

Impact of Welfare Measures on Employment and Work Participation Rate Trends in Tamil Nadu

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Abstract:

This study has made an attempt to explore the trajectory of employment and work participation rates in Tamil Nadu, tracing their evolution through the phases of India's Five-Year Plans as well as welfare initiatives by Government of Tamil Nadu. The research examines the policies and interventions introduced in each plan and their subsequent impact on labor force participation, employment generation and regional economic development. Over the decades, Tamil Nadu has undergone significant transformation, from agrarian-based employment to industrialization and service-oriented sectors. The analysis identifies key factors such as government initiatives, infrastructural development, skill enhancement programs, and labor reforms that have shaped the state's workforce dynamics. Special attention is given to gender and rural-urban disparities in work participation rates, highlighting the challenges and progress made toward inclusive growth. It also made an attempt to analyze the welfare initiatives of Government of Tamil Nadu to promote work participation rate development. For this study both analytical and interpretative methodologies are adopted.

Index Terms: employment, work participation, welfare initiative, five year plans.

INTRODUCTION

The economic reforms and liberalization initiatives of 1991, while celebrated as a transformative shift towards a market-driven economy, also introduced significant disparities in their implementation and impact. The reduction of state control in favor of market mechanisms accelerated economic growth and increased global integration. However, the uneven pace of reforms across regions and sectors created a widening gap between economically advanced and lagging areas. Institutions like the Planning Commission, the Finance Ministry, the Reserve Bank of India, and State Governments played central roles in driving these changes, but their efforts often lacked uniformity, resulting in inconsistent outcomes.

Over the years, the objectives and priorities of the Government's Five-Year Plans have expanded significantly, reflecting a broader and more inclusive approach to development. While the initial Plans primarily focused on agriculture, irrigation, and industrial growth, subsequent policies have embraced a diverse range of social and economic goals. Aligned with the UN Millennium Development Goals, the

emphasis has shifted towards enhancing the Human Development Index, reducing gender disparities, and empowering marginalized communities. The government has also prioritized the advancement of Information Technology, IT-enabled services, and Business Process Outsourcing, fostering both domestic growth and global integration. Furthermore, considerable efforts have been made to ensure the universalization of primary education, improve public health services, and implement sustainable practices for environmental conservation. Trade liberalization through the World Trade Organization has further opened avenues for economic expansion. Despite these progressive strides, longstanding challenges such as mass unemployment, poverty, and energy generation remain focal areas of concern, reflecting the continued need for targeted interventions and sustainable development strategies.

Evaluation of Employment and WPR through Five Year Plan

The proportion of the population engaged in productive work, the quality of employment and the enumeration received by the working population are important determinants of human development. A lack of adequate opportunity for gainful employment results in lowering of income levels which in turn pushes people into poverty. Thus, there is a close relationship between employment, income and poverty. Moreover, economic development is invariably associated with structural changes in GDP (income) and employment. A characteristic feature of a developing economy is a declining trend in the share of the primary sector in GDP. In the process of diversification of the economy, one would expect a shift in the share of workers from the primary sector to the secondary and tertiary sectors. In the post reform period, India's economic growth has improved significantly and termed as one of the fastest growing economies in the world. This situation is the same with Tamil Nadu also. Apart from other social problems like poverty, health care and education, the problem of unemployment is also addressed in a serious manner. Tamil Nadu stands out with high Work Participation Rates (WPR) for both men and women with its predominant agriculture and comparatively higher level of industrial development in the country.

Colonialism and de-industrialisation for over a century disrupted economic activity in the country on a large scale and led to a decline in employment levels at national as well as states in general. However, the rate of decline was much sharper for women. Despite the problem of comparability of the decennial censuses, it has been argued that female worker participation has declined over the decades (**Table 1**). During 1961-71, while the male and female population increased from 169 lakhs and 168 lakhs (1961) to 208 lakhs and 204 lakhs (1971) respectively and the number of male workers increased from 101 lakhs (1961) to 117 lakhs (1971), but female workers declined from 53 lakhs to 31 lakhs. Hence, between 1961 and 1971, the population of Tamil Nadu increased rapidly but the proportion of workers in Tamil Nadu's population declined marginally. The sharp decline in the proportion of women workers between 1961 and 1971 can only partly be attributed to changes in the definition of workers adopted by the two censuses. Exclusion of secondary activity from the definition of workers in 1971 affected the recording of female workers due to prevalence of unpaid family workers and marginal workers.

It is to be noted that the increase has taken place on top of very low base figure during 1981- 1991. It is pertinent to note that the Female WPR is high in the case of rural women than the urban women during 1981 and 1991. This is mainly due to their participation in agriculture and allied activities. According to the Census of India of 1981 and 1991, 95% of rural males and 45% of rural females and 108% of rural males and 58% of females are employed respectively. The corresponding proportion in the urban areas was 42% and 8% in 1981 and 51% and 11% in 1991 respectively (**Chart 1**). This proportion has to

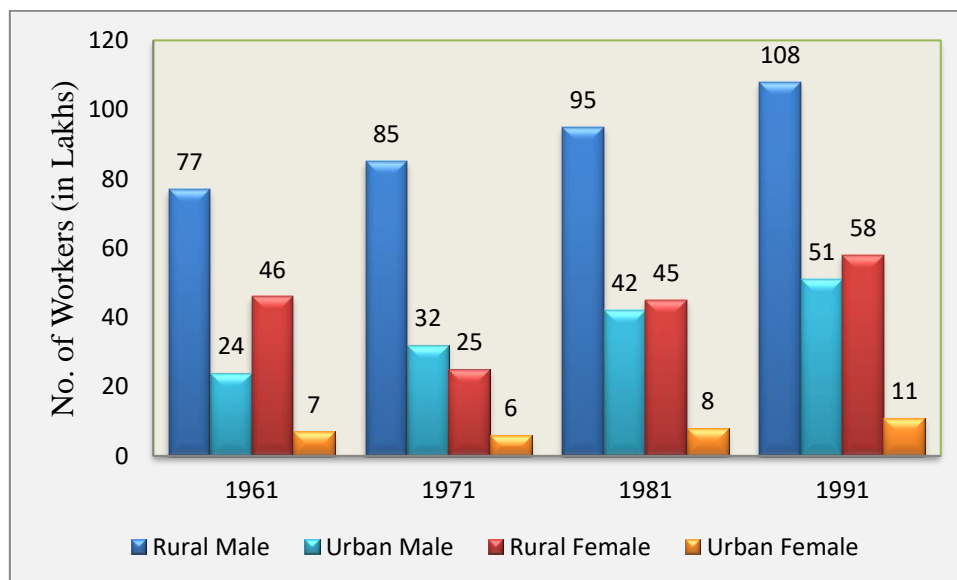
necessarily be improved for ensuring better and all round economic empowerment.

Table 1: Total Workers and Percentage of workers to Total Population: 1951-1991

year	Total Rural/ Urban	Total Population			Total Workers			Percentage of Workers		
		Persons	Males	Females	Person s	Males	Female s	Persons	Male s	Females
1951	Not Available									
1961	Total	337	169.00	168.00	154.00	101.00	53.00	45.70	59.80	31.60
	Rural	247	123.00	124.00	123.00	77.00	46.00	49.80	62.60	37.10
	Urban	90.00	46.00	44.00	31.00	24.00	7.00	34.40	52.20	15.90
1971	Total	412.00	208.00	204.00	148.00	117.00	31.00	35.90	56.30	15.20
	Rural	287.00	144.00	143.00	110.00	85.00	25.00	38.30	59.00	17.50
	Urban	125.00	64.00	61.00	38.00	32.00	6.00	30.40	50.00	9.80
1981	Total	484.00	245.00	239.00	190.00	137.00	53.00	39.30	55.90	22.20
	Rural	324.00	163.00	161.00	140.00	95.00	45.00	43.20	58.30	28.00
	Urban	160.05	82.00	78.00	50.00	42.00	8.00	31.30	51.20	10.30
1991	Total	558.59	282.99	275.60	227.99	158.74	69.25	40.82	56.09	25.13
	Rural	367.82	185.68	184.14	165.78	107.54	58.48	45.07	57.92	31.98
	Urban	190.77	97.31	93.46	62.21	51.20	11.01	32.61	56.62	11.78

Source: Department of Economics and Statistics, Chennai-6.

Chart 1: Total Number of Workers in Tamil Nadu



The distribution of staff among broad sectors of services provided by the State government, local bodies, and aided institutions is shown in below **Table 2**. About 25% are in general services (mainly police and revenue administration), 35% in education (mainly school teachers) and 25 percent in other social services, mainly health, social welfare and nutrition. This does not include over 200,000 employees on consolidated pay engaged in the noon meal scheme. Among economic services, agricultural and allied activities are the largest, with a weight of about 10%.

Table 2: Sector-Wise Distribution of Employees in Tamil Nadu, 1990-91

Sectors	No. of Employees (lakhs)	Percent to Total
General Services	2.12	25.2
Social and Community Services	5.10	60.6
Education	2.96	35.2
Medical, health, water supply and sanitation, housing and urban development	0.87	10.3
Social Welfare	1.14	13.5
Others	0.13	1.6
Economic Services	1.19	14.1
Agriculture and Allied	0.81	9.6
Industry and Minerals	0.05	0.6
Water and Power development	0.07	0.8
Transport and Communication	0.11	1.3
Others	0.15	1.8
Other Purposes	0.01	0.1
Total	8.42	100.1

The composition of current expenditures can be analyzed to identify possible sources of economy. In the 1990-91 budget, salaries, wages, allowances and other establishment related costs (such as travel, rent and motor vehicles) accounted for 38% of total revenue expenditure; current transfers in the form of grants-in-aid, subsidies, scholarships, assignments to local bodies and so on accounted for about 30%, and committed liabilities, such as interest payments and pensions and gratitude, comprised about 18 percent. The **Table 3** given below illustrates that the share of such expenditures rose from 23 percent in the 1960s to about 28 percent in the 1970s and early 1980s and thereafter to 34 percent in 1985-90 and 38 percent in 1990-91. The share of employee compensation in total current expenditure rose from 33 percent in 1960s to 41 percent in the 1970s, 68 percent in 1980-85, and 76 percent in 1985-90. With the implementation of the Fifth Pay Commission's recommendations in 1989, the ratio went up further to over 78 percent in 1990-91. These figures are actually underestimates, since a substantial proportion of grants-in-aids to local bodies and to government supported educational institutions also cover salary costs.

Table 3: Proportion of Compensation to employees in Current and Total (Net) Outlays in T.N, 1960-90

Years	Compensation to Employees ^a	
	In Current Outlays (%)	In Total (Net) Outlays (%)
1960-70	33.2	22.6
1970-80	40.7	28.1
1980-85	68.0	27.1
1985-90	75.9	33.8
1990 -91 ^b	78.4	37.6

^aIncluding pensions, ^bBudget Estimates.

Source: Economic Classification of the Tamil Nadu Budget.

Industrial Classification of Workers:

A broad analysis of census data shows a declining share of cultivators, a significant increase in agricultures and a declining share of household industry workers (**Table 4**). While the percentage of cultivators declined from 42% in 1961 to 23% in 1991 that of agricultural labourers recorded an increase from 18% to 35% in for the corresponding period. However, 1991 Census show that while share of cultivators decline that of agricultural labourers and worker in household industries moved up moderately. Consequently,

Proportion of other workers went up from 15% in 1961 to 37% in 1991. Most of these other workers would have been either manufacturing or service sector employees in occupations such as construction, manufacturing, trade and transport, hotels, and community services.

Table 4: Percentage Distribution of Workers by Categories

Year	Total Rural/Urban	Cultivators	Agricultural Labourers	Household & Industry	Other Services
1951	Not Available				
1961	Total	42.07	18.42	7.86	15.36
	Rural	50.97	21.81	6.75	12.17
	Urban	6.78	5.01	12.27	27.98
1971	Total	31.26	30.46	4.54	9.25
	Rural	40.29	38.09	3.65	5.78
	Urban	4.97	8.21	7.13	19.36
1981	Total	29.22	31.73	4.72	34.33
	Rural	38.28	40.28	3.80	17.64
	Urban	3.83	7.80	7.27	81.10
1991	Total	24.84	34.63	3.52	37.01
	Rural	32.76	44.73	3.06	19.45
	Urban	3.74	7.73	4.76	83.77

Source: Director of Census Operation, Chennai.

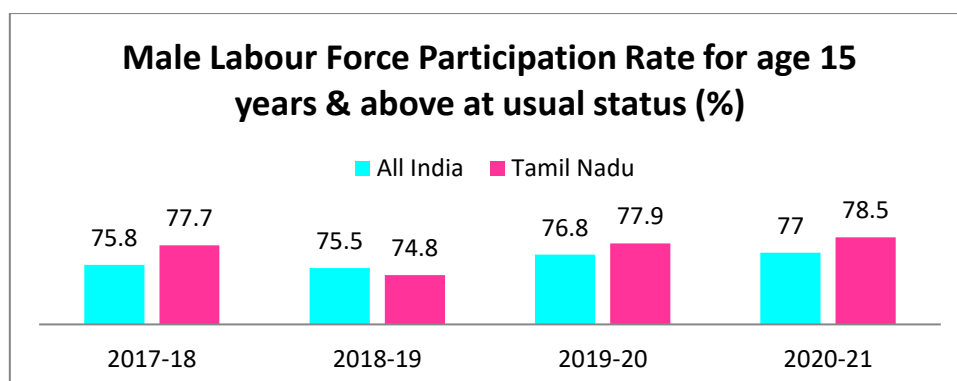
Labour Welfare Measures:

Tamil Nad's Labour Department has a long history dating back to the 1920s. The main intention of this Department is to maintain industrial peace and harmony by the timely intervention and settlement of industrial disputes, and to promote social security measures to the workers both in organized and unorganized sectors. This department is also responsible for protecting the interests of the consumers through the enforcement of the Standards of weights and measures Act and Rules. Hence, the State has brought in a slew of measures to improve the conditions of labours especially women. The Trade Union Act (1926); The Payment of Wages Act (1936); the Industrial Employment (Standing Orders) Act (1946); The Tamil Nadu Shops and Establishment Act (1947), was enacted shortly after India gained independence; The Tamil Nadu Factories Act, (1950); the Plantation Labour Act (1951); the Minimum Wages Act (1958;)Tamil Nadu Catering Establishment Act (1958); Tamil Nadu Industrial Establishments (National, festival and special holidays) Act, (1958); the Maternity Benefit Act (1961);

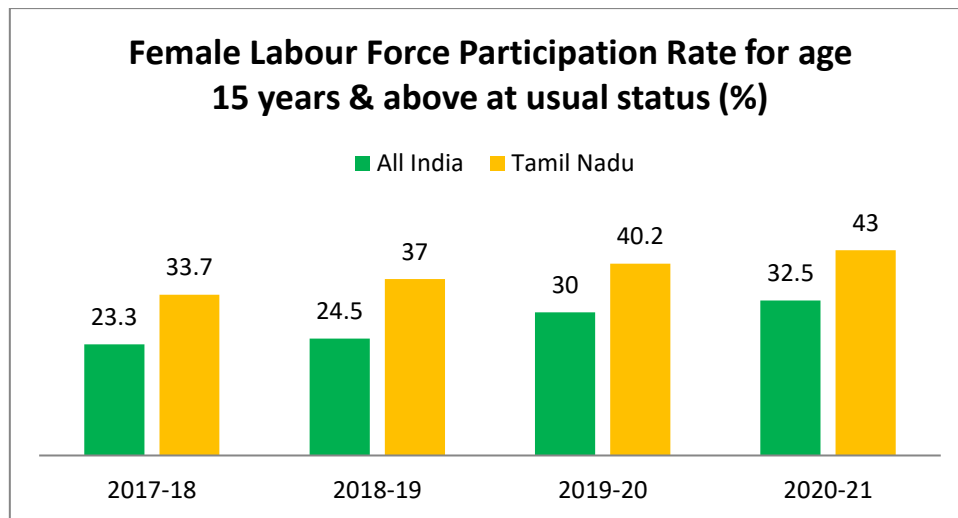
the Beedi and Cigar Workers (Condition of Employment) Act (1966); Contract Labour (Regulation and Abolition) Act (1970); the Payment of Gratuity Act (1972); the Equal Remuneration Act (1976); The Tamil Nadu Labour Welfare Fund Act, (1972); the Tamil Nadu Industrial Establishments (Conferment of Permanent Status to Workmen) (1981); and the Tamil Nadu Construction Workers Act in 1984. The Tamil Nadu Labour Welfare Board (TNLWB) has been constituted on 1975 with the principle object of promoting welfare of workers and their families, in factories, Motor Transport undertaking and such of these shops and commercial establishments. This Board is functioning based on the provision of the Tamil Nadu Labour Welfare Fund Act, (1972).

The Government of Tamil Nadu has a multi-sector program focusing on women's economic empowerment through skill building, enterprise support, infrastructure development, and service delivery interventions. Complementing the State's economic vision, the approved Tamil Nadu Women's Policy (January 2024) puts forward a comprehensive plan for women's empowerment. It aims to "provide women with improved access to health, education, and employment, to create conducive conditions that allow gender norms to be restructured and behavior-linked changes to occur, to eliminate discrimination, abuse, and violence against women, and to empower women to break gender stereotypes, encourage them to take up more leadership and decision-making roles and excel in all fields." To this end, the Government of Tamil Nadu intends to expand targeted investments in gender-sensitive education systems, health and nutrition services, business development support to women enterprises, digital literacy, financial inclusion, and skills.

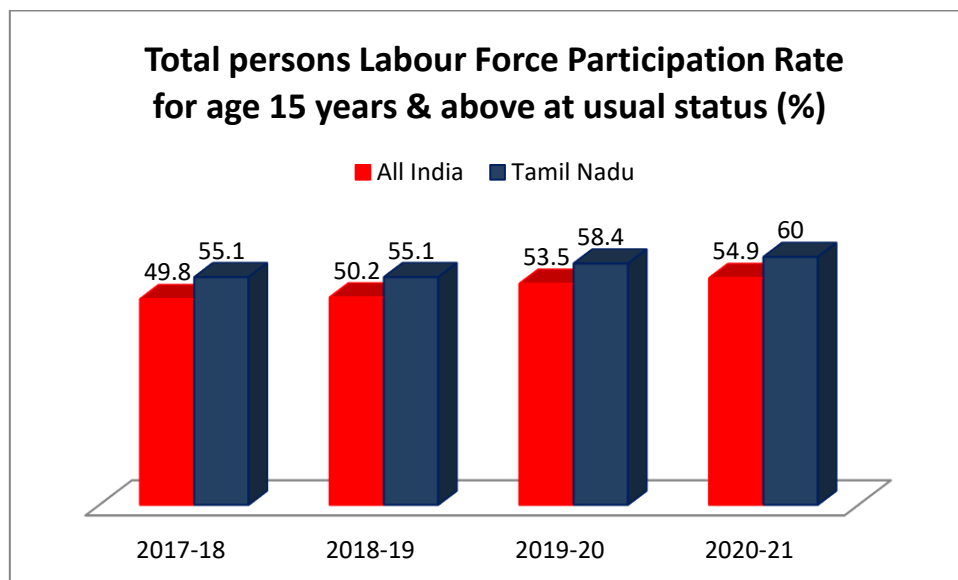
Among the Government of Tamil Nadu's multi-sector programs which are relevant for women employment initiatives are (i) HEAS (Pudhumai Penn); (ii) scheme supplying sewing machine for women (Sathyavanimuthu Ammaiyar Ninaivu); (iii) working women hostels; (iv) programs to mitigate sexual harassment of women; (v) New Entrepreneur cum Enterprise Development Scheme (NEEDS); (vi) the Unemployed Youth Employment Generation Program (UYEGP); (vii) Tamil Nadu Startup Seed Fund (TANSEED); (viii) Entrepreneurship Development Program for Women; (ix) Short-term training (STT) and Recognition of Prior Learning (RPL); and (x) Naan Mudhavalan scheme. The 'programs' comprise of State led as well as central schemes and are implemented through multiple state government departments. These include Department of Social Welfare and Women's Empowerment (DSWWE), TN Women's Development Corporation (WDC), Department of Industries and Commerce, Tamil Nadu Working Women Hostels Corporation Limited (TNWWHCL), Special Program Implementation Department (SPID), Department of Micro, Medium and Small Enterprises (DMSME), Tamil Nadu Startup and Innovation Mission (TANSIM), and TNSDC.



Source: PLFS Annual Reports, MoSPI



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The employment indicators from 2017-18 to 2020-21 exhibit positive growth trends, with the Labour Force Participation Rate (LFPR) and Worker Population Ratio (WPR) showing consistent improvement, particularly in rural areas and among women. The Unemployment Rate (UR), which temporarily increased during the pandemic, demonstrated signs of recovery due to effective economic measures. This positive growth can be attributed to various government schemes and welfare measures implemented in Tamil Nadu, focusing on skill development, employment generation, and social welfare, contributing significantly to strengthening the labor market during this period.

Conclusion

The analysis of employment and work participation rates in Tamil Nadu through the lens of the Five-Year Plans highlights a remarkable evolution shaped by targeted policies, socio-economic reforms, and strategic investments. From agrarian-based employment to the rise of industrial and service sectors, Tamil Nadu has demonstrated a dynamic shift in its labor market, reflecting both the successes and

challenges faced during each planning phase. While significant progress has been made in increasing workforce participation, particularly among marginalized groups, issues such as gender disparities, rural-urban divides, and skill mismatches remain persistent. Moving forward, it is crucial for policy frameworks to prioritize inclusive growth, promote skill development, and ensure equitable access to emerging job sectors. Ultimately, this study underscores the need for a cohesive, forward-thinking approach to workforce development that aligns with the evolving demands of a modern economy. By adopting these measures, Tamil Nadu can continue to build a resilient, inclusive labor market that meets the demands of its evolving economy and ensures sustainable employment growth for all its citizens.

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