ABSTRACT OF THE THESIS

Post independence, India followed inward looking development policy associated with a low annual growth rate of 3.5% of GDP . By the early 1980s it was realized that there was a need for recasting economic policies in the form of economic reforms. Major Economic reforms in India have been initiated in a systemic manner since 1991 under Liberalization, Privatization and Globalization (LPG). Though India has recently emerged as one of fastest growing countries in the world, poverty decline is only marginal. Employment is an important channel through which economic growth impacts poverty. Poverty and exclusion are two sides of the coin. Thus the dynamics of employment is important in understanding issues of inclusion and exclusion in the process of development. The unemployment rate in India has flip-flopped since the reforms of 1990s. The unemployment rate by current daily status has increased from 6.1% in 1993-4 to 7.3% in 1999-2000 and further to 8.2% in 2004-5. However it came down to 5.6% in 2011-12. Though the demand for labour increased after the economic reforms the increase was not even in rural and urban, India between men and women and regular and casual workers.

One of the important objectives of development is removal of poverty. While there are many short term palliatives – by way of poverty alleviation schemes – the only empowering solution has to be found in creating employment, which presupposes employability. That alone will help us attain inclusiveness which has to be the goal of Indian policy. The employment has been increasing over the reform period and the poverty has been declining, this much is established, although there is debate about the exact figures. The quality of employment is another matter and so are the correlates of poverty. One can never be satisfied and much more needs to be done. There is need to create an optimal mix of 'capacity building' and 'safety net' approaches, hence well directed efforts have to directly address the quality of growth.

Creating decent jobs for its growing manpower has also been one of the challenges faced by India. Demographic changes magnified the challenge. To reap the benefits of demographic dividend manpower planning is required on a broad scale. India is ill prepared for this challenge, thus facing penalties.

In the case of North East Region of India a similar worrisome of employment exist. Despite huge investments over time, north eastern region of India has lagged behind the mainland states in many ways. In the last 60 odd years four new states viz Nagaland, Mizoram, Meghalaya and Arunachal Pradesh emerged out of Assam and the demand for more balkanisation still persists. These states have registered reasonable growth rates however there seems to be a missing link between economic growth and employment generation. There is a widespread belief that unemployment has been a significant driver that accentuated the decades of unrest that has come to characterise this region. NER faces dual issues: first growth has been jobless growth and secondly whatever jobs that have been generated have been not only been inadequate but highly inappropriate for the local labour force. This is evident from the influx of migrant workers from outside the region. The issue of generation of adequate job opportunities for the growing labour force is as important as the issue of minimising the mismatch between job opportunities and labour supply. The job mismatch is as crucial as unemployment to the crisis of NER.

Though several studies have examined the process and determinants of growth across the Indian states, except for Assam, the remaining seven states of the region have not been examined rigorously due to their insignificant size and population. Most of the pre reform and post reform state level studies are centred around 14 major states. Researchers have ignored this region due to the poor and questionable data base and its insignificant share in national income and population. The states in the region are not homogenous entities and the quality of enabling environments differ widely. Issues whether these states should be treated as homogenous or heterogeneous have remained hypothetical. Yet Assam used to represent the north east in academic dialogues. Most of the states in the region are small states and they face unique challenges in raising their growth potential. Small population, geographical isolation and low population density, poor connectivity, narrow production base, heavy reliance on central funds have made them different. The available studies (Das, Dubey & Pala 2007, Singh 2007, Sahu 2012) are descriptive and have not used rigorous analytical tools to investigate the linkage between development and employment generation. Sahu (2012) used unit record data of NSS for 1993-94,1999-00 and 2004-05. This exercise of employment elasticity

estimation was based on estimates of growth rates. Tripathi (2016) used multinomial logit model using unit level NSS data from the 68th round. The issues that need further probing are nature and quality of employment available, duration of unemployment, level of productivity of these jobs and prospect of their sustainability and linkage between economic growth and generation of gainful employment. The issue of appropriateness of the categories used for employment and unemployment also needs probing.

Whether improved growth rates of GDP has led to any significant changes in the level and growth of worker productivity is an important issue that needs close examination. The overall labour productivity indicates an increasing trend. The level of overall labour productivity in NER has increased from Rs 19,223 in 1993–94 to Rs. 21,126 in 1999–00 and to Rs. 23,154 in 2004–05 at 2004-05 prices. At sectoral level also per worker productivity has witnessed varying degree of improvement. In agriculture, the level of productivity is not only abysmally low, but also declined during post 2000 period. For the NER as a whole, per worker earning differential between agriculture and other sectors are very high. For example, in 2004–05 the per worker productivity in agriculture is substantially lower than that of manufacturing, construction, trade, transport-storage-communication and community-social and personal services respectively. (68th NSS rounds, 2011) The low level of per worker productivity compared with some of the other sectors indicates higher magnitude of underemployment. It, therefore proves that growth of state domestic product in this sector should not be expected to generate a big increase in total employment; instead, it would rather reduce the degree of under-employment with an increase both in wage rates for agricultural workers and earnings of cultivators.

The present study analyzes economic growth and structural changes in NER. The impact of policy changes and internal conflicts is evaluated. The work discusses the linkages between economic growth and employment. It is necessary for an economy to adopt to pro poor policies along with targeting for a fast economic growth so that benefits of growth are distributed. The thesis is divided into 8 chapters.

The major objectives are :

    i.   Examining the pattern of economic growth of the states in the North Eastern States of India. Do the states have similar pattern of growth and can they be collectively considered as homogenous set of states or not. This will also help understand the difference of NER from the 'All India' average.

    ii.   Examining the pattern of growth of employment at sectoral and aggregate level statewise in NER and comparison with 'All India'.

    iii.   Examining the association between growth and employment in the North Eastern region at the state level helps in drawing state specific policies.

    iv.   Examining the nature of labour force in terms of their social and economic characteristics in the state of Manipur.

The major hypothesis examined in the thesis are as follows:

  i.   The economic growth does not necessarily lead to employment generation.

  ii.   The economic growth does not always incorporate equitable income distribution and doesn't lead to growth of the productivity of the workers.

  iii. The structural breaks experienced within the NER are not similar for different states and sectors therein.

  iv. The probability of a person being employed depends on various factors like social-background, families economic status, education, age and the area of residence.

  v.   The employability of the respondent and the employment status of a person have strong positive relationship.

The study uses various techniques to analyze the date and test for various hypotheses. Various indices are constructed. The method of Principle component analysis is used. Regressions are fitted wherever necessary, both bivariate and multivariate. Logistic

regressions are fitted to analyze the dichotomous dependent variables. Various tests using t, χ^2, F are conducted to analyze data and test the hypothesis based on economic literature.

The thesis uses secondary data as well as primary data for analysis. The secondary data is used to determine the trends of economic growth and employment growth of 'All India' as well as the NER of India. It is used to analyze the structural growth as well as the sectoral employment and productivity. The primary data is based on the field work carried out in four districts of Manipur, with population drawn from the Employment exchange office of Manipur. It is used to collect the socio economic characteristics of the respondents looking for job. Since the enrolment eligibility requires a person to have done schooling, it is focused on educated unemployment.

The study analyses the economic growth and structural changes in NER states. Using Bai-Perron test, it has been found that the overall growth of each states as well as sector-wise performance were not homogenous. There were vast difference among the states in terms of industrial growth rates. States like Tripura (during 1996-2000) and Nagaland (during 1994-98) had CAGR of 19.6% and 21% respectively, whereas in states like Assam (during 1992-2000) and Meghalaya (1992- 2008) the growth performance of the industrial sector were not remarkable with CAGR of 1.5% and 5.8% respectively. Each state has different government policies which could also result in such differences. The agriculture sector as well as service sectors were influenced by array of policy changes by central government.

A brief profile of Manipur in terms of historical background in terms of its merger with India, geographical area and geo-political nature and the socio- economic structures have been analysed and discussed. The objective of this chapter is to analyze the growth structure of the economy and the employment situation in Manipur. The sectoral composition of the agriculture and allied sectors shows there has been a rise of NSDP for agriculture and fishery, where as for forestry NSDP has remained almost stagnant. In terms of industrial sector it is a challenge for growth. Inspite of the fact that Manipur is endowed with mineral and forest resources, industrialisation has been painfully slow in the state. There is an absence of key factors of development especially the transportation

infrastructure and the market facilities. The smooth economic activity in the economy is disrupted on and off by economic blockades in the highways connecting the mainland as well as political and social conflicts internally. The construction sector is the largest sub sector contributing to the secondary sector however during the year 2010 it got disrupted by Naga insurgents economic blockade which halted the supply of basic necessities and raw materials to the economy for long. The construction sector is still yet to recover from the shock.

In terms of service sector there has been gradual rise in sectors like Banking & Insurance, Tourism, Transportation however there has been an exponential growth in Public administration and other services due to increase in government activity jobs which can be contractual in nature and no real increase in output.

In terms of employment situation, Manipur is facing similar decline in job creation as All India. There is high rate of unemployment particularly in educated youth and it is due to lack of industrial base. There is decline in proportion of main workers and rise of marginal workers. A fall in agricultural workers and gradual rise in the composition of secondary and tertiary sector employment is observed, however the proportion of people working in agriculture is still large. The NSDP has grown by 170 percent during 1994 to 2012, however the employment ratio declined by -1.92 percent.

Two techniques of decomposition has been used viz. i) Employment Elasticity Approach and ii) Shapley's Decomposition analysis. The hypothesis are: i) the economic growth in NER has been jobless growth and (ii) the growth of output is contributed by the rise in productivity of the workers and inter sectoral shifts of the workers.

The first technique of decomposition which is employment elasticity approach finds that during the span of almost twenty years i.e. from 1993-94 to 2011-12 the employment elasticity for all the sectors of NER states are very low. It also can be seen that for many states and sectors elasticity is below the 1%. Exceptions are cases like in Assam, Manipur and Tripura in industry sector. It can be concluded that since the elasticity of employment for most sectors was low with robust GDP growth during two decades is a failure of India to generate employment. The time period of 2005-06 to 2011-12 saw a significant fall in the growth rate of employment. However the NSDP growth rate was

higher than any other sub period during these period. This gives a clear picture that economic growth is not the sufficient condition for employment growth. Had there not been modest growth of employment rate during the period 1999-2000 to 2004-05, there would have been lower employment during the time period under study. The highest employment growth rate is found in Sikkim with just 3.4 percent while the NSDP growth rate is the highest amongst the states with 10.75 percent. Arunachal Pradesh has the least growth in employment and NSDP growth rate of just 4.14 percent.

The findings using Shapely decomposition reaffirm the finding that growth in India and the states in NER has been largely jobless growth. It is increase in output per worker across the NER states that has led to the growth in per capita income, this result complies with the all India average. In terms of contribution of employment, states like Arunachal Pradesh, Assam and Mizoram showed positive contribution whereas all other states have negative contribution. The negative contributions of demographic factors imply burden of dependency on the workers. The contribution of growth in employment rate has been negligible. The ranking of sectors –agriculture, industry and services in terms of their contribution to employment differs widely across the states. However the labour force participation seems to be contributing positively in most of the states except for Arunachal Pradesh, Assam and Meghalaya. The data shows that the productivity has increased however there is no uniformity in terms of employment and labour force participation amongst the states.

In this study primary data analysis is taken up for Manipur. A sample of 271 respondents from the registered in unemployment exchange is used for analysis. This analysis helps the researcher in drawing specific inferences pertaining to Manipur's employment scenario. Some of the major findings are:

- The educated youth unemployment problem is much more serious in Manipur than All India.
- The group of people who register with the employment exchanges in Manipur are from diverse social backgrounds however but it is found that there exists no significant difference in their family income.
- Larger proportion of people who had schooling upto 10 years were employed which imply the necessity and urgency to get a job. In higher education the

chances are that the person is still unemployed and waiting for a suitable job is high.

- Being male had a higher tendency to be employed because of the family responsibility and urgency. It is found that the most of the employed were not satisfied with their job because of low salary and harsh working conditions.

- More urban respondents were seeking job in the market, as self employment was less unlike in rural regions.

- The chances are that head of the family working in formal sector with secured job and better pay enables the respondents to wait for better job and focus more on higher education.

- Female labour force participation rate is lower than male. Greater proportion of females with higher education register in unemployment exchange than those with lower education levels as they seek jobs in the formal markets.

- Higher the age of the respondent there is greater chance that the respondent is employed. There were high proportion of respondents in the age group 20-26 with higher educational qualification, looking more for suitable jobs.

- The wage differential was higher amongst formal public and private workers than the informal workers. The public sector workers are paid much higher than the private sector formal workers.

- The wage differential is significant between 'graduate & above workers' and 'non graduate' respondents, with former drawing higher wages.

- Even though the gender had some influence on being employed the wage differential between male and female is not statistically significant.

- The major reason for quitting earlier job is low wages. It is similar for informal as well as formal sectors.

- Since most of the unemployed were educated, one of the major coping strategy reported is home tutor i.e. teaching the school students at home etc.

- The employability of a respondent and the employment status show significant relationship. If the employability of a respondent was high he or she is likely to be employed but also dependent on social factors. Therefore, it implies that there is

mismatch of job demand and the job supply. Jobs for the educated are in short supply.

- The age and the employment status showed there is positive significant relationship. Age is a good proxy gained years of experience or the respondent have with years gathered more contacts as well.

- The salary of the respondents has positive correlation with the age which imply that higher the experience greater is the amount of salary. Even though the correlation of two variables is low but statistically significant.

- The Head of the family's job, Years of education of the head as well as years of the education of the respondent and the gender played a major role in determining the employment status of the respondent.

- When the logistic regression is fitted with normal variables with respect to the employment status the variables gender, age, years of education of the respondent, female headed household and family income are found to be statistically significant.

The study concludes that the NER has not benefitted significantly from the liberalization. Even though growth has picked up, the benefits of growth have not percolated to different sections and regions. The problem of unemployment in general and educated unemployment in particular persists on a large scale. Different states of NER have exhibited different patterns of growth, hence the region cannot be treated as homogeneous. State specific policies for sectoral development is the need of the region.

The NER is significantly affected by the local political, social and insurgent movements. For smooth performance of the region in economic sphere, non economic factors play a prominent role. Trade improvements with neighbouring countries could enhance their performance. Physical infrastructure is a major bottleneck for investment enhancements. Manipur is very much affected by these factors more than other states. Government of India, initiatives in trade enhancement, investment in climate improvements and overcoming infrastructure bottlenecks would be of great help to the NER.