Chapter 9. Summary and Conclusion pp. 228-239

Main Findings p. 230
Conclusion p. 236
India, as also many other developing countries, have adopted planning as a method of economic development mainly to improve the well being of the masses. The strategy of planning adopted was, unfortunately, oriented towards maximising the rates of economic development, as the process of economic development was supposed automatically to solve the problem of employment. This led to greater emphasis on industrial growth, especially of large scale type, and consequent importance to heavy industries for producing the required capital stock and relatively lower emphasis on the maximisation of employment in the economy. The higher rate of growth of population together with the capital-intensive strategy of planning led to the growing volume of unemployment in the economy. The volume of backlog unemployment kept on increasing over the years and the problem of unemployment continued to become more and more serious, even though the development objective was achieved to some extent.

In recent years, there has been a growing realisation of the necessity to treat employment as one of the foremost objectives of industrialisation. This study entitled "An employment-oriented strategy of industrialisation for Jaunpur District of Uttar Pradesh" attempts to frame a strategy for tackling unemployment problem through industrialisation.
The specific objectives of the study are as follows:

(i) to formulate a concept of unemployment and under-employment;

(ii) to measure the extent of unemployment and under-employment in the area under study;

(iii) to study the extent of disguised unemployment in the agricultural sector;

(iv) to study the characteristics and the attitude of the unemployed and the under-employed with a view to judge their suitability and inclination to move to more productive sectors of economy;

(v) to study and specify the determinants of industrialisation;

(vi) to identify specific project ideas which could be taken up for implementation; and

(vii) to study the employment opportunities offered by the industrialisation strategy so formulated.

Stratified random sampling technique was used to select ten villages from five blocks of the district. A total of 100 households were randomly selected from these villages for collection of primary data. The survey method consisted of personal interview with the head and other members of the household on the basis of specially designed schedules and questionnaires. The survey was conducted in
two rounds - in June-July, 1980 and in November-December 1981 to facilitate cross-checking of information furnished by the respondents. A survey of industrial establishments, including all the functioning units registered under the Factories Act and 17 small-scale units randomly selected, was undertaken on the basis of a schedule, primarily to assess the capacity utilisation. Detailed data regarding investment, output and employment in existing industrial establishments were collected from the Directorate of Industries, U.P. The statistical tools applied for the analysis of data included tabulation, diagrammatic and graphic representation, Karl Pearson's zero order product moment correlation analysis, partial correlation analysis and regression analysis. The significance of correlation was tested by 't' test.

MAIN FINDINGS:

The main findings of the study vis-a-vis the hypotheses formulated are as follows:

(i) The hypothesis that "the area suffers from excessive and acute unemployment and under-employment" has been found to be correct. The study has shown that 6.10 per cent of the population suffers from open unemployment and 11.31 per cent from under-employment. For the purposes of this study, the income criterion has been adopted at the household level
for measuring unemployment. A household, which has an annual income of less than Rs. 1056 per capita at 1979-80 prices (the subsistence income as per the Sixth Five Year Plan Document, 1980-85), has been treated as under-employed as a unit. Since the dependency rate in the area has been found to be 3.04, the gross income of an average individual should be at least Rs. 3210.24 to enable him to keep himself and his dependents above poverty line. The study has revealed that 40 per cent of the households are under poverty line. The average degree of under-employment has been found to be 33.87 per cent, which is the amount by which the income falls short of the subsistence level income. An under-employed person, on an average, should, therefore, get at least Rs. 1094.00 p.a. from additional employment to become adequately employed. The study has further revealed that 53.67 per cent of the openly unemployed come from households, which are below poverty line; this constitutes 3.27 per cent of the total population.

(ii) The hypothesis that "there is severe disguised unemployment in the agricultural sector" has been found to be untrue. The study has shown that, while there is no disguised unemployment amongst the agriculturists of medium and large farms, even agriculturists of small and marginal farms suffer from only slight disguised unemployment. The
study has also shown that there is severe under-employment amongst agriculturists and agricultural labour. Agriculturists, in general, cannot hope to be above subsistence level solely on agricultural income, unless a household owns more than 14 acres of agricultural land.

(iii) The hypothesis that "persons suffering from under-employment are interested in taking up additional employment to alleviate their position" has been found to be only partially correct. The study has shown that only 44.60 per cent of the under-employed are interested in alleviating their position by adopting additional means of employment. Generally agriculturists are indifferent towards a brighter future and only 16.67 per cent of the under-employed agriculturists seek additional employment to augment their income.

(iv) The hypothesis that "there is lack of entrepreneurship in the area" has been found to be correct. Only 12 per cent of the openly unemployed and 5.41 percent of the under-employed have prima facie interest in setting up their own industrial units. The study has shown that their interest is only superficial, as they have not taken any steps to turn their dreams into reality. The lack of entrepreneurship is further evidenced by the fact that there is a large gap between the figures of provisional registration and final registration of small-scale units with the District
Industries Centre of Jaunpur. During the last three years, on an average, only 28.1 per cent of provisionally registered units were granted permanent registration. Further, Entrepreneurial Development Programmes also met with very little success, only 9.30 per cent of the trainees succeeding in setting up their units.

(v) The hypothesis that "additional employment opportunities can be generated in the industrial sector by utilising the idle capacity in existing industries" has been proved to be correct. The study has shown that employment in industries employing comparatively large manpower can be increased by 26 per cent by better and more intensive utilisation of capacity. However, in absolute terms, the effect of such utilisation is almost negligible, as the number of industries in which capacity utilisation can be improved is only 8, employing in all merely 467 persons. Better utilisation of capacity in these industries will generate additional employment for 124 persons only.

(vi) The hypothesis that "additional employment can be created in the existing industries by reducing their capital intensity through appropriate modification in technology" has been proved to be incorrect for the industries of the area. Although a negative correlation has been established between the cost of equipment per work place, (which is a
measure of the level of technology), and employment per unit of capital, the correlation has been found to be insignificant. This shows that, within the available range, the modification in technology is not likely to change employment potential significantly. However, efforts have to be made to keep the equipment cost per work place as low as possible to derive whatever little benefit can accrue from the available technology in matters of employment.

(vii) The hypothesis that "small plants use more of labour and less of capital" has been proved to be correct. The study shows that there is a negative correlation between capital investment (which is a measure of the size of plant) and employment per unit of capital. The correlation has been found to be significant in most of the cases. The inference is that smaller plants use more of labour per unit of capital. The study has also shown that the capital required for employing ten persons in the large scale sector could employ 13 in the small scale sector, 31 in the KVI sector and 155 in handicrafts. The study also reveals the presence of negative correlation between the size of plant and efficiency of capital. This is contrary to the normal belief that bigger plants use capital more efficiently. This leads to the conclusion that smaller plants are not only more labour intensive, but are also more capital saving.
(viii) The hypothesis that "labour intensive industries do not use capital efficiently" has been proved to be incorrect. The study has established positive correlation between labour intensity and capital efficiency. This also implies that capital can be profitably substituted by labour. The study has also shown that industries with high labour intensity have high capital efficiency, and that it is the capital intensive industry that does not use capital efficiently. A negative correlation has been established between capital intensity and capital efficiency within different industry groups. The correlation between labour intensity and labour efficiency has, however, been found to be positive in some cases and negative in others.

(ix) The hypothesis that "industrialisation reduces unemployment considerably" has been proved to be only partially correct in the sense that if the strategy of industrialisation is chosen keeping constraint regarding capital into view, it would not be possible to create large scale employment. The study shows that, while employment criterion may be regarded as a fundamental objective of the industrialisation programme, an employment oriented strategy of industrialisation can sacrifice output at the altar of employment and accept a slower growth rate of GNP only to a limited extent, otherwise it may result in economic stagnation. With this aspect in mind, the industrialisation programme
suggested by the study will generate 6858 direct jobs at a capital cost of 23.58 crore in three stages. The suggested strategy will also create 10,287 jobs indirectly in the service sector and 124 jobs by better utilisation of capacity in existing industries. Thus a total of 17,269 jobs can be created as a result of the industrialisation strategy formulated by the study. This is only 0.68 per cent of the existing population, as against the estimated combined open employment and under-employment figure of 14.58 per cent of the population. Thus, the number of jobs to be created by the suggested industrialisation programme is only a very small percentage (4.66 per cent) of the total job requirement for absorbing all the persons suffering from open unemployment and under-employment.

CONCLUSION:

The employment-oriented strategy of industrialisation formulated by this study comprises of setting up of industries, selected on the basis of the following criteria:

(i) They should derive on resources available in the area. Demand-based industries may be set up only in cases (a) where it is economical or more convenient that products should be manufactured near

* For this purpose, the figure of open unemployment has been taken to be 3.27 per cent of the population, which indicates the number of the unemployed belonging only to households below poverty line.
the place of consumption, and (b) where services are performed more conveniently within a short distance of the customer.

(ii) They should use inexpensive technology.

(iii) They should be labour intensive.

(iv) They should, as far as possible, be in the tiny and the small sector.

(v) The size of the plant should be smallest possible.

(vi) They should be set up in rural areas.

(vii) Items of manufacture should be such as may involve minimum risk for the entrepreneur.

(viii) Agro-based industries should be given primacy.

The study has identified 38 items of manufacture, which basically satisfy the above criteria. By following the suggested strategy, 197 units can be set up in three stages at a capital cost of Rs. 23.58 crore. This will give employment to 6858 persons directly and to 10,287 persons indirectly in the service sector. In addition 124 persons can be employed in the existing industries by making full use of the available capacity. Thus a total of 17,269 jobs can be created by following the suggested strategy.

It is true that a much larger number of jobs could be created, if industrialisation was resorted to only to create jobs. The objective of industrialisation is not merely
to create employment for the sake of employment; it is to bring about mutual reinforcing increases in industrial output, incomes, levels of living, social services and social welfare with employment getting a high priority. The pattern of industrialisation, therefore, has to be decided after taking into consideration the crucial determinants of industrialisation, viz., capital intensity, labour intensity, capital efficiency, labour efficiency, size of the plant, technology, product mix, remuneration and entrepreneurship. This is what this study has actually done while formulating the strategy of industrialisation.

As indicated above, this study has shown that it would be possible to absorb only 4.66 per cent of the existing number of the unemployed and the under-employed in the industrial sector by following an industrial strategy, which is neither an unbearable strain on the capital resources nor a breeding ground for economic stagnation. The number of the unemployed and the under-employed is bound to increase further even during the implementation of the industrialisation programme, because of (a) growth of population and (b) increase in labour productivity. It has been found that the increase in labour productivity in Jaunpur district is 1.9 per cent a year*, and the rate of increase in labour

force in the district is 2.16 per cent.

The study thus reveals severe limitations placed on industrialisation as a solution of unemployment and brings out the existence of a very pessimistic trend. The present study can, therefore, do nothing better than concluding that eradication of or even substantial reduction in general unemployment or under-employment of the area through the development of industries is a practical impossibility. Industrialisation pattern, however, has to be employment oriented at the present stage of economic development in the area, to contribute its mite whatever little it may be, towards economic growth with social justice.