



## An Analysis of Employment in Indian Village Industries with Special Reference to Punjab

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### ABSTRACT

Present paper examined the trend in growth of employment in Indian village industries with special reference to Punjab during last decade. On the basis of secondary data it was examined growth of employment of village industry in Punjab was not remained favorable for rural poor's. Study brought out that the growth rate of persons employed in the industries remained very low. On the basis of our study it can be said that the Government and other financial institutions should provide help to village industries in the form of subsidy on input cost, exemption from tax, etc. It will help to increase their profitability and would further boost up increasing the employment of workers in such units as these are the labour intensive industries.

### KEYWORDS

Village Industries, Employment, Annual Growth Rate (AGR), Compound Annual Growth Rate (CAGR),

India is a country of villages and rural artisans. A large portion of India's population lives in the villages where illiteracy still prevails and large industry is not in a position to absorb the work force from rural areas. Therefore, the role of village industries in Indian economy cannot be undermined. To generate more employment and to eliminate the poverty in rural areas, the village industries have been gained an important position in the country.

Punjab is the most important state of Indian union in the context of production and employment in khadi and village industries. A large number of families are engaged in village industries in the state such as khadi, village oil, leather products, gur khandari, carpentry & black smithy, lime manufacturing, pottery, etc. Realizing the importance of village industries to generate employment, it has decided to conduct a study especially on growth of workers employed in village industries in Punjab. The main object of the study is to examine the trend in growth of employment in Indian village industries with special reference to Punjab during the last decade. The whole study based mainly on the secondary data which collected various published resources. Time period was taken from 2001-02 to 2012-13 for evaluation of study. To know the trend in growth of employment, the Annual Growth Rate (AGR) and Compound Annual Growth Rate (CAGR) has calculated. The review of some relevant studies regarding 'employment of workers' in village industries given as following:

Soundarapandian (2002) has pointed out that the Indian textile industry contributes about a 5th of our rural industrial production, nearly one-third of total exports and provides employment to millions of people. He further found that due to liberalization, the industry has undergone several changes, like technology developments and trends in fashion, etc.; Reddy (2008) has examined that promotion of small scale industries is essential in developing economy like India to chive equitable distribution of income and wealth, economic self dependence, etc.; Anjum (2011) has traced that the growth rates of khadi and village industries in terms of production, employment and productivity. The entire sector recorded the highest growth rate over the years. Further he examined that the development of this sector has acquired even more relevance today on account of growing population pressure in rural areas, rapid expansion of the labour force especially among the marginal farmers and landless agriculture labors, etc.; Goyal, Pratibha, Sukhmani (2014) have examined that that compound annual growth rates of production, sale and employment have come down in the post liberalization period in case of all village industries. They also pointed out that poor availability of credit, lack of marketing facilities and competition from medium and large scale industries etc are the major

problems of this sector; Balasubramanyam (2015) has pointed out that khadi and village industries programme holds great potential for generating gainful employment opportunities for the rural poor, arresting migration of rural unskilled workers and for promoting the strategy of sustainable development.

### Findings:

Table 1 shows the growth rate of persons employed in village industry of Punjab during 2001-02 to 2012-13. Table brings out that annual growth rate of employment in 'Processing of Cereals & Pulses' industry was not remained constant, it was 1.37 per cent in 2001-02, after stagnation it was increased drastically at 34.20 per cent in 2003-04 which was the highest one as compare to the other financial years. In other period this rate came to be in fluctuations, which is cleared from the table. The compound annual growth rate was calculated 11.58 per cent during the give period. From this analysis it can be concluded that the compound annual growth rate came to be high, but annual growth rate found in very fluctuations trend, it may due to lack of grant and loan distribution policy which is distributed by Punjab Khadi and Village Industries Board.

As 'Village Ghani Oil Industry' is concerned, the annual growth rate was remained in stagnation during 2001-02 to 2003-04, then increased drastically at 115.15 and 128.17 per cent in 2004-05 and 2005-06, respectively. This rate remained at 5.55 per cent in 2006-07 then again changed with recorded high at 238.49 per cent in 2007-08 which was the highest one than that of other years of this study. It was remained very low during the remaining period except 2008-09, which is cleared from the table. The compound annual growth (CAGR) came to be recorded high at 31.35 per cent than that of other type of village industries in Punjab. From this analysis it can concluded that CAGR remained higher but AGR found in fluctuations trend, it may due to lack of agricultural price policy.

The annual growth rate (AGR) of employment in 'NEO Soap Industry' was 0.95 per cent in 2001-02 after a stagnant; it increased to 9.40 per cent. Again a decline, this rate came to be the recorded high i.e. 32.20 per cent in 2007-08. After this record, it was declined continuously to 2.03 per cent in 2010-11, and then found in up and down trend. The compound annual growth came to be only 5.71 per cent during the entire study.

As the 'Village Pottery Industry' is concerned, the annual growth rate (AGR) of workers employed remained very low in this industry in all the financial years except 2007-08, which is cleared from the table. The compound annual growth rate in this industry came to be only 0.69 per cent during the en-

tire period. Almost the low trend of annual growth rate was found in 'Gur Khandsari Industry', which is cleared from the data given in Table. The highest AGR was only 1.37 per cent in 2003-04 than compared to the other years, but lowest came to the negative (-8.86 per cent) in 2012-13. The compound annual growth rate (CAGR) also remained negative i.e. -0.41 per cent in this industry.

In case trend in growth of employment in 'Lime Manufacturing Industry' is concerned, the annual growth rate (AGR) in this industry came to be drastically high percentage i.e. 14.87, 26.17, 26.50, 52.90 and 31.51 during 2004-05, 2005-06, 2006-07, 2007-08 and 2008-09, respectively. Compara-

tively very low rate was calculated during the other financial years with a stagnant up to 2002-03. The compound annual growth rate (CAGR) was pointed out by 14.27 per cent during overall period. Both the AGR and CAGR were examined very low in 'Fiber Industry' which is cleared from the given table. These rates of employment also found very low in case of 'Leather Industry'. The lowest AGR came to negative (-12.60 per cent) in 2004-05 in this industry, but highest came to be the 6.00 per cent in 2007-08. CAGR was traced very low i.e. 0.07 per cent only. From this data analysis it was concluded that 'Fiber Industry' and 'Leather Industry' totally declined in Punjab. Due to the liberalization and stiff market competition, these industries totally failed to generate employment for rural artisans in the state.

**Table 1: Growth Rate of Persons Employed of Village Industries in Punjab (Per cent)**

Industry	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	CAGR*
Processing of Cereals & Pulses	1.37	0.00	34.20	5.34	71.79	5.48	28.28	17.45	1.42	1.16	1.92	1.57	(11.58)
Village Ghani Oil Industry	0.00	0.00	0.00	115.15	128.17	5.55	238.49	30.48	0.90	1.78	0.00	0.00	(31.35)
NEO Soap Industry	0.95	0.00	9.40	2.23	4.03	5.33	32.20	10.44	3.68	2.03	4.48	4.13	(5.71)
Village Pottery Industry	0.00	-1.04	1.38	0.19	1.01	0.44	5.17	1.82	0.09	0.00	0.00	0.00	(0.69)
Gur Khandsari Industry	0.00	0.00	1.37	0.19	0.28	0.56	0.74	0.60	0.05	0.12	0.06	-8.86	(-0.41)
Lime Manufacturing Industry	0.00	0.00	0.24	14.87	26.17	26.50	52.90	31.51	1.36	3.64	6.17	11.17	(14.27)
Fiber Industry	0.00	0.00	1.63	0.50	0.02	0.06	0.36	0.12	0.02	0.00	0.02	0.04	(0.14)
Leather Industry	0.03	0.00	0.22	-12.60	0.00	0.04	6.00	0.60	0.00	0.00	0.00	0.07	(0.07)
Carpentry and Black Smithy	-0.21	0.08	2.65	1.36	2.98	2.52	12.96	4.80	1.09	1.57	2.18	-0.04	(0.26)
Total	-0.02	-0.28	5.75	-0.96	6.93	1.90	9.10	6.71	0.58	0.73	1.12	0.15	(2.39)

**Source:** Directorate of Industries, Punjab, Quoted in Statistical Abstract of Punjab (various issues, 2001-02 to 2013-14)

CAGR\* depicts Compound Annual Growth Rate in Percentage

**Note:** Figures in parentheses depict Compound Annual Growth Rate (CAGR) in percentage. Figures without parentheses depict Annual Growth Rate (AGR) in percentage

The annual growth rate (AGR) of employment in 'Carpentry and Black Smithy' industry was -0.21 per cent in 2001-02, after this negative growth it came to fluctuations trend during the research. This rate was highest (12.96) per cent in 2007-08 than that of other years. The compound annual growth rate (CAGR) was found very low (0.26 Per cent) during the entire period.

The growth rate of employment in total of all the village industries is concerned, from the data it can be concluded that the growth of employment came to be the very low. The annual growth rate of employment in the total of this industries was remained negative up to 2002-03, after a positive increase it came to be again negative i.e. -0.96 per cent in 2004-05. This rate remained in fluctuations in other financial year which is cleared from the table. The highest (9.10 per cent) rate was traced in 2007-08; it may due to low impact of Multi National Corporations (MNCs) on village industries due to world recession. The compound annual growth rate (CAGR) of employment in village industry came to be the very low (2.39 per cent) in Punjab.

#### Concluding remarks:

The growth of employment of village industry in Punjab was

not remained favorable for rural artisans. Study brought out that the growth rate of persons employed in the industries remained very low. Due to the impact of the liberalization, the compound annual growth rates of employment have come significantly down in all village industries in Punjab except 'Processing of Cereals & Pulses', 'Lime Manufacturing' and 'Village Ghani Oil' Industries. There were found many fluctuations in annual growth rate of employment in all the village industries, it may due to unfavorable agricultural price policy or policy which related to grants and loan distribution to various village industries by Khadi and Village Industries Board and other policies that concerned to village industries under liberal economy.

On the basis of our study it can be said that the Government and other financial institutions should provide help to village industries in the form of subsidy on input cost, exemption from tax, etc. It will help in increasing their profitability and would further boost up increasing the employment of workers in such units as these are the labour intensive industries.

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