

# Economic Well Being

### I. Introduction

1. In the early development literature economic development was defined in terms of growth of total or per capita income. Limitations of this approach soon became evident and the concept of development was gradually broadened to include other aspects of well being. Today, the concept of human development has dethroned per capita income as a measure of development from the high pedestal it enjoyed earlier. Human development does not ignore the importance of economic growth, but looks at it not as the end but only as a means for human development. As the *Human Development Report 1996* observes policy makers should not be 'mesmerized by the quantity of economic growth.' They need to be more concerned with the structure and quality of growth.

2. However, it has to be recognized that economic growth is an essential pre-requisite for human development as higher income levels are required to meet the basic physical and social needs of the people, increase their access to educational and health facilities and generate higher revenues to the government for investment in economic and social infrastructure. Thus, economic growth enlarges the freedom of choice both for the individual and the society. But how these choices are exercised and their outcome on human development would depend on the decisions of individual households and the government.

3. The outcomes of economic growth in terms of human development depend on a number of factors like the pace, pattern and structure of growth. A process of spatially widespread, employment intensive and socially equitable economic growth is more conducive for human development. Unless governments take timely corrective measures, economic growth can become lop-sided and flawed. Deliberate intervention is required to see that the benefits of growth are equitably shared and growth does not lead to increased misery and joblessness for different sections of the people. Economic growth is, thus, a necessary but not a sufficient pre-condition for human development. The focus of the policy makers, therefore, must be on strengthening the links between economic growth and human development.

4. Thus, both *priory* reasoning and empirical analysis establish that economic growth and human development are interlinked processes (see Singh *et. al.* 2006). But there happen to be situations where there is lack of convergence between economic growth and

human development. For a good number of countries the human development index does not match the income rankings. Many countries with relatively higher level of income show lower levels of human development. On the other hand, some countries rank high in human development index despite low per capita income, e.g. Sri Lanka. Similar situations are observed at the state level in India. Punjab and Kerala provide the classic case. Kerala has a much higher level of human development as compared to Punjab, although its per capita income is much lower than Punjab.

5. In a more conducive social environment, where parents and society place higher valuation on education, one can have a better human development status. Uttaranchal, the former hill region of UP is an example. The region scored much better in human development indicators than the other regions of UP. On the other hand, in societies and regions where strong gender bias exists due to economic and socio-cultural values as in Punjab, Haryana, West UP, human development indicators for women are likely to be depressed irrespective of the higher income levels.

6. UP presents a dismal scenario with regard to economic growth as well as human development. In fact, a vicious circle is operating in the state where low income levels and slow economic growth keep the attainment in human development levels low, while poor human development status acts as a constraint on rapid economic progress and restricts participation of the large masses in the development process.

7. It is in this context, the present chapter gives an overview of the structure and growth of income and employment levels in Uttar Pradesh and focuses on the levels of poverty and unemployment. In view of the large size of the state and prevalent disparities in economic conditions at regional and district level the analysis is carried out at the disaggregated levels depending on data availability. The chapter is divided into six sections including the introduction. Section II deals with income levels and economic growth at the state, regional and district levels. Section III discusses the growth and structure of employment and shifts in work force structure. Section IV analyses the poverty trends in the state and the associated factors, while Section V deals with unemployment situation. Government programmes for poverty reduction and employment generation are also reviewed briefly in these sections. The concluding section makes suggestions for meeting the challenge of rapid growth with employment generation in the state.

## II. Income Levels and Growth

8. *The trends in the total and per capita Gross State Domestic Product (GSDP), are the most comprehensive measure of the level of economic activities in the state. It measures the value of the total final output of goods and services produced in the various sectors of the economy like agriculture, industry, trade, transport, services, etc. Net State Domestic Product (NSDP) refers to the total value of final output minus the depreciation of capital in the process of production.*

9. Economic activities are usually classified into three broad sectors, namely, primary sector, secondary sector and tertiary sector. *Primary Sector* includes activities like agriculture, animal husbandry, forestry, fishing and mining. *Secondary Sector* includes manufacturing, construction and electricity, gas and water supply. *Tertiary Sector* includes services like transport, warehousing and communications, trade, hotels, banking, insurance, ownership of property, public administration and other social and domestic services.

10. Growth rate in SDP in U.P., which had remained extremely sluggish during the first four Five Year Plan periods, started picking up since the Fifth Plan period and caught up with the national growth rate in the Sixth and the Seventh plan period, when U.P recorded growth rate of over 5 per cent per annum. However, since the beginning of the nineties growth rate in U.P. dropped significantly. It affected all the sectors of the state economy. GSDP in U.P. increased at the rate of around 4 per cent per annum during the period from 1993-94 to 2004-05. Trend growth during the period was only 2.0% per annum in case of primary

sector, and around 4.4% in case of the secondary sector and 4.7% in case of the tertiary sector. Slow growth of the economy was coupled with large fluctuations in growth rate in all the sectors of the economy, largely emanating from the fluctuations in the agricultural output (see Figure 5.1).

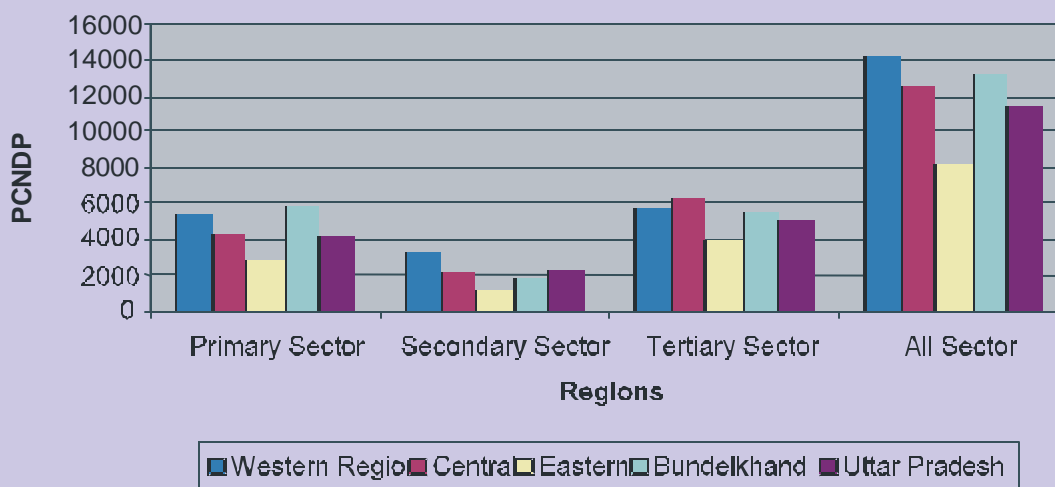
11. Among the major factors responsible for deceleration of growth rates in U.P. are the declining public investments due to the creeping fiscal crisis and the inability to attract investment from outside due to the poor state of infrastructure particularly power shortage.

12. *However, some upward trend in the growth rate of GSDP in U.P. is discernible during Tenth plan period as both public and private investment has picked up. Thus, the growth rate of U.P. economy works out to 5.3 per cent during Tenth Plan as compared to a growth rate of 7.3 per cent as all India level during the same period.*

13. The growth rate of the U.P. economy has remained markedly below that of the country as a whole throughout the planning period, resulting into ever widening divergence between the national and the state per capita income. Thus, per capita income of U.P., which was almost equal to the national average at the beginning of the planning period, is now almost half of that. *However, the rate of growth in per capita income of the state works out to 3.3 per cent during Tenth plan period as compared to corresponding growth rate of 6.0 per cent at all India level.*

14. The relatively slow growth of the state economy is a matter of serious concern for the state and national level planners. Growth rates have to be substantially improved in the lagging states like U.P. to deal with the problem of poverty and poor living conditions. This would

**Figure 5.1 : Region wise Net Per Capita Domestic Product, 2004-05 (at Current prices)**



require a big push to investment levels in the state, which will not be possible without larger transfers from the centre and higher investment from the private sector.

15. The sectoral composition of state income has undergone significant changes during the planning period. Thus, the primary sector's share in GSDP has come down from nearly 60 per cent in 1950-51 to around 42 per cent in 1993-94. It presently stands at around 35.8 per cent against the national figure of 22.0 per cent. The slower growth of the primary sector as compared to the non-primary sector has led to increasing disparity in the per capita income in the two sectors.

### Regional Differentials in Per Capita Income

16. The low per capita income in the state conceals sharp differentials at the regional and the state level. Western region of the state is relatively more prosperous as compared with the other regions, while Eastern region is the poorest, Central region and Bundelkhand falling in the middle category (Figure 5.1). Per capita NDDP of Western region is about 70 per cent higher than that of Eastern region. The difference is only around 10 per cent in case of the other regions.

17. The income differentials are even sharper at the district level. Per capita Net District Domestic Product

(NDDP) in 2004-05 ranged from a low of Rs.5,687 in Shrawasti district to Rs.34,709 in Gautam Budh Nagar district, i.e. a difference of nearly 7 times (Appendix Table 5.1). Only one district of the state, namely, Gautam Budh Nagar had per capita income higher than the national average.

18. Table 5.1 arranges districts in order of per capita NDDP. Out of the 14 districts in the top quartile 8 districts belong to Western region, 2 to Central region, 2 to Eastern region and 2 to Bundelkhand. On the other hand, all the 14 districts in the bottom quartile in terms of per capita income fall in Eastern region.

19. The disparities in case of manufacturing sector are much higher as compared to the primary and the tertiary sector as revealed by the coefficient of variation in per capita NDDP (Figure 5.2). Over time disparities have slightly narrowed in case of the manufacturing sector and have slightly widened in case of the primary sector, but have remained more or less constant in case of tertiary sector as well as total NDDP per capita.

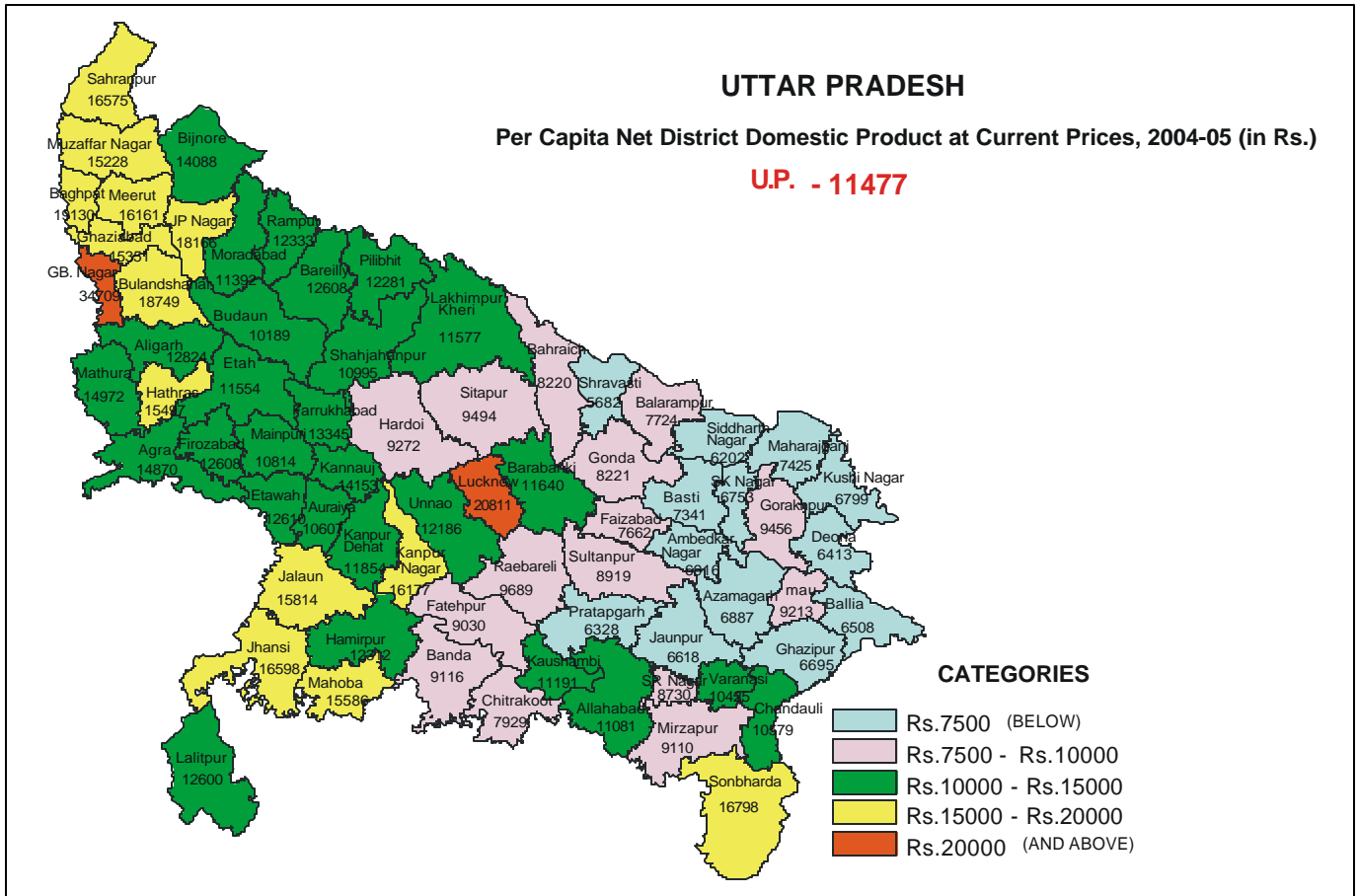
### Growth Rates of NDDP

20. Growth rates of income at regional and district levels have been calculated for two periods, i.e. 1980-81 to 1996-97 and 1993-94 to 2004-05. In the first period the pattern of regional development was more balanced

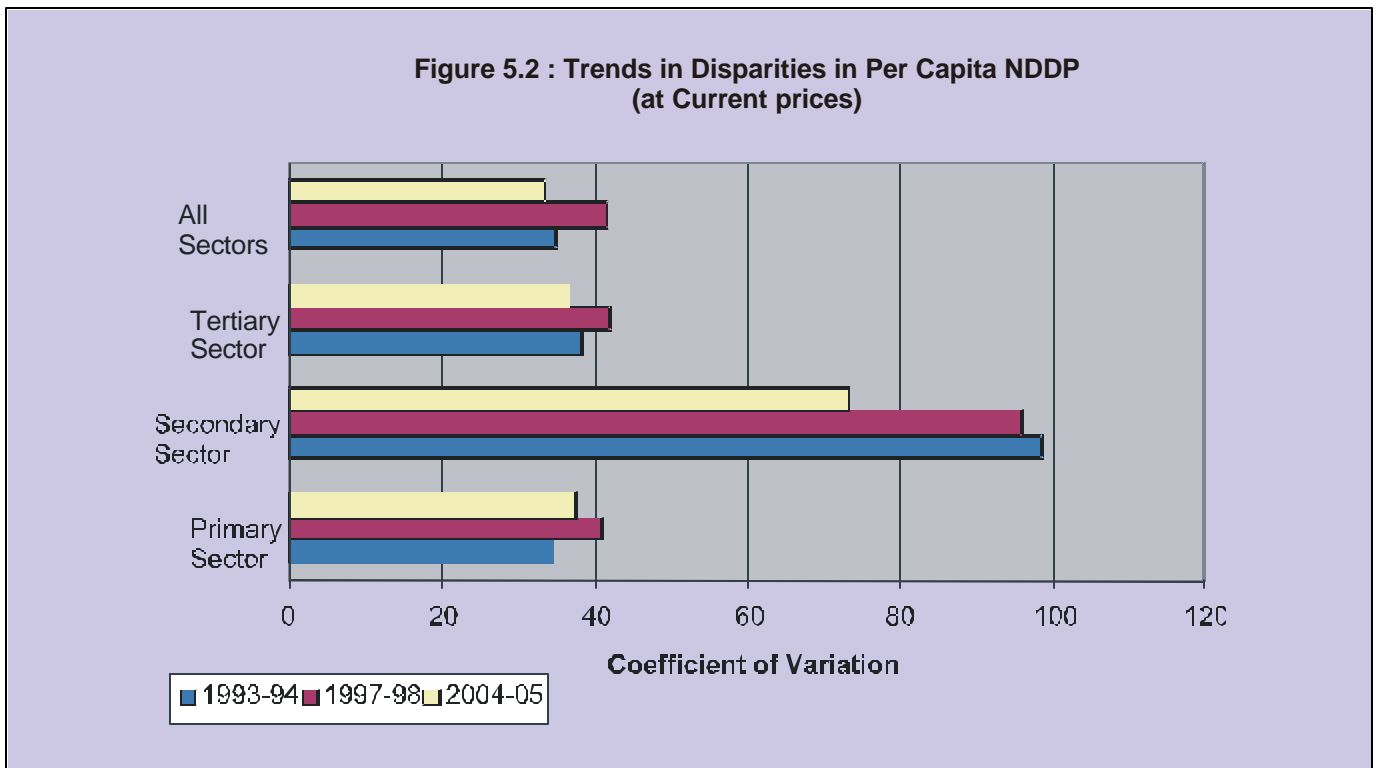
**Table 5.1: Districts arranged in Descending order of Per Capita NDDP, 2004-05**

First Quartile		Second Quartile		Third Quartile		Fourth Quartile		Fifth Quartile	
RANK	Districts	RANK	Districts	RANK	Districts	RANK	Districts	RANK	Districts
1	Gautambuddha nagar	15	Muzaffarnagar	29	Unnao	43	Rae Bareli	57	Faizabad
2	Lucknow	16	Mathura	30	Kanpur Dehat	44	Sitapur	58	Maharaj Ganj
3	Bagpat	17	Agra	31	Barabanki	45	Gorakhpur	59	Basti
4	Buland Shahr	18	Kannauj	32	Kheri	46	Hardoi	60	Ambedkar Nagar
5	Jyotiba phule nagar	19	Bijnor	33	Etah	47	Mau	61	Azamgarh
6	Sonbhadra	20	Farrukhabad	34	Moradabad	48	Banda	62	Kushi Nagar
7	Jhansi	21	Aligarh	35	Kaushambi	49	Mirzapur	63	Sant kabir nagar
8	Saharanpur	22	Etawah	36	Allahabad	50	Fatehpur	64	Ghazipur
9	Kanpur Nagar	23	Firozabad	37	Shahjahanpur	51	Sultanpur	65	Jaunpur
10	Meerut	24	Bareilly	38	Mainpuri	52	St.Ravi Das Nagar	66	Ballia
11	Jalaun	25	Lalitpur	39	Auraiyya	53	Gonda	67	Deoria
12	Mahoba	26	Rampur	40	Chandauli	54	Bahraich	68	Pratap Garh
13	Hathras	27	Hamirpur	41	Varanasi	55	Chitrakoot	69	Siddharth Nagar
14	Ghaziabad	28	Pilibhit	42	Badaun	56	Balrampur	70	Shrawasti

Map 5.1



Source: Economics and Statistics Division, State Planning Institute, U.P.



with all the four regions growing at a growth rate of around 4 per cent per annum (Table 5.2). Economic growth during this period was led by agricultural sector growth and spread of green revolution technology to different regions of the state. In the second period growth has become regionally more concentrated. Eastern and Western regions show a slower growth in this period, while Central U.P. and Bundelkhand improved their performance. The differences in per capita income growth are also much sharper in the latter period. Bundelkhand and Central U.P. showing better performance than the other two regions.

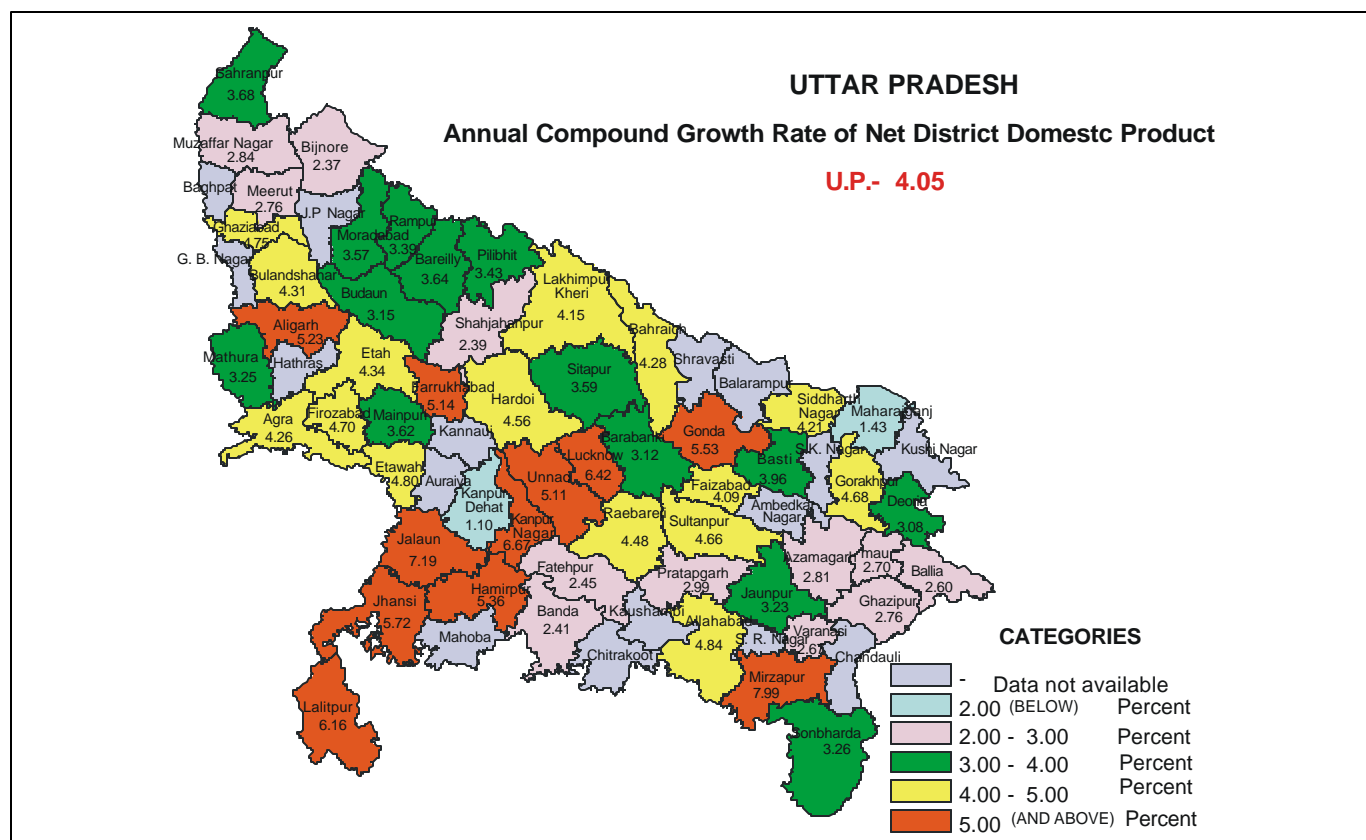
21. At the district level, however, differences in growth rate of income are quite marked ranging from a negative growth of 0.6 per cent per annum in Varanasi to a growth rate of 7.6 per cent in Mirzapur (Appendix 5.2). Mirzapur, Lucknow, Jalaun, Firozabad, Farrukhabad and Kanpur Nagar are the fastest growing districts of the state registering an annual growth of over 6 per cent per annum. On the other hand, very low growth rate of less than 2 per cent per annum were registered in the districts of Fatehpur, Sonbhadra, Sultanpur, Kanpur Dehat and Gonda, while Varanasi registered a negative growth. Within all regions and sectors considerable differences in growth rates are noticeable at the district level.

**Table 5.2: Annual Compound Growth Rate of Total Per Capita Net Regional Domestic Product since 1980-81 (Per cent)**

Region	Total Net Regional Domestic Product		Per Capita Net Regional Domestic Product	
	1980-81 to 1996-97	1993-94 to 2004-05	1980-81 to 1996-97	1993-94 to 2004-05
Western Region	4.2	3.8	1.8	1.5
Central Region	4.3	4.6	2.1	2.3
Eastern Region	4.2	3.9	2.0	1.6
Bundel Khand Region	4.0	5.2	1.8	3.2
Uttar Pradesh	4.2	4.0	1.8	1.8

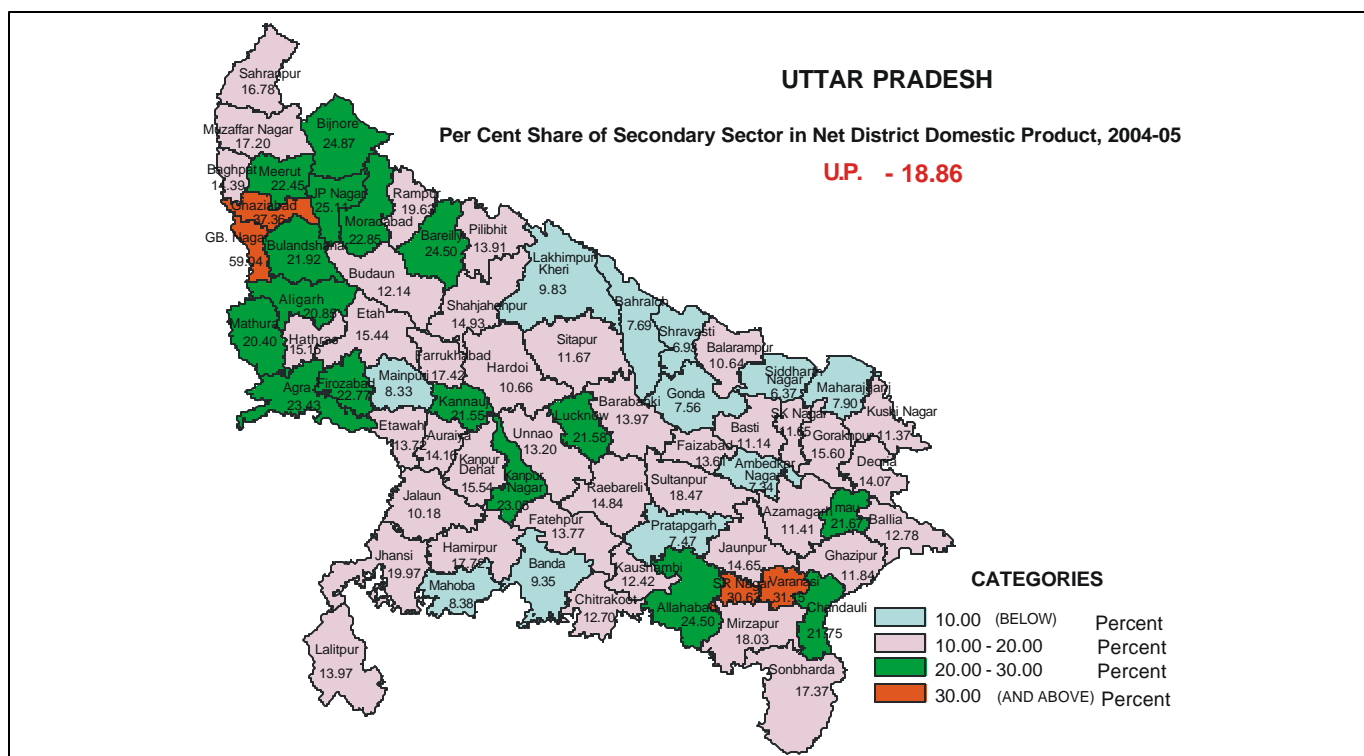
Source: Economics and Statistics Division, State Planning Institute, U.P.

**Map 5.2**



Source: Economics and Statistics Division, State Planning Institute, U.P.

Map 5.3

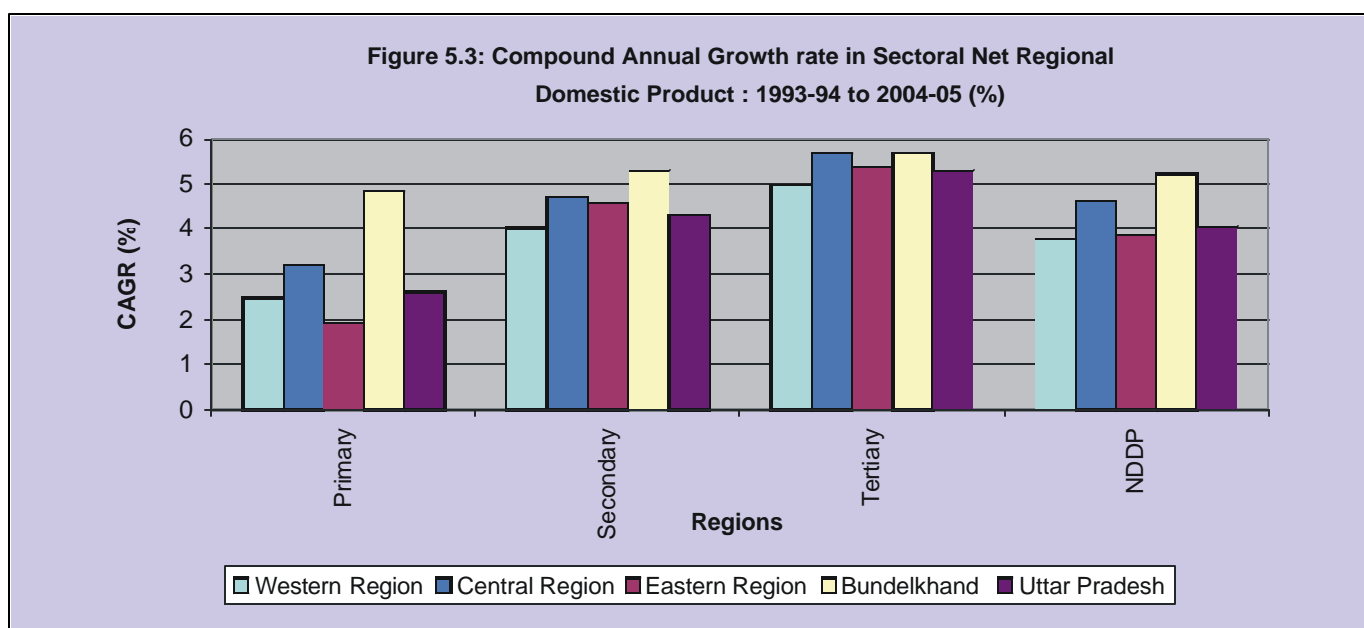


Source: Economics and Statistics Division, State Planning Institute, U.P.

### Sectoral Growth Rates

22. To understand the dynamics of growth we have to look at the sectoral growth rates. Bundelkhand shows a balanced pattern of economic growth with all the sectors registering relatively higher growth rates during the period from 1993-94 to 2004-05. Bundelkhand comes out as the best performing region in terms of primary sector growth, which have been contributed by growth of irrigation and diversification of agriculture in favour

of horticulture crops in the region. On the other hand, Eastern region registered very low growth rates of the primary sector. Agriculture in this region is constrained by the predominance of very small and marginal holdings, recurring floods in some parts and inadequate support in terms of credit facilities and poor rural infrastructure. Inter-regional differences in growth rates are quite sharp in case of the primary and secondary sector, but the tertiary sector shows a regionally more even pattern of growth (Figure 5.3).



23. Table 5.3 shows the top ten and the bottom ten districts in terms of compound growth rate between 1993-94 and 2003-04 in total and sectoral NDDP. Both categories include districts from all the four regions. However, majority of the poor performing districts in case of all the three sub-sectors belong to Eastern and Central region. The inter-sectoral growth rates show an unbalanced pattern for most of the districts, with different sectors showing divergent rates of growth.

24. Due to differential growth rate in total and per capita NDDP, the relative ranks of some districts have undergone a change over the period (Appendix Table 5.3). Highest jump in ranks in terms of per capita income between 1993-94 and 2004-05 has taken place in the case of Farrukhabad, Jalaun, Etawah, Firozabad, Kanpur Dehat and Unnao (all gaining ten or more positions in rank). On the other hand, sharpest decline in rank has occurred in the case of Varanasi, Gonda, Sultanpur, Shahjahanpur and Fatehpur (all of which have lost 10 or more ranks).

## Sectoral Shifts

25. The sectoral composition of Net Regional Domestic Product shows some variation across the regions. The share of the primary sector is highest in Bundelkhand and lowest in Central region (Table 5.4). The share of the secondary sector is highest in Western region and lowest in Bundelkhand. The share of tertiary sector is relatively higher in the Central and the Eastern regions as compared to the other three regions. Between 1993-94 and 2004-05, the sectoral composition has undergone marked changes. The share of primary sector has declined clearly in all the regions. The shift is mainly in favour of the tertiary sector. The secondary sector has also recorded positive shift in Western region and Bundelkhand but a negative shift in the other two regions.

26. At the district level, however, extremely sharp variations in the structure of district income are observable (Appendix Table 5.4). The share of primary sector ranges from as low as 11 per cent in Gautam Budh

Table 5.3: Districts with Highest and Lowest Compound Annual Growth Rate in NDDP During 1993-94 and 2004-05 (Percent)							
Primary Sector		Secondary Sector		Tertiary Sector		All Sectors	
District	CAGR	District	CAGR	District	CAGR	District	CAGR
<b>TOP TEN DISTRICTS</b>							
Kanpur Nagar	11.47	Firozabad	15.37	Mirzapur	9.77	Mirzapur	7.64
Lucknow	7.54	Farrukhabad	14.05	Lucknow	6.93	Lucknow	7.02
Jalaun	7.13	Badaun	10.22	Jalaun	6.41	Jalaun	6.85
Unnao	5.48	Etawah	10.13	Farrukhabad	6.29	Firozabad	6.78
Hamirpur	5.47	Mirzapur	9.56	Etawah	6.25	Farrukhabad	6.40
Jhansi	5.25	Moradabad	9.40	Gorakhpur	6.17	Kanpur Nagar	6.16
Aligarh	5.18	Pilibhit	8.73	Kanpur Nagar	5.96	Agra	5.35
Ghaziabad	5.06	Maharajganj	8.72	Allahabad	5.94	Hamirpur	5.33
Mainpuri	4.93	Lalitpur	8.66	Siddharth Nagar	5.80	Etawah	5.23
Firozabad	4.27	Basti	8.43	Agra	5.73	Allahabad	5.21
<b>BOTTOM TEN DISTRICTS</b>							
Pilibhit	1.05	Rae Bareli	2.11	Rampur	3.52	Azamgarh	2.79
Jaunpur	1.02	Banda	1.66	Sonbhadra	3.52	ShahjahanPur	2.77
Deoria	0.98	Fatehpur	1.57	Barabanki	3.50	Pilibhit	2.71
Bijnor	0.91	SiddharthNagar	1.50	Pilibhit	3.45	Maharajganj	2.21
Fatehpur	0.85	Meerut	1.41	Maharajganj	3.38	Fatehpur	1.89
Maharajganj	0.72	Sitapur	0.87	Sultanpur	3.30	Sonbhadra	1.65
Ghazipur	0.01	Sonbhadra	-1.79	Fatehpur	3.06	Sultanpur	1.59
Varanasi	-0.41	Sultanpur	-2.26	Gonda	2.29	Kanpur Dehat	0.93
Ballia	-1.06	Varanasi	-4.07	Kanpur Dehat	2.12	Gonda	0.33
Kanpur Dehat	-1.75	Gonda	-9.23	Varanasi	1.95	Varanasi	-0.57

**Table 5.4: Sectoral Composition of Net Regional Domestic Product (percent)**

Region	Primary Sector		Secondary Sector		Tertiary Sector		NDDP	
	1993-94	2004-05	1993-94	2004-05	1993-94	2004-05	1993-94	2004-05
Western Region	41.10	36.85	19.94	22.56	38.96	40.59	100.00	100.00
Central Region	36.16	33.25	17.28	16.32	46.56	50.43	100.00	100.00
Eastern Region	40.04	35.75	19.32	15.69	40.64	48.56	100.00	100.00
Bundelkhand	46.76	44.45	12.50	13.99	40.74	41.55	100.00	100.00
Uttar Pradesh	40.18	36.25	18.86	18.86	40.96	44.89	100.00	100.00

Source: Economics and Statistics Division, State Planning Institute, U.P

Nagar to around 57 per cent in Mahoba district. In ten districts the share of primary sector is around 50 per cent or more. Most of them belong to Bundelkhand and Central regions. In six districts this share is below 20 per cent. These are more urbanized districts.

27. Around 57 per cent of total income in Gautam Budh Nagar district emanates from secondary sector. But in as many as ten districts, this share is below ten per cent. These districts belong to Bundelkhand and Eastern

region with the sole exception of Mainpuri which falls in Western region.

28. Tertiary sector is now emerging as the most important sector in majority of districts the share ranging from a low of 31 per cent in Gautam Budh Nagar to 65 per cent in Kanpur Nagar. In 15 districts services are contributing more than half of district income.

29. Table 5.5 lists the districts with relatively high and low share of different sectors in district income.

**Table 5.5: Districts with the Highest and Lowest Share of Different Sectors in District Income 2004-05**

PRIMARY SECTOR			SECONDARY SECTOR			TERTIARY SECTOR		
Rank	Districts	Share (%)	Rank	Districts	Share (%)	Rank	Districts	Share (%)
<b>Top Ten Districts</b>								
1	Mahoba	55.69	1	Gautambuddha nagar	59.04	1	Kanpur Nagar	67.02
2	Kheri	54.16	2	Ghaziabad	37.36	2	Lucknow	60.83
3	Sonbhadra	51.18	3	Varanasi	31.15	3	Gorakhpur	58.94
4	Jalaun	51.08	4	Sant Ravi Das Nagar	30.63	4	Allahabad	56.04
5	MaharajGanj	50.94	5	Jyotibaphule nagar	25.11	5	Kaushambi	54.82
6	Siddharth Nagar	50.27	6	Bijnor	24.87	6	PratapGarh	54.30
7	Mainpuri	49.72	7	Bareilly	24.50	7	Ballia	53.64
8	Bahraich	49.35	8	Allahabad	24.50	8	Varanasi	53.20
9	Hardoi	49.11	9	Agra	23.43	9	Mirzapur	52.42
10	Banda	49.07	10	Kanpur Nagar	23.05	10	Faizabad	52.32
<b>Bottom Ten Districts</b>								
61	Chandauli	28.20	61	Banda	9.35	61	Lalitpur	38.55
62	Agra	27.69	62	Mahoba	8.38	62	Kannauj	38.14
63	Gorakhpur	25.46	63	Mainpuri	8.33	63	Muzaffarnagar	37.89
64	Ghaziabad	23.17	64	Maharaj Ganj	7.90	64	Bijnor	37.82
65	Allahabad	19.46	65	Bahraich	7.69	65	Buland Shahar	37.51
66	Sant Ravi Das Nagar	18.67	66	Gonda	7.56	66	JyotibaPhule Nagar	36.07
67	Lucknow	17.59	67	Pratap Garh	7.47	67	Kheri	36.01
68	Varanasi	15.65	68	Ambedkar Nagar	7.34	68	Mahoba	35.93
69	Gautambudh Nagar	12.01	69	Shrawasti	6.93	69	Sonbhadra	31.45
70	Kanpur Nagar	9.93	70	Siddharth Nagar	6.37	70	Gautambuddha Nagar	28.95



### Box 5.1: Highlights of Income Growth

#### Major Achievements

- *Between 1993-94 and 2004-05 U.P. registered a moderate growth of 4.0 per cent per annum in total SDP and 1.4 per cent per annum in per capita SDP.*
- *There has been acceleration in growth rates during the Tenth Plan.*
- *Growth process has been geographically widespread particularly in case of the agricultural sector.*
- *Inter district disparities have remained stable over the period.*
- *The composition of state income has undergone significant changes with a clear shift in favour of the secondary and tertiary sectors and a sharp decline in the share of the primary sector. This is true for all the regions.*

#### Areas of Concern

- Growth rates in U.P. have been much slower than in other parts of the country leading to a growing gap between the state and the national per capita income.
- Wide variations in growth rate of NDDP are observed at the district level. Eastern districts have shown a relatively slower growth.
- Sharp differentials in per capita incomes exist at the regional and district levels, with Western districts enjoying a much higher level of per capita income than districts in other regions. East U.P. is the poorest region in terms of per capita income.

There is a high degree of concentration of industrial activities in a few selected districts mostly in Western region.

### III. Trends and the Pattern of Employment

30. The concept of 'work' and 'employment' poses problems in terms of measurement particularly in case of females. The population census uses the concept of main and marginal workers, while the National Sample Survey Organization uses the concept of primary and subsidiary workers in terms of usual, weekly and daily status. Population Census, conducted every ten years, collects information on economic activity of the people. Work is defined as participation in any economically productive activity. Such participation may be physical or mental in nature. Work involves not only actual work but also effective supervision and direction of work. It also includes unpaid work on farm or in family enterprise. The reference period is one year preceding the date of enumeration.

31. Census classifies workers into two categories:

- (i) **Main workers**, i.e. those who had worked in some economic activity for the major part of the year, that is, for a period of six months (183 days) or more; and,
- (ii) **Marginal Workers**, i.e., those who had worked for some time during the last year, but not for the major part, that is, less than 183 days.

32. The National Sample Survey Organization conducts quinquennial surveys on employment and unemployment. NSSO has defined work or gainful activity as the activity pursued for pay, profit or family gain or in other words the activity, which adds value to the national product. Like Census it includes work in any market activity and any non-market activity relating to the agricultural sector.

33. The NSSO has adopted three different approaches to measure employment and unemployment:

- (i) **Usual Status**, which has a reference period of 365 days preceding the date of survey;
- (ii) **Current Weekly Status**, which has a reference period of seven days preceding the date of survey;
- (iii) **Current Daily Status**, with each day of the seven days preceding the date of survey, which measures work in person days.

34. NSS concept of employment based on usual status approach is broadly comparable with the Census. The NSS workers are further classified as *principal status workers* and *subsidiary status workers* on the basis whether their involvement in economic activity was for a longer part of the year or not. While male work participation rate as estimated by NSSO are roughly comparable with that of Census, the former reports much higher work participation rates for females.

#### Work Participation Rates

35. Work participation rates (WPR), i.e. the ratio of workers to total population, shows the proportion of population engaged in gainful economic activity. Taking main and marginal workers together, 32.5 percent of population was economically active in U.P. as per 2001 Census. WPR was very low for females at 16.5 percent as compared to 46.8 percent for males. WPR was lower in urban area, where only 26.3 percent of persons were economically active as compared to the figure of 33.9 percent in rural areas. Only 19.0 percent of rural women and 6.8 percent of urban women in U.P. were found to be economically active. Thus, employment opportunities seem to be much lower for women in U.P., which constraints the role of the women in development.

36. District-wise work participation rates have been shown in Appendix Table 5.5. Male CWPR does not show large variation across districts. But very sharp variations in female CWPRs are observed at the district

levels ranging from a low of 6.3 per cent in Saharanpur to 36 per cent in Chitrakoot district. In general female work participation rates are higher in the poorer regions of Bundelkhand and Eastern U.P. as compared to the other two regions.

37. It is well known that population census does not truly reflect the economically active population particularly in case of females. NSS surveys are more representative of the reality in this respect and show higher WPR particularly for females. According to NSS 61<sup>st</sup> Round 36.3 percent of the persons in U.P. were employed according to UPSS (Usual + Subsidiary) status. WPR for males and females were 50.2 percent and 21.6 percent respectively. The corresponding rates of WPR at the national level were 54.7 per cent for males, 28.7 for females and 42.0 percent for all persons. Thus, the WPRs in the state are clearly lower than that in the country particularly for females. WPR was somewhat higher in rural areas of U.P. at 37.1 percent as compared to the urban areas, where only 33.1 per cent of persons were economically active. Work participation rates for women are particularly low in U.P.- 24.0 percent in rural areas and only 11.7 percent in urban areas. The latest

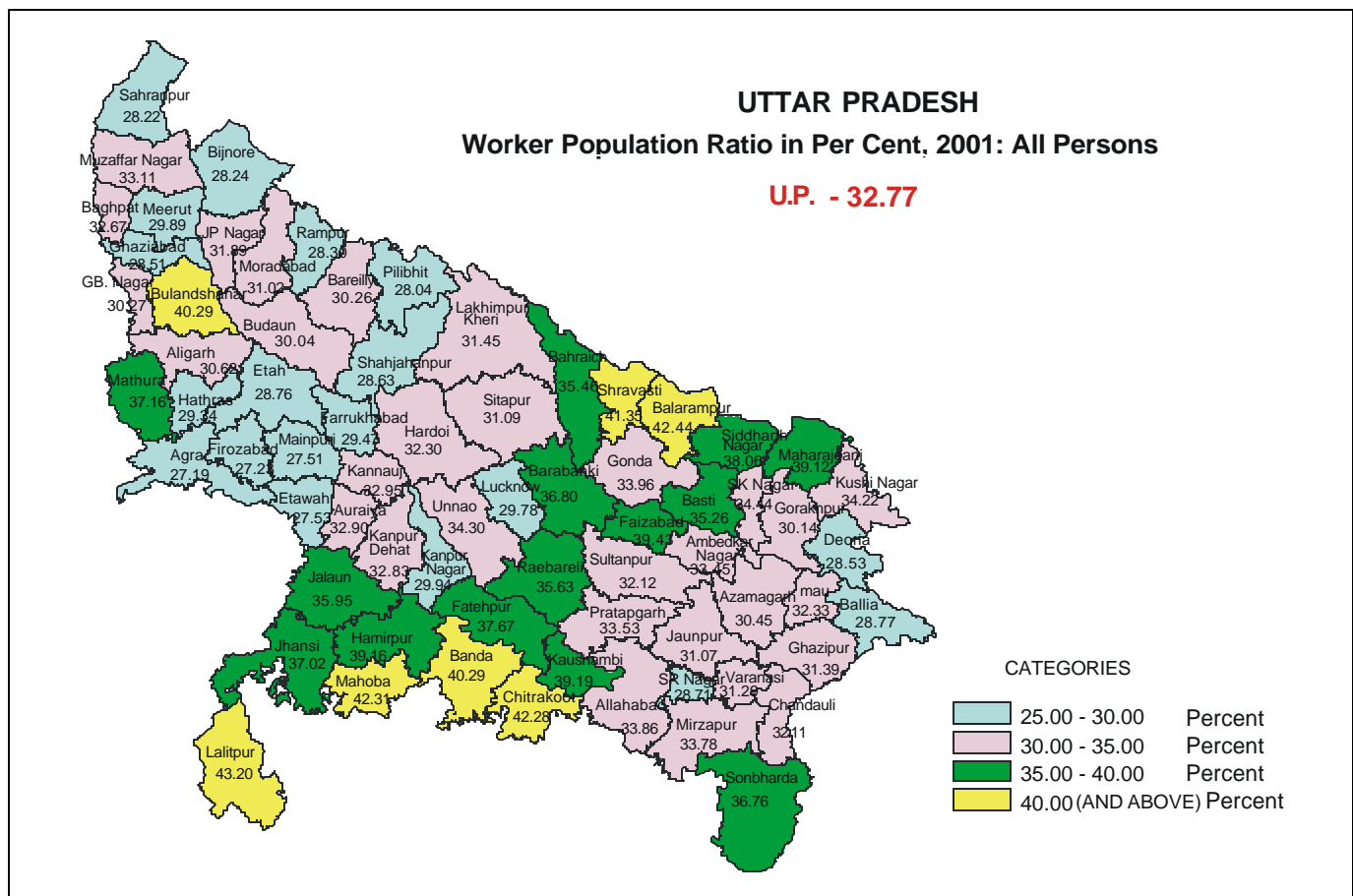
NSS round shows an improvement in WPR between 1999-00 and 2004-05 for both males and females in rural as well as urban areas (Table 5.6).

### Sectoral Pattern and Shifts

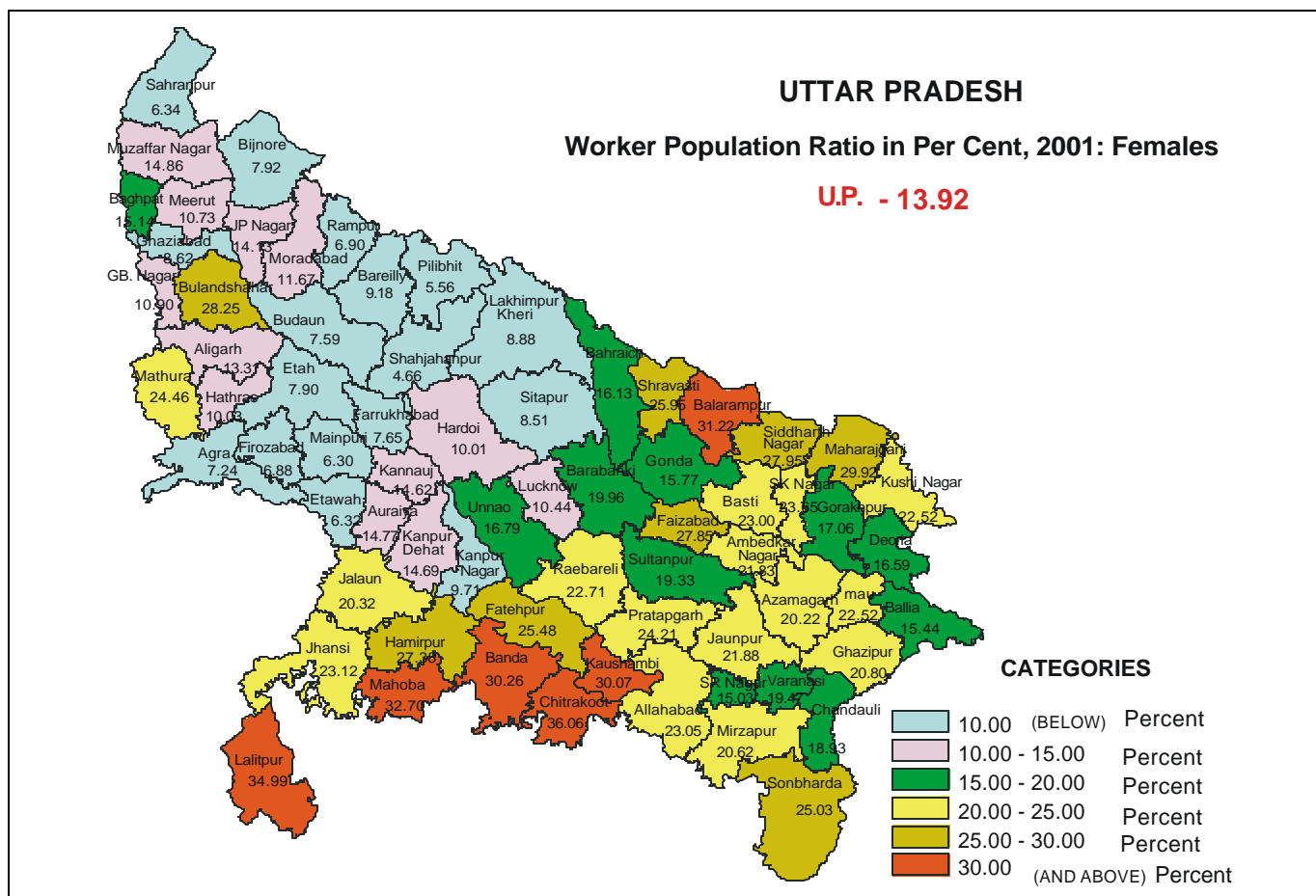
38. The sectoral pattern of employment is an important indicator of the nature of economic activities in an economy as well as the level of its economic development. Detailed tables on industrial classification of workers for the Census of 2001 are not yet available. However, it is possible to see structure of the work force and changes therein in terms of the agricultural and non-agricultural segments of the economy.

39. According to the 2001 Census about two thirds of the total workers (main + marginal) in U.P. are engaged in agriculture. About one-fourth of the workers are agricultural labourers (Table 5.7). In case of the rural workers a little over 77 percent were engaged in agriculture, out of which 49 percent were cultivators and 28 percent agricultural labourers. Three-fourths of female workers were engaged in agriculture as compared to around three-fifth of male workers.

Map 5.4



Map 5.5



Source: Economics and Statistics Division, State Planning Institute, U.P

**Table 5.6: Trends in Work Participation Rate (UPSS)**

Year	Rural			Urban			Total		
	M	F	T	M	F	T	M	F	T
1983 *	53.05	25.67	40.03	50.10	9.66	31.11	52.52	22.81	38.42
1987-88 *	51.85	21.93	37.73	46.33	9.12	27.30	51.31	19.70	36.44
1993-94 *	52.23	21.86	37.82	48.23	10.22	30.48	51.43	19.61	36.38
1999-00 *	48.10	20.05	34.48	49.01	9.41	30.38	48.29	17.94	33.65
2004-2005	49.60	24.00	37.10	52.40	11.70	33.10	50.22	21.40	36.25

Note: \* Figures are for undivided U.P. including Uttarakhand

Source: Calculated from NSS Rounds.

40. Over time the structure of work force has undergone noticeable change. The shift is away from agricultural sector to non-agricultural sector mainly in the tertiary activities. This is true for total as well as rural workers both for males and females. The rate of decline in the proportion of agricultural workers was much sharper in the nineties as compared to the eighties,

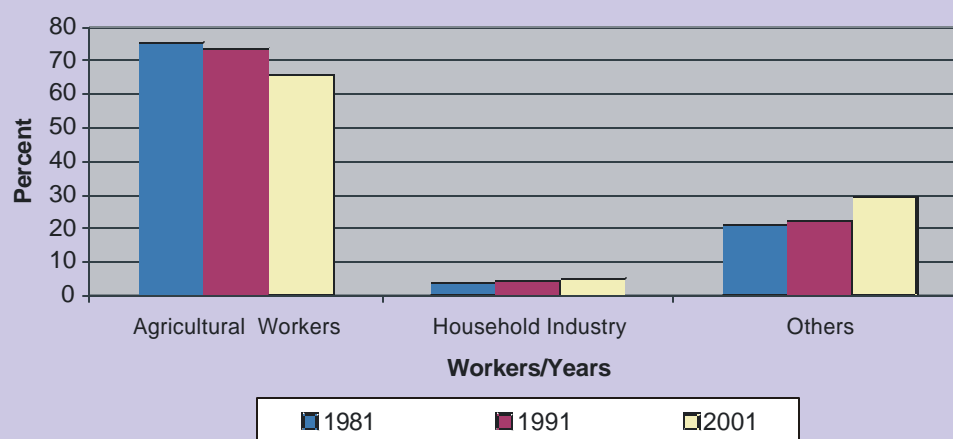
as agricultural is no longer in a position to absorb more workers. It needs to be noted that among the agricultural workers the proportion of cultivators has sharply declined while that of agricultural labourers has increased. Thus, it looks that marginal farmers are unable to sustain themselves on agricultural income and are either becoming agricultural labourers or moving to other activities.

**Table 5.7: Percent Distribution of Total and Rural Workers (Main + Marginal) by Industrial Category : 1981, 1991 and 2001**

State	Cultivators	Agricultural Labour	Agricultural Workers	Household Industry	Others	Total Workers
<b>Total Workers</b>						
1981*	58.57	16.73	75.29	3.74	20.97	100.00
1991*	53.30	20.36	73.66	4.20	22.14	100.00
2001*	41.41	24.19	65.60	5.16	29.25	100.00
<b>Male Workers</b>						
1981*	59.58	14.22	73.80	3.56	22.65	100.00
1991*	53.86	16.94	70.79	4.18	25.03	100.00
2001*	42.56	19.64	62.20	4.29	33.51	100.00
<b>Female Workers</b>						
1981*	51.37	34.56	85.93	5.04	9.02	100.00
1991*	50.96	34.89	85.85	4.29	9.86	100.00
2001	37.81	38.37	76.18	7.86	15.96	100.00

\* including Uttarakhand Source: Calculated from Census Reports.

**Figure 5.4: Workers Distribution (Main +Marginal) by Industrial Category(%)**



41. The NSS data shows greater diversification of the economy as compared to the Census data (see Table 5.8). Thus, according to 61<sup>st</sup> Round of NSS, 61.7 percent of total workers were employed in primary sector, 18.2 percent in secondary sector and remaining 20.1 percent in tertiary sector. Only 12.4 percent workers were employed in manufacturing activities. The rural economy continues to be predominantly agrarian in nature with 72.8 percent workers employed in agriculture and allied activities. Female workers are overwhelmingly concentrated in agricultural activities. 80.5 percent of

total women workers and 86.7 percent of rural women workers were found engaged in agriculture.

42. A fairly sharp reduction of around 8 percentage points in the proportion of workers employed in agriculture has taken place during the period 1993-2005 (Table 5.9). On the other hand, the proportion of workers in manufacturing and construction has gone up by around 3.0 and 2.4 percentage points respectively. Among the services trade, hotels and transport sectors have gained, while other services show a decline in their share.

**Table 5.8: Per 1000 Distribution of Usual Status Workers (Principal + Subsidiary)  
by Sectors, 2004-05**

S.No.	Industrial Division	Rural			Urban			Total		
		Male	Female	Persons	Male	Female	Persons	Male	Female	Persons
1.	Agriculture, Etc.	663	865	728	72	265	105	538	803	615
2.	Mining ,etc.	2	2	2	1	0	1	2	2	2
	<b>Primary Sector</b>	<b>665</b>	<b>867</b>	<b>730</b>	<b>73</b>	<b>265</b>	<b>106</b>	<b>540</b>	<b>805</b>	<b>617</b>
3.	Manufacturing.	96	74	89	262	389	284	131	107	124
4.	Electricity Etc.	1	0	1	5	2	5	2	0	1
5.	Construction	74	6	53	85	21	74	76	8	57
	<b>Secondary Sector</b>	<b>171</b>	<b>80</b>	<b>143</b>	<b>352</b>	<b>412</b>	<b>363</b>	<b>209</b>	<b>115</b>	<b>182</b>
6.	Trade, Hotel & Restaurant	82	18	62	299	103	266	128	27	99
7.	Transport, Etc.	30	1	21	108	0	90	47	1	33
8.	Finance & Business Act.	6	0	4	38	18	34	13	2	10
9.	Other .Services	45	32	41	130	202	143	63	50	59
	<b>Tertiary Sector</b>	<b>163</b>	<b>51</b>	<b>128</b>	<b>575</b>	<b>323</b>	<b>533</b>	<b>250</b>	<b>80</b>	<b>201</b>

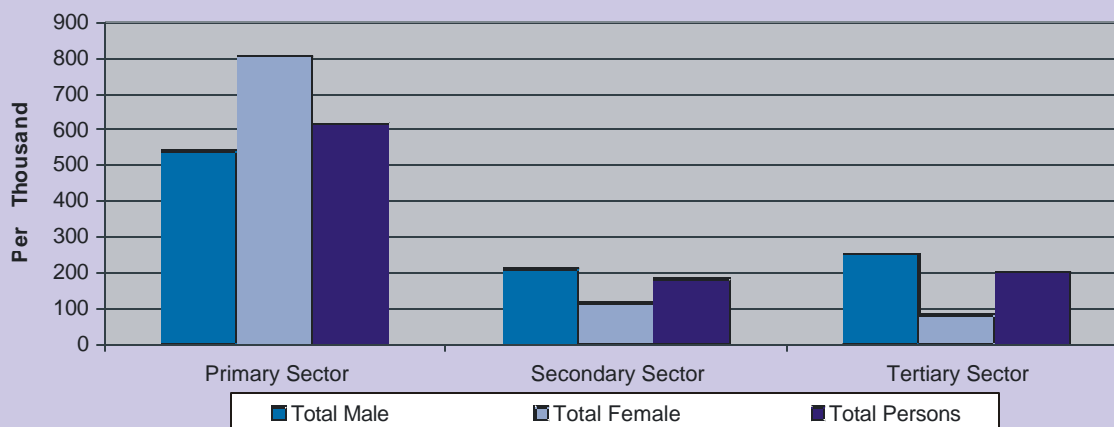
Source: NSS 61<sup>st</sup> Round, 2004-05

**Table 5.9: Shifts in Sectoral Distribution of Workers: 1993-94 to 2004-05**

S.No.	Industry Division	Percent of Workers Employed			Change in % Points	
		1993-94	1999-00	2004-05	1990-00 over 1993-94	2004-05 over 1999-00
0.	Agriculture	69.07	63.70	61.48	-5.36	-2.22
1.	Mining and Quarrying	0.19	0.18	0.18	-0.01	0.00
2-3.	Manufacturing	9.34	11.07	12.43	1.73	1.36
4.	Electricity	0.19	0.18	0.14	-0.01	-0.04
5.	Construction	2.33	3.81	5.65	1.48	1.84
6.	Whole sale and retail trades & hotels	7.20	9.80	9.89	2.60	0.09
7.	Transport storage & communication	2.53	3.09	3.34	0.56	0.25
8-9.	Other Services	9.14	8.17	6.89	-0.98	-1.28
	<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>99.99</b>	<b>0.00</b>	<b>-0.01</b>

Source: NSS Reports

**Figure 5.5: Distribution of Usual Status Workers (PS+SS) by Sectors-2004-05**



### Regional and District Pattern of Employment

43. Sectoral pattern of employment shows large variations across regions and districts. The economy of the Western region is more diversified as compared to other regions of the state with over 43 percent workers employed in non-agricultural sector (Figure 5.6). A relatively higher proportion of women workers also are engaged in non-agricultural activities in this region as compared to other regions, where over 75 percent of female workers are found in the agricultural sector.

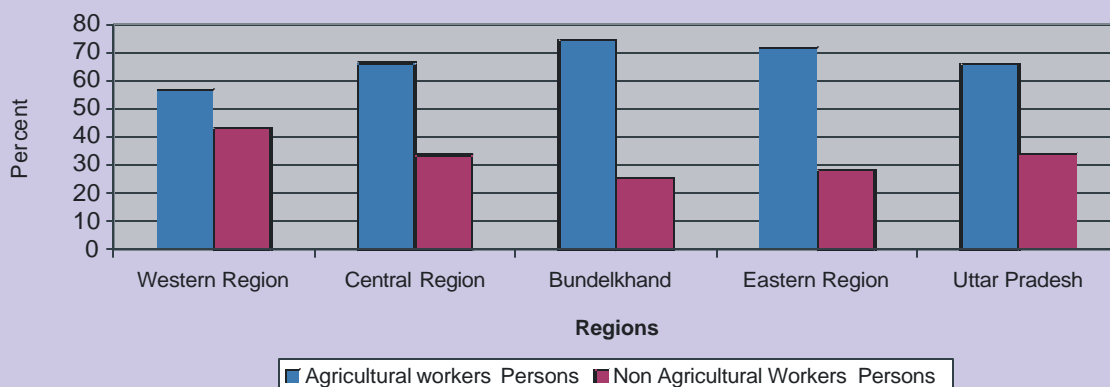
44. At the district level the differences in industrial structure are much more marked (Appendix Table 5.6). Thus, the share of agricultural workers to total workers ranges from 25 per cent in Ghaziabad to 89 percent in Shrawasti district. Non-agricultural activity shows a high degree of concentration in a few districts, mostly belonging to the Western region. Thus, in as many as 28 out of 70 districts of the state less than 25 per cent of workers are employed in the non-agricultural sector. Table 5.10 arranges the districts in terms of the proportion of workers in non-agricultural sector.

### Growth of Employment

45. The Census shows that between 1991 and 2001 total work force (main and marginal) in U.P. increased at an annual compound growth rate of 2.6 per cent (Table 5.11). The growth rate was much faster for female workers (6.4 per cent per annum) as compared to male workers (1.6 per cent per annum). The important fact to note is that the growth in employment has been almost wholly contributed by the growth of marginal workers, who work for less than 183 days in a year. In fact, in case of male workers the number of main workers has marginally declined during 1991-2001. Thus, employment opportunities are not being generated on a regular basis. The growth rate of workers during 1991-2001 shows a decline as compared to their growth during 1981-91 especially in the case of main workers.

46. Marginal workers, i.e. persons who have reported work for less than 183 days, in a year constituted 4.8 per cent of total workers in 1981. This percentage increased to 7.7 per cent in 1991 and further to 25.3 per cent in 2001. Over 60 per cent

**Figure 5.6: Regionwise Share of Agricultural and Non-Agricultural Workers (%)**



of female workers and 15 per cent of male workers belong to the category of marginal workers in 2001. The incidence of marginal workers is much higher in the two backward regions of Bundelkhand and Eastern region.

47. Growth rates of work force at the district level during 1991 and 2001 have been shown in Appendix Table 5.7. The districts which have shown very high growth of workers (above 3.0 per cent per annum) include: Ghaziabad, Bulandshahr, Moradabad

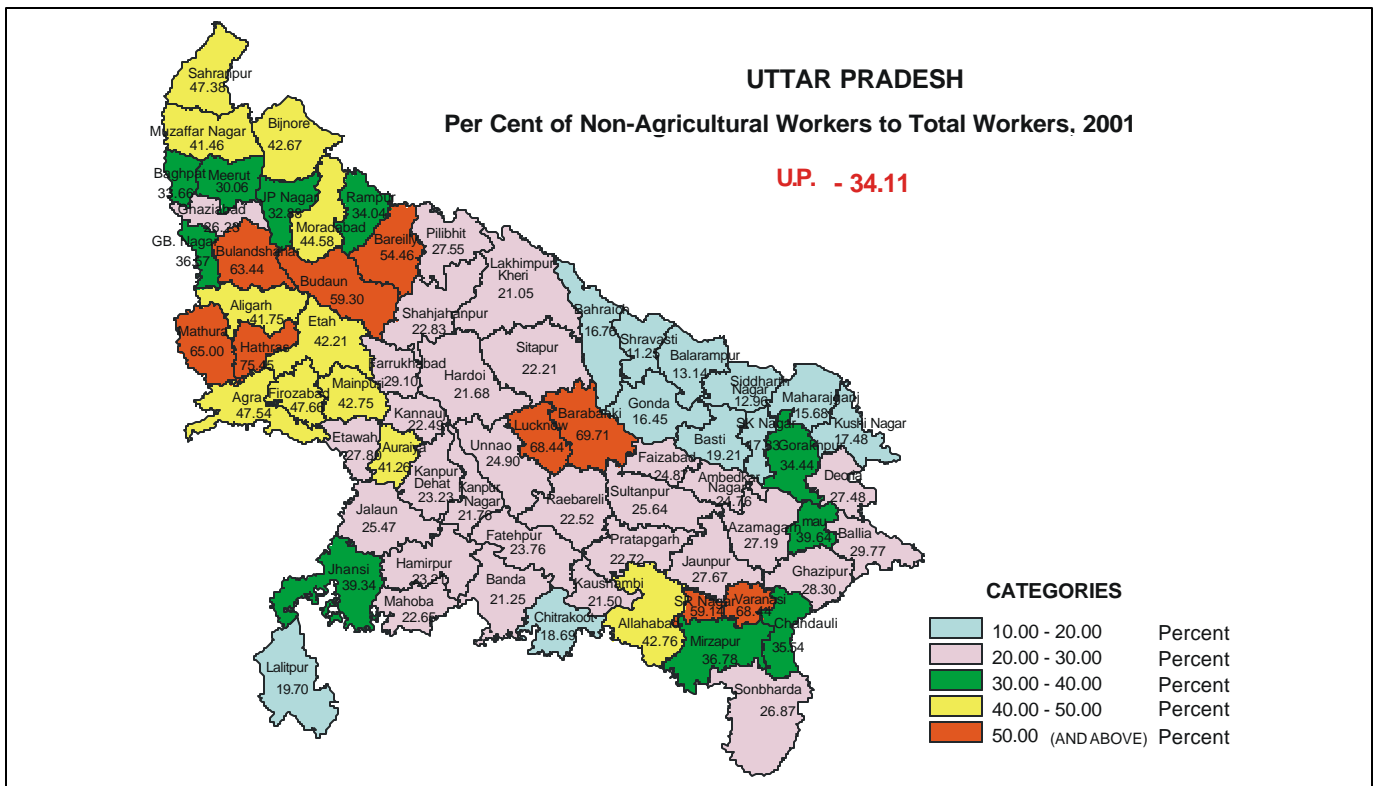
Table 5.10: Districts arranged according to the proportion of Workers in Non-Agricultural Sector, 2001					
Above 40 Percent		Between 25 and 40 Percent		Below 25 Percent	
District	% Non-Ag	District	% Non-Ag	District	% Non-Ag
Ghaziabad	75.45	Mau	39.64	Unnao	24.90
Kanpur Nagar	69.71	Jhansi	39.34	Faizabad	24.87
Lucknow	68.44	Mirzapur	36.78	Ambedkar Nagar	24.76
Varanasi	68.41	Jyotiba Phule Nagar	36.57	Kanpur Dehat	23.76
Gautam Buddha Nagar	65.00	Chandauli	35.54	Fatehpur	23.23
Meerut	63.44	Gorakhpur	34.44	Hamirpur	23.21
Agra	59.30	Rampur	34.04	Mainpuri	22.83
Sant Ravidas Nagar	59.14	Etawah	33.66	Pratapgarh	22.72
Firozabad	54.46	Farrukhabad	32.88	Mahoba	22.65
Aligarh	47.66	Kannauj	30.06	Rae Bareli	22.52
Bulandshahar	47.54	Ballia	29.77	Budaun	22.49
Saharanpur	47.38	Pilibhit	29.10	Sitapur	22.21
Moradabad	44.58	Ghazipur	28.30	Barabanki	21.76
Allahabad	42.76	Shahjahanpur	27.80	Hardoi	21.68
Mathura	42.75	Jaunpur	27.67	Kaushambi	21.50
Bijnor	42.67	Etah	27.55	Banda	21.25
Hathras	42.21	Deoria	27.48	Kheri	21.05
Baghpat*	41.75	Azamgarh	27.19	Lalitpur	19.70
Muzaffarnagar	41.46	Sonbhadra	26.87	Basti	19.21
Bareilly	41.26	Auraiya	26.23	Chitrakoot	18.69
		Sultanpur	25.64	Sant Kabir Nagar	17.83
		Jalaun	25.47	Kushinagar	17.48
				Bahraich	16.76
				Gonda	16.45
				Mahrajganj	15.68
				Balrampur	13.14
				Siddharthnagar	12.96
				Shrawasti	11.25

Source: Calculated from Census 2001

Table 5.11: Annual Growth Rate Of Main And Marginal Workers 1981-2001 (percent)						
Item	Between 1981-91 (Including Uttrakhand)			Between 1991-2001 (Excluding Uttrakhand)		
	Total	Male	Female	Total	Male	Female
Main Workers	2.47	2.12	5.62	0.12	(-) 0.13	2.02
Marginal Workers	7.58	0.19	8.58	16.79	40.80	10.74
Total Workers	2.78	2.11	6.69	2.55	1.59	6.42

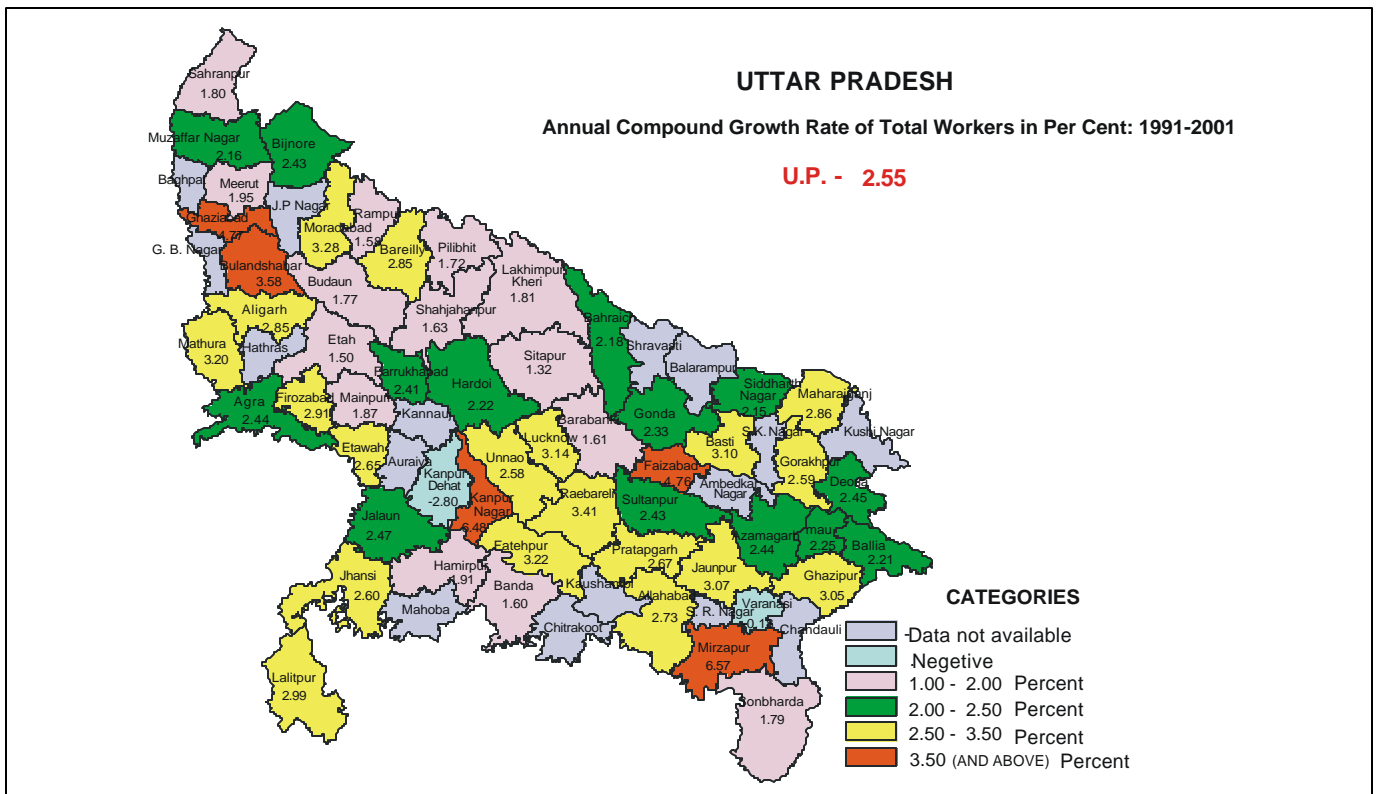
Source: Based on Census data

Map 5.6



Source: Economics and Statistics Division, State Planning Institute, U.P

Map 5.7



Source: Economics and Statistics Division, State Planning Institute, U.P



and Mathura in West U.P., Kanpur Nagar, Lucknow, Fatehpur and Rae Bareli in Central U.P., Faizabad, Basti, Jaunpur, Ghazipur and Mizapur in East U.P. On the other hand, the group of districts showing slow growth of employment (below 1.5 per cent per annum) included Shahjahanpur, Rampur, Etah, Barabanki, Sitapur, Varanasi and Kanpur Dehat. In fact the last two districts show an absolute decline in the number of workers during the period.

48. The growth rate of main workers shows a mixed picture with as many as 24 districts, mostly falling in the Eastern region, recording a decline in number of workers. Only some districts of western region show a relatively higher growth of main workers. Marginal workers show a very rapid increase

in all districts, though the rate of growth shows wide variations across districts. In Bundelkhand growth of marginal workers was relatively much lower as compared to other regions.

### Sectoral Growth Rates in Employment

49. Detailed industrial classification of Census 2001 workers is not yet available. However, NSS data enables us to study the sectoral pattern of growth of work force in the recent period. Employment growth of all workers shows a jump in growth rate from 1.17 percent during 1993-00 to 1.53 percent during 1999-2005 (Table 5.12). For the entire period from 1993-2005, fastest growth was observed in case of construction sector (around 10 % per annum), followed by trade (4.3%), manufacturing

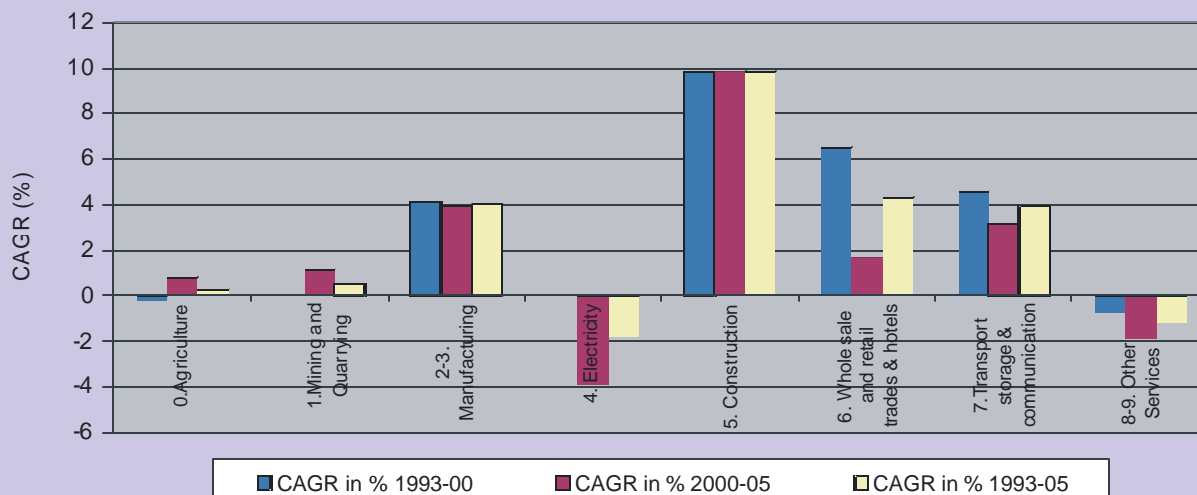
**Table 5.12: Compound Annual Growth Rate of Workers by Sectors: 1993-94 to 2004-05 (in percent)**

Industry Division	Workers ( in lakh)			CAGR in %		
	1993-94	1999-00	2004-05	1993-00	2000-05	1993-05
0. Agriculture	355.0	351.0	365.4	-0.19	0.81	0.26
1. Mining and Quarrying	1.0	1.0	1.1	0.00	1.17	0.53
2-3. Manufacturing	48.0	61.0	73.9	4.08	3.91	4.00
4. Electricity	1.0	1.0	0.8	0.00	-3.89	-1.79
5. Construction	12.0	21.0	33.6	9.78	9.86	9.81
6. Whole sale and retail trades & hotels	37.0	54.0	58.8	6.50	1.70	4.29
7. Transport storage & communication	13.0	17.0	19.8	4.57	3.13	3.91
8-9. Other Services	47.0	45.0	41.0	-0.72	-1.86	-1.24
Total Workers	514.0	551.0	594.4	1.17	1.53	1.33

\*Excludes Uttarakhand

Source: Calculated from various NSS rounds

**Figure 5.7: CAGR of Workers by Sectors- 1993-94 to 2004-05**



(4.0%) and transport (3.9%). Electricity and 'other services' have, however, registered a decline in work force. Agricultural workers had shown a marginal decline during 1993-00, but show an increase at the rate of 0.8 percent during 1999-05. Trade and transport sectors show a relatively slower growth of workers in the latter period, while the pace of increase was more or less the same in the two periods in case of manufacturing and construction

50. The Census also shows that the number of main agricultural workers in U.P. has declined at the rate of 1.46 percent per annum between 1991 and 2001. The rate of decline was relatively high in Central and Eastern regions. Only Western

region shows a positive though nominal growth of agriculture during this period. In fact, except eight districts all the other districts show a decline in the number of main agricultural workers (Appendix Table 5.8). Non-agricultural main workers show a fairly high growth of 3.5 per cent per annum during 1991 and 2001. Growth rates of non-agricultural workers were relatively slower in the Western region. Considerable differences in growth rate of employment in both the sectors are observed at the regional and district level.

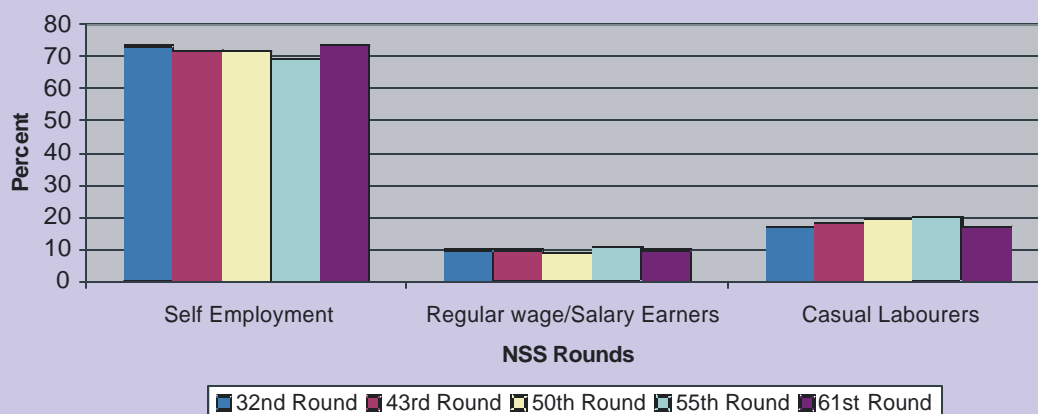
51. Table 5.13 identifies the districts with relatively high and relatively low growth of work force in agriculture and non-agricultural sectors.

**Table 5.13: Districts With High and Low Growth Rate of Workers in Agriculture and Non-agricultural Sectors: 1991-2001**

High Growth of Employment				Low Growth of Employment			
Agriculture		Non Agriculture		Agriculture		Non Agriculture	
District	Growth Rate in %	District	Growth Rate in %	District	Growth Rate in %	District	Growth Rate in %
Kanpur Nagar	9.84	Mirzapur	8.29	Bulandshahar	-2.21	Etah	2.87
Bareilly	1.15	Ghaziabad	6.35	Azamgarh	-2.39	Allahabad	2.85
Budaun	0.99	Kheri	6.21	Pratapgarh	-2.41	Mathura	2.83
Lalitpur	0.96	Sultanpur	5.35	Meerut	-2.46	Sonbhadra	2.77
Mirzapur	0.52	Mahrajganj	5.06	Sultanpur	-2.77	Shahjahanpur	2.76
Bahraich	0.16	Faizabad	4.80	Sonbhadra	-2.85	Pilibhit	2.76
Moradabad	0.08	Moradabad	4.54	Mau	-2.85	Rae Bareli	2.63
Kheri	0.07	Banda	4.47	Allahabad	-2.93	Barabanki	2.60
		Ghazipur	4.45	Mahrajganj	-2.95	Jhansi	2.51
		Bulandshahar	4.39	Deoria	-2.99	Rampur	2.45
		Azamgarh	4.33	Ballia	-3.85	Agra	2.15
		Siddharthnagar	4.23	Gorakhpur	-4.43	Farrukhabad	2.03
		Basti	4.16	Bijnor	-4.47	Mainpuri	1.04
		Mau	4.15	Varanasi	-5.78	Varanasi	0.44
		Lalitpur	4.12	Kanpur Dehat	-5.87	Kanpur Dehat	-1.04

Source: Calculated from Census Reports

**Figure 5.8: Percent Distribution of Workers by Type of Employment in U.P.**



## Casualisation of Work Force

52. The dominant form of employment in U.P., as in the country as a whole, is that of self-employment. NSS data show a decline in self-employment and an increase in the proportion of casual labourers during the period 1977-78 and 1999-00 (Figure 5.8). However, the latest NSS round shows a clear decline between 1999-00 and 2004-05 in the proportion of casual labourers and an increase in that of self employed workers. This may reflect the growth of workers in the informal sector especially in the tertiary sector. The extent of casualisation of labour force is much lower in U.P. than in India as a whole. Less than one-fifth of the workers are employed as casual workers in U.P. against one-third in the country. The regular wage/salary employed workers constitute around one-tenth of total workers in the State.

## Organized Sector Employment

53. The organized sector accounts for less than 5 per cent of total workforce and around one-fifth of non-agricultural workforce in the State. Almost four-fifths of total organized sector employment is in the public sector. Nearly half of the organized sector employment is found in the social services, notably public administration and education. Private sector has a large presence in case of manufacturing sector only. Recent

trends show that organized sector employment has declined in case of manufacturing, trade and transport sectors. The proportion of female employees in the organized sector has been increasing in recent years, though they still constitute hardly one-tenth of total organized sector workers. They are mainly concentrated in social services.

54. In the sixties and the seventies, the organized sector employment increased fairly sharply rising from 10.9 lakh in 1960-61 to 23.5 lakh in 1980-81 and further to 26.7 lakh in 1991, mainly on account of the expansion in public sector employment. The growth of organized sector slowed down in the eighties. Since 1991 employment in the organized sector has shown a continuous decline coming down to 22.2 lakh in 2001 and further to 20.8 lakh in 2005 (Table 5.14). Strikingly, private sector employment in the organized sector has failed to register any increase in U.P. since 1970-71.

55. A number of factors have contributed to the decline in the public sector employment. These include the shifts in policy in the wake of the economic reforms in favour of market led rather than state led growth, fiscal constraints on the state budget leading to reduced public investment and poor performance of public enterprises. Industrial sickness in the private sector and low level of new investment in the state also led to a decline in organized private sector employment.

Table 5.14 : Trends in Organized Sector Employment (Nos.)

Year (As on 31st March)	Total Employees			Women Employees			% of Women Employees		
	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total	Public Sector	Private Sector	Total
1	2	3	4	5	6	7	8	9	10
1991	2141757	536215	2677972	162965	48243	211208	7.6	9.0	7.9
1992	2142493	537573	2680066	166157	49536	215693	7.8	9.2	8.0
1993	2140342	530564	2670906	172062	49268	221330	8.0	9.3	8.3
1994	2133659	522800	2656459	172362	49846	222208	8.1	9.5	8.4
1995	2121943	532719	2654662	174315	50352	224667	8.2	9.5	8.5
1996	2116500	541173	2657673	179117	51949	231066	8.5	9.6	8.7
1997	2113386	542179	2655565	184303	53455	237758	8.7	9.9	9.0
1998	2088385	535514	2623899	184864	53624	238488	8.9	10.0	9.1
1999	2064698	528815	2593513	186031	54389	240420	9.0	10.3	9.3
2000	2029288	523380	2552668	188283	53165	241448	9.3	10.2	9.5
2001	1757966	465839	2223805	159844	48460	208304	9.1	10.4	9.4
2002	1718086	455545	2173631	162206	48497	210703	9.4	10.6	9.7
2003	1692291	451499	2143790	166493	49652	216145	9.8	11.0	10.1
2004	1680028	444540	2124568	168622	50382	219004	10.0	11.3	10.3
2005	1650370	437529	2087899	171102	50101	221203	10.4	11.5	10.6

Source: Directorate of Training & Employment

## Labour Productivity

56. Labour productivity is measured by dividing NSDP by the number of workers. It shows the rate of technical progress in an economy and is a major determinant of economic growth. During the period 1993-94 and 2004-05 labour productivity in the state increased at an annual compound growth rate of 2.16 percent (Table 5.15). Highest growth rate was observed in the tertiary sector followed by the primary sector. Labour productivity, however, stagnated in the secondary sector due to the proliferation of enterprises in the unorganized sector. There are very large differences in labour productivity both between sectors and between districts / regions. The primary sector, which employs the largest work force, has the lowest labour productivity - less than one-half of the labour productivity in the secondary sector and one-fourth of that in the tertiary sector.

### Box 5.2: Salient Features of Employment Situation

#### Characteristics

The employment structure of the state is characterized by:

- Low participation of population in economic activity specially in case of women
- Low degree of diversification with predominant proportion of workers engaged in the primary sector
- Concentration of industrial activity in a few districts
- Very low proportion of workers in the organized sector

#### Achievements

- Growth rate of workforce has been fairly high at 2.5 per cent per annum during the decade 1991-2001 as per Census
- Female workers have registered a higher growth rate (6.4 per cent per annum) than male workers (1.6 per cent per annum)
- Non-agricultural workers show a faster increase than agricultural workers

### Areas of Concern

- Growth rate of employment has been uneven across districts
- Female CWPR are extremely low
- A very high proportion of female workers are engaged in agricultural and allied activities often as marginal workers
- Bulk of additional employment has been generated in low paid over crowded activities like agriculture and allied activities, construction, petty trade, informal sector and social services
- Organized sector employment has been declining since 1991
- The pace of diversification towards non-agricultural activities is slow

## IV. Poverty in Uttar Pradesh

57. Generally poverty is looked at as relative or absolute material deprivation reflected in low levels of income or consumption. However, poverty has many dimensions, though all of them are not equally amenable to measurement. Low levels of income not only result in low levels of consumption and material deprivation, but also restrict human capabilities by restricting the access of the poor to education and health facilities, thereby creating a vicious cycle of poverty. Poverty also involves various forms of vulnerability and exposure to risk, powerlessness and social exclusion. In this section we focus on material deprivation as reflected in lowness of income/consumption.

58. Indian planners have defined poverty in terms of nutritional norm of 2400 calories per capita per day for rural areas and 2100 calories per capita per day for urban areas. The nutritional norm is converted into monetary equivalent in terms of per capita consumption expenditure using NSS consumer expenditure data. The proportion of population below the poverty line, i.e., the poverty ratio, is then calculated using the distribution of persons over different expenditure classes as given in NSS surveys, which are conducted quinquennially. The

Table 5.15: Sector-wise Per Worker NSDP at Constant 1993-94 Prices (Rs.)

Sector	1993-94	2004-05	CAGR (%)
Primary Sector	9096	10727	1.51
Secondary Sector	20794	20061	-0.33
Tertiary Sector	26875	40700	3.85
<b>All Sectors</b>	<b>14601</b>	<b>18479</b>	<b>2.16</b>

Source: Calculated by dividing the NSDP estimated by Division of Economics and Statistics and work force as estimated by NSS surveys in the two years.

poverty line originally calculated for 1973-74 has been revised from time to time using the appropriate price index for rural and urban areas. Lately state specific poverty lines have been used for measuring the trends in poverty. Poverty line for 2004-05 for U.P. has been estimated by the Planning Commission at Rs.365.84 per capita monthly consumption expenditure in rural areas and Rs.483.26 in urban areas.

### Poverty Trends at the State Level

59. Poverty ratios in Uttar Pradesh have been relatively high. According to the latest estimate of the Planning Commission based on NSS 61<sup>st</sup> round, about one-third of the population of the state was living below the poverty line in 2004-05 as compared to the figure of 27.5 percent for the country on the basis on uniform recall period. Only Bihar, Chhattisgarh, Jharkhand, Madhya Pradesh and Orissa had a higher poverty ratio as compared to U.P. Around 80 percent of the poor in the state live in the rural areas. However, rural and urban poverty ratios do not show much difference in U.P.

60. Both rural and urban poverty have steadily declined in U.P. in the last three decades (Table 5.16).

61. On the basis of the uniform recall period, poverty ratio declined by 8.1 percentage points in U.P. between 1993-94 and 2004-05, which compares well with the decline of poverty in India as a whole during the period. The decline was higher in rural areas where poverty ratio declined by 8.3 percentage points as compared to the urban areas where the decline was by 4.8 percentage points only.

62. Doubts have been expressed about the comparability of poverty estimates between 1993-94 and 1999-00 due to differences in the reference period. However, a rough comparison based on mixed reference surveys reveals that poverty ratio declined from 31.2 percent in 1999-00

and further to 25.2 percent in 2004-05, i.e. a decline of 6 percentage point. This would suggest that the rate of decline in poverty was relatively faster during 1999-2005 as compared to the period 1993-00. It may also be noted that the mixed reference period estimates indicate a lower incidence of poverty (around 25 per cent).

63. It is remarkable that the decline in poverty in U.P. has taken place at the same rate as in India, despite of the fact that the growth rate in U.P. was markedly below the national average. Also, poverty ratio has continued to decline although agricultural growth has slowed down in the recent period. A number of factors including the gradual diversification of the economy, rise in real wage rate and government programmes for poverty alleviation and employment generation seem to be responsible for the decline in poverty.

64. Despite the substantial decline in the poverty ratio, the absolute number of poor has remained high in the state. Almost 6 million people in U.P. were living below the poverty line in 2004-05 constituting over one-fifth of the total poor in the country on the basis of uniform recall period (Table 5.17). In fact, the proportion of the poor living in U.P. has increased over time.

### Regional Variations in Poverty

65. Considerable variations in poverty levels are observed across regions of the state. The relatively developed Western region has a lower incidence of poverty, while Eastern region had much higher incidence of poverty. Bundelkhand had the highest proportion of population below poverty line in 1993-94. However, 1999-00 NSS survey shows a much sharper reduction in poverty in this region, while Central region shows the highest incidence of poverty (Figure 5.9). Variations in population pressure, resource endowment and productivity levels lie behind the regional variations in poverty levels.

**Table 5.16: Trends in Poverty Ratios in U.P. and India (%)**

NSS Round	Uttar Pradesh			All-India		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	56.53	60.09	57.07	56.44	49.01	54.88
1977-78	47.60	56.23	49.05	53.07	45.24	51.32
1983-84	46.45	49.82	47.07	45.85	40.79	44.48
1987-88	41.10	42.96	41.46	39.09	38.20	38.86
1993-94	42.28	35.39	40.85	37.27	32.36	35.97
1999-00*	31.22	30.89	31.15	27.09	23.62	26.10
2004-05 URP	33.4	30.6	32.8	28.3	25.7	27.5
2004-05 MRP	25.3	26.3	25.5	21.8	21.7	21.8

Source: Planning Commission estimates based on NSS rounds.

\* Based on 30 days recall period.

URP=Uniform reference period using 30 day recall period.

MRP=Mixed recall period, where for some items recall period is 365 days, while for the rest it is 30 days.

Table 5.17: No. of Poor in U.P. by Area

NSS Round	Uttar Pradesh			U.P. as % of All-India		
	Rural	Urban	Combined	Rural	Urban	Combined
1973-74	449.99	85.74	535.73	17.22	14.28	16.67
1977-78	407.41	96.96	504.37	15.42	15.00	15.34
1983-84	448.03	108.71	556.74	17.78	15.32	17.24
1987-88	429.74	106.79	536.53	18.53	14.21	17.47
1993-94	496.18	108.28	604.46	20.33	14.18	18.87
1999-00*	412.01	117.88	529.89	21.32	17.59	20.36
2004-05 URP	473.0	117.03	590.03	21.41	14.48	19.56
2004-05 MRP	357.68	100.47	458.15	21.00	14.73	19.21

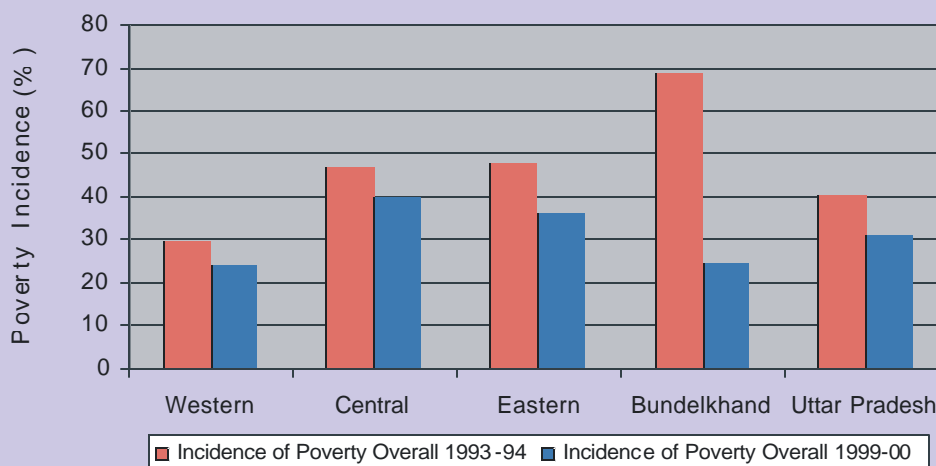
Source: Planning Commission estimates based on NSS rounds.

\* Based on 30 days recall period.

URP=Uniform reference period using 30 day recall period.

MRP=Mixed recall period, where for some items recall period is 365 days, while for the rest it is 30 days.

Figure 5.9: Regional Trends in Poverty (%)



### Poverty at the District Level

66. NSS sample design is not aimed at measuring poverty at the district level. The recent Below Poverty Line Survey (BPL) of the Ministry of Rural Development, however, makes it possible to study district level variations in poverty. The advantage of BPL survey is that it is based on a complete census of rural households and identifies BPL households on the basis of multiple indicators of deprivation. The results of BPL Survey are, however, not comparable with poverty ratios derived from NSS data on consumer expenditure.

67. Table 5.18 arranges districts according to the level of poverty according to BPL survey 2002. The variations in poverty levels among districts are very stark, ranging from a low of 6.7 per cent in *Baghpat* to as much as 74.65 per cent in *Kaushambi*. In 16 districts poverty

levels are above 50 per cent. These districts mostly belong to central U.P. and Bundelkhand. In another 21 districts poverty ratios are high (between 40 and 50 per cent). Majority of these districts falls in Eastern U.P. In 18 districts poverty levels are between 20 and 40 per cent. Poverty levels are relatively low in (below 20 per cent) in 15 districts. All these districts except one belong to Western U.P.

### Poverty among Social Groups

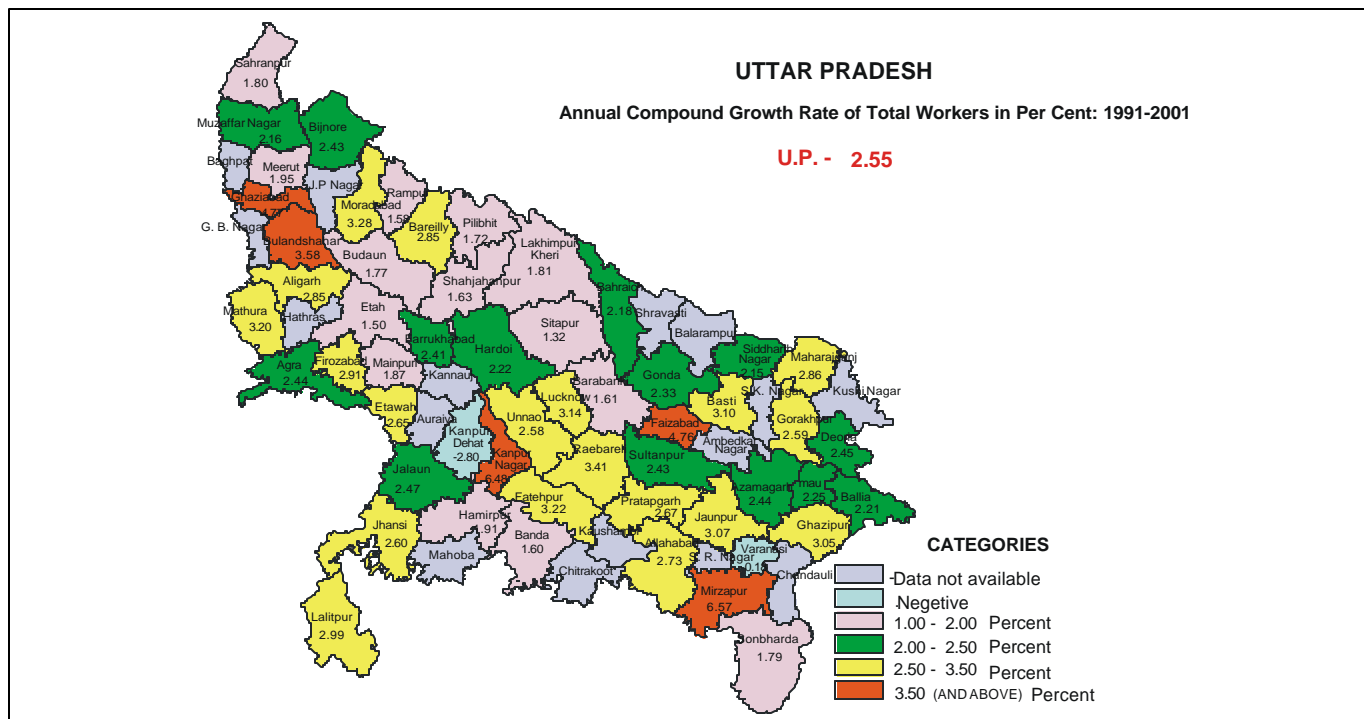
68. The incidence of poverty is much higher among SC and ST households in U.P. (Figure 5.10). Nearly 60 per cent of SC households were below poverty line in U.P. in 1993-94. However, this proportion came down to 43 per cent in 1999-00. The pace of decline of poverty was faster for the SC/ST households as compared to other households

**Table 5.18: Districts classified according to proportion of Rural Population Below Poverty Line (%)**

Very High (Above 50%)		High (40% To 50 %)		Moderate (20% To 40%)		Low (Below 20%)	
District	%	District	%	District	%	District	%
Kaushambi	74.65	Kanpur (Nagar)	49.93	Gonda	36.95	Moradabad	19.77
Hardoi	74.00	Pratapgarh	49.09	Kannauj	35.85	Agra	19.43
Bahraich	72.11	Lucknow	49.06	Balrampur	35.69	Gautam Budh Nagar	19.00
Mirzapur	68.38	Ghazipur	48.50	Azamgarh	32.87	Hathras	17.91
Sonbhadra	64.53	Jalaun (Orai)	48.34	Farukhabad	32.64	Etah	17.26
Kanpur Dehat	60.87	Faizabad	48.22	Rampur	31.83	Mathura	16.24
Shravasti	60.53	Basti	47.64	Maharajganj	30.76	Aligarh	14.64
Unnao	59.51	Etawah	46.34	Lalitpur	30.47	Firozabad	13.61
Ambedkar Nagar	59.15	Barabanki	46.15	Jhansi	29.19	Budaun	12.24
Rae Bareli	57.78	Sant Kabir Nagar	45.99	Gorakhpur	28.24	Muzaffarnagar	11.68
Sitapur	57.46	Hamirpur	45.32	Allahabad	28.17	Deoria	11.67
Chitrakoot	55.13	Pilibhit	45.23	Bareilly	27.50	Bulandshahar	10.34
Sultanpur	54.62	Jaunpur	43.65	Saharanpur	24.56	Meerut	8.38
Shahjahanpur	54.11	Mau Nath Bhanjan	43.34	Jyotiba Phulle Nagar	24.45	Ghaziabad	7.12
Ballia	51.55	Orraiya	43.23	Varanasi	24.24	Baghpat	6.66
Lakhimpur Kheri	51.01	Chandauli	43.10	Bijnor	23.67		
		Fatehpur	42.77	Sant Ravidas Nagar	22.74		
		Siddharth Nagar	42.74	Mahoba	21.33		
		Kushi Nagar	42.66				
		Mainpuri	42.52				
		Banda	40.85				

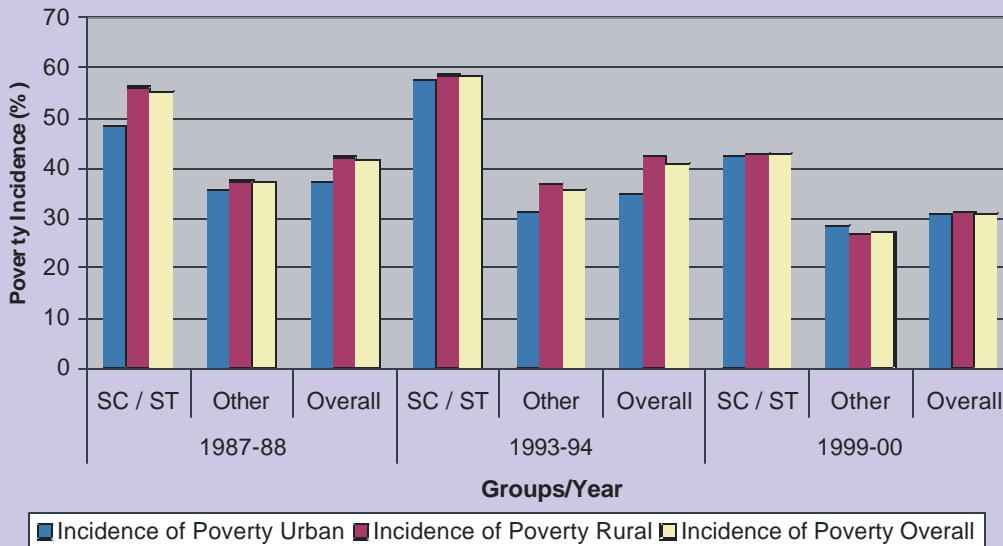
Source: Ministry of Rural Development, Government of India, BPL Survey 2002.

**Map 5.8**



Source: Economics and Statistics Division, State Planning Institute, U.P

**Figure 5.10: Poverty incidence by Social Group (%)**



during this period. Poverty level among Hindus and Muslims is roughly of the same order in the rural areas-around 31 percent in 1999-00. But poverty levels are much higher for the latter in the urban areas - 42.2 per cent as compared to only 26.4 per cent for Hindus.

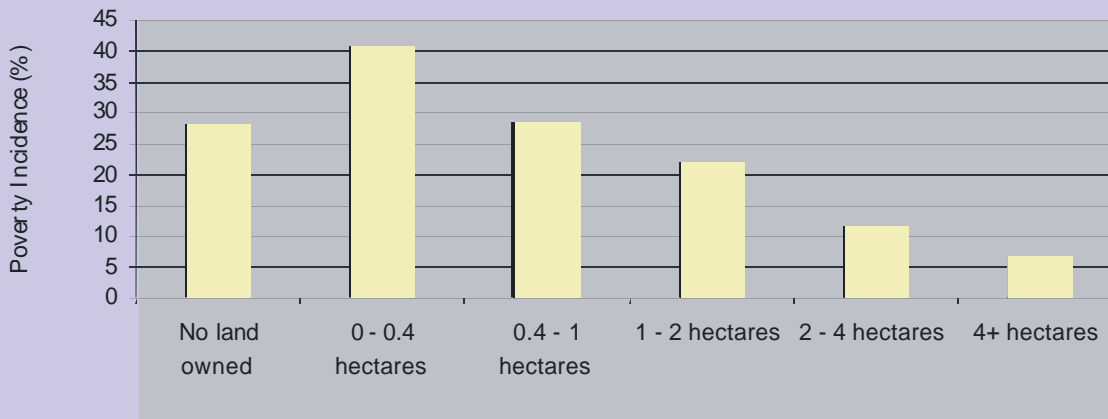
**Correlates of Poverty in UP**

69. Studies reveal that poverty levels are associated with the social identity, source of livelihood, landlessness and level of education of the head of household. In rural areas poverty is found strongly associated with land ownership, which is the main productive asset. Only 7 percent of large landowners were poor in 1999-00 as compared to 41 per cent with marginal

holdings (Figure 5.11). The latter comprised almost 60 per cent of the rural poor though their share in rural population was around 44 per cent. Significantly poverty incidence has declined over time in all the land size categories.

70. The incidence of poverty in the state is also related to the occupational status of the households. Poverty is the highest among labour households both in rural and urban areas. In general, poverty levels are lower among self employed workers as compared to labourers. Poverty levels are lowest for regular and salaried workers (Table 5.19). Poverty levels in all the occupational categories, including casual labourers, show a decline over time

**Figure 5.11: Rural Poverty Incidence by Land Ownership**





71. Education is a crucial instrument for raising income levels of people and moving out of the vicious circle of poverty. Studies indicate a strong correlation between educational attainment and poverty levels. This is true for Uttar Pradesh as well. As educational

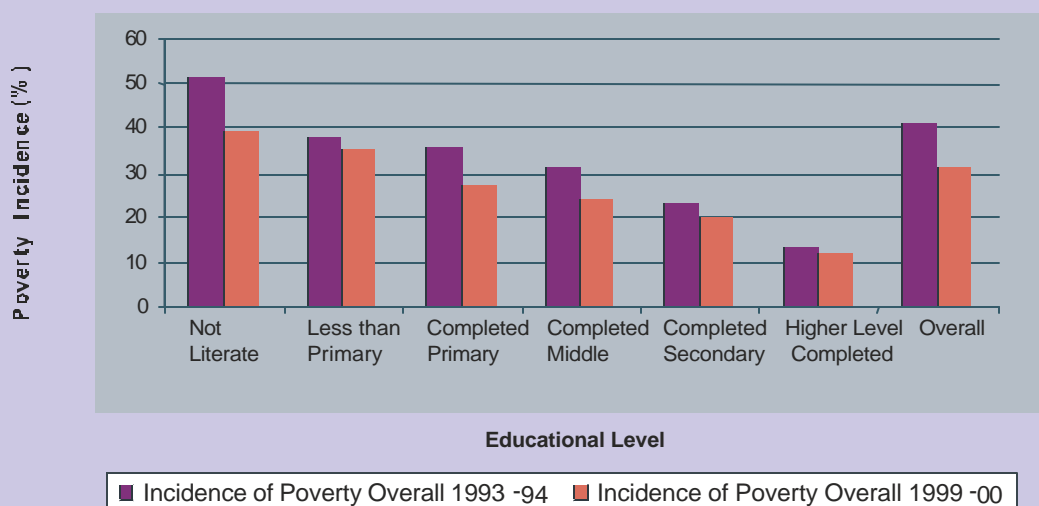
attainment of head of household improves, poverty level declines sharply (Figure 5.12). In fact, poverty levels are almost four times higher among illiterates as compared to persons with higher education. Nearly 60 per cent of poor belong to the category of illiterates.

**Table 5.19: Poverty Incidence by Occupation of Household Head**

Rural Areas				Urban Areas			
Main Occupation	Poverty Incidence	Percentage of:		Main Occupation	Poverty Incidence	Percentage of:	
		Population	Poor			Population	Poor
<b>1993-94</b>							
Self Employed non-agriculture	44.3	13	14	Self-employed	39.9	53	61
Agriculture labor	63.5	18	26	Reg. wage/salary	17.4	31	16
Other labor	52.3	5	6	Casual labor	66.7	11	20
Self employed Agriculture	36.4	58	50				
Other	25.9	6	4	Other	25.8	5	3
Over all	42.3	100	100	Over all	35	100	100
<b>1999-00</b>							
Self employed non-agriculture	33.7	16	17	Self-employed	34.3	50	56
Agriculture labor	50.9	18	30	Reg. wage/salary	14.4	31	15
Other labor	36.9	6	7	Casual labor	67.3	11	24
Self employed Agriculture	24.2	52	40				
Other	21.3	9	6	Other	20.0	8	5
Over all	31.1	100	100	Over all	30.7	100	100

Source: World Bank (2002), *Poverty in India: The Challenge of Uttar Pradesh*, New Delhi

**Figure 5.12: Poverty Incidence by Level of Education of the Household Head**



### Box 5.3: Living Conditions in U.P.

- The percentage of Pucca houses in rural and urban areas are found to be 32.0 and 73.7 respectively.
- The corresponding percentage of households using latrine were 19.1 and 84.4 percent.
- Households using tap water were 10.8 and 52.8 in rural and urban areas respectively.
- The percentage of households using electricity in rural and urban areas were found to be 28.1 and 83.6 respectively.
- The availability of electricity per day for more than 15 hours and less than 24 hours was reported to be 10.4% and 47.1% in rural and urban areas respectively.

Source: Second Poverty and Social Monitoring Systems Report, Planning Department, U.P. Government

### Rural Poverty Alleviation Programmes

72. Since the early seventies a number of programmes for poverty alleviation have been introduced in the country. Integrated Rural Development Programme (IRDP) is the most well known of these programmes. Under the programme credit and subsidy were provided to the poor for income generating activities. Various evaluation studies revealed a number of weaknesses in the implementation of the programme. The reach of the poverty alleviation programme has remained limited in terms of coverage and level of assistance and its implementation have been lackadaisical and uncoordinated with little local participation to have any significant impact on the poverty situation in the state.

73. To rectify the situation, the self-employment programmes were restructured and a new programme known as Swarnajayanti Gram Swarozgar Yojana (SGSY) was launched from 1<sup>st</sup> April 1999 replacing earlier programmes like IRDP, TRYSEM, DWCRA, etc. The SGSY is a holistic programme covering all aspects of self-employment including training, credit, technology,

infrastructure and marketing. The distinctive features of the SGSY are (i) a project approach for each key activity, (ii) provision of adequate investment, and (iii) group approach with focus on women groups. The new approach was thus conceptually superior to the early approach and was expected to yield better results. The programme is funded by the Centre and the State in the ratio of 75:25.

74. Nearly 2.9 lakh Self Help Groups have been formed in U.P. since the inception of the programme under the SGSY covering 10.46 lakh beneficiaries. Cumulative expenditure on the programme amounted to Rs.1332.67 crore. Average investment per group has been Rs.23,575. The progress of the programme in the last three years has been shown in Table 5. 20. The financial and physical progress of the scheme was unsatisfactory during 2003-04, but shows improvement after that.

### V. Unemployment Situation

75. A major challenge before development planners is to ensure gainful employment in income earning activities to all those willing to work. Productive and gainful employment is necessary for obtaining the means for satisfying human needs apart from its psychological role of generating feelings of self-esteem and purpose of life among the workers. Unemployment not only deprives a man of the means of livelihood but also causes disruption of personal family and social life. In this section we analyze changes in the level and structure of employment and unemployment in the state.

### Unemployment Levels

76. In an underdeveloped economy open unemployment is found to be low as unemployment usually takes the form of underemployment or disguised unemployment with people engaged in low productivity activities. To capture different forms of unemployment, the National Sample Surveys provide estimates of unemployment in terms of usual status, current weekly status and current daily status. The usual status (US) is akin to open unemployment and is measured with

Table 5.20: Progress of Swarn Jayanti Swarozgar Yojana

Year	Financial Progress (Rs. in crore)			Physical Progress (Nos.)		
	Funds Available	Expenditure	% Expenditure	Target	Achievement Achievement	%
2003-04	256.06	195.64	76	2.50,000	1,40,622	56
2004-05	315.24	276.30	88	2,50,000	2,46,824	99
2005-06	293.55	267.79	91	2,75,000	2,61,080	95

Source: Department of Rural Development, U.P. Government

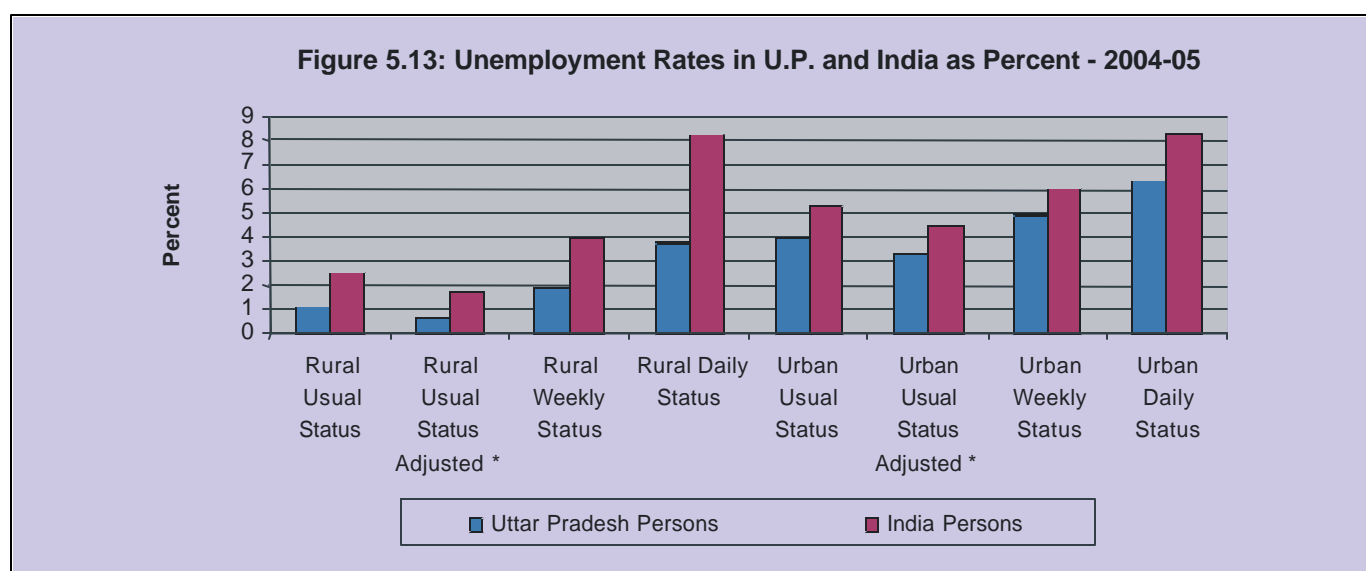
reference to the status of person during the previous year. The current weekly status (CWS) shows unemployment rates with reference to the previous week respectively. The current daily status (CDS) is the most comprehensive concept, which covers unemployment as well as the extent of under-employment of the labour force.

77. Traditionally unemployment rates have been lower in U.P. as compared to India as a whole (Figure 5.13). Thus, only 1.1 per cent of rural labour force and 3.9 per cent of urban labour force were unemployed in U.P. in 2004-05 according to the usual status. The corresponding estimates of unemployment were 1.9 per cent and 4.9 per cent according to weekly status and 3.7 per cent and 6.3 per cent according to daily status. The unemployment rates are distinctly higher in the urban areas as compared to the rural areas. For females unemployment rates are significantly lower as compared to the unemployment rates for male workers in the rural areas. But in urban areas unemployment rate of women on the basis of usual status

is higher than that for male workers, though lower on the basis of weekly and daily status.

78. Unemployment rates are found to be much higher in case of the educated labour force as compared to total labour force both in the rural and urban areas, though clearly below the national average (Table 5.21). Unemployment rates for educated females are much higher as compared to educated males particularly in the urban areas, where 17.2 per cent of educated females are unemployed on UPS basis and 13.1 per cent on weekly basis.

79. The incidence of unemployment is much higher among the youth aged 15 to 29 years as compared to the total labour force (Table 5.22) in 2004-05, 8.6 per cent of urban youth (15-29 years) were chronically unemployed on usual status basis. Only 2.9 per cent of rural youth were in this category. Similarly, 9.4 per cent of the youth in the labour force in the urban areas were unemployed on the basis of current weekly status, while 3.6 per cent of rural youth are in this category. Highest



**Table 5.21: Unemployment Rates (%) for Educated Labour Force (15 Years and Above), 2004-05**

Area/Status	Uttar Pradesh			India		
	Male	Female	Persons	Male	Female	Persons
<b>Rural Areas</b>						
Usual Principal Status	2.2	3.5	2.1	5.9	23.1	8.5
Usual Principal Status & Subsidiary Status	1.3	1.6	1.3	4.4	15.2	6.5
Weekly Status	2.5	2.3	2.5	6.5	18.2	8.5
<b>Urban Areas</b>						
Usual Principal Status	4.4	17.2	3.4	6	19.4	8.2
Usual Principal Status & Subsidiary Status	3.8	10.9	4.6	5.1	15.6	7.1
Weekly Status	4.6	13.1	5.5	6.2	17.9	8.3

Source: NSS Sixty First Round, 2004-05 (Report 515).

**Table 5.22: Unemployment Rates (%) among Youth by Age Group, 2004-05**

Age Group (Years)	Rural Areas			Urban Areas		
	Male	Female	Persons	Male	Female	Persons
<b>A. Usual Principal Status</b>						
15 -19	4.1	3.0	3.9	8.6	0.0	7.6
20 - 24	3.7	3.2	3.7	12.0	37.2	14.2
25 - 29	1.4	1.5	1.5	3.5	10.1	3.9
15 - 29	3.0	2.4	2.9	7.9	15.8	8.6
<b>B. Current Weekly Status</b>						
15 -19	4.7	0.5	3.5	10.3	0.0	8.3
20 - 24	4.8	2.0	4.3	12.1	20.4	12.1
25 - 29	3.4	2.1	3.1	5.3	14.6	6.3
15 - 29	4.2	1.5	3.6	9.1	11.2	9.4

Source: NSS Sixty First Round, 2004-05 (Report 515).

unemployment rates are found in the age group 20-24 years. Unemployment rates for educated girls are markedly higher as compared to educated boys in the urban areas, though a reverse position prevails in the rural areas. Thus, employment opportunities appear to be less for educated females as compared to the educated males in the urban areas.

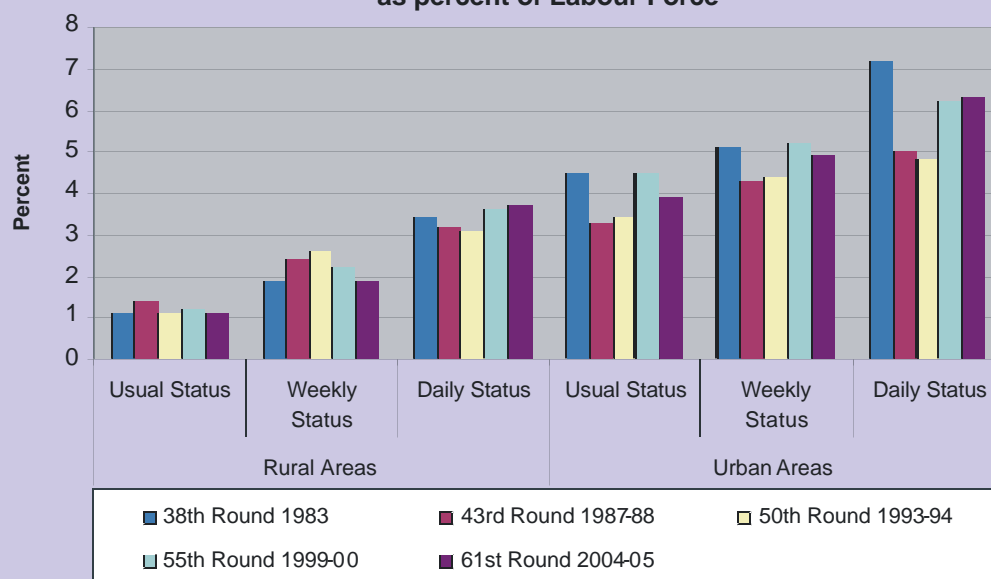
80. Employment policy has to address the issue of variations in the unemployment rates according to age, sex and area. Finding adequate employment opportunities for urban youth in the age group 20-24 will be a major challenge of development policy in the coming years. For rural women efforts are required to provide additional work opportunity on a regular basis.

### Trends in Unemployment Rates

81. Looking at the trends in unemployment rates over time, it is observed that unemployment rates for males as well as total person declined between 1999-00 and 2004-05 in terms of UPS and CWS, but show an increase in terms of daily status (Figure 5.14). For rural females unemployment rates show an increase in both rural and urban areas, except in case of CDS unemployment in rural areas. It may also be noted that the changes are moderate.

82. Unemployment rates for educated adults also show a clear decline for rural males and females as well as urban males for all categories of between 1993-94 and 2004-05 (Table 5.23). However, unemployment rates for urban females show a very sharp jump during the corresponding period.

**Figure 5.14: Recent trends in Unemployment Rates in U.P. as percent of Labour Force**



## Under-Employment

83. In the developing economies with heavy population pressure the unemployment assumes the form of underemployment or disguised unemployment, which denotes a situation where the employed person may not be fully utilized (visible underemployment) or where the income received from work is not perceived to be adequate and the person is willing to seek additional and/or alternative work (invisible underemployment). NSS provides data to assess the extent of invisible underemployment in terms of the proportion of employed persons who are willing to take up additional/alternate work.

84. According to NSS 50<sup>th</sup> Round (1993-94) 3.7 percent of rural workers and 2.6 per cent of urban workers by usual status reported seeking or available

for additional work. This proportion went up sharply to 9.2 per cent and 6.3 percent in the 61<sup>st</sup> Round (2004-05). Another 7.4 percent of rural workers and 5.4 percent of urban workers reported availability for alternate work in 2004-05 (Table 5.24).

85. A fairly high proportion of employed persons on UPS basis are found unemployed according to currently weekly or current daily basis, indicating prevalence of visible underemployment. This may be due to non-availability of work or withdrawal from work force for other reasons. The extent of visible unemployment is very high in case of females both in the rural and the urban areas. Thus, 43.7 per cent of usually employed females in the rural areas and 30.7 per cent in urban areas reported being out of work on current daily basis

**Table 5.23: Trends in Unemployment Rates (%) for Educated Labour Force (15 Years and Above)**

Area/Status	50th Round 1993-94			61st Round 2004-05		
	Male	Female	Persons	Male	Female	Persons
<b>Rural Areas</b>						
Usual Principal Status	4.8	6.9	4.8	2.2	3.5	2.1
Usual Principal Status & Subsidiary Status	3.0	3.9	3.1	1.3	1.6	1.3
Weekly Status	4.3	9.3	4.4	2.5	2.3	2.5
<b>Urban Areas</b>						
Usual Principal Status	5.5	5.6	5.5	4.4	17.2	3.4
Usual Principal Status & Subsidiary Status	5.2	5.0	5.2	3.8	10.9	4.6
Weekly Status	6.0	6.6	6	4.6	13.1	5.5

Source : National Sample Survey (Various Rounds)

**Table 5.24: Distribution of Usually Employed Persons Aged 15 Years and above who sought or were available for additional / Alternate Work (%)**

Area	50th Round 1993-94			61st Round 2004-05		
	Male	Female	Persons	Male	Female	Persons
<b>A. Available for Additional Work</b>						
Rural	3.8	3.1	3.7	9.8	6.6	9.2
Urban	2.5	3.3	2.6	5.9	9.2	6.3
<b>B. Available for Alternate Work</b>						
Rural	3.4	3.0	3.3	8.2	4.2	7.4
Urban	2.7	1.4	2.6	5.1	7.8	5.4

Source : NSS, 50<sup>th</sup> Round, Sarvekshana, Vol. XX, No.1, July-September, 1996.  
NSS Report 515, 61<sup>st</sup> Round, 2004-05

in 2004-05 (Table 5.25). The corresponding figures for males were relatively low at 8.1 per cent and 4.6 percent respectively. The extent of visible underemployment has increased in 61<sup>st</sup> Round as compared to the 50<sup>th</sup> Round in terms of current daily basis but declined slightly on the basis of current weekly basis.

### Growth of Job Seekers

86. The number of job seekers registered with the Employment Exchanges expanded very rapidly during the eighties rising from 14.18 lakh in 1981 to 27.96 lakh in 1991. But since 1991 the number of job

seekers has come down sharply (Table 5.26). In December 2005, there were only 17.8 lakh job seekers registered with Employment Exchanges in the State. This was due to the fact that a negligible number, around 3500 per year, were placed in job through the Employment Exchanges. It is to be noted that females constitute only one-tenth of the registered persons.

87. Generally it is the educated persons in the urban who get themselves registered with the Employment Exchanges. Of the total numbers on the live registers of Employment Exchanges at the end of 2004, a little over one fifth were below high school.

Table 5.25: Per Cent of Usually Employed (Principal and Subsidiary Status) reporting out of Work by their Current Weekly and Daily Status, 1993-94 and 2004-05				
Status/Area	50th Round 1993-94		61st Round 2004-05	
	Males	Females	Males	Females
<b>I. Out of Work by Current Weekly Status</b>				
A. Rural Areas				
(i) Due to being Unemployed	1.1	0.9	1.4	0.4
(ii) Being out of Labour Force	3.2	22.7	3.0	19.5
B. Urban Areas				
(i) Due to being Unemployed	0.9	0.5	1.5	1.0
(ii) Being out of Labour Force	1.2	12.2	0.8	11.2
<b>II. Out of Work by Current Daily Status</b>				
A. Rural Areas				
(i) Due to being Unemployed	2.0	0.9	3.3	0.6
(ii) Being out of Labour Force	5.3	38.4	4.8	43.1
B. Urban Areas				
(i) Due to being Unemployed	1.5	1.0	3.0	1.3
(ii) Being out of Labour Force	2.4	25.6	1.6	29.4

Source : NSS, 50<sup>th</sup> Round, Sarvekshana, Vol.XX, No.1, July-September, 1996.

Table 5.26: Number of Job Seekers on Live Register of Employment Exchanges							
Year	Total Persons			Females			% Females On Register Live
	Registration	Placing	Live Register	Registration	Placing	Live Register	
1990	727445	18839	3118928	61708	1019	229906	7.37
1995	780967	11219	2508819	116056	1412	261585	10.43
2000	371728	3392	2037846	45019	105	186742	9.16
2001	361595	3528	1864128	43344	74	168831	9.06
2002	416653	3333	1816801	33523	62	159118	8.76
2003	520983	3493	1929328	59466	135	176372	9.14
2004	352579	2779	1902066	46372	80	176079	9.26
2005	351915	2486	1861577	40239	113	178316	9.58

Source: Directorate of Employment and Training, U.P.

Over half of them were either high school or intermediate pass, while around one-fifth were graduates or postgraduates. The proportion of persons with higher level of education is more in case of females as compared to males. Thus, over 45 percent of females registered with Employment Exchanges are graduates or post graduates (Figure 5.15).

88. It may be mentioned here that the number of job seekers on the live registers of Employment Exchanges is not fully reflective of the pressure on the job market, particularly when growth of employment is largely market driven and jobs in the public sector are shrinking. We have already noted that the number of job seekers registered with the Employment Exchanges has gone down quite sharply since 1991.

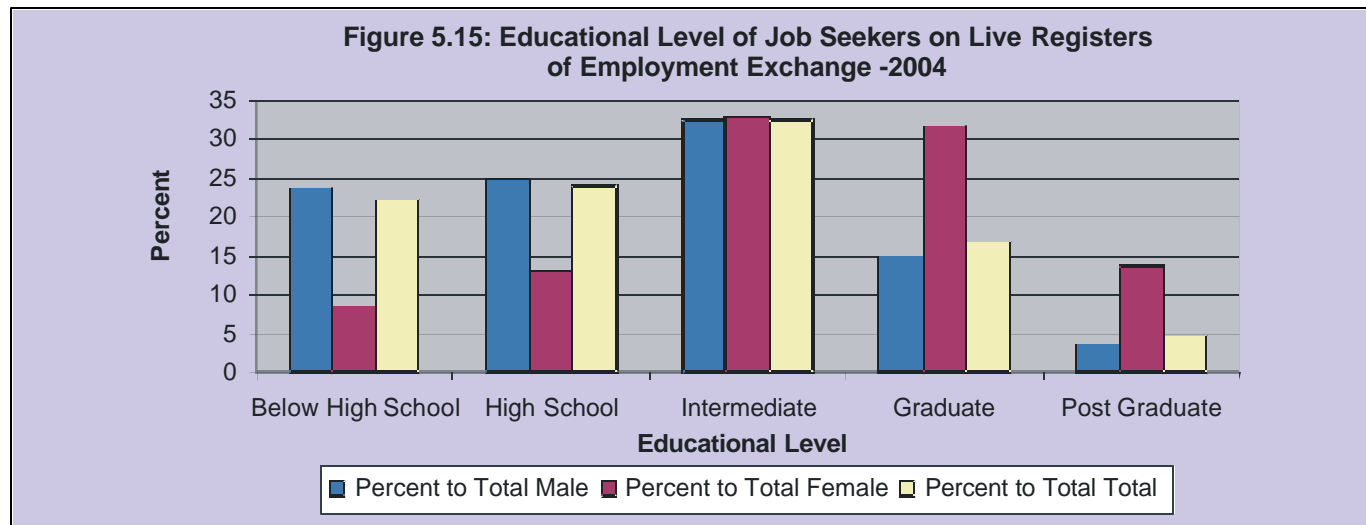
89. To sum up the unemployment situation in U.P., it may be observed that the incidence of open unemployment is relatively low. The poor cannot afford to remain unemployed and have to engage in some remunerative activity for their survival even though the returns are rather low. Thus, the major problem in U.P. is that of quality of employment in terms of productivity. The problem of underemployment is particularly severe in case of female workers who do not get regular employment opportunity. The employment generation strategy should address the problem of low productivity of employed workers and generation of additional supplementary employment opportunity. Flexible

employment generation programmes needs to be devised for women workers, whose participation in employment is intermittent.

### Employment Programmes

90. Generation of additional employment has been a major objective of the development plans both at the Centre and the state level. For this purpose a number of programmes for self employment and wage employment have been launched in the last three decades. In addition to the centrally sponsored programmes the state government has been implementing its own employment generation schemes.

91. Among the centrally sponsored schemes which are presently in operation are the **Sampoorna Gramin Rozgar Yojana (SGRY)** and the National Rural Employment Guarantee Scheme (NREGS). The Sampoorna Gramin Rozgar Yojana was launched on 25<sup>th</sup> September 2001 by amalgamating the Jawahar Rozgar Yojana and Assured Employment Scheme. Its aim is to provide food security to the people through employment programmes. Under the scheme people are provided work for generating durable assets and developing rural infrastructure including roads, schools, social forestry, water structures, dispensaries, etc. The cost is shared between the centre and the states in the ratio of 75:25. Wages are paid in cash as well as in the form of foodgrains. Financial and physical progress of the programme in last three years is shown in Table 5.27.



**Table 5.27: Progress of Sampoorna Gramin Rozgar Yojana during 2003-06**

Year	Financial Progress (Rs. Crore)			Man-days generated (in lakh)		
	Funds Allocated	Expenditure	% Utilization	Target	Achievement	% Achievement
2003-04	1235.06	1105.28	89	1535	1314.43	86
2004-05	1190.28	1064.68	89	1700	1750.45	103
2005-06	1400.16	1289.65	92	1746	1608.65	92

Source: Department of rural Development, Govt. of U.P.

92. The National Rural Employment Guarantee Act came into force from March 2006 in all States. This Act provides enhancement of livelihood security to the rural poor household in the country by providing at least one hundred days of guaranteed wage employment in every financial year to every household whose adult members volunteer to do unskilled manual work. Creation of durable assets and strengthening the livelihood resource base of the rural poor is an important objective of the Scheme. In the first phase the programme has been introduced in 22 most backward districts of U.P., namely, Sonbhadra, Unnao, Rae Bareli, Sitapur, Lakhimpur Kheri, Lalitpur, Chitrakoot, Barabanki, Hardoi, Banda, Mahoba, Hamirpur, Mirzapur, Kushinagar, Fatehpur, Gorakhpur, Azamgarh, Jaunpur, Jalaun, Kaushambi, Chandauli and Pratapgarh. It is proposed to cover all the districts under the programme in the year 2008-09.

93. A total of 37.12 lakh households had applied for registration in the scheme in U.P. till December 4, 2006, out of which 35.87 lakh were given the job card. 22.65 lakh persons demanded employment against which 22.05 lakh were provided job. While 62 percent of persons getting employment under the scheme belonged to scheduled castes the share of women was only 20 percent much below the required one third. A total of 428 lakh days of employment were generated under the scheme amounting to only 19 days of employment per person. The Employment Guarantee Scheme if properly implemented will go a long way in providing employment and income security to the poor. However, the scheme is undergoing teething troubles, which need to be paid due attention (see Box 5.4).

**Box 5.4: India's Rural Job Scheme plagued by discrimination: Study**

A field survey by PRIA and its partner organizations in Andhra Pradesh, Bihar, Haryana, Himachal Pradesh, Gujarat, Jharkhand, Kerala, Madhya Pradesh, Rajasthan, Uttar Pradesh and Uttaranchal revealed that while there was large-scale registration for jobs, less than 30% got the crucial job cards. Another major problem was low public awareness of the scheme – in Sitapur district of Uttar Pradesh, for instance, only 7% of respondents had proper information about the scheme. A gender bias was also apparent in the implementation of the scheme since women wishing to register for jobs faced much opposition. And in Sabarkantha district in Gujarat, the old and physically challenged were not even provided with registration forms.

The survey also found village heads guilty of misusing their power, with people with ties to the sarpanch (village headman), panchayat secretary and officials

appearing to have benefited more than villagers. In Rajasthan, elected panchayat functionaries are either ignorant or kept out of the exercise for the scheme's execution, despite the Rajasthan government's claim of having achieved decentralization of democracy. PRIA has expressed the concern that in the absence of aware elected representatives, empowered Gram Sabhas and active citizens, the best-designed development schemes such as NREGS could meet a "pathetic end".

94. The state government is giving high priority to employment generation and has introduced a number of schemes on its own for this purpose. These include the Bhumi Sena Yojana, *Rozgar* Chhatri Yojana and Unemployment Allowance Scheme (see Box 5.5).

**Box 5.5: State Initiatives on Employment Front  
Bhoomi Sena Yojana**

In 2005-06 the State Government launched the Bhoomi Sena Yojana, under which employment is provided to rural youth for reclaiming wastelands. One lakh hectare land will be treated under this scheme during the period of three years. The provision of Rs.99.36 crore has been made for this scheme and target of 110.74 lakh man days has been fixed for employment generation during 2006-07.

**Rozgar Chhatri Yojana**

Various self employment generating schemes have been brought under an umbrella scheme called the Rozgar Chatri Yojana. Programmes of 32 departments are covered under this scheme. In the year 2004-05, 12.35 lakh persons are reported to have been provided employment under this scheme against a target of 13 lakh. However, in 2005-06 only 5.86 lakh jobs were created against a target of 14 lakh.

**Unemployment Allowance scheme**

The state government introduced an Unemployment Allowance scheme in 2006 with an annual provision of Rs.400 crore under which unemployment allowance of Rs.500 per month was being paid to 8 lakh unemployed graduates registered with the Employment Exchanges. This scheme has been discontinued.

95. In spite of the large financial allocations the impact of the employment programmes is still very low in terms of employment generated. Moreover, a number of shortcomings in the implementation of the employment programmes have been observed (Ravi Srivastava, 2003). Considerable amount of available funds remain unutilized. Reports of misuse and misappropriation of allotted funds are widely prevalent. The quality of material used in the public works was



often sub-standard. The norms regarding the coverage of weaker sections and women often remain unmet. In short, there appears to be considerable scope of improving the efficiency of the employment generation programmes through better designing and implementation.

## **VI. The Challenge of Employment and Poverty Eradication in U.P.**

96. In spite of the substantial reduction in poverty levels over the past decades, the proportion of poverty is still relatively high in the state and the absolute number of the poor is very large. Though open unemployment rates are low in U.P., a very high proportion of workers are engaged in low income generating activities in agriculture and the informal sector. Poor asset base of the people, lack of economic diversification, poor levels of human capabilities and low productivity in the traditional sectors are among the major causes of poverty.

97. The challenge of employment generation and eradication of poverty requires a broad based, labour intensive and regionally equitable pattern of sustained growth. Rate of economic growth has to be stepped up by raising substantially investment levels in the public sector and creating a favourable investment climate to attract private capital in the state on a massive scale.

98. Improvement in agricultural productivity and diversification of the rural economy by promoting non-farm activities are vitally needed for poverty reduction in the rural areas, where bulk of the poor live. Improvement in productivity levels in the informal sector through technological upgradation and better input and marketing facilities will be necessary for improving the

income levels of the poor masses. Large scale investment in rural infrastructure is needed for accelerating economic growth in the rural areas and improving living conditions of the people.

99. The working of the wage employment and self employment programmes has to be improved to remove the deficiencies in their implementation. The strategy of promotion of self help groups of the poor supported by credit, training and marketing facilities needs to be vigorously pursued.

100. Social safety networks need to be substantially expanded for the protection of the vulnerable groups and destitutes, suffering from temporary and/or permanent shocks and handicaps will remain important.

101. The economic opportunities of the poor are restricted by lack of education and poor health conditions. Therefore, a human development strategy is critical for meeting the challenge of poverty and inclusive growth in the state. While the continued role of state in provision of social services like education, health, water and sanitation will remain important, efforts should be made to encourage private investment in social sector by adopting public private partnership models in this field. The quality of public services needs to be improved and access of the poor to these facilities encouraged.

102. A participatory approach needs to be encouraged by involving the people in planning and implementation of development programmes and in maintenance and running of the various social services meant for their benefits. Strengthening of the Panchayati Raj Institutions and their real empowerment will go a long way in strengthening the participatory approach.