**CHANGING NATURE OF LABOUR MARKET AND EMPLOYMENT RELATIONS IN KERALA:**

**ISSUES AND CHALLENGES**

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**Abstract**

*Kerala is renowned for its social development. Scholars assign a positive role to well-organised collective movements, both in the formal and informal sectors, in the form of militant peasants associations and labour unions for the success of the peculiar development Kerala witnessed. In respect of labour movements, they were born in the crucible context of political and social transformations in the 1930s.There were different phases of the emergence of labour market in Kerala. As a result Kerala is characterized by strong trade unions in different facets of the economy.However; globalization and consequent reforms make serious threats to the laobur market of Kerala*

**1.0 Kerala’s Labour Market: A Historical Note**

The emergence of the labour market, need to be positioned in the historical context of the penetration of capitalism under conditions of colonialism in an agrarian society like Kerala. It has been argued that the labour movement in Kerala was born in the crucible of the political and social transformation of the 1930’s. Three phases can be identified in relation to the labour markets of Kerala. The initial phase began in the second half of the 19th century. This period witnessed the transition from the traditional division of labour based on caste to trade and related economic activities and to the beginning of the capitalist enterprises in plantations and agro processing industries. The transition began when the lower castes were attracted to the job opportunities, which results from the opening up of plantations, public works and agro processing factories (Jeferrey, 1976).In continuation of this, markets were created for labour in different spheres. But caste, gender and other socio economic characteristics continued to influence labour marker entry and access to jobs.

The second phase started in the beginning of the 20th century and continued till the 1950’s.The above mentioned characteristics continued in the early period of this phase. In other words, the labour market functioned with strong segmentation and stratification characteristics. Gradually, the labour status also varied from a position of relative security to their most vulnerable i.e. from protected to casual labour markets. A number of technical changes took place during this period. It displaced a large number of women and thereby low caste women have to be contending with low paid and low status jobs. Many lost their traditional occupations and joined the casual labour market but artisanal caste and fish workers continued in their occupations. At the same time the technological changes of a simple nature gave rise to employment opportunities in small establishments as well as in rural occupations. Large sections of the intermediate caste workers (known as Ezhavas) in coir processing, toddy tapping and agricultural work (Paddy labour as well as coconut climbing) joined the then newly created jobs in plantations, road construction ,coir weaving and cashew processing factories. It is of interest to note that the creation of a large proletariat, largely rural created a web of different levels of organization of production –domestic, manufacturing, simple commodity production in small establishments than by capitalist organization of production in large scale factories alone. This trend continued since the mid-1950s.

The second phase witnessed the emergence of labour movements. In 1922 the state’s first labour union, the Travancore Labour Association (TLA),was organized by workers in the coir factories of the coastal town of Alappuzha, which was Travancore’s industrial centre then. The TLA was a direct outgrowth of the caste –reform movement and in its early years functioned as a caste association. It provided social upliftment and education through reading rooms, night schools, welfare schemes and ayurvedic hospitals. Gradually it extended its activities to other regions and industries. In 1934, the first Beedi workers association was formed at Tellicherry.

The TLA associated with socialists, who were determined to draw the labour movement in to a broader political struggle. The movements’ political character solidified with the general strike of 1938.Following this, the Travancore government passed wage legislation for coir industry .In 1948, the government facilitated the formation of an industrial relation committee, first of its kind in India. The labour movement not only grew rapidly but it also built up an organizational bridge to the agrarian movement. In the late 1940’s the communist mobilization of workers and peasants and the attitude of the then government led to another general strike called by Communist party of India. The strike escalated in to a series of large scale and violent confrontations. In the industrial front, the Quilon Factory Workers Union (covering textile mills, saw mills and cashew factories) came in to being.

The third phase began in the 1950s.It is marked by institutionalization of class conflict. There occurred the effective class compromises across agrarian and industrial sectors. There were distributive and social gains even in the midst of being labeled Kerala as ‘underdeveloped economy’. To sum up, while mobilization of poor tenants and landless labourers produced an agrarian transition and precipitated the demise of the landlord dominated social order, the second phase witnessed labour militancy and continuous challenges to private property which triggered a crisis of capitalist accumulation and specifically a crisis in the labour-squeezing logic of peripheral capitalism( Heller,1999). In the third phase, the labour movement and the state have taken significant steps to promote capitalist growth while maintaining hard-won distributive and social gains, though Kerala remains an ‘underdeveloped ‘economy.

**2.0 Features of Kerala’s Labour Market**

The Kerala’s laobur market is characterised by gender discrepancies, rural-urban differences, and existence of formal-informal sectors. To start with work participation rate can be discussed.

**2.1 Work Participation Rate**

There are two concepts that used to explain the basic nature of labour market. They are labour force particpation rate (LFPR) and Work participation rate (WPR). While LFPR represents the economically active population (15-59 years) as per Census classification, WPR shows the proportion of workers to the total population.

LFPR, which was 51.5 per cent in 1951 rose 62.8 in 2001 census .National sample survey organisation (NSSO) calculates LFPR as the number of persons/ person-days in the labour force per 1000 persons /person-days. Work Participation Rate in Kerala has slightly increased from 32.18 per cent in 1951 to 32.32 per cent in 2001(39.3 % for India ).According to 66 & 68 Rounds estimates of NSSO, WPR in Kerala was around 37.7 & 38.6 per cent during 2009-10 & 2011-12 respectively. Certain inferences about WPR in Kerala based on census data are :

* WPR in Kerala is lower than national average; WPR of both males and females in Kerala were lower than the corresponding rates in India, in 1991 as well as in 2001.
* WPR in Kerala is lower than that of neighbouring states
* WPR in Kerala is remarkably stable at around 30-32 as per census and 38-39 per cent as per NSSO.
* WPR is presenting upward increase in recent decades as supported by NSSO.
	1. **Male- Female Ratio**

Male WPR (MWPR) is consistently greater than that of FWPR in Kerala (50.2 for males and 15.4 for females in 2001). WPR among males in Kerala is increasing where as the ratio has declined at all-India.Another observation is that the Female WPR (FWPR) is not only lower than state average of WPR but also far below the national average of FWPR.

As per NSSO estimates (68 round), the following two observations can be made:

* + - Male WPRs in Kerala are more than twice those for females i.e. 56.2 per cent vis-à-vis 21.3 per cent for females.
		- FWPRs in Kerala have been among the lowest in India
	1. **Rural- Urban Laboures**

As per 2001 census, distribution of work force by rural and urban areas are 32.56 and 31.65%.The urban WPR in Kerala, as per the NSS 66 was 36.3 and it is 38.3 per cent in rural areas in 2009-10. The estimates of 68 round (2011-12) also presents almost same results i.e 36.3 for urban and 38.2 for rural. One major inference is that there is slow or marginal increase in rural employment but the sector is shy in accommodating female labour.

* 1. **Public Sector-Private Sector Employment**

Public sector provides employment to 609733 persons in the state (supports livelihoods of nearly 28 lakh population, based on the average family size of 4.5) in the year 2011. The share of private sector employment in the organized sector of Kerala was 47.64 per cent in 2003 (IKD, 2007).The share of private sector is also found to be high, considering both organised and unorganised sectors.

* 1. **Formal –Informal Employment**

One major defect of formal-informal sectors is the lack of data due to definitional and measurement problems. Almost 85 % of labour depended on informal sector in 1981 and it increased to 86 per cent in 1991.As per NCEUS estimates, the informal workers in the state accounted for 80 per cent in 1999-00. The salient feature of Kerala economy is the presence of organized labour in the unorganised sector viz. agricultural labour, headload workers etc. They are protected through many welfare boards set up by the state government.

* 1. **Categorisation of Workers**

The categorisation of workers as per 2001 census data is depicted in table 1.

Table.1

Categorisation of workers

|  |  |  |
| --- | --- | --- |
| **Sl. No.** | **Category of workers** | **No. of workers****(In lakhs)** |
| 1 | Total population | 318.38 |
| 2 | Total workers\*  | 102.91 |
| 3 | Main workers | 82.37 |
| 4 | Marginal workers | 20.55 |
| 5 | Non-workers | 215.47 |

 Source: census data

The table shows that main workers constitute 25.9 per cent where as marginal workers comes to the extent of 6.4 per cent. Main and Marginal workers are further divided into cultivators, agricultural labourers, workers in household industry and others.It is of interest to note that 73 per cent of workers constitute ‘others’ category.

**3.0 Changing Nature of Kerala’s Laobur Market**

**3.1 Occupational Pattern**

As per 2001 census 32, 28 and 40 per cents respectively engage in primary, secondary and tertiary sectors. There is a sharp fall of 25.5 per cent between 1961 and 2001 in the share of primary sector in total employment; most of the decline was in the 1980s and 90s (the intensity of decline was high during the 90s). The secondary sector’s share in employment is continuously higher in Kerala as compared to all-India level. It is shown in table .2

Table.2

Percentage distribution of workers in Secondary sector

|  |  |  |
| --- | --- | --- |
| Year | India | Kerala |
| 1961 | 13 | 20.1 |
| 1981 | 13.5 | 20.3 |
| 1991 | 12.5 | 18.2 |
| 2001 | 14.55 | 28 |

Source: Various Censuses

The share of tertiary sector has also been rising in Kerala as compared to all-India level. It is shown in table.3

Table.3

Percentage distribution of workers in Tertiary sector

|  |  |  |
| --- | --- | --- |
| Year | India | Kerala |
| 1981 | 17.7 | 26 |
| 1991 | 20.5 | 33.8 |
| 2001 | 21 | 40 |

 Source: Various Censuses

It proves **structural transformation** i.e. workers displaced from the primary sector have been absorbed by secondary and tertiary sectors.

**3.2Teritiarisation**

Workers engaged in non-agricultural activities as a proportion of total workers was higher in Kerala compared to the national average even in the period before 1950. Secondly, there was low generation of jobs by modern industrial sector. Several features of labour market that emerged in Kerala after 1950 have an association with the slow generation of employment in its modern factory sector. Growth of factory employment in Kerala in each of the four decades starting from the 1960s lagged behind the corresponding growth in the country. In the period after the 1970s, growth of consumer demand, which partly accompanied the remittances from workers in Gulf countries, was an important stimulant to the generation of tertiary sector jobs in Kerala

During the 1980s the workers displaced from primary sector were getting absorbed not in the secondary sector but in the tertiary sector.Hence ‘tertiarisation’ or ‘servitisation’ stimulated structural transformation in employment and growth performance during this period. During the 90s the growth of secondary sector went up and hence workers displaced from primary sector have been accommodated in both secondary and tertiary sectors.

The structural transformation hypothesis is supported by the employment growth. The employment growth in various sectors during 1993-84 to 199-2000 period is given in table .4.

Table.4

Percentage growth in various sectors

|  |  |
| --- | --- |
| Sectors | Growth Rate |
| Primary sector | -5.65 |
| Secondary sector | 6.82 |
| Tertiary sector | 6.3 |

 Source: Calculated using Kerala economic Review

Whether higher growth in secondary sector in favour of manufacturing sector ? The answer is not in affirmative. Construction sector consistently improved its share in employment 9.37 % during 1993-94 to 99-00 period as against 6.54 % at all-India level. The inference is therefore that the workers displaced from primary sector were getting replaced in construction and tertiary sectors.

**3.3 Unemployment**

Unemployment rates in Kerala are much higher than the Indian average and are the highest among major Indian States. The results of the 66th round of survey by the NSSO indicated that rural unemployment had come down from 15.8 per cent in 2004-05 to 9 per cent in 2009-10.Kerala has had a much better educated population compared to the whole country. It is higher among educated persons and among persons in the age group of 15 to 29 years. It is higher among educated women. As per 66 and 68 rounds of NSSO, the unemployment rates amongst the educated were

Table.5

Unemployment rates across rural-urban sectors

|  |  |
| --- | --- |
| Sectors | Growth Rate2009-10 2011-12 |
| Rural male  | 19 18 |
| Rural female | 42 36 |
| Total rural  | 31 28 |
| Urban male  | 16 15 |
| Urban female | 39 31 |
| Total urban  | 28 23 |

 Source: NSSO 66 and 68 Rounds

These estimates were more than twice the all-India estimates .What is more interesting to observes is that there was rural unemployment but non-availability of labour at going wage rate. This is especially seen in agriculture where open and disguised unemployment are visible. However, unemployment led to out migration.

**3.4 Out-migration to In-migration**

Migration of workers to countries in the Gulf region is an important feature of Kerala’s labour market that has markedly reduced rates of unemployment in the State.Now we wirness both outmigration and inmigration along with migrant returnees. Migrant labourers are recruited in the agriculture including plantation, industry and construction sectors. There is a heavy concentration of interstate migrant workers in the construction sector. It is estimated that there are some 60,000 migrant workers in the construction sector in the Kochi area. Though they were recruited in infrastructure projects such as port and harbour, railways etc initially, they are now being recruited in traditional occupational categories as labourers and helpers in agricultural sector, masonry, carpentry, electrical, plumbing, hotel and domestic works.

**4.0 Employment Relations: Issues and Challenges**

The employment relations can be discussed in the light of following aspects.

* The balance of economic efficiency and social equity is the ultimate debate in the field of employment relations.
* International competition: Increased international competition creates a pressure to reduce the wages and conditions of workers.
* Economic liberalization: unemployment and wage inequality
* Workers will be forced to accept worsening wages and conditions
* Capital is increasingly mobile and the ability of the state to regulate economic activity is reduced.

The above stated aspects can be analysed under some basic issues Kerala’s labour market suffer from.

**4.1 Unemployment**

It has already been discussed that unemployment rates in Kerala are much higher than the Indian average and are the highest among major Indian States. It is higher among educated persons and among persons in the age group of 15 to 29 years. It is higher among educated women too.

**4.2 Infomalisation**

Economic opportunities have been fewer for the comparatively better educated workers in Kerala, leaving them no option but to work in less value adding jobs. Kerala is one among five states with less than national average of informal workers– 80 per cent in 1999-00. NSSO 66 round reveals that among self-employed workers in Kerala about 99 per cent in the rural areas and 97 per cent in urban areas reported to have worked in the informal sector.

**4.3 Quality of Employment**

The percentage of regular wage/salaried households in urban area in Kerala was 26.3 as per the 61st NSS round. The results of 66 rounds are: Regular category has come down and casualisation has gone up in recent years. The percentage of regular wage/salaried households in urban area in Kerala was 26.3 only as per the 61st NSS round. Informalisation of formal sector is another serious concern of Kerala labour market. Self-employment is still below the national level

Table.6

Percentage distribution workers by sex and employment status

|  |  |  |  |
| --- | --- | --- | --- |
| Employment status  | Male  | female  | Total  |
| casual  | 40.8  | 30.5  | 38.5  |
| Regular  | 20.5  | 29.6  | 23.2  |
| self-employment  | 37.7  | 39.9  | 38.4  |

Source: NSSO 66 Round

**4.4 Marginalisation/Exclusion**

There is an increase in the contract nature of work, especially in the formal sector. Increased marginalisation is another worry of these days.

**4.5 Gender Issues**

Remarkable changes in the cropping pattern had displaced large volume of the women workforce from agriculture, especially in the rural areas, and the primary sector is no longer the most significant channel of employment. Manufacturing industries, both at the household level as well as other than it, was also largely stagnant. Economic activity among women has only increased in the tertiary sector. These had further led to the intensification of unemployment in the state, more so among the educated females.

Casualisation of women workforce is also on an increase. Sales force in shops and establishment is a typical category suffers from casualisation. Teachers in unaided school. Nurses in private school, guest lecturers, and workers in modern sectors like animation, entertainment industry etc are other categories who suffer from one or other kind of exploitation.

Women are found in household sector as domestic servants, constituted by both local women and interstate women**.** They are entering in the labor market through different ways such as direct recruitment, registered agencies like SEWA, and unauthorized agents ( particularly for interstate migrant domestic workers) etc. The women workers recruited through the registered agencies are protected to a greater extent in terms of wage, working hours, and conditions of payment etc. Women employed in Cochin Special Economic Zone are heavily concentrated in food processing, ready made garments and electronic sectors. The former categories are exploited by paying low wages and put in long working hours. Laobur standards are rarely observed in most situations. There is wage discrimination too in certain sectors like food processing. The intensity of contract labour and poor trade union activities are other concerns.

**4.6 Interstate Migrants**

According to the National Sample Survey estimates for 2007-08, the number of migrants from other states in Kerala is about one million. Currently this number will go to the extent of 13 lakh. In a memorandum to the Chief Minster and the Labour Minister, The People’s Union for Civil Liberties (PUCL) said that there were over three million migrant workers in Kerala.

The first phase of interstate in-migration occurred during the 1980s, especially from Tamil Nadu. According to Census 2001, among the districts, Ernakulam district recorded the highest inflow of migrants (55977) from other states. More than 50 per cent of the migrants from other states in Ernakulam district came from the neighboring state of Tamil Nadu. They were recruited where so called Malayalees hesitate to work.

The second phase of interstate migration started during the late 1990s.Workers from North Indian and North Eastern states came for work. Now there are workers from almost all states including Manipur. As a result there is an increasing replacement of ‘annachis’ (Tamilians’ to ‘bhais’(North Indians). One of the leading centres of these migrant workers in the district is Perumbavoor.

**5.0 Conclusio**n

New employment data released by the National Sample Survey Organization (NSSO) shows that the government generated only less jobs between 2004 and 2009, even as the economy grew at the rate of 8.43 percent annually. New employment data released by the National Sample Survey Organization (NSSO) shows that the government generated only 23 million jobs between 2004-05 and 20011-12, even as the economy grew at the rate of 8.43 percent in many years. The employment numbers present a stark contrast to the Planning Commission’s target of 58 million jobs in the five years between 2007 and 2012.Not only the quantitative aspects of labour market but the qualitative aspects should also receive the attention of policy makers and other activists. Addressing the concerns of casualisation, contract nature of work and so on in the context of new economic reforms should be priorities. Implementation of Minimum Wages in many sectors is an urgent step to be taken It is the need for change in the functioning of unions

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