

Occupational Structure and Economic Development from 1989-90 to 2013 14: A Case Study of Jammu and Kashmir Economy

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Abstract: Occupation refers to an economic activity which provides livelihood for those engaged in it. India in general and Kashmir in particular is an agrarian economy in which more than 60 percent of the population depends on agriculture. Changes in occupational structure are very much associated with economic development. The rate of economic development and the level of per capita income increases a more and more work-force shifts from primary sector to secondary sector and then to tertiary sector. Unemployment is one of the burning issues that the nation has been facing since a long. Its magnitude has increased manifold since post-reform period. The employment structure in the state shows skewed distribution biased towards tertiary sector. The paper makes an attempt to identify the employment pattern of different sectors and also to examine the rate of growth of working population of the state. The paper makes an analysis that there is overcrowding in agriculture and the labour is under-employed. The paper also shows that the tertiary sector is the major employer of the urban areas and it is picking up in the rural areas as well.

Key words: Occupational structure, J&K Economy, Structural change.

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I. INTRODUCTION

The major structural shifts in output and employment always accompany a sustained and rapid growth of per capita output of a country has been an established truism since the original studies of economic growth by Fisher, Clark and Kuznets. Occupation implies trade or profession. It depicts the nature of economic progress of an economy. It is related to primary, secondary and tertiary sectors. Occupations depend upon the magnitude of economic development and progress of a country. Occupational structure influences many aspects of population in a region. The occupational characteristics of population are depicted in the working force, dependency load, employment and unemployment. Then there arises a pertinent observation as to not only analyze the nature and employment structure of the state but also to understand the occupational structure of the Jammu and Kashmir economy.

II. THEORETICAL UNDERPINNING

Empirics on sectoral growth and performance analysis draw their origin from the dual economy model of Lewis (1954) and Hirschman (1958) which attempt to explain economic growth by examining the role and relationship between the traditional agricultural sector and modern manufacturing sector. There exist two opposing schools of thought on the relationship between the service producing sector and economic growth (Glasseier and Howland, 1993). *First*, is of the view that the service producing sector can aid economic growth; and *second* is of the view that the service producing sector should not be seen as independent of, nor is it a replacement for, the traditional goods producing sector such as agriculture, mining, and manufacturing.

Structural change in an economy takes place mainly along two dimensions: one along sectoral shares and another along work force shares engaged in these sectors. In addition to labour and capital, the technological changes play an important role, in the structural change. As an economy moves from lower to higher stages of development, there occurs a shift from simpler to more modern and complicated techniques of production on the one hand and from primary to secondary and/or to tertiary sectors on the other. The tertiary sector has emerged

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as the largest and fastest-growing sector in the global economy in the last two decades. The excess growth of tertiary sector coupled with state-of-the-art technology has got its own implications, for the future development patterns of an economy. Overgrown tertiary sector has its effect on economic growth, employment and sustainability of the system. Presently, in India the tertiary sector share in gross domestic product has almost touched the 60 percent mark. World over majority of the countries have followed a set pattern of transition, i.e., primary, secondary and tertiary; but in India, transition from primary to tertiary sector has been by bye-passing the secondary sector. The structure pattern and composition of this tertiary sector growth has its own implications for economic growth its sustainability.

Methodology and Coverage

For analysis of structure, the sector level data from 'National Accounts Statistics' (CSO) and 'Statistical Abstract of J&K' have been used. Employment related statistics have been obtained from different rounds of NSSO. For analysis of above data, tabular analysis has been supported with percentages, averages, growth rates and simple measures of structural change. Wherever the need be, appropriate massaging of data and proper price adjustments have been done.

III. REVIEW OF LITERATURE

Singh (1981) discusses the nature, role and importance of activities related to trade and commerce in the urban centres of eastern Uttar Pradesh with the help of co-efficient of correlation and regression equation. The study finds that 36 out of 69 towns of the region to be specialized in trade and commerce. The study further groups into various classes on the basis of functional specialization intensity. An attempt has also been made to analyze the nature and pattern of absorption of the growing population of the five cities of west Bengal by computing the various census data on occupational categories.

Ramotra (1989) studies the female work participation in economic activity in India in general and in Marathwada in region of Maharashtra in particular. This study discusses some of the issues and constraints related to the female participation and try to identify the plausible casual factors responsible at macro and micro level variations.

Khalil Kalantari (1996) studies the structural transformation of working force in Iran. The study was carried out at province level. It is found that the diversification of the Iranian economy since 1976 has resulted in structural change in working force over time. On the whole, the pattern of change in the economy and that of working force is towards tertiarisation rather than the secondarisation of the economy.

Siddiqui (2003) studies structure of employment and levels of economic development under two points, first employment under major occupation groups and second, the employment region. In his study primary, secondary and tertiary occupations are combined together in terms of scores and average is together in terms of scores and average is calculated to present the performance of employment region with the help of score method. The level of development and its regional distribution is attempted by combining six different variables of economic development.

Bagchi, Das and Chattopadhyay (2005) explored the growth and structural change in the economy of Gujarat from 1970 to 2000 with the help of T test and F test. The study finds no increase in organized sector employment during the 1990s. The primary sector, particularly agriculture, has been stagnant or even declining. By contrast, the secondary and tertiary sectors have shown statistically and high rates of growth over the whole period.

Kapoor (2006) explored female participation with the help of time used method. The study analysed that work participation in both domestic and marketed work combined of rural females was very high. some more valuable works on work force have been done in Indi and abroad at national, regional and local level.

John Laitner (2000) has analyzed the relation of structural change and economic growth. The paper presents a model in which a country's average propensity to save tends to rise endogenously over time. The paper uses a two-sector neoclassical framework to model the transition from agriculture to manufacturing which typically accompanies economic development. Key assumptions are that only the agriculture sector uses land and a simple version of Engel's law. When a country's income per capita is low, agricultural consumption is important; consequently, land is valuable and capital gains on it may account for most wealth accumulation. If exogenous technological progress raises income over time, Engel's law shifts demand to manufacture goods. Then land's importance in portfolios relative to reproducible capital diminishes and the measured average propensity to save can rise. By showing the variations in different parameters of the economy, the paper has clearly applied secondary methodology.

M.A.I. Akanda (2005) analyses the structural changes in land use and rural livelihoods of Bangladesh. The paper has discussed the development of rural livelihood with the changes in land use and institutional supports. Land use pattern, technological development and micro-credit has influenced towards a structural change in rural livelihoods.

R.K. Sharma and A. Jayakumar (1995) have analysed the structural Shifts and the growth of tertiary sector in India. It is based on data drawn from Census of India, Central Statistical Organization and World Development Reports. The study concluded that the relative income shifts in the sectoral shares have not been matched by the occupational shifts at the all India level as well as state level which has further led to increase in inter-sectoral inequalities.

Estimates with regard to sectoral structure depict that in consistent with the declining contribution of primary sector towards GSDP, the labour absorption of this sector shows a consistently declining trend. Despite this declining trend, primary sector continues to be the largest employer up to 2001 as shown in table 7. Thereafter, the tertiary sector occupied this place as the employment generation by secondary sector has remained more or less constant over the period except for the decade 1971-81. Presently, the tertiary sector employs 49 percent of the workforce and primary sector with just a quarter share in the GSDP employs 43 percent of the workforce. There is overcrowding in agriculture and the labour is underemployed. Tertiary sector, with largest share in GSDP and with highest growth has not generated the employment comparable with its volume. Employment structure has not changed at the pace of production structure.

Table 1: Sectoral Occupational Structure (percentage)

Year Sectors	Primary	Secondary	Tertiary	Total
1961	78.62	9.03	12.35	100
1971	71.05	8.94	20.01	100
1981	64.28	14.27	21.45	100
1991	57.19	10.24	32.58	100
2001	50.10	6.20	43.70	100
2011	43.00	8.00	49.00	100

Source: Compiled from Issues of Census of India.

Structural change in terms of distribution of labor force is given in table 4. Percentage distribution of workers in the principal status by broad industry division depicts that in the year 2007-08, statistics are indicative of the fact that in rural area, the dominant occupation is the primary sector; nearly fifty percent of the workforce is employed in it. It is followed by employment share of tertiary sector (27.5 percent) and secondary sector (22.7 percent), in order. In 2007-08, in urban areas, 68.1 percent of the workforce has been in tertiary sector and 25.3 percent have been in secondary sector. The employment share of primary sector in urban area has been just 6.6 percent. Majorly, the tourism and other services are concentrated in urban areas only and still the major chunk of rural population is in primary sector which is mainly the agriculture and allied occupations.

Structural change in employment pattern shows that in rural areas, the employment share of primary sector that was 64.1 percent in 1993-94 has come down to 40.01 percent in the year 2011-12. Employment share of secondary sector has improved to 25.24 percent in 2011-12 as compared to 16.1 percent in the year 1993-94. Tertiary sector employment share improved from 19.5 percent to 34.75 percent during the same period. In urban area the share of primary is almost negligible in the year 2011-12. But the secondary sector employment has improved from 18.1 percent in 1993-94 to 25.0 percent in the year 2011-12. Share of tertiary sector that is still above the national mark of sixty percent has slightly gone down. So the table shows that tertiary sector is the major employer in urban areas and it is picking up in the rural areas also

Table 2: Percentage Distribution of Workers in the Principal Status by Broad Industry Division

Year	Sector	Rural	Urban
1993-94	Primary	64.1	8.0
	Secondary	16.1	18.1
	Tertiary	19.5	73.8
1999-00	Primary	66.7	10.7
	Secondary	15.3	22.5
	Tertiary	17.9	66.6
2007-08	Primary	49.9	6.6
	Secondary	22.7	25.3

	Tertiary	27.5	68.1
2011-12	Primary	40.01	5.2
	Secondary	25.24	25.0
	Tertiary	34.75	69.8

Source: NSSO, Various Rounds.

Another dimension of employment structure is the sex-wise distribution of labour force across the sectors, over a period of time (table 9). In the year 2011-12, share of services sector employment 70.0 percent for the male and 66.6 percent for the female in urban areas. In secondary sector, the employment share of female has been 28.9 percent against the mark of 24.6 percent for male. So the urban area is characterized by higher share of female workforce in secondary sector and slightly lower share in service sector. In rural area, the employment share, in secondary, of female is higher than the male. Temporal change in employment structure shows that the female share in primary sector in rural areas has drastically gone down and has moved to secondary and tertiary sector. In urban areas, the female workforce relieved by primary sector has gone to basically the secondary sector. In the structural change, the female has been gainer in moving to secondary and tertiary sector in the last two decades.

Table 3: Percentage Sex-wise and Area-wise Distribution of Workers in the Principal Status by Broad Industry Division.

Year	Sector	Rural Male	Rural Female	Total Rural	Urban Male	Urban Female	Total Urban
1993-94	Primary	59.9	86.7	64.1	6.9	15.1	8.0
	Secondary	18.2	4.9	16.1	19.7	4.9	18.1
	Tertiary	21.8	7.8	19.5	73.8	78.0	73.8
1999-00	Primary	66.1	74.8	66.7	11.6	0.0	10.7
	Secondary	15.7	10.4	15.3	22.2	27.7	22.5
	Tertiary	14.4	14.9	17.9	66.4	72.3	66.6
2007-08	Primary	50.0	48.4	49.9	6.8	5.3	6.6
	Secondary	22.3	26.0	22.7	24.3	31.9	25.3
	Tertiary	27.6	25.6	27.5	68.8	62.8	68.1
2011-12	Primary	45.00	46.21	45.11	5.2	4.5	5.4
	Secondary	25.03	28.00	24.74	24.6	28.9	24.5
	Tertiary	29.97	25.7	30.15	70.0	66.6	70.1

Source: NSSO, Various Rounds.

IV. CONCLUSION

By conclusion we can say that one of the characteristics of Jammu and Kashmir economy is that it is a primary producing economy. A very high proportion of working population is engaged in agriculture.

a) In terms of employment structure, most of the developed countries showed a similar employment structure of their economies. Further, the share of each sector in employment is moving in line with the GDP share of that sector. The most striking feature is that today, the employment structure of most developed countries is strikingly similar to their production structure, thus, reflecting a high degree of inter-sectoral equality in their productivity and income levels.

b) In J&K economy, product contribution of agricultural sector has been very limited because of stagnant non-agricultural sector. Market contribution has also been low because most of the factor inputs required by rural population are imported like tractors, fertilizers, pesticides and other agricultural implements. Factor contribution has remained relatively much higher than product and market contribution because increases in rural incomes, because of growth of agricultural and tertiary sectors have contributed significantly to capital formation.

c) Analysis of employment structure of J&K economy shows that the tertiary sector employs 49 percent of the workforce and primary sector with just a quarter share in the GSDP employs 43 percent of the workforce. There is overcrowding in agriculture and the labour is underemployed. Tertiary sector, with largest

share in GSDP and with highest growth rate has not generated the employment comparable with its volume. Employment structure has not changed at the pace of production structure.

d) Another dimension of employment structure is the sex-wise distribution of labour force across the sectors, over a period of time. The urban area is characterized by higher share of female workforce in secondary sector and slightly lower share in service sector. In rural area, the employment share, in secondary, of female is higher than the male. Temporal change in employment structure shows that the female share in primary sector in rural areas has drastically gone down and has moved to secondary and tertiary sector. In urban areas, the female workforce relieved by primary sector has gone to basically the secondary sector. In the structural change, the female has been gainer in moving to secondary and tertiary sector in last two decades.

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