CHAPTER II

GENESIS OF EMPLOYMENT GENERATION SCHEMES

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CHAPTER – II

2.1 INTRODUCTION

We have already discussed in the first chapter that Unemployment and Poverty are the two main problems in India. However, since First-Five Year Plan, Government of India has been implementing various Schemes or Programmes to reduce both the problems. The major Poverty Alleviation Schemes that are being implemented in the country include self-employment and wage employment Schemes. These Schemes have no doubt developed the economic status of the poor people in our country.

Even at the end of the Tenth Five-Year Plan, our country is still fighting with these twin problems. Mr. P. Chidambaram, the finance Minister has observed in July 2004 - “The whole Process of democratic government is to eliminate poverty and give to every person the opportunity to be educated, to learn a skill and to be gainfully employed”.\(^1\) During the last 55 years of economic planning, the per capita income has been rising in India, but the proportion of workers in agriculture has remained unchanged. Because, in the early years of our economic planning, employment generation was treated as a by-product of economic growth, and was not considered important factor of the economic planning. Now, the instrument of economic policy is structural

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\(^1\) Sud Surinder-Budget and employment: The monthly Journal, Kurukshetra vol. 53 No. 6, April 2005
transformation of work-force to secure the objective of full employment with poverty removal.

2.2. EMPLOYMENT GENERATION SCHEMES.

Special Employment generation Schemes are the thrust areas of the Planning Commission of India. The wage employment and credit linked self-employment Schemes were implemented in rural as well as urban areas. This type of strategic attack on economically weak persons through employment and income generation Schemes was an important element of the development policy pursued by the Government of India. The endeavour of the Government of India has been to reach to the poorest of the poor through Schemes of assets, wage employment and income generation. In the last few decades these Schemes have been fine-tuned for their effectiveness and sustainability. In early seventies such Schemes became the focus of rural development in India. But the proper concept of self-employment took a concrete shape during eighties. Earlier employment generation in general was the main plank of the rural development Schemes.

2.3. SOME OF THE MAJOR SCHEMES IN DIFFERENT PLANS.

The Government of India has implemented some wage and self-employment Schemes for more wage and self-employment since Sixth Five-Year Plan. The following wage and self-employment generation Schemes have been implemented from Sixth Five-Year plan to Tenth Five-Year plan.
2.3.1. INTEGRATED RURAL DEVELOPMENT PROGRAMME (IRDP)

The IRDP was to provide income-generating assets to identified families below the poverty line through a mix of credit and subsidy to enable them to improve their income levels to cross the poverty line.

2.3.2. TRAINING OF RURAL YOUTHS FOR SELF-EMPLOYMENT (TRYSEM)

Training of Rural Youths for self-employment was also to train rural youths from the target group of families in skills so as to enable them to take up wage and self-employment. The trainees were given stipends and free tools.

2.3.3. SELF-EMPLOYMENT FOR EDUCATED UNEMPLOYED YOUTHS (SEEUY) SCHEME

The SEEUY Scheme for providing self-employment for educated youths was intended to provide opportunities of employment and income through creating productive assets. The objective of the scheme is to undertake self-employment units in industry, service and business sectors through Bank finance. It was started during the period of Sixth financial year in 1983-84 and implemented by DI&CCs all over the country. The objective of the Scheme was to provide self employment to about 2.50 lakhs educated unemployed youths through industry, service and business routes in each year. All area of the country except cities with more than one million populations as per 1981 census were covered under this Scheme and continued till Seventh Five-Year Plan.

Since Eighth Five-Year Plan, Government of India has merged and restructured some of the earlier major Schemes for more wage and self-
employment. The specifically designed anti poverty Schemes for generation of self-employment and wage-employment in rural and urban area have been redesigned and restructured to improve their efficiency on the poor. Therefore, Eighth, Ninth and Tenth Five-Year plans have emphasised employment generation opportunities and poverty alleviation Schemes for unemployed youths and poor in rural and urban areas. For proper implementation of poverty alleviation and employment generation Schemes in rural areas Government of India has implemented the three-tier Panchayti Raj system which provides for holding elections in almost all States as per the 73rd Constitutional Amendment Act 1992.

The Schemes, which are continuing for self-employment and anti-poverty, have been strengthened to ensure generation of more self-employment and income level of the poor by setting up ventures through micro financing Schemes mentioned below:

2.3.4. **SWARNAJAYANTI GRAM SWAROZGAR YOJANA (SGSY)**

The Integrated Rural Development Programme (IRDP) and allied Programmes or Schemes such as Training for rural youths for self employment (TRYSEM), Development for Women and Children in Rural areas (DWCRA) and Million Wells schemes (MWS) have been restructured into a single self employment Scheme called the Swarnajayanti Gram Swarozgar yojana (SGSY) and implemented from April 1999. These Programmes were conceived as holistic Programme of micro enterprises covering all aspects of self - employment in rural areas. SGSY integrated various agencies like District Rural Development Agencies, Nationalised...
Banks, Panchayati Raj Institutions, Non Government Organisations and other semi Government organizations. The objectives of this programme were to provide income-generating assets through a mix of Bank credit and government subsidy.

2.3.5. **JAWAHAR GRAM SAMRIDHI YOJANA (JGSY)**

Jawahar Rozgar Yojana (JRY) Scheme has been restructured and streamlined in the name of Jawahar Gram Samridhi Yojana (JGSY) which effect from April 1999. The primary objective of this Scheme is creation of village infrastructure among the poor for providing employment opportunities. The secondary objective of the Programme is generation of supplementary employment for the unemployed poor in the rural areas. The wage employment under the programme is given to below poverty line families.

2.3.6. **EMPLOYMENT ASSURANCE SCHEME (EAS)**

The Employment Assurance Scheme is launched on 2nd October 1993; in 1772 identified selected blocks situated in drought prone, desert, tribal and hill areas, has been restructured as single wage employment programme and implemented from April 1999 with a fixed annual outlay. Now the Scheme been implemented in all the 5448 rural blocks. The main objective of this Scheme is creation of additional wage employment through manual works. The secondary objective is the creation of durable community, social and economic assets to sustained future employment and development. The Zila Parisads are the implementing authority of the Scheme.
2.3.7. INTENSIVE JAWAHAR ROZGAR YOJANA (IJRY)

The aim of the Scheme was generation of additional gainful employment for the unemployed and under employed in the rural areas. The Scheme gave proper attention to strengthening of rural economic infrastructure and assets and improvement in the overall quality of life in rural areas. The IJRY has been restructured in 1996 with the earlier Schemes viz. India Awas Yojana (IAY) and Million Wells Scheme after submerged under JRY.

2.3.8. PRIME MINISTER'S ROZGAR YOJANA (PMRY)

PMRY Scheme has been continuing in the Ninth and Tenth Five-Year Plans also. The Tenth Five-Year Plan target for this Scheme to set up 11 lakhs micro-enterprises provides employment to 16.5 lakhs persons. In 2003-04 against the plan target of 2,20,000, the number of cases sanctioned turned to be 2,55,262. The target set for 2004-05 was 2,50,000.

2.3.9. SWARNA JAYANTI SHAHARI ROZGAR YOJANA (SJSRY)

The Scheme subsumed the earlier three urban poverty Programmes Viz, Nehru Rozgar Yojana (NRY), Urban Basic Services for the poor (UBSP) and Prime Minister’s Integrated Urban Poverty Alleviation Scheme (PMIUPER) came in to operation December 1997. The urban unemployed or underemployed poor living below poverty line and educated
up to IX standard by encouraging the setting up self employment units or provision of wage employment.

2.4. EMPHASIS ON EMPLOYMENT GENERATION IN DIFFERENT FIVE-YEAR PLANS.

The Planning Commission of India launched the First Five-Year Plan (1951-56) economic planning with the overall objective of initiating a process of development, which will raise the living standard of the people. The important feature of this plan was introduction of Community Development Programme/Schemes throughout the country. In this plan there was no self-employment generation Programme. The employment target in different sectors of the Plan period was only 1.1 million against backlog of 5.3 million unemployed of which 2.5 million were in the urban areas and 2.8 million were in the rural areas.

In the Second Plan (1956-1961) Government of India gave a little more emphasis on employment generation. This plan provided stimulus to large-scale industrial development, economic growth, employment generation and progress of science and technology. The estimated labour force during this plan period was 11.5 million. Of which employment generation in non-agriculture sector was to extent of 8 millions and about 2 millions in the agricultural sector.

The Third Plan (1961-1966) began with a backlog of unemployment of about 7 million and the estimated labour force during this period increased by 17 million. The plan created additional employment of
14.5 millions jobs. Out of this, 10.5 millions were in the non-agricultural 4.0 millions in the agricultural sectors. During this plan period the employment in organized sector was 15.46 millions only. Thus the backlog of unemployment at the end of the plan period was 9 to 10 millions.

The Fourth Five-Year Plan (1969-74) was started with a backlog of at least 13.1 millions unemployed. During 1969 to 1974, the total labour force was around 40.5 millions and emphasis was laid on the removal of poverty with emphasis on self-sufficiency. However, during the first two years of planning no concrete steps were taken for employment creation. The rate employment in organised sector in 1969-70 was 2.5 percent and 3 percent in 1970-71.

Removal of poverty and attainment of self-reliance was the emphasis of Fifth Five-Year Plan (1974-1979). The twin causes of poverty are underdevelopment and inequality. There were two main elements of this plan strategy, the first removal of poverty and attainment of self-reliance and the second expansion of productive employment opportunities. But this plan also failed to create adequate job opportunities and as a result in 1977-78 there were about 20.6 millions unemployed.

The major thrust of the Sixth Five Year Plan (1980-1985) was also poverty alleviation, and expansion of investment and employment outlets. The principal objectives of the plan were reduction of unemployment in the country and accordingly the plan fully recognized the need for a rapid expansion of employment opportunities in rural and urban areas. Creation of
self-employment ventures was one of the main thrust areas of Sixth Five-Year Plan. SEEUY (Self Employment for Educated Unemployed youths), IRDP (Integrated Rural Development Programme), the Schemes for village and small industries, (including Khadi, Handloom, Sericulture and Handicrafts), NREP (National Rural Employment Programme were implemented in the whole country through 5004 blocks for eradication of poverty and creation of employment. In order to reduce the burden of unemployment among the educated youths, the efforts were made to divert matriculates, to non-clerical occupation and self-employment. During this plan period the new 20 point programme was presented to the nation by the then Prime Minister, Indira Gandhi on 14th January 1982.

An analysis of long-term unemployment for the entire labour force by education level would better illustrate the overall magnitude of the unemployment among educated. The results of 32nd Round of the National Sample Survey (1977-78) indicated that unemployment among the illiterates rose from 2.28 per cent to 3.61 per cent at the primary level, 15.15 per cent at the secondary level and 15.76 per cent at the level of graduates and above. The Live Register statistics of Employment Exchanges also indicate that more than 50 per cent of the job seekers were educated. ²

As per the employment policy of Sixth Five-Year plan, the employment opportunities have not been adequate for the educated

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² Sixth Five-Year Plan (1980-85): Ministry of Finance, Govt. of India.
manpower or for the overall population. Even in terms of long-term unemployment as indicated by the usual status estimates, the position has not been satisfactory. Therefore, the employment policy during the Sixth Plan has to meet the two major goals of reducing under-employment for the majority of labour force and cutting down on the long-term unemployment. Though a lasting solution to these problems could be found only within the framework of a rapid and employment-oriented economic growth, suitable measures have also to be evolved in the short term in a co-ordinate way particularly for the benefit of the weaker sections.

The Seventh Five-Year Plan (1985-1990) emphasised on Policies and Schemes, which accelerated to increase employment opportunities and rate of productivity. With this emphasis on the generation of productive employment, there was need to generate employment opportunities for educated youths in rural areas. The expansion of education facilities opens up the scope for job opportunities and the spread of credit institutions to create opportunities for self-employment. Given the twin emphasis on employment and productivity in this plan, the objective was to expand employment opportunities consistent with increase in productivity. The Seventh plan also envisages the continuance and expansion of the National Rural Employment Programme and Rural Landless Employment Guarantee programme, Integrated Rural Development Programme, Self-Employment for Educated Unemployed Youths Scheme which were started in Sixth Five-Year Plan. The backlog of usual status unemployment at the beginning of March 1980 was estimated at around 12 millions. Over the plan, employment
generation was expected to increase by 40 million standard person years (SPY) against an increase in labour force of around 39 million persons.

It was recognised that there would be some leakage in the percolation effects of growth and, in any case, these percolation effects would not be sufficient to generate the required employment opportunities. Therefore, It was felt necessary in the different Plans to have supplemental Schemes for specific target groups for employment creation, income generation and poverty alleviation. These have taken the form of direct employment Schemes for providing seasonal employment to the agricultural labourers on rural capital works and beneficiary target-group-oriented Schemes of asset provision, input deliveries and marketing and credit infrastructure creation.

Generating employment opportunities for the entire population is an essential foundation and stimulus for national development. Jobs generate incomes, incomes support consumption, and consumption raises demand for goods and services, thus generating more jobs.

The Eighth Five-Year Plan (1992-97) also gave priority for adequate employment generation. The main goal of this plan was to ensure human development and accordingly, the plan accords priority to the generation of adequate employment opportunities. Generating employment opportunities for the entire population was an essential foundation and stimulus for national development. The plan gave adequate attention to stop the migration of rural people to urban areas, and creates earning employment opportunities in rural areas. The Eighth Five-Year Plan achieved a growth rate
of 6.5 percent per annum and created employment to the tune of 45 million as against total estimated unemployment 58 million during this plan period.

To tackle the unemployment problem of the educated unemployed youths during the plan period, Government of India adopted a Scheme, called Prime Minister's Rozgar Yojana (PMRY) which was formally launched on 2\textsuperscript{nd} October 1993. The scheme intended to cover urban areas only during 1993-94 and whole of the country from 1994-95 onwards. From 1994-95 onwards, the existing self-employment Scheme for Educated Unemployed Youths (SEEUY Scheme was subsumed in PMRY Scheme.

Another major Programme KVIC was launched Rural Employment Generation Programme (REGP) during this plan with effect from 1\textsuperscript{st} April, 1995 for generation of two million jobs under the KVI sector in the rural areas of the country.\textsuperscript{3}

It is found in Eighth plan that, as far as possible the strategy seeks to create the jobs for full employment in different sectors and areas. Whereas the unemployment during the plan period was greatest in large numbers of rural jobs related to agriculture. Although the long-term strategy must aim to reduce the percentage of the work force engaged in agriculture who are seeking jobs, especially in rural labour.

\textsuperscript{3} The KVIC Act 1956 has defined rural areas as any area classified as village as per the revenue records of the state, irrespective of population. It also includes an area classified as town, provided its population does not exceed 20,000 as per 1991 census.
The key task in the Ninth Plan (1997-02) was to improve the living conditions of the poor and provide them with adequate employment opportunities. To increase real income to the poor the plan also aims to control growth rate of population. The major Schemes of the Plan were continuing from Eighth Five-Years Plan and some other new Schemes were also launched. One of the important Schemes was Swarna Jayanti Shahari Rozgar Yojana (SJSRY). The SJSRY has covered to all the urban areas of States. The Scheme was started from 1st December 1997. This Scheme has two sub-schemes, namely, (i) Urban Self- Employment Scheme and (ii) Urban Wage Employment Scheme. The self-employment and wage employment components of the existing NRY and PMIUPEP have reorganised under this single Scheme.

Another major Scheme Swarnjayanti Gram Swarozgar Yojana (SGSY) was launched during this plan in April 1999. The Scheme aims at establishing a large numbers of micro enterprises in the rural areas in the Country. This Scheme seeks to provide gainful employment to the urban unemployed or underemployed poor by encouraging the setting up of self-employment ventures or provision of wage employment. To avoid duplication with the ongoing PMRY, SGSY has exempted the minimum education required for the beneficiaries, which is IX standard under PMRY. Further unlike PMRY, SGSY confined to only the below poverty line beneficiaries.

Tenth Five-Year Plan (2002-07) coincides with the first plan of the new Millennium. It focuses on the key issue of employment generation and enhances growth rate for the economy, as will be seen from the following observation.
The Tenth plan has set up monitorable targets for rising human well being. Reduction of poverty ratio by 5 percentage points by 2007 and 15 percentage points by 2012 are the most important monitorable target. Targets have also been set for providing gainful and high-quality employment and reflected in the goal of creating 50 million jobs.\(^4\)

Tenth Plan has indicated that the current backlog of unemployment is around 35 million, i.e. 9 percent of the labour force. To achieve the target during this plan period, Government of India has implemented several employment generation Schemes to create additional 20 million-job. If this target is achieved during this plan period the unemployment rate is likely to decline significantly 5 percent. The total employment generation nearly 49 million comprising of 8 percent growth generated to be 29.67 million and Scheme generated to be 19.32 million. As a consequence, the rate of unemployment was estimated to be 9.21 percent in 2001-02.\(^5\)

As per the plan document, "the gains of the last decade of reforms 5.7 percent growth in gross domestic product in eighties. 6.1 percent during the Eight and Ninth plan periods."\(^6\)

But the poverty and unemployment still continued to trouble the planers. For reducing these problems, there was need for continuance of

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\(^4\) N J Krisan and Rajiv Mishra: "A Resourceful Tenth Plan"- Yojana - January 2003 vol 47 No 1


\(^6\) ibid
earlier poverty alleviation and employment generation Schemes. The 2005-06 budget has proposed strengthening and revamping of the on-going rural employment and self-employment schemes and allocating suitable fund for them. Besides, some rural employment generation Schemes were also being implemented in rural areas in the country. The most significant among them are the Prime Minister’s Rozgar Yojana (PMRY) and Rural Employment Generation (REGP). Prime Minister’s Rozgar yojona has been continuing in the Eighth, Ninth and Tenth Five-Year Plans. It relates to the setting up of the self-employment ventures in all economically viable projects (except direct agricultural operations). The Tenth Plan Target for the PMRY Scheme has to set up 11 lakhs micro-enterprises. The target for job creation under the REGP has been fixed at 25 lakhs. So far 24,747 projects have been financed under this programme. These have together provided employment to 4.71 lakh persons. The 2005-2006 Budget has year marked Rs.169.65 crores for the PMRY Scheme and RS 369.95 crores for the RFGP.

It has been seen that from First Five-Year Plan to Third Five-Year Plan there were no any specific employment generation Scheme. From Sixth Five-Year plan to Tenth Five-Year Plan there has been numbers of wage and employment generation Schemes implemented for self-employment and income generation.7