higher incidence of poverty in the state.

The state government has initiated a number of policy measures since its formation to promote the overall development of Uttarakhand including generation of productive employment opportunities. Since the state is nearly seven years old and various policies initiated have yet to be implemented on a full scale, it is too early to comment on the impact of such policies on employment generation. However, first hand field experience in rural areas and discussions with various line departments of the state government indicate that there is a big gap between the productive employment needs of rural households and the efforts that are being made by the government towards this end. The bias in credit flow for priority sectors is yet another example where the banking sector prefers to finance only

developed districts and is hesitant to take risks in the hilly districts. In this process, the gap in development is bound to increase. The New Industrial Policy of the state, therefore, should ensure balanced industrial growth by attracting more capital to backward districts, particularly in the hill areas.

There are several constraints towards generating remunerative employment opportunities within and outside the farm sector. These need to be addressed by policy planners. The biggest challenge is to improve the productivity of agriculture in hill region of the state through its diversification from the existing subsistence cereal based production to market oriented enterprise. The efforts made so far in this direction need to be geared up on a larger scale along with developing strong market linkages. Yet another major challenge is to educate and train people of the state, particularly females in the hill districts of Uttarakhand to switch over to the commercial mode of farming. Since Uttarakhand is endowed with relatively a higher human capital stock, it will be easier to train them in market oriented skills on a larger scale. This will improve their employability both within and outside the state. More importantly, there is a need to develop entrepreneurship among the youth in Uttarakhand, which they generally lack. The basic tendency is to search for wage employment, even at abysmally low wages. This needs to be corrected through developing area-based entrepreneurship development training programmes.

In sum, the process of higher growth in Uttarakhand must percolate to its hill areas which have yet to witness a remarkable improvement in employment and income opportunities for their population. The development dreams of people of Uttarakhand as they visualized at the time of demand for new state, particularly those residing in hill districts must be addressed on a priority basis in the 11th Plan of the state.

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