Research Paper Commerce

The Predicament of a Money Order Economy

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KEYWORDS

As per The Kerala Economic Review 2014, the state has recorded a growth rate of 6.49 per cent in the last fiscal, which is above the national average (4.04) and the second highest among South Indian States. It said that the state's growth rate has been above that of Karnataka (5.79 per cent) and Andhra Pradesh (5.97 per cent). The southern state which has the highest growth rate is Tamil Nadu (7.48 per cent).

According to the review, the service sector continues to dominate the Kerala economy which is heavily dependent on overseas remittance. Segments such as transport, communication, trade, hotels, banking and insurance, and real estate have performed well. In a highly-literate Kerala, which is on a fast track towards urbanization, unemployment and mental illness is much above the national average. The state has undergone the highest level of urbanization in its history during 2001-2011 with a percent increase of 83.82 over the previous decade. Kerala was positioned in the 19th rank in the level of urbanisation among Indian states as per the 2001 Census. But as per the data of census 2011, Kerala has been ranked 9th.

Generally, increase in the rate of urban population is the result of over concentration of population in the existing cities especially in metropolitan cities. But in Kerala, the main reason for the growth of urban population is the increase in the number of urban areas and also urbanization of the peripheral areas of the existing major urban centres.

The report said the effectiveness of investment in infrastructure development is considerably reduced since the scarce resources are spread too thinly throughout Kerala.

Although the state has been registering a high growth rate for quite some time now, it records the highest unemployment rate. Only small states of Nagaland and Tripura have a higher unemployment rate than Kerala. Unemployment in Kerala is found to be over three times the all India average. In Kerala, unemployment rate is much higher among females as compared to males despite remarkable women empowerment and poverty alleviation initiatives.

In mental illness and mental retardation, Kerala suffers much above the all India average. As per the census of 2011, 0.20 per cent of the Kerala population is suffering from mental illness and 0.20 per cent of population suffers from mental retardation compared to a national average of 0.06 per cent and o.12 per cent, respectively. This article attempts to explore the factors responsible for this predicament and the steps taken to improve the situation.

Issues related to the Employment Situation in the State

The economy of Kerala has changed from one dominated by agriculture to one dominated by the Service Sector over the years. Now the contribution of Service sector to the GSDP comes to 70.9 per cent (2013-14). The changing structure of the economy itself necessitates appropriate strategies in the labour market. There are several issues in the Employment sector in Kerala, which needs to be addressed immediately. The important ones are summed up below:

Mismatch between Demand and Supply of Labour

There exists a severe mismatch between the talents and skills required for various sectors and skill-sets possessed by the population. This results in majority of the people being educated but unemployed. For instance, there is labour shortage for manual work as well as for trained and skilled personnel in emerging areas of employment. The shortage of demand in manual work is largely met by the in-migrants from other States. In the case of technical fields there exists acute shortage of skilled personnel. A mechanism will have to be put in place to assess the skill gap through various processes at periodic intervals and to impart gap filling training so as to minimize the mismatch and enable the job seekers to attain gainful employment.

Changing Profile of Job Seekers

Kerala's traditional mind-set is such that most of the students aspire to become Doctors or Engineers; particularly in urban areas. Vocational education is looked down as an educational medium that is the last resort or the least preferred option of the student if s/he had not gained entry to the Engineering and Medical stream. As a result of this, migrant labour is being imported into the State to perform various activities.

Low Employability

Historically Kerala is seen as a State for exporter of trained and skilled labour force to the rest of the world. Though Kerala has a very rich human resource pool, the overall employability of students graduating from majority of general academic courses, especially in Arts and Science branches is considered very low. The situation in technically qualified persons is not much different. A recent study by the Centre for Development Studies (CDS) had found that the employability skills of many B.Tech graduates are very low. These students are not adequately prepared to take up jobs in the organized sector in the fast changing economy. If strategies for meeting the growing need of various sectors of economy for skilled manpower is not conceived and implemented, the State will lose its advantage, as a human resource hub.

Poor Entrepreneurship Culture

Entrepreneurs are the driving force behind any economy. However, in Kerala entrepreneurship culture is considered as relatively poor. Some of the reasons for lack of entrepreneurship in Kerala are due to: aversion for taking risks and preference for secure employment, lack of confidence to innovate, poor self-esteem of entrepreneurs, lack of business culture built on mutual trust etc. Corrective measures are to be taken to address the poor entrepreneurial culture in the State and develop an atmosphere conducive for entrepreneurial ventures to flourish.

Low Labour Force Participation Rate of Females

As already stated, the Labour Force Participation Rate and Work Participation Rate of females are much lower as compared to many other States State in India. There are many rea-

sons cited for the low participation of females like failure of girls to receive professional and skill based education and the approach of society, which tend to see women as just housewives.

Problems in the Traditional Sectors
The traditional industries in Kerala like coir, handlooms, cashew etc are plagued by many problems, which adversely affected the workers employed in the sector. Further, there are many skills in these sectors that need to be preserved. This is an area where, a strategy for up-skilling and multi-skilling is to be adopted. There is also a need to equip traditional craftsmen with modern technologies and access to global market.

Changes in Agricultural Economy
Statistics show that around 26 per cent of workers are employed in the Agriculture sector & allied sectors in 2011-12. The changes in the agricultural economy like aversion to manual labour by the newly educated youth, keeping of land fallow by even small land holders due to high wages, conversion of agricultural land with an eye on real estate gain, low income etc have affected job creation in the sector.

External factors The agrarian and service sector of the State are very much dependant on outside factors; the former to international prices and the latter to remittances from abroad. The prices in international market often severely affected the agrarian economy especially in plantations sector. Similarly any crisis in the Gulf region affects the outflow of people. Thus external factors can influence to the employment of the State to a large extent more than any other State in the country.

Government Initiatives to Combat Unemployment
Unemployment Assistance
The Government of Kerala has introduced an Unemployment Assistance scheme since 1982. Under the scheme, unemployed youths remaining in the live registers for over three years (physically challenged need only two years) after attaining the age of 18 and having passed SSLC (but the SC/ST & physically Challenged candidate need to have only appeared for SSLC examination) and having annual family income below 12,000 and personal income below 100 per month are eligible for an unemployment assistance of `120 per month up to the age of 35 years of age. During the year 2013 an amount of ` 37.78 crore was disbursed to 2, 62,479 beneficiaries.

As per the Kerala Panchayat Raj Act (1994) and Kerala Municipality Act (1994), the scheme of unemployment assistance has been transferred to Grama panchayats and Urban Local Governments since 1998. The eligible candidates can submit their application for unemployment allowance in the prescribed form at any time to the local government concerned. The welfare standing committee at the Local Governments will scrutinize the application based on the eligibility criteria and take a decision.

Existing schemes for Employment Generation
Many schemes including Centrally Sponsored Schemes are implemented in the State with a bearing on employment generation and skill development. The major CSSs implemented in the State with substantial outlay are Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), National Rural Livelihood Mission (NRLM), National Urban Livelihood Mission (NULM) and The Prime Minister's Employment Generation Programme (PMEGP). A brief description of these schemes are given below.

Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS)
MGNREGS aims at enhancing the livelihood security of the rural poor by providing at least 100 days of guaranteed wage employment in every financial year to every household whose adult member volunteer to do unskilled manual labour. Kerala is unique in the country for the extent of women's participation in the MGNREGS. The proportion of women person days in 2013-14 is 93 per cent, which is the highest rate of participation of women in the Scheme in the country. During 2013-14, the person days employment generated was 866.03 lakh and an amount of ` 1208.62 crore spent for wage alone. The percentage of SC and ST persons to the total person days was 16.8 per cent and 2.90 per cent respectively. Average days of employment provided per household were 56.83. The corresponding figure for SC and ST are 64.88 and 60.89 respectively.

National Rural Livelihood Mission (Aajeevika) and National Urban Livelihood Mission
The schemes NRLM and NULM are drawn up with the aim of promoting poverty reduction through building strong institutions of the poor, particularly women, and enabling these institutions to access a range of financial services and livelihoods services in rural and urban areas respectively. Kudumbashree is the implementing agency of these programmes in Kerala. The Schemes are implemented in Kerala under the leadership of Local Governments.

Prime Minister's Employment Generation Programme (PMEGP)
The PMEGP is a credit linked subsidy programme of the Government of India implemented under the Ministry of Micro, Medium and Small Enterprises aimed at generating employment opportunities through setting up of new self-employment ventures/projects/micro enterprises. The State Directorate of the Khadi & Village Industries Commission (KVIC), State Khadi and Village Industries Board (KVIB), District Industries Centres, (DICs) and Bankers are the agencies involved for implementation in the State.

The Bank will sanction 90 per cent of the project cost in case of general category of beneficiary/institution and 95 per cent in case of special category of the beneficiary/institution. Bank Finance of capital expenditure will be in the form of Term Loan and Working Capital in the form of cash credit. The amount of Bank Credit will be ranging between 60-75 per cent of the total project cost after deducting 15-35 per cent of margin money (subsidy) and beneficiary contribution of 10 per cent from general category and 5 per cent from special categories. During the year 2013-14 an amount of 2720.50 lakh was disbursed as margin Money for 1629 projects by various banks in Kerala.

State Schemes and the Role of other Agencies
Various Departments of the State Government, Local Governments, and agencies like Kudumbshree are implementing schemes aimed at employment generation and skill development. The role of Kudumbashree in poverty reduction, particularly among rural poor, is commendable. List of schemes implemented by various State Government Departments with substantial outlay are presented in Appendix 9.17. Most of the State schemes are found to be continuous in nature and not fulfilling the overall demand of the modern society. Further these schemes are scattered in various sectors with different Departments/ organisations acting as implementing agencies. Multiplicity of schemes with different implementing agencies may create problems such as unawareness of schemes by the potential beneficiaries. To address these issues a number of initiatives have been taken by the Government recently, some of which are described in later parts.

Recent Initiatives for Employment Generation and Skill Development
Twelfth Plan document of Government of India lays greater stress on skill building, as unemployment among educated people is identified as one of the major issue to be addressed during the plan period. India is one of the few countries which have educated unemployed in large numbers. Major reason, as the document says, is the dearth of vocational and technical education leading to skill mismatch in the job market. Similarly, the issue of promoting employment opportunities for minorities, SC/ST and disabled people assumes greater importance.

Kerala's Twelfth Plan Approach on Employment generation and Skill Development

- The Twelfth Plan focuses on policy interventions which would aid in building sustainable enterprises, leading to job creation and improving the livelihood of the masses. The objective would be to produce maximum number of trained people who will be able to fulfil the global demand for skilled labour.
- It is proposed to initiate a registration portal for skilled labour with the help of Akshaya and IT Departments so that the people can effectively utilise the services of various types of skilled labourers.
- A mission mode approach would be followed for addressing the unemployment problem for educated unemployed through skill development and other means. This will be implemented with joint participation of public and private sectors and Panchayats.
- Training Programmes will be conducted with the help of National Skill Development Corporation and Entrepreneurial Development Institute of India to make youth capable of becoming entrepreneurs.
- A master plan for skill development will be prepared with particular emphasis on using the advantage of Kerala has of broad band connectivity to every village.

Source: Approach Paper, Twelfth Five Year Plan, State Planning Board, March 2012.

Features of labour market in Kerala can be listed as high unemployment rate especially among female, labour shortage, lower economic participation of females, low employability and acute shortage of skilled professionals. Recently, Government of Kerala has taken a series of initiatives in accordance with the objectives set in the Twelfth Plan approach paper; important among them are outlined below:

Comprehensive Mission on Employment Generation

The Government has decided recently, based on the recommendations of the State Planning Board, to launch a Comprehensive Mission on Employment Generation (MEGA) as a single overarching mechanism to provide holistic direction and oversight to self employment programmes implemented by various governmental agencies and Banks in the State. This Mission will extend end to end vital support services including Skill Development, Business Planning, Financial linkages, Market linkages, Technology and Infrastructure support, Mentoring and hand-holding, and Regulatory Compliances to potential entrepreneurs. It is also envisaged to set up business incubators in all districts and technology incubators in all sectors.

Additional Skill Acquisition Programme

This innovative programme was launched, during the year 2012-13, aimed at enhancing the employability of students passing out of Higher Secondary Schools (+2) as well as Arts and Science Colleges in the state. The idea is that the students will be given skill training, in addition to their regular academic programme/ curriculum, in the crucial sectors as being demanded by the Industry. These skill training will be conducted before and after school/college timings as well as during holidays/vacations. Thus when they complete their regular academic programmes they will also get additional skill certifications. This will ensure them job opportunities immediately on completion of each stage of their academic programme, say on completing +2 or on completion of undergraduate programmes like B.A, B.Sc etc. Now the state government is all set to secure a loan of $100 million from the Asian Development Bank (ADB) to widen the coverage of the scheme.

Kerala State Entrepreneur Self Development Mission

Kerala State Entrepreneur Self Development Mission (KSSEDM) is an ambitious scheme of the Government of Kerala aims at inculcating entrepreneurial confidence among youth of the State by providing interest free loan up to ` 20 lakh for setting up micro enterprises. The Mission aims to launch 2000 ventures every year and provide employment to 20,000 persons annually, thus generating employment potential of one lakh youths in five years.

The enterprises set up under the Mission are eligible for financial assistance depending on the requirement and on the number of members in the group, at the rate of ` 10 lakh per technocrat entrepreneur and ` 4 lakh per non-technocrat promoter. The minimum promoters' contribution is 10 per cent and the financial assistance is to be repaid in five year, with the initial moratorium of one year. Government will bear the entire interest burden. Kerala Financial Corporation is the nodal agency of the Programme.

Consortium of Retired Experts for Development (CRED)

9.68 About 20,000 employees retire from government service alone every year at the age of 56 years. Further Kerala is the State which has the highest life expectancy. This means that the expertise of retired persons from government/public sector as well as from private sector is wasted and their services are not utilised after their retirement. For the effective use of expertise of retired officials, the Government has decided to set up a Company viz; 'Consortium of Retired Experts for Development' (CRED).

This Project has been drawn up based on an idea put forth by Shri.Sam Pitroda, the development mentor of Kerala. The proposed company is expected to provide a platform to mobilize and supply the expertise of the retired employees (anyone who is above the age of 56 years) for building capacity and delivering value added services to all development sectors and will provide the retired employees productive employment. The Company would function in a public private participation mode by mobilising its capitals from Government (26 per cent) and retired employees (74 per cent) and have eight-member Director Board with Planning Minister as Chairman and Planning Secretary as Vice-Chairman.

Recommendations of the Expert Committee

An expert Committee was constituted by the State Planning Board to make specific suggestions on how best the State could take advantage of central schemes in the sector of Employment and Skill Development during the 12th Plan period. The Committee, in addition to its mandated task, has analysed the issues in the sector holistically and made 14 recommendations to enhance the employment and skills in Kerala. Further the Committee has identified the areas of acute shortage of skills the Kerala now faces.

Employability Centres

Department of Employment has embarked on an ambitious programme for converting the Employment Exchanges into Employability Centres. Deviating from the convention of providing opportunities to job-seekers, the Employability Centres will first identify the skill gap of the registrants and then provide skill gap training so as to equip them to be placed directly in to the workforce.

Once a candidate is registered at the Centre s/he will be asked to appear for a three hour assessment test to assess their IQ level, skill set, reasoning ability, language & communication skills and over all personality, within two days. Thereafter, the candidate will be referred to jobs available suiting to their profile if the candidate possesses the required skill level; otherwise he will be referred for basic/ high end training programme. For high end course, the candidate will be referred to VTPs (Vocational Training Providers), ITIs or other institutions based on the skill required.

In pilot phase the project was launched in the district employment exchanges at Kollam, Ernakulam and Kozhikode. Subsequently the Employability Canters have been set up at the district employment exchanges at Palakkad and Kannur. During the current year the Project is being implemented in Kottayam and Alappuzha. The figures furnished by the Employment Directorate reveal that in the case of Employability Centres at Kollam, Ernakulam and Kozhikode only 6 per cent of the total

Registrants could be placed during 2013-14. However, the initiative for establishing Employability Centers has to be viewed as a welcome step.

Job Portal for Skilled Professionals and skilled workers

The Department of Training has set up a Job Portal named 'SkillJobs' for facilitating employment opportunities to skilled professionals and skilled workers. Over 20,000 skilled technicians are passing out every year from various Government and Private ITIs from across State. This Job Portal will enable them to register their resumes and update when they gain experience and new skill sets, free of cost, so as to be visible for the prospective employers all over the world. They will get job alerts and emails when a prospective employer shows interest. The employers from all over the world is allowed to search and access the database after registering in the Portal with a nominal fee. The Employers can then download those Resumes that match with their preferences on trade, skill-sets, experience, salary expectations, locations etc. They can either contact the jobseekers directly or request the Department of Training to facilitate recruitment process.

Initiatives under Kerala Academy for Skills Excellence (KASE)

A number of initiatives are planned to be taken up under the auspices of KASE, a State Govt. owned company formed with the objective of facilitating mass human resource development through specialized skill development courses across the state. Some of the initiatives proposed to be undertaken in the near future are setting up of a construction academy at Chavara (Kollam) and setting up of a Security Skill Academy.

Conclusion

The labour market in Kerala is characterised by a number of paradoxes. Addressing the issue of mismatch between demand and supply of labour at all levels of skills and across all sectors and enhancing employability should be given top priority by the Government in the future. An entrepreneurial culture, along with effective training and multi-skilling needs to be taken up, so as to increase the employability of the labour force. This will help the labour force to find suitable jobs either in the country or abroad, where the demands are high for skilled personnel. For increasing economic participation of women, flexible job opportunities should be created. Kerala could be a knowledge hub for the country where educated labour is provided high quality work opportunities, which challenge them to not only, earn well but to explore their full potential.

REFERENCES

• Twelfth Five Year Plan, State Planning Board, March 2012 | • Kerala State Planning Board | • The Indian Express |