Chapter - I

INTRODUCTION:
CONCEPTS UNFOLDED
INTRODUCTION : CONCEPTS UNFOLDED

The concepts relating to the employment, unemployment and the other cognate concepts relevant to the research are amplified in this chapter. An attempt has been made here to trace the post-independence history of the employment generation and the strategy applied for the alleviation of poverty and generation of employment and self-employment in the country.

INTRODUCTION

Employment determines one’s chances for living a full, rich and meaningful life. It influences and shapes the individual’s thoughts, feelings and actions. Employment enables one to meet and satisfy the different demands in one’s life. A person’s status in the family and the community directly or indirectly are a reflection of the employment he holds.¹

Unemployment causes frustration in one’s life, which may lead to undesirable consequences. The economic problems arising out of unemployment affect a person’s social and personal standing within and outside the family. If this situation persists long, it may even lead to increased anti-social and criminal activities. These pathological conditions over a period of time may bring about a violent revolution, thus uprooting peace and order in society.²

Unemployment and underemployment is a chronic Indian problem. It is an acute problem as it is widespread. It has become a pressing and perennial problem of Indian economy. Planners, policy makers, administrators and economists have found the problems of unemployment and underemployment in India quite intractable and insurmountable over the years. And, while we continue to wallow in our analysis

² Ibid.
and anxiety, the problems relating to and arising from unemployment have assumed increasing intimidating proportions. These problems pose a challenge to our nation and it behoves social scientists and policy makers to probe them in depth.  

The problem of unemployment impinges on every aspect of our national life. It is not merely an economic or technocratic problem, which calls for the pooling of all our intellectual and physical resources and the marshalling of our will and determination. The survival and the prosperity of our nation and the performance capabilities of our political and legal system depend in a large measure on our ability to reduce unemployment and underemployment, to maximise our productivity and to optimise the tempo of rural development and industrialisation.

Unemployment is normally found in all economies, irrespective of their level of development. It does not remain confined only to unskilled workers. Often a sizable number of skilled workers, sometimes even they who have good training in sophisticated technologies fail to get jobs for long periods. Even if these workers are willing to accept jobs at the prevailing wage rates, their services are not required by those who have control over productive resources. From the society’s point of view this involves a colossal waste of the nation’s human resources. From an entirely personal angle, unemployment is very painful for the unemployed.

The problem of unemployment in underdeveloped countries is basically different from that in developed countries. In developed countries unemployment generally assumes two forms, viz., the Keynesian involuntary unemployment and temporary frictional unemployment. This type of unemployment as Keynes argued, results from lack of effective demand. For eliminating involuntary unemployment, effective demand has to be increased. In most of the developed countries this is done by providing various incentives to investors. A rise in investment

---

4. Ibid.
6. Ibid.
spending generally raises the effective demand and thereby solves the problem of involuntary unemployment. In developed countries, because of quick learning process workers quickly adjust themselves with the new technology, and thus the period of frictional unemployment is very short. The demand for labour is less and employment opportunities limited in underdeveloped countries on account of agricultural backwardness, underdevelopment of industries and small size of the service sector. Hence a large number of people who will be too happy to accept jobs at the prevailing wage rates get none. This unemployment though involuntary in its nature, is certainly not what we call the Keynesian unemployment. Unemployment in underdeveloped countries is both open and disguised and it is an acute problem. 7

There are two aspects of the problem of unemployment in India. The first refers to the general phenomenon of unemployment and underemployment in rural – urban population as a whole. The second refers to the problem of the educated unemployed. 8 The emergence of considerable surpluses among the educated persons has added a new dimension to the problem and which in the present context ranks high in its widespread repercussions and explosive possibilities. A correct approach to the problem is, therefore, of vital importance and greater relevance in the comprehensiveness of its implications for the country’s economic and social progress and stability. 9

The problem of unemployment can be traced back to the industrial revolution and more recently to the educational explosion. India had an inbuilt socio economic system free from the problems like unemployment. Every able member of the society was entrusted with an occupation by virtue of birth. An imported system of education which was meant for supporting clerical staff to the colonial rule was

blindly followed by the country after independence, dismantling its own established system. Most of the problems being faced by India are the by-products of its education system. The unemployment virtually is the problem of educated youth. Government is proliferating educational institutions without considering their economic viability and a massive waste of human resource is being produced and dumped every year. After spending the hard earned money of one’s parents and society and precious time of about two decades one finds oneself at cross roads. The problem of educated unemployment is one of the gravest that nation is facing today. The nation is being deprived of the services of the millions of educated and professionally trained youth force, on the one hand, and wasting the human resources of the nation, on the other. This has invited the anger of youth and they are increasingly indulging in illegal, anti-social and other violent and criminal activities day by day and tend to destroy public property very often. This is the expression of their anguish and distrust in the system. The attempt to get preferential treatment in the matters of recruitment further generates some socio economic problems like corruption, nepotism, casteism, regionalism, and linguistic confrontations.

“There is both tragedy and danger in this development”, says former Prime Minister V. P. Singh, while inaugurating National Convention On Growth With Employment (28th June, 1990). He further adds, “Young people who have spent 10 to 15 years or more in schools and colleges, are finding that society has no use for their knowledge or skills. They answer scores of advertisements for jobs and do not even receive the courtesy of a rejection slip. They are hurt and are now turning to destructive forms of activity which we are witnessing from Kashmir to Assam, that anger now threatens our unity and peace.”

Therefore determined efforts are needed and appropriate policies are to be made so that our youngmen and women can become job creators and not remain job seekers.

11. Ibid., p. 2.
12. Ibid., p. 32.
Unemployment is a major source of waste in our present economic system. Unemployment in our country is not an isolated phenomenon. It is a part of under-development and backwardness.\textsuperscript{13}

The problem of underemployment in developing countries like India is equally serious as the unemployment. As high as 70 per cent of the total unemployment or underemployment belongs to rural areas.\textsuperscript{14} Those who are underemployed include the landless labourers, small and marginal farmers and the small artisans. The pressure of population on land is increasing and resulting in larger surplus of workforce in rural areas. Therefore development of non-agricultural activities in the rural areas is quite essential for providing employment opportunities and generating sufficient incomes for the rural people.

Trends of Employment As Per The Employment Exchange Data And Employment In Organised Sector:

Employment Exchange data on All India basis and as well as at Amravati district level are showing the continuously increasing trend of the Live Registers over the period and more or less a decreasing trend in the Placements by the Employment Exchanges. The importance of these exchanges went on continuously decreasing over the years, as their utility in relation to the placements has eroded very fast. At the end of the year 1953 the all India Live Register was 522.36 thousand, which increased to 41343.60 thousand in 2000, while their Placements for the corresponding years were only 185.44 thousand and 177.70 thousand. The placements were very poor in absolute figures and as well as relative figures (See Appendix – 65 and the Diagram).

The Live Register of the University Employment Information And Guidance Bureau at Amravati also shows the similar trends. In the year 1992 live register

\textsuperscript{13} Pande, P. N. (1988), Self Employment Programme In India, Ashish Publishing House, New Delhi, p. 4.
\textsuperscript{14} Ibid., p. 10.
was 5120 and the placements were 32 only, while in the year 2000 the live register increased to 8636 while the placements decreased to 25 (See Appendix - 66 and the Diagram).

The Live Register of the Amravati Employment Exchange shows a no better picture. In 1985 their Live Register was 80324 and placements were 876, while the corresponding figures for the year 2000 were 148355 and 164. It shows that the placements are decreasing not only in relative terms but also in absolute terms (See Appendix – 67 and the Diagram).

When we see the figures of the employment exchanges it follows that they have become redundant and they are no more useful in the arena of employment. Therefore, it is high time that the structure of their organisation and the nature of work should be changed drastically, so that they shall be able to provide some useful service to the community. The present work of the employment exchanges seems to be just the collection of unemployment data, that too when the unemployed people come to them on their own to register themselves.

Employment in Organised Sector did not show any worthwhile increase in the employment during the period from 1991 to 1999. Employment in Central Government decreased from 34.10 lakh in 1991 to 33.13 lakh 1999. Employment in the State Governments showed a slight increase from 71.13 lakh to 74.58 lakh for the corresponding years. Employment in Quasi Government and Local Bodies also was almost constant.

Only Private Sector (Non-agriculture) showed a marginal increase in employment from 76.75 lakh in the year 1991 to 86.98 lakh in the year 1999 (See Appendix - 68).

It means that in the government sector there was no increase in the employment opportunities after introducing the Liberalisation-Privatisation-Globalisation policy in the year 1992. In the Private organised sector there was a marginal increase in the employment by around 13 per cent.
These trends show that there remains much desirable to be done in the field of employment generation by the governments and the planners in India. The employment scenario is not satisfactory as it obtains today.

**Unemployment Defined:**

"In very simplistic terms, unemployment refers to a situation in which there is absence of work for a willing hand. One who is without a job and seeking one for pay or profit is an unemployed person. One who is not seeking but available for work is also unemployed. Any person voluntarily abstaining from work is not categorised as unemployed. Matters regarding the nature of job or the choice of the workplace are not ignored. A person who is without work but is seeking a particular job at a specific place only is also unemployed." This view that, "a person seeking a particular job at a specific place only is also unemployed" does not seem to be tenable in view of the wider economic sense in the present era of LPG. It is indeed difficult to endorse this view that a person be dubbed as an unemployed when one remains without work only because of his option for a particular place of work. Lack of mobility of labour at least within the boundaries of a nation should be dubbed as voluntary unemployment.

"Unemployment is a situation characterised by the existence of those able-bodied persons who are willing to work but have to do without a job that may yield some regular income."^16

"In common parlance, one who is not gainfully employed in any productive activity is called unemployed. In all modern treatment, the term 'unemployment' refers to involuntary unemployment."^17

---

"A man is unemployed only when he is both without a job or not employed and also desires to be employed."^{18}

"Unemployment may be defined as a state of affairs in a country when there are a large number of able-bodied persons of working age who are willing to work but cannot find work at the current wage levels." Thus, the persons unfit for work due to physical or mental reasons or those who are able-bodied and can find work but who do not desire to work are excluded from the category of the unemployed – the former being regarded as ‘unemployables’ and the latter as ‘parasites’."^{19}

According to International Labour Organisation publication the ‘unemployed’ should include all persons seeking work on a given day who are not employed but are able to take a job if offered one.^{20}

**Characteristic Features Of Unemployment:**

From the scrutiny of the above definitions of unemployment by different authorities, the following characteristic features emerge:

1. Unemployment is absence of work.
2. It is an absence of work for the able bodied persons.
3. It is an absence of work for those who are willing to work.
4. Willingness to work is there at prevailing wage rates.
5. Voluntary abstinence from work does not constitute unemployment.
6. It is relative to nature of work.
7. It is relative to time.
8. It is relative to place.

---

9. Employment is sought for either pay or profit.

10. Employment is gainful engagement in a productive activity.

From the survey of above definitions and the subsequent characteristic features of unemployment, it follows that these definitions have tried to cover only wage employment. They are expressly or tacitly reflecting the concept of unemployment in relation to wage employment. In the present economic conditions, obviously, wage employment cannot be assured to all and sundry or to whosoever asks for it. Therefore it appears needful that the concept of unemployment should be defined anew.

In the opinion of the researcher, the term unemployed should include not only those who are seeking and willing to accept wage employment at the given wage rates, but also the persons who are ready to accept self-employment activities as their callings in the given conditions, but for their individual exigencies they are failing to get an opportunity of engaging themselves in gainful callings. The changed Nomenclature of Employment Exchanges of the yester years to “Employment And Self Employment Guidance Bureau” clearly shows the endorsement of the researcher’s aforesaid concept of unemployment.

PHYSICAL AND EMOTIONAL SYMPTOMS OF UNEMPLOYED

Colin Murray Parkes (1972)\(^1\) lists seven features of bereavement of unemployed youth:

1. Realisation of loss.

2. Alarm reaction.

3. Urge to search for and find lost object.

4. Anger and guilt.

5. Feeling of an internal loss of self or mutilation.

---

\(^1\) Bajpai, P. K. (1992), Youth Education And Unemployment, Ashish Publishing House, New Delhi, p. 19.
6. Identification with symbols of a job.
7. Pathological variants of grief.

These reactions may be present individually, successively and collectively.

Douglas H. Powell and Paul F. Driscoll (1973)\textsuperscript{22} have identified four stages that an unemployed person experiences:

1. There is an initial period of relaxation and relief as the anxiety of waiting for an 'axe to fall' is gone.
2. After a rest period the person will enter the period of concerted efforts where he will energetically look for work.
3. When these efforts do not pay off and the person is still unemployed, a period of vacillation and doubt set in and mood changes occur.
4. If this continues long enough and the person does not gain employment, he enters the period of malaise and cynicism.

Unemployed youth are confronted by various survival problems. First, they must get food and shelter. The whole community needs to organise to assure that unemployed people have access to resources to care for their physical needs. Unemployment is not only a financial crisis, but it is also an emotional and social crisis.\textsuperscript{23}

Physical symptoms of an unemployed include (Esther: 1983)\textsuperscript{24} chest pains, shortness of breath, headaches, dizziness, dry mouth and some evidence of eczema. The main problem is his obvious depression. This makes him feel weak, tired all the time and unable to sleep well. He feels helpless, is frightened of the future and lacks hope of finding a job as he mentions that he has applied for many jobs without success. He begins to withdraw from his friends, peer group members and family.

\textsuperscript{22} Bajpai, P. K. (1992), Youth Education And Unemployment, Ashish Publishing House, New Delhi, p. 19.
\textsuperscript{23} Ibid., p. 18.
\textsuperscript{24} Ibid.
He usually views himself as a failure in life. He suffers a loss of self-esteem, shame and anger because he feels that at this time he should be able to provide an adequate support to his family.

The person is not only confronted with the loss of job (Haynes and Nutman\textsuperscript{25}), but with the loss of those functions which the job provides – food and shelter for family, identity, security, competency, independence, and self-esteem. Secondary functional losses include the loss of social and support networks on which the person depends for the expression of feelings and the gratification of emotional needs.

Economists tend to regard employment as only a means to a pay cheque or profit. However, one’s job or calling is a major component in one’s identity. The job or calling provides structure around which people build their lives. It provides social outlets. Atchley (1977)\textsuperscript{26} believes that the greatest tragedy for a woman is widowhood and for a man unemployment or joblessness.

**CAUSES OF UNEMPLOYMENT**

It will be in fitness of things to peep into the causes of unemployment before we think of remedial measures to eradicate unemployment.

1. **Increase In Labour Force**:

The problem of unemployment assumes great importance due to the fact that every year with the growth in population, a certain percentage is added to the labour force who have to be provided with the jobs and employment opportunities.\textsuperscript{27} Since independence, in India, death rate has rapidly declined and the rate of population growth has been roughly 2 per cent per annum. This was naturally followed by equally large expansion in labour force. But this was not followed by the proportional

\begin{itemize}
\item 26. Ibid., p. 19.
\item 27. Pande, P. N. (1988), Self Employment Programme In India, Ashish Publishing House, New Delhi, p. 2.
\end{itemize}
increase in job opportunities, which resulted in the continuous increase in unemployment backlog in the country.

2. **Inappropriate Technology:**

   The rapid technological change is widely regarded as a primary cause of unemployment. In India, while capital is a scarce factor, labour is available in abundant quantity. Under these circumstances, if the market forces operate freely and efficiently, the country would have labour intensive techniques of production. However, not only in Industries, but also in agriculture, producers are increasingly substituting capital for labour. In western countries, where capital is in abundant supply, use of automatic machines and other sophisticated equipment is both rational and justified, while in India, on account of abundance of labour this policy results in large unemployment. The main reason for persistent unemployment and disguised unemployment is the decline of labour intensity in our economy.

   There seems to be a *Peculiar Friction Of Employment* in India. Workers do not get work, and at the same time agriculturists do not get requisite labour force at an appropriate time.

   But it is felt that Agriculture in India is not mechanised to the extent that it can be called a capital-intensive technology replacing the labour. Rather, use of modern technology in agriculture in India has resulted into development of ancillary economic activities in villages, which has increased opportunities for employment. However, it would be a venture to investigate in deep before coming up with such generalisation. A deep investigation into this issue by any researcher would better serve the purpose.

3. **Low Investment In Human Capital:**

   Some of the economists are of the opinion that unemployment arises due to low investment in human capital. This may be so where shortage of adequate skill

---

keeps the investment obstructed. Schultz said, “When poor countries enter on the process of developing a modern agriculture and industry, with notable exceptions, they invest too little in human capital, thereby skill and knowledge useful in their economic endeavour are neglected as they concentrate on new plants and as consequence, they fail often by a wide margin to attain their optimum rate of economic growth.”

4. Deficiency In Supply Of Capital:

In underdeveloped countries there is deficiency of capital. Capital formation is very low due to the vicious circle of poverty. This badly affects the investment and creation of employment opportunities.

5. Slow Growth Process And Rapid Decline In Employment:

The size of employment in any country depends considerably on the level of development. When a country makes development, the employment opportunities also grow but not proportionately, because in the growth process technology generally drifts into capital intensive from labour intensive. Consequently, even when the economy is developing, the employment opportunities decline.

6. Inappropriate Educational System:

The Educational system in India is defective. It is in fact the same educational system, which McCauley had introduced in this country during the colonial period. According to Gunner Myrdal, India’s educational policy does not aim at development of human resources. It merely produces clerks and lower cadre executives for the government and private concerns. With the expansion in the number of institutions which impart this kind of education, increase in unemployment

is inevitable.\textsuperscript{31} Our education system has bias towards theoretical education with the result that educated persons hate those jobs which involve manual labour. There is a lack of vocational education and professional courses in the true sense.\textsuperscript{32}

7. **Downfall Of Cottage And Small Scale Industries**

Downfall of cottage and small-scale industries and an increasing pressure on agriculture have increased the gravity of the problem of unemployment. LPG policy is also taking its toll of small and medium scale industries in India since early 1990s.

**EFFECTS OF UNEMPLOYMENT**

Unemployment is a curse. It creates a sense of frustration in the minds of the people, harms their dignity and causes tension in the society. It gives birth to a large number of bad, dishonest, idle, corrupt and criminal persons. It wrecks the political fibre of the country and renders the whole society crippled. A nation which fails to provide employment to its citizens can never claim to be a ‘welfare state’ in a true sense. Unemployment keeps the national income low, standard of living poor and the people inefficient, unhappy and miserable. The widespread unemployment has also been responsible for the problem of ‘brain drain’ in India. For want of proper employment opportunities in the country, thousands of scientists, engineers, doctors and other highly educated persons have preferred to go out and settle in other countries.\textsuperscript{33}

**REMEDIES TO SOLVE UNEMPLOYMENT PROBLEM**

1. **Social Overhead works In Rural Areas**

Central and state governments should implement social overhead work projects in rural areas during the off-season in agriculture. This can solve the


\textsuperscript{32} Agrawal, V. K. and Jain, P. K. (1990), Essays On Indian Economy, Commonwealth Publishers, New Delhi, p. 162.

\textsuperscript{33} Ibid.
seasonal and disguised unemployment to some extent. This may include road construction, minor irrigation projects, watershed management and the like.

2. **Encourage Cottage And Small Scale Industries:**

   Government should provide protection to small-scale sector and provide some incentives in the form of excise duties and other taxes. Government should also work for the provision of strong marketing network for these industries. Small-scale industries should also adopt modern technology which will be labour intensive and which will help improve the quality of their production so that they can stand the competition ushered in by the LPG policies and WTO regime.

3. **Encourage Labour Intensive Technology:**

   In India there is abundant supply of labour. Government should encourage the big industries to adopt modern labour intensive technology, which will help maintain the quality of production and at the same time provide employment to more hands. During the last three decades, big industries went in for state of the art technologies which were capital intensive. This they probably did it due to the ever-increasing headache of labour problems posed by the extreme, directionless trade unionism. There has been a long-standing demand of the industries to change the labour legislation which will be in tune with the changing industrial and economic environment. Government should appropriately modify the labour legislation in India so that industries will not madly and blindly follow the suit of capital-intensive technologies suitable only for the western, developed and capital surplus and labour deficient economies.

4. **Educational Planning:**

   Provision must be made for education, including higher education that will contribute not only to the development of the human personality and the satisfaction of the individual students increasing educational aspirations but also to the social,
economic, scientific and technical progress of the community.\textsuperscript{34} Educational planning particularly in respect of higher education must also take into account of future manpower needs, so that attainment of a higher level of social development will not be impeded by shortage of necessary resources. A proper balance must be ensured between the growth of manpower demand in the various branches of the economy and the training of the necessary skilled personnel. Once the society's manpower needs are worked out and expressed in terms of the number of workers required with different levels of qualifications, they should then be used as a basis for planning of higher education.\textsuperscript{35}

5. Integration Of Human Resource Planning With General Planning:

It is necessary to integrate human resource planning with general planning for economic and social development. Successful development depends not just upon finely spun plans or strategies but it can result only from their action. Manpower planning, when followed up by the development of human resources, will bring us closer to the achievement of democracy and the solution of at least some of our social and economic problems.\textsuperscript{36}

6. Proper Implementation Of Self-Employment Programmes:

With the implementation of LPG policy and WTO regime, India has witnessed a volatile situation in the economy. Wage employment opportunities drastically declined in 1990s, as a result of structural changes initiated in different industrial organisations, both in private and government sector. Many sick units were wound up and some were merged with others. All this involved cutting the existing labour. The same process is continuing in 2000s. Mechanisation, computerisation and structural changes are taking toll of the employment, and number of employees is being cut in the organised government and as well as private sector. In the given

\textsuperscript{34} Puttaswamaiah, K. (1977), Unemployment In India: Policy For Manpower, Oxford And IBH Publishing Co., New Delhi, p. 104.
\textsuperscript{35} Ibid.
\textsuperscript{36} Ibid., p. 105.
circumstances wherein the wage employment opportunities are almost frozen, effective implementation of self-employment schemes by the central and state governments assumes great significance.

Number of self-employment schemes with appropriate incentives are being implemented by the governments. But there is a lack of political will. This lack of political will combined with the deplorable administrative inefficiencies are coming in the way of effective implementation of the schemes. Benefits meant for the poor are generally grabbed by the ineligible richer sections of the society. There is no proper follow up and monitoring of the ventures started under the government sponsored schemes and their failure rate is very high. In this context, it is necessary that the governments appropriately streamline the processes and effectively implement the schemes so that self-employment schemes shall, in their true sense, provide better avenues for employment opportunities.

**VIEWS OF EXPERTS ON UNEMPLOYMENT PROBLEM IN INDIA:**

A) **V. V. Giri:**

1. Unless we set an example as a nation, planning to mobilise all resources for bringing about rapid social and economic changes, the political freedom we have attained, without its economic counterpart, will have no meaning.

2. There should be a total programme of manpower utilisation for the benefit of all sections of the people.

3. We have to adopt a pragmatic approach for attaining full employment by proper manpower planning for educated, technical, skilled and unskilled labour.

38. Giri, V.V., Jobs For Our Millions, in Ibid, pp. 1-12.
4. We should not be unduly nervous about the growth of labour force, which we can convert into an asset through an enlightened employment policy. Let our motto be:
   
   Every house a cottage industry,
   Every acre of land a pasture.

5. A labour Intensive technology is called for to absorb the entire manpower surplus through all the channels of development.

6. The network of countywide multipurpose pilot projects for absorbing the surplus manpower has already been created through the Community Development Network that we brought about through 6500 Community Blocks. The failure of some of these is due to the fact that people considered them as government agencies and not people’s programmes operated for those who are most affected, namely, the unemployed. Only the richer more affluent sections of the village community availed of the major benefits of development in these Blocks. A dedicated task force of picked men and women who will be the instruments of a rapid socio economic change should man our projects. Based on the experience gained, necessary modifications can always be made.

7. In the First Five Year Plan, the deteriorating employment situation in urban areas was taken note of and an 11-point employment oriented programme was initiated. In the Second Plan, intensive development of small-scale industries, provision of work-oriented camps, were thought of. The Third Plan reiterated the principles laid down in earlier Plans and sought to create community assets through a rural works programme.

In the three five year plans and even subsequently, no systematic attempt at total absorption of surplus manpower was even thought of. The slackening of development effort leading to sort of Plan
Holiday and the failure to maximize growth potential have added to the accumulated backlog.

8. Rural crafts constituted the best source for supplementing the family income and absorbing surplus manpower.

9. Large public sector investment on Housing will be one of the surest ways of absorbing the unemployed manpower. There is no reason why banks should not advance a major share towards house construction on a minimum rate of interest.

10. On the close assessment of various programmes under implementation one invariably comes to the conclusion that efforts made at placing surplus manpower are not systematic, but sporadic.

11. Development activities in a Block should be planned primarily with the object of full utilization of available natural resources, raw materials and manpower skills etc.

12. Economic Statesmanship is required at the present juncture to formulate a bold and imaginative employment policy for absorbing the fast growing backlog of unemployment.

13. We have at our command enormous natural resources and a working season throughout the year- advantages denied to many advanced nations.

B) J. L. Hathi: 39

1. Every country, whatever its state of economic development, has an employment problem to some degree or the other and in the great majority of them we find the paradoxical situation that people are unable to find productive well-paid work, while in certain industries and areas there is a manpower shortage.

2. In developing countries—and India is in that category—these past twenty years have produced increased unemployment, widespread under-employment, considerable inflation of prices and a fall in real wages.

3. In developing countries on the one hand the growth rate is low and slow and on the other hand, rapid growth of their population is cancelling out the benefits achieved from the economic development.

4. The three pillars of strategy for full employment are: rural development, labour intensive public works programmes and reduction of the capital intensity of industrialisation.

5. The industrial policy should be for fuller and effective utilisation of industrial capacity, promotion of labour intensive industrial products for domestic and foreign markets and application of economically sound labour intensive techniques.

C) R. S. Kapuria:

1. The problem of unemployment and underemployment in the country, in the rural and urban areas, has been a cause of serious concern to the Government in recent years. The emergence of considerable surplus among the educated persons has added a new dimension to the problem.

2. In advanced western countries with near full employment, there may be cyclical unemployment on account of trade depression, frictional unemployment caused by changes in technology and consumer preferences, and seasonal unemployment due to the seasonal nature of some industries. But in India, the problem of unemployment and underemployment is indeed very chronic because of the low levels

of development initiated by the low levels of productivity, low savings, and low investments.

3. There are three major implications of unemployment:
   a) Huge wastage or non-utilisation of potentially employable and wealth producing human resources to the country's benefit.
   b) Intensification of social distress and discontent that continuous additions to the ranks of the unemployed and underemployed brings about.
   c) Most distressing implication, perhaps, is that the large number of educated unemployed in their moments of despair may become an easy prey and provide the main spring from which the extremist political parties may draw their recruits.

In the long run, such a development in the country may be very catastrophic.

D) M. V. Mathur: 41

1. The educational system in our country probably has not been able to deliver the goods in the fashion in which it could. We are still carrying on our education, by and large on the mid 19th century liberal pattern of education, rather than relating it exactly to our developmental needs. On the recommendations of the education Committee, of which I was the member, Centre has issued a national policy statement. But education, by and large, being in the state sector, a concerted effort is necessary so that after high school, education becomes more or less vocationally oriented.

2. If for the government jobs, the qualification is higher secondary, it will deflate the importance of university degree. Primary and Secondary education should be spread as much as possible. Beyond

41. Mathur, M. V., Unemployment Problem In India: Views and Notes, in Ibid., pp. 102-03.
that, the government should exercise rigid control. There should be evening institutions and correspondence courses for those in employment. In U.S.A., Russia and Japan there is a practice of attracting people to their companies and factories soon after they have finished their Secondary Schools and training them up for their purpose. The vast majority of the people in these countries are in part time higher education because their system is a rigid system.

E) K. Rangachari: \(^4^2\)

There are several situations, which we have to avoid in order to achieve our goal of employment. Take a village where there are a number of unemployed people having no opportunities for work. Somebody goes there and sets up an enterprise and gets the people to do some work and earn a livelihood. When everything is going on smoothly for some time, a trade unionist, who was not seen till then, comes on the scene. He says, “You are being exploited and therefore strike and disrupt.” The avoidance of such a situation calls for statesmanship, calls for a certain amount of political sagacity and certain non-partisan approach. Of course, this may be asking for too much at the present time when political gimmickry is the fashion, but still this is something, which we have always to keep in the forefront of our mind when we are planning for this problem of unemployment.

F) Balraj Madhok: \(^4^3\)

1. In a country like ours, the problem of unemployment should have been the basic concern of the planners and the economic policy makers from the very beginning. Instead of tackling the problem and realising its importance, an attempt is now being made to find excuses. One

\(^4^2\) Rangachari, K., Unemployment Problem In India: Views and Notes, in Ibid., p. 105.
\(^4^3\) Madhok, Balraj, Unemployment Problem In India: Views and Notes, in Ibid., pp. 108-10.
excuse is the population explosion. We are not overpopulated as compared to many other counties. Density of population in Japan and Germany is higher compared to India. We are underdeveloped and not over-populated. To say that population has grown and so our Plans have gone amiss means acceptance of absolute failure. Actually the planning policies and the way the Planning Commission has been functioning at the moment are the major causes of growing problem of unemployment in our country.

2. Instead of creating new public sector projects, existing projects should be operated to their full capacities. Plan fund allotment priorities should be such that their investment generates maximum employment.

3. For solving the unemployment problem what is needed is more decentralisation of planning process and more funds for the utilisation of the States. Punjab and Gujarat states could settle this problem to a great extent on these lines. A State can estimate the problem and tackle it more effectively than the Centre, which has no correct estimates about the magnitude of the problem.

4. The problem of unemployed is creating more concern today because it has not only economic implications but also social and political implications.

5. Disparity of income between white collared and other jobs must go. If the disparity goes, many educated people can take to other jobs, which do not otherwise attract them.

6. Some kind of dignity of labour has to be created, which, unfortunately is very much missing in our country. An auto driver in Delhi earns at the minimum Rs. 400 to 500 per month. But the educated people will not like to drive an auto but they will prefer to go in for a white
collared job for Rs. 150 per month. This is because the dignity of labour is absent. This is the fault not only of our social system but also of our education, which does not create dignity of labour.

G) A. D. Moddie : 

1. The unemployment problem in the country is not so much due to lack of resources, failure of planning or anything of that sort. It is simply a failure on our part to apply ourselves to the solution of the problem in a practical way. For example, there is no dearth of food grains in our country but there are the cases of mass malnutrition and starvation deaths.

2. One reason for the problem of unemployment is, in fact, the educational system. It is not contributing to solve the unemployment problem but it is rather alienating village youth from work, from farm work. This is how, education has gone wrong down at the village school level, and right through to the university and other higher education.

H) Piloo Modi :

The problem of unemployment has taken alarming proportions over the last few years. Part of the problem that the country is facing is merely a backlog of all the wrongs of economic planning that have heaped on top of each other. We have gone through the First “Unemployment” Plan followed by the Second and Third “Unemployment” Plans and we are now about to compound the felony by having a Fourth “Unemployment” Plan. It is because the attitude of the Planning Commission is so restricted in its thinking, and so completely oriented in the direction of development that it does

44. Unemployment Problem In India: Views and Notes, in Ibid., pp. 113-115.
45. Modi, Piloo, Unemployment Problem In India: Views and Notes, in Ibid., p. 116.
not see human society at all as it exists in India, and does not apply the solutions that our society requires.

Unless we admit the wrongs done to the economy and revise the order of priorities, we will never overcome the sort of hoodling around that goes on with the problem of unemployment.

I) Subramanian Swami: 46

The basic policies followed in the last 20 years have tried to minimise the employment potential as well as domestic savings. A general preference had been given to large industries, to major irrigation and the balance to outdated technology.

Labour intensive technology should be adapted to increase the employment potential of the investment. Small irrigation projects to big irrigation projects and small industries to large-scale industries should be preferred.

J) V. M. Tarkunde: 47

1. Intensification of agriculture is perhaps the best and most efficacious method of reducing unemployment and underemployment, which would create a demand for goods on the basis of which other industries would develop. In our economic planning, though agriculture was given some importance in all the Plans, it was a sort of indirect importance. It was so because it would provide raw material for industries, or it would provide goods for export and not for the very simple and obvious reason that it is necessary for the well being of the majority of our people who are engaged in agriculture. Unless the incomes of the agriculturists increase, there is no possibility of any economic betterment.

46. Swami Subramanian, Unemployment Problem In India: Views and Notes, in Ibid., p. 119-20.
47. Tarkunde, V. M., Unemployment Problem In India: Views and Notes, in Ibid., p. 127.
2. Income tax is being evaded by almost everyone except the employees. And the evasion of income tax is so much that increasing the rates of income tax makes no difference. The evaded amount does not come out for investment, being in the nature of black money. Therefore, our direct taxation system should be made liberal in order that there should be more saving for investment.

3. You must depend upon the private sector particularly the small sector for the purpose of reducing unemployment. In all fairness, encouragement to agriculture and small-scale sector are the proper remedies for the solution of the problem of unemployment in the country.

K) J. P. Chaturvedi: 48

With the advent of economic planning, employment opportunities doubtless increased, but still there is a huge backlog of unemployment. Possibly, this trend is going to continue and the more money we invest in the Plan the more unemployment will grow. It is so because we are not taking due care; we are talking only in general sense that people are unemployed and jobs must be provided for them.

THEORIES OF EMPLOYMENT

There are basically two theories of employment known as classical theory and the Keynesian theory. A brief review has been taken of these theories has been taken in the following pages.

Classical Theory Of Employment:

The classical theory of employment assumes that there is always full employment of labour and other resources. Full employment is considered to be normal situation and any lapses from full employment are considered to be abnormal.

Even if at any time there is not actual full employment, the classical theory asserts that there is always a tendency towards full employment. According to this theory, the free play of economic forces itself brings about the fuller utilisation of economic resources including labour. Any interference with the free play of market forces, says the theory, shall fail to bring about full employment. The classicists, therefore, advocate that the government should keep its hands off the economic field if there is to be full employment of labour and other resources. The assumption that there is always full employment of resources is justified in classical economics by Say's Law of Markets.49

According to Say's Law, "Supply creates its own demand." In Say's words, "it is production which creates market for goods; for selling is at the same time buying and more of production, more of creating demand for other goods. Every producer finds a buyer."50

According to Say's Law, as every additional supply creates an additional demand, there can be no general overproduction as the main source of demand is the flow of factor incomes generated from the main source itself. Similarly, there shall not be less than full employment as there is incentive to entrepreneurs to strive for maximisation of profits by expanding factor employment.51

Classical economists, therefore, concluded that under perfect competition in a free capitalist economy, forces operate in the economic system which tend to maintain full employment.52 The concept of full employment does not rule out the possibility of frictional and voluntary unemployment. But these phenomena are conducive to full employment condition. According to classical economists, unusual disturbances in the economic system may create involuntary unemployment.

52. Ibid., p. 42.
However, natural economic forces tend to eliminate this involuntary unemployment to restore full employment again.

According to classical economists, unemployment could exist only due to high level of real wages. Unemployment, if it existed, could be easily solved by bringing down (Backward Bending Theory Of Wages) the real wages. The level of employment is determined by the demand and supply of labour in relation to the level of real wages. If unemployment existed, it meant an excess supply of labour over its demand. A reduction in real wages would diminish the supply of labour and increase demand for it, thereby closing the demand supply gap and restoring the economy to a situation of full employment.\textsuperscript{53}

**Keynesian Theory Of Employment:**

Keynesian theory of employment was in contradiction to the classical theory. According to Keynes, unemployment was due to shortage of aggregate demand, which could not be solved merely by bringing down the wages. Keynes even argued that decrease in level of wages would transfer income from the working class to the hands of the capitalists who had a marginal propensity to save. The redistribution of income in favour of saving class would bring down aggregate demand and thus lead to more unemployment.\textsuperscript{54}

The first systematic theory of employment is that put forward by Keynes. It attributes unemployment to a “lack of effective demand, to a deficiency of outlay on consumption and investment.” Keynes measures the total output of an economy in terms of employment. The greater the output, the greater shall be the employment resulting therefrom and vice-versa. The national output depends on effective demand. Effective demand, in its turn, comprises, (i) consumption demand and (ii) investment demand. The former is demand for consumption goods and the latter is the demand for capital goods. Effective demand means desire to buy plus ability and willingness.

\textsuperscript{53} Rajeev, P. V. (1983), economic Development And Unemployment, Asian Publication Services, New Delhi, p. 41.

\textsuperscript{54} Ibid.
to buy. It is the effective demand alone upon which the volume and extent of employment depends. Since employment is governed by the effective demand, and if unemployment is to be cured, the remedy is an increase in effective demand. Deficiency of aggregate effective demand is a normal feature of capitalism during peacetime, as the national income increases, national consumption does not increase in the same proportion. There arises a gap between community income and community consumption, this gap, unless it is filled by an increase in investment, accounts for existence unemployment. Keynes advocated for a greater State expenditure, including through deficit financing, for combating unemployment.

In this context, his ‘new deal’ programme (dig the pits and refill them) came to be widely accepted in the then situations.

Keynes believed that unemployment results for lack of sufficient purchasing power to buy goods; governments can intervene to increase the level of demand in an economy, leading to the creation of new jobs. State Management of economic life, many came to believe, meant that high rates of unemployment belonged to the past. Commitment to full employment became part of government policy in virtually all western countries. Until 1970, these policies seemed successful and economic growth was more or less continuous. Over the past 15 years or so, however, unemployment rates have shot up in many countries, and Keynesianism has been largely abandoned everywhere as a means of trying to control economic activity.

But Keynes still has some relevance despite the fact that the economists have expressed their views as to Keynes, after Seventies, is out of time. But state sponsored schemes, one can believe, have some role to play even today in underdeveloped economies. Keynes’ suggestion of state expenditure, even through the deficit financing still holds water. Multiplier effect is also an eternal principle.

---

CONCEPT OF FULL EMPLOYMENT

Classical economists defined full employment as the absence of involuntary unemployment. Voluntary unemployment exists when workers are not willing to accept slightly less than the current wages or refuse to work at all at the current wages. Involuntary unemployment exists when jobs are not available to the workers even though they are ready to accept them at the current wages. Classical economists' conception of full employment was quite consistent with frictional, structural and voluntary unemployment.57

Keynes, however, defined "full employment" as a different manner, though his conception of full employment, like the classical conception, included structural, frictional and technological unemployment. He defined it to mean that particular situation in the economy in which an expansion of effective demand fails to bring about an expansion of output and employment. Instead of increasing output and employment, the increase in effective demand may express itself in a rise in the price level. That particular situation in the economy is called the point of full employment.58

According to Prof. W. H. Beveridge, full employment means having always more vacant jobs than unemployed men. It also means that the jobs should be at fair wages, of such kind and so located that the unemployed individuals can reasonably be expected to take them. If the jobs require specialised skills, which the existing unemployed do not possess, the country cannot be said to enjoy full employment even though the number of vacant jobs is more than the number of the unemployed.

Unemployment in an advanced capitalist economy is predominantly cyclical, caused by business fluctuations (deflation), though other types of unemployment, such as, frictional, seasonal and structural etc. may also co-exist. The problem of

58. Ibid.
securing full employment in such an economy confines itself mostly to eradication of cyclical unemployment through the use of monetary, fiscal and other instruments by the state. But the situation gets more complicated in an underdeveloped, backward economy where apart from cyclical unemployment; there exists disguised unemployment to a large extent. Disguised unemployment refers to the mass unemployment and underemployment, which prevail in agriculture sector of an underdeveloped and overpopulated economy. For example, if there are four persons trying to till an area of land that could be tilled as well by three persons, then only three of these persons are really fully employed and the remaining one person represents disguised unemployment. According to Prof. Nurkse, 20 to 25 per cent of the population in an underdeveloped country is disguisedly unemployed in agriculture. Full employment policy in such an economy should aim at conquering both types of unemployment – cyclical as well as disguised. The problem of fighting unemployment in an underdeveloped economy is, thus, much more complicated and difficult than that in the advanced economy.  

**TYPES OF UNEMPLOYMENT**

Different types of unemployment are as follows.

1. **Voluntary Unemployment:**

In every society, there are some people who are unwilling to work at the prevailing wage rates, and there are some who are lucky enough to get a continuous flow of unearned income from their property or from other sources. All such people are voluntarily unemployed. Voluntary unemployment may be a national waste of human energy, but it is not a serious economic problem with any social repercussions. This type of unemployment cannot be worked out properly and for all practical purposes voluntary unemployment has hardly any significance.

2. **Involuntary Unemployment**:

Involuntary unemployment may be defined as the unemployment due to non-availability or insufficiency of work when the workers in question want to work at the current wage rates. Following general practice among modern economists, it would be appropriate to use the term “unemployment” only in the sense of involuntary unemployment. It may take various forms- disguised, visible and seasonal etc.\(^6\)

3. **Frictional Unemployment**:

When some workers are temporarily out of work while changing jobs, it is called frictional unemployment. It may arise due to the immobility of labour, strikes and lockouts, seasonal nature of work, shortage of some material, breakdown in machinery and equipment and ignorance of job opportunities etc.

According to economists like Keynes and Lerner, frictional unemployment is quite consistent with the condition of full employment in an economy. The problem of frictional unemployment should be dealt with some special devices for overcoming the mobility of labour, such as, spread of information about job opportunities, arrangement for jobs through employment exchanges, improvement in transport facilities etc. These can help reduce the magnitude of frictional unemployment.

4. **Cyclical Unemployment**:

Advanced capitalist economies are subject to trade cycles.\(^6\) Trade cycles, specially recessionary and depressionary phases, cause cyclical unemployment in these economies. During the contraction phase of the trade cycle in an economy, aggregate demand falls and this leads to disinvestment, decline in production and unemployment. Lerner calls it ‘deflationary unemployment’. Keynes emphasised that

---


depressionary unemployment is caused by the insufficiency of effective demand. The solution for the cyclical unemployment, therefore, lies in measures for increasing the total expenditure in the economy, thereby pushing up the effective demand. Easy money policy and fiscal measures like deficit financing have been advocated by Keynes in this regard.\textsuperscript{63}

5. **Structural Unemployment**

Structural unemployment can be defined as one, which occurs as a result of an inappropriate balance of resources. Structural unemployment is caused by a decline in demand for production in a particular industry and consequent disinvestments and reduction in its manpower requirement. In fact structural unemployment is a natural concomitant of economic progress and innovation in a complex industrial economy of modern times.\textsuperscript{64} The problem of structural unemployment can be resolved by absorbing the displaced workers of depressed industry into the expanding industry by adjusting the skill and location of workers.

6. **Technological Unemployment**

A kind of structural unemployment which takes place in an economy as a result of technological improvement may be described as technological unemployment.\textsuperscript{65} Due to the introduction of new machinery, improvement in methods of production, labour saving devices etc., some workers tend to be replaced by machines. Their unemployment is termed as technological unemployment.

Technological unemployment is a temporary phenomenon. In the long run, development effectuated by the use of more capital leads to diversification of activities and promotes many allied industries, so that the unemployed will be absorbed in a more remunerative way. U. N. O. experts say, “Rapid economic development is paradoxically the greatest cause of and the greatest cure of


\textsuperscript{64} Ibid., p. 33.

\textsuperscript{65} Ibid., p. 34.
technological unemployment." This type of unemployment is more serious in underdeveloped countries where technological changes are ad hoc and sudden, and old/primitive machinery is replaced by new one. In developed countries, however, it is not that serious because there the technological improvement is a continuous process and as such old machinery need not be altogether discarded on introducing new technology.66

7. Seasonal Unemployment:

Seasonal unemployment may be defined as the lack of productive work during some periods of the year due to weather conditions, crop patterns in agriculture or social habits of people.67 There are some industries and occupations such as agriculture, catering at holiday resorts, some agro based industrial activities like sugar mills and rice mills etc., in which production activities are seasonal in nature. Seasonal unemployment is found in any country, developed or underdeveloped. Seasonal unemployment implies not only an under utilisation of manpower but also of capital stocks used in industries of a seasonal nature. This poses a serious problem of wastage of productive resources for an underdeveloped country, which is already deficient in capital resources. Facility of irrigation, intensive cultivation, double cropping, mixed farming, promotion of small scale industries and social overhead projects (like road building, irrigation projects etc.) can help in easing the problem of seasonal unemployment.68

8. Total Unemployment:

This is a case where a person is unemployed throughout the year under reference. A graduate or an engineer seeking work and not finding it throughout the year fall under this category. Total unemployment is mainly a phenomenon

prevailing among the educated labour force. However, strictly construing, it seems paradoxical, because it amounts to voluntary unemployment.

9. **Periodic Unemployment:**

Periodic unemployment occurs when people do not find employment for 275 or more days during the year under reference. This is a situation commonly prevailing among the daily wage earners who find remunerative employment during particular seasons. A temporary employee losing his job mid way during the reference year and a person finding an employment mid way during the reference year after remaining unemployed during the earlier months may fall under this category.

10. **Disguised Unemployment:**

Disguised unemployment may be defined as the part of the labour force which can be released from certain sector of an economy without changing the capital intensity and institutional framework, but by shifting some labourers to other productive work so that the remaining labourers may find full time work.

Disguised unemployment is a phenomenon where a person is employed and earns wages, but his marginal productivity is zero. From an economic point of view disguised unemployment is a case of wastage and under utilisation of resources. But from the social point of view disguised unemployment may be considered to be a social security measure. In an economy where unemployment is very high and labour is in abundance, it may become a custom to employ more labourers than is strictly necessary. For instance, 15 labourers may be employed where 10 would have been sufficient. However, 15 labourers together earn what 10 labourers would have earned doing the same job themselves.

---

70. Ibid.
According to Prof. Nurkse, fifteen to twenty per cent of the rural labour force in underdeveloped countries is under the impact of disguised unemployment. He says, these “countries suffer from large scale disguised unemployment in the sense that, even with the unchanged techniques of agriculture, a large part of population, engaged in agriculture could be removed without reducing agricultural output. The same farm output could be obtained with a smaller labour force without any change in methods.”

Prof. Lewis observes that the phenomenon of disguised unemployment is not, however, only confined to the agricultural sector. Another sector to which it applies is the whole range of casual jobs – workers on docks, porters on the railway platforms, and also in retail trading centres – petty shop keepers, and even in personal services, like barbers’ saloons etc.

Prof. Vakil and Bramhananda, thus, rightly stated that disguised unemployment is a ubiquitous phenomenon in all sectors of the poor economy, and is very conspicuous in the case of agriculture.

Prof. Nurkse regards disguised unemployment as a potential source of capital formation in underdeveloped countries. It has been suggested that the disguisedly unemployed labour in the subsistence rural sector should be withdrawn and can be used more productively for producing social overhead capital like roads, irrigation works etc. which are labour intensive.

Classical economics is now ruled out by the economists, but still it raises its head in the form of disguised unemployment in underdeveloped agrarian economies.

---

73. Ibid.
74. Ibid., p. 37.
75. Ibid., p. 38.
11. Underemployment:

The Ninth International Conference of Labour Statisticians suggested the following definition: Underemployment exists when persons in employment who are not working full time are able and willing to do more work than they are actually performing or when the income or productivity of persons in employment would be raised if they worked under improved conditions of production or transferred to another occupation, account being taken of their occupational skills.76

Underemployment occurs when a person does not get an employment in accordance with his training, skills acquired and level of education. A graduate working as a peon may be considered underemployed. A trained technician doing unskilled job is also underemployed. The phenomenon of underemployment may become chronic in a region where unemployment rate is very high. An underemployed is in an unfortunate situation where he does not get an employment of his choice and his level of earnings is below his expectations and below what he deserves to earn.77

The Ninth International Conference of Labour Statisticians organised by the I. L. O. in 1957 attempted to distinguish between three types of underemployment:

a) Visible Underemployment: It occurs when the work involves shorter than normal hours of work and is characteristic of persons working part time involuntarily.

b) Invisible Underemployment: It expresses a situation when working time is not significantly reduced but workers' earnings are exceptionally low and their jobs do not permit full use of their capacities or skills. This is also what is known as 'disguised unemployment'.

---

c) Potential Underemployment: It is characteristic of those persons who are engaged in such establishments, economic units or activities whose productivity is abnormally low.

12. Abnormal Unemployment:

Abnormal unemployment is a rare phenomenon in the economic history of the world. It occurs due to disorganisation of labour after war or a sudden shrinkness in international trade.

13. Shadow Unemployment:

There is a segment of labour force whose participation fluctuates with the business cycle. Old people and married women may no longer actually look for work when job opportunities are few and may re-enter the labour force in response to an upsurge in demand. We might call this “shadow unemployment” and no light can be thrown on its quantitative aspects.  

14. Casual Unemployment:

In industries such as building construction, catering or agriculture, where workers are employed on day to day basis, there are chances of casual unemployment occurring due to short term contracts which are terminable any time.

15. Chronic Unemployment:

When unemployment tends to be a long-term feature of a country, it is called chronic unemployment. Underdeveloped countries suffer from chronic unemployment on account of the vicious circle of poverty. Lack of developed resources and their under utilisation, high population growth, backward even primitive state of

technology and low capital formation, etc., are the major causes of chronic unemployment in underdeveloped countries.

CONCEPTS OF UNEMPLOYMENT DEVELOPED BY NATIONAL SAMPLE SURVEY ORGANISATION:

1. The Usual Status Concept:

   The usual status concept is meant to determine the Usual Activity Status – Employed or Unemployed or outside the labour force – of those covered by survey. The activity status is determined with reference to a longer period, a day, a year preceding to the time of survey. All those who are found “usually” unemployed in the reference year are counted as unemployed. It is a person rate.

2. The Current Weekly Status:

   It determines the activity status of a person with reference to a period of preceding seven days. If in this period a person seeking employment fails to get work for even one hour on any day, he is deemed to be unemployed. A person having worked for an hour or more on any one or more days during the reference period gets the employed status. It is also a person rate.

3. The Current Daily Status:

   It considers the activity status of a person for each day of the preceding seven days. A person who works for one hour but less than four hours is considered having worked for half a day. If he works for four hours or more during a day, he is considered as employed for whole day. The current daily status unemployment rate is a time rate.

APPROACHES ADOPTED FOR DEFINING UNEMPLOYMENT:

1. **Time Criterion Approach:**

   Raj Krishna stated that a person may be called unemployed or underemployed if he is gainfully employed for a number of hours (or days) less than some normal or optimal hours (or days) defined as full employment hours or days.”

2. **Income Criterion Approach:**

   Dandekar and Rath stated, “all persons below a given poverty line may be defined as inadequately employed.”

   Raj Krishna stated that we might call a person unemployed or underemployed, “if he earns an income per year less than some desirable minimum.”

3. **Willingness Criterion Approach:**

   Raj Krishna stated that a person may be called unemployed or underemployed if, “he is willing to do more work than he is doing at present; he may be actively searching for more work or be available for more work if it is offered on terms to which he is accustomed.”

4. **Productivity Criterion Approach:**

   Raj Krishna stated that a person may be called unemployed or underemployed if, “he is removable from his present employment in the sense that

---


84. Ibid., p. 105-06.
his contribution to output is less than some normal productivity, and therefore, his removal would not reduce the output if the productivity of other workers is normalised with minor changes in technique and/or organisation.**

These definitions of unemployment and underemployment based on four different criteria are the reflections of Dandekar and Rath on different types of unemployment and underemployment. For example, time criterion is related to underemployment; income criterion is related to disguised underemployment; willingness criterion is related to general unemployment and underemployment; and the productivity criterion is related to disguised unemployment.

**EDUCATED UNEMPLOYMENT**

Of all the major problems facing modern life, the unemployment is the most serious. The unemployed manpower has to be supported by the rest of the community and this lowers the standard of living of the people. This problem is more acute in developing countries, which are facing chronic unemployment. According to Blaug. The less developed countries suffer from Marxian and not Keynesian unemployment, because it is not lack of effective demand, but lack of capital in relation to the size of labour which basically accounts for mass unemployment.

**Educated Unemployment:**

The term educated unemployment refers to open unemployment among those who have at least completed secondary education; in India it refers to unemployment among the matriculates and college graduates.


87. Blaug, Mark (1977), Educated Unemployment In Asia With Special Reference To Bangladesh, India And Shrilanka, United Nations, New York, p.120.
According to A. K. Bhattacharya, "educated unemployment signifies the person who has completed schooling or acquired higher education in the college or university: but is without work involuntarily either because no work is provided to him or because the remuneration of the work given is considered inadequate to maintain a decent standard of living."

Though the problem of unemployment among the educated is the part of the general unemployment problem, the problem of educated unemployment is more serious than general unemployment. This is because social and private resources have been invested in educating individuals so that they become employable. If the educated people are unemployed, it leads to wastage of human resources. Besides, the financial and physical resources used to provide education could have been used to generate employment in other sectors. Unemployment of the educated results in the wastage of the expenditure incurred by the parents and society and also leads to earnings foregone by a student during his period of studies.

In the words of D. N. Majumdar, "the continued presence and increase in number of large body of the educated unemployed is clearly opposed to the Indian national objective of the socialistic pattern of society and reflects the inadequacy and failure of the social set up to pull itself up."

The Problem of educated unemployment is the most serious. At present there is a serious glut of educated manpower in relation to estimated demand. Every year a large number of educated youngmen are turned out by our schools, colleges and universities. But jobs and gainful avenues cannot be created for them in the same proportion. Educated person of today generally seeks a 'white collar job' and prefers to be a 'Babu' in some office and hates those jobs and work, which involve manual labour. According to a Study conducted by the Association of Indian Universities in 1987-88, it was found that only 7 per cent among the graduates,

89. Majumdar, D. N. and Anand, S. K. (1957), Unemployment Among The University Educated – A Pilot Enquiry In India, Massachusetts Centre For International Studies, Cambridge.
post-graduates and above post graduates (M. Phi., Ph. D.) were self employed. It means that very few educated persons go in for self-employment. This increasing team of educated disgruntled and indisciplined youngmen is a great danger to the social, economic and political stability of the country.91

Sociologically, the problem of educated unemployment is a challenge to society from within. Educated people are elites of the society and the frustration of the educated unemployed diverts them to anti-social and criminal activities like theft, robbery, gambling, underworld and illicit trade activities etc. These Problems threaten the very survival and growth of the society.

In political terms the educated unemployed are the source of potential danger to the democracy and the nation. It results into erosion of their faith in democracy and the government and it poses a problem of political unrest, terrorism and insurgency. This elite group of frustrated educated unemployed is mainly responsible for the activities of insurgency in India for the last two to three decades. Frustration among the most vocal section of society takes the form of social unrest and violence.

If increasing number of educated elite is forced to remain idle, the consequent frustration would result in chaos. It is quite in place to quote Naval H. Tata, “It is an undisputed fact that in utter frustration these educated unemployed have turned rebels and have developed revolutionary instinct in order to bring about transformation of existing order......”93

The educated unemployed represent the intellectual section of our society, the frustration and discontentment of which paves the way of political instability as well as an atmosphere of pessimism and loss of confidence in the government.92

Education And Employment:

According to Blaug,93 "the problem of educated unemployment arises because of mismatch between the job expectations generated by the education acquired and the job opportunities provided by the labour market.

In the words of Emmerji, a Permanent figure in ILO World Employment Programme – "It is obvious that education is in no way responsible for the problem of overall imbalance (i.e., between the labour supply and demand). Changes in the educational system will not change the number of job opportunities in the economy. However, education is definitely responsible for one of the problems of structural imbalance, that of matching employment opportunities and expectations."94

According to Emmerji, educated unemployment occurs because of what the educational system does to the career aspirations of the students. Educated unemployment would mean that the labour force is too highly educated for the employment being generated. If the educated people are willing to accept any job that is offered to them, irrespective of their aspirations and expectations, educated unemployment will virtually disappear.

Regarding the responsibility of the educational authorities in the employment problem, there are diverse views. According to some writers, though, education does not create general unemployment; it does result in unemployment of the educated. Some writers feel that education is partly responsible for the unemployment problem because the formal education system prevailing in the developing countries restricts the initiative of the students, thereby curbing the entrepreneurial activity, which if encouraged will generate employment.

Employment problem among the emerging graduates of our Indian universities has become a cause of concern to everyone drawing nationwide attention. Every

year lakhs of graduates are coming out of our universities but mostly remain jobless. This implies an enormous waste of material and human resources in the country. At present our colleges and universities have become more or less huge factories producing graduates with no opportunities for training in the work situations. Also, individual idiosyncrasies play a part and thus enhance the problems of employment.  

A paradox of higher education in our country is that even though the extent of unemployment among the educated is more among those coming out of these institutions of higher education, the demand for establishing more and more of such institutions is increasing year after year. And the governments both at Centre and States succumb to these demands and establish more and more such institutions knowing fully well that they will aggravate the problem. Dealing with this aspect of the problem the Planning Commission observed that, “The unemployment rates in this category, especially in the youngest group (15 to 29 years) have been relatively higher for sometime and an equilibrium between the growth of the educated labour force and employment opportunities has not been reached. The former is related to the demand for education which remains high because the private cost of education is low and higher level of education is always associated with better employment, high level of incomes and better status in society. Many who would like to start working after secondary school find that they are neither able to get jobs, nor are they fit for self-employment. Thus they continue with higher education not because of a strong academic urge but rather because there is no else to do.”

The problem of educated unemployment can be explained by the following adage:

Thoda Padha Hal Se Gaya,  
Zyada Padha Ghar Se Gaya.

97. Ibid.
(If one receives a little education, one abandons the plough; but if one
receives higher education, one deserts the home.)

Therefore, if we do not make education itself a method of lessening the
unemployment situation, the growth of education is bound to result into growth of
educated unemployment in the country. Our educational system still remains the same
as was proposed in 1833 with the result that there is a lack of correlation in
education and employment. In Europe, a person working in a factory, whether a
foreman, a fitter or a welder is full of better opportunities to carry on with the job
and continue his education for higher degrees in engineering if he wants to, but in
India if one wants to be an engineer, one cannot be any other worker. One must
first go to a college and have full education as an engineer. But if there are not
enough jobs, one must remain unemployed. Hence, there is a great need to reorient
the educational system in the country so as to help solve unemployment problem.98

Faulty planning, slow economic growth and defective educational system in
addition to other causes have all been contributing for the growth of unemployment
to monstrous proportions.

Growth rate of the economy should be stepped up so that it can absorb a
large number of educated unemployed each succeeding year. This is how Japan was
able to meet the demand of the ever increasing number of the educated job seekers
during the Sixties and Seventies.99

The Existing education system must be reformed. In place of present bookish
and sheer theoretical education, stress should be laid on practical, job oriented,
technical, vocational and entrepreneurial education.100 Judicious manpower planning
can be a remedy.

(ed.)(1977), Unemployment Problem In India, National Publishing House, New Delhi, p.138.
p.49.
100. Agrawal, V. K. and Jain, P. K. (1990), Essays On Indian Economy, Commonwealth Publishers,
New Delhi, p.65.
Top priority should be given to proper manpower planning in the country. In place of importing technical hands and technology from abroad, indigenous technology and expertise be developed effectively.101

Encouraging self-employment can be a best method of providing employment to the educated unemployed. Number of self-employment schemes are being implemented by the governments at the Centre and the States in India. These schemes should be made more attractive and the cumbersome procedural wrangles should be minimised so that the educated unemployed would willingly take up the self-employment.

SELF EMPLOYMENT AND ENTREPRENEURSHIP

Everybody cannot be provided with the wage employment and therefore self-employment assumes a greater importance now a days. Self-employment is different from the wage employment. Those who are working independently or in association for their own purpose without having any monthly fixed wages or earnings are called self-employed. In other words, they provide employment to themselves by investing capital, skill, knowledge etc.102 Self-employment in any form is very important for the country like India, where the problem of unemployment has reached unmanageable dimensions. Government of India realised the importance of self-employment long back in Seventies, not only because the provision of employment to self but also due to its job creating capacity for others directly and indirectly.

Self-employment, which is considered as a mechanism for ensuring an independent source of income is very closely related to entrepreneurship. Till recently, the entrepreneurship was considered as the inborn quality of a person. However, according to the scientific studies made by various researchers, it has been found that these qualities can be generated among the people by appropriate

102. Association Of Indian Universities (1991), Graduate Unemployment In India, Association Of Indian Universities, New Delhi, p.53.
widespread feelings of frustration and helplessness that dominate the thinking of our youth, especially the educated unemployed youth.105

SPECIAL PROGRAMMES FOR POVERTY ALLEVIATION AND EMPLOYMENT GENERATION

The traditional growth theory lays emphasis on enhancing Gross National Product (GNP), generation of surpluses and investing such surpluses. While this approach may result in higher rate of growth it has failed to ensure distributive justice as it neglected the distributive part of the GNP. It was soon realised that a rising growth rate by itself is no guarantee against the worsening poverty. As such, a direct attack on mass poverty is attempted by most developing countries by the formulation of projects specially designed for the target groups.106

In order to solve the unemployment problem, it is necessary to explore the secondary sector as the tertiary sector has proved inadequate to provide necessary employment. The government of India, realising the inadequacy of the tertiary sector in absorbing all the educated persons, has started giving prime importance to the secondary or industrial sector, by liberalising the industrial policy and developing the quality of entrepreneurship among the people and encouraging them towards self-employment.107

In India upto Sixties, Government of India and the planners were of the view that economic growth shall automatically take care of reducing the poverty and unemployment problem through the operation of 'trickle down' effect. Montek Singh Ahluwalia108 argued that in India 'trickle down' mechanism exists and therefore a rise in agricultural production and income levels per head would lead to some

---

107. Association Of Indian Universities (1991), Graduate Unemployment In India, Association Of Indian Universities, New Delhi, p.124.
decline in rural poverty. This argument assumes that the distribution of income has, over the time, remained constant and there were no adverse terms of trade effects on agriculture. Real agricultural income, measured in terms of net domestic product (NDP) in agriculture grew about 2 per cent per year from 1956-57 to 1977-78, which was slightly faster than rural population. As a result agricultural NDP per head of the rural population showed no significant trend. Keeping in view these facts, T. N. Srinivasan has asserted that there simply was not enough growth for 'trickle down' mechanism to work and make any significant impact on poverty. These persons suggest that if India could step up the rate of agricultural growth by revising its development strategy, the 'trickle down' mechanism will work and benefits of growth will flow adequately to the poor.

The potential for 'tickle down' has, however, been challenged by a number of economists. It has been argued that the agricultural expansion might have had some links with income generation for the poor upto the mid sixties, which increased use of labour and thus benefited the poor. Agricultural growth over the two decades has been mainly the result of new technology which brought about various changes to the disadvantage of the unprivileged limiting the downward flow of the benefits.

Pranab K. Bardhan states, "The need for devising strategies of growth to ensure adequate flows of benefit to the poor, or more modestly, for supplementing the general strategy, of raising agricultural production with more target oriented programmes aimed at the weaker sections remains urgent. 'Trickle down' process alone would probably take and inordinately long time."}

In view of these facts more and more target oriented employment and poverty alleviation programmes were introduced in Sixties and Seventies in India.

PHASES OF SPECIAL EMPLOYMENT PROGRAMMES:

A. The Earlier Phase: Ad-hocist Approach

The Strategy of direct assault on poverty and employment generation was accepted by the economic planners from Fifth Five Year Plan (1974-79) onwards. During the Seventies a number of Special Programmes for the rural poor were undertaken of which the important ones were Small farmers’ Development Agency (SFDA), Marginal Farmers’ and Agricultural Labourers’ Development Agency (MFAL), Drought Prone Area Programme (DPAP), Crash Scheme for Rural Employment (CSRE), Pilot Intensive Rural Employment Programme (PIREP) and Food For Work Programme, etc. None of these programmes comprehensively covered the whole country, though in certain parts of the country some of these programmes operated simultaneously for the same target groups. Apart from this territorial overlap, the major limitation of these programmes was that they were reduced to mere subsidy giving programmes, lacking any planned approach to enable the rural poor achieve a higher level of income. The element of ad-hocism in these programmes further reduced their effectiveness from the point of view of poverty alleviation. Hence, the need was felt for undertaking programmes, which were not only far more comprehensive in coverage but could also make a direct assault on rural poverty.

B. The Latter Phase: Comprehensive Approach

The Integrated Rural Development Programme (IRDP), The National Rural Employment Programme (NREP), and the Rural Landless Employment Guarantee Programme were conceived keeping the poverty alleviation in view. The IRDP was started in 1978-79. The NREP also commenced at the same time as part of the

114. Ibid., p.242.
Sixth Plan and aimed at helping that segment of population, which depended largely on wage employment and had virtually no other source of income during the lean agricultural period. The RLEGP was launched in 1983 with the objective of expanding the employment opportunities for the rural landless. However with a view to making the implementation of these wage employment programmes more effective, NREP and RLEGP were merged into a single rural employment programme since April 1, 1989. The merged programme was named Jawahar Rozgar Yojana (JRY). Some other programmes aiming at poverty alleviation are the Programme of Development of Women and Children in Rural Areas, The Employment Assurance Scheme, The National Social Assistance Programme, the Swarna Jayanti Shahari Rozgar Yojana and Prime Minister’s Rozgar Yojana.

MAJOR EMPLOYMENT PROGRAMMES:

The high incidence of poverty and unemployment in rural and urban areas has compelled most developing countries to resort to special schemes. In India it was realised in 1960s that a rising growth rate itself is no guarantee against the worsening poverty and unemployment problem. Therefore it was felt necessary to formulate special programmes for directly attacking the problems of mass poverty and unemployment. These programmes have been specially designed for the target groups. India has already started implementing special schemes since the early 1970s. Some important schemes sponsored by the Central and State Governments are as below.

1. Entrepreneurial Development Training Programme (EDTP):\textsuperscript{115}

The EDTP programme was initiated by the Small Industries Development Organisation, Ministry of Industry in 1970. In the initial stages, training was imparted to engineers only but later on, the scheme was extended for various target groups, viz., educated unemployed, students, women, physically handicapped,

\textsuperscript{115} Association Of Indian Universities (1991), Graduate Unemployment In India, Association Of Indian Universities, New Delhi, p.126.
defence personnel, artisans and weaker sections (SC/ST). The objective of the programme is to develop the small-scale industries in the country by training and motivating the potential entrepreneurs. No information is available on the number of trained personnel starting their own ventures.

2. **Drought Prone Area Programme (DPAP):**

   The programme was introduced in 1970-71 to provide employment opportunities in the chronically drought affected areas. The objective was to ensure that the rural works taken up under this programme were of a permanent nature, more like infrastructural works on which further development could be programmed. The basic objective was provision of employment through direct construction works. During the Fifth Plan there has been a change in the mode of financing and it is shared equally by the State and Central Governments.

3. **Crash Scheme For Rural Employment (CSRE):**

   This scheme was started during 1971-72 with full Central assistance with the main objective of providing employment in rural areas and to mitigate rigours of famine by creation of durable assets.117

   It lasted for three years. During this period it was supposed to have generated employment to the tune of 3.15 lakh man-days. Its works related to minor irrigation, land development, soil and water conservation, ground water recharging, drainage and waterlogging, flood protection, extension of roads and culverts etc.

4. **Pilot Intensive Rural Employment Programme (PIREP):**

   The main objective of this programme, launched in 1972, was to provide employment opportunities to all able bodied persons in the age group of 15 to 29.118

   This project was launched as action cum research studies for a period of three years.

---

117. Ibid., p.83.
118. Ibid.
in 15 selected blocks in the country— one block was selected from each major state. In order to understand the nature of poverty and unemployment in rural India, the blocks were selected based on the diversity in their agro climatic conditions. The programme gave top priority to minor irrigation and roads. It generated 181.60 lakh man-days of employment with an expenditure of Rs. 958.24 lakh.\footnote{Satyasundaram, I. (1997), Rural Development, Himalaya Publishing House, Mumbai, p242.}

5. Small Farmers’ Development Agency (SFDA) \footnote{Narayana, D. L. and Others (ed.) (1980), Planning For Employment, Sterling Publications, New Delhi, p.82.}:

The main objective of small Farmers Development Agency/Marginal Farmers’ And Agricultural Labourers’ Development Agency is to improve the economic conditions of small and marginal farmers and agricultural labourers by making them economically viable. The strategy to achieve this objective will be to improve their crop production by implementing programmes like intensive agriculture, multiple cropping, introduction of high yielding varieties, minor irrigation, land shaping, soil conservation, land development with special emphasis on dry farming and water harvesting measures. It also contemplates introduction of dairying, poultry and sheep rearing as subsidiary occupations to step up income of these weaker sections of the rural population.

The projects envisage liberal subsidies to encourage the beneficiaries to take up scientific agriculture and diversification of occupations. Small farmers and marginal farmers are eligible for a subsidy of 25 per cent and 33.33 per cent respectively. Agricultural labours are eligible for 33.33 per cent subsidy on subsidiary occupations under animal husbandry.


It was launched by the Maharashtra government in 1972. Employment Guarantee Scheme aimed at providing employment to all those who are above 18 years of age and seek it, with special emphasis on daily wages. The aim is to provide
manual jobs particularly during the land dry season. The scheme covered all the rural areas of Maharashtra including 'C' class municipal areas. Work is provided in the rural areas only and within the radius of 8 Km. From the place of residence of workers.

It was stipulated that 40 per cent of EGS expenditure should be wage expenditure and the remaining 60 per cent for the cost of materials, tools, project planning and supervision etc.

7. Integrated Rural Development Programme (IRDP):

The IRDP launched in 1978-79 and extended all over the country in 1980-81 was essentially conceived as an anti-poverty programme under the Sixth Five Year Plan. It, however, through a programme of asset endowment also meant to provide self employment in a variety of activities like sericulture, animal husbandry and land based activities in primary sector; weaving handicrafts etc. in the secondary sector; and service and business activities in the tertiary sector. In the Sixth Plan it aimed at covering 15 million families in all the blocks of the country.\(^\text{122}\)

Under IRDP, the beneficiaries were given the credit at the concessional rates of interest. No collateral securities were required up to a loan of Rs. 5000 in agricultural and allied sectors and upto Rs. 25000 in industry, service and business sectors. The target group consisted of small farmers, marginal farmers, agricultural labourers, rural artisans and others whose annual family income was below the poverty line. Subsidy was 25 per cent, 33.33 per cent and 50 per cent depending on the activity and category of the beneficiaries. During the Seventh Plan around 18.2 million families and in six years from 1990-91 to 1996-97 another 16.6 million families were assisted. However, the exact amount of employment generated has not been estimated.\(^\text{123}\)

\(^{123}\)Ibid, p.185.
8. **Antyodaya Programme**: 124

Realising the limitations of usual rural development programmes in conferring benefit on the poor, the Government of Rajasthan launched the ‘Antyodaya’ programme on October 2, 1977. Subsequently some other states also launched this programme. ‘Antyodaya’ means raising/lifting the last man.

Under the scheme, poor family is identified as a concrete human reality without any differentiation on the grounds of caste, colour or religion. Emphasis is laid on the delivery of productive assets so that the poor family begins to get a regular income from self-employment. The administration goes out and identifies potential areas to generate employment and assists the poor people, instead of waiting for people to come for assistance. The criterion of identification is strictly economic- income below poverty line.

9. **Food For Work Programme**: 125

The Food For Work Programme was taken up in 1977 as an integral part of the strategy to tackle the problem of rural unemployment and poverty. The works taken up under the scheme are aimed at creating the durable community assets and strengthening the rural infrastructure. The major objectives of FFW are:

- to generate gainful employment and improve nutritional levels.
- to create durable community assets which will help higher production and better living standards in rural areas, and
- utilisation of surplus food grains.

The Programme Evaluation Organisation noticed a number of irregularities in the implementation of the scheme.

125. Ibid., p.251.
10. **Training Of Rural Youth For Self Employment (TRYSEM):**

In order to make Integrated Rural Development Programme more successful, the TRYSEM scheme was initiated in 1979 to provide technical skill to rural youth from the families below the poverty line to enable them to take up self employment in the fields of primary, secondary and tertiary activities. After going through the training, they receive a combination of subsidy and institutional credit under the IRDP programme. So the TRYSEM is one of the complementary components of the IRDP. Trainees are trained at governments’ cost and stipend of Rs. 75 or Rs. 150 per head is given depending on the place of training, i.e., in the locality or outside the locality. 9.4 lakh youths in the Sixth Plan, 8.73 lakh youth in the Seventh Plan and 20.63 lakh youths during 1990-91 to 1996-97 were benefited with the training.

11. **National Rural Employment Programme (NREP):**

The NREP was launched in October 1980 in place of erstwhile FFW Programme. It was implemented as a centrally sponsored programme on 50:50 financial sharing basis between the central and state governments.

This programme was merged with Jawahar Rozgar Yojana in 1989. Between 1980-81 and 1987-88, 265.28 million man-days of employment was generated.

12. **Rural Landless Employment Guarantee Programme (RLEGP):**

The RLEGP has come into being in 1983. As in the case of NREP, the wage and material cost ratio was 50:50. The wages were paid in both cash and kind. The specific objectives of RLEGP are:

- Improving and expanding employment opportunities for the rural landless with a view to providing guarantee of employment to at least one member of every landless household up to 100 days in a year and

---

Creating durable assets for strengthening the infrastructure in rural areas.

RLEGP is similar to NREP except that it is limited only to the landless with a guaranteed employment of 100 days. Funds have been earmarked specifically for certain activities – 25 per cent for social forestry, 10 per cent for works benefiting only the SCs and STs and 20 per cent for housing under Indira Aawas Yojana.

Studies revealed number of weaknesses in the implementation of RLEGP. Villages dominated by SC and ST population, as stipulated in the scheme, were not properly selected. No records were maintained to know whether a guaranteed 100 days of employment was provided to a household. RLEGP was meant to provide employment during the slack season, but it was found that employment under the scheme came mainly during the busy season. This may be due to tendency to utilise funds provided at the fag end of the financial year.

This scheme was also merged with Jawahar Rozgar Yojana in 1989.

13. Jawahar Rozgar Yojana (JRY):

JRY was launched on April 1, 1989 by merging NREP and RLEGP with it. It is financed by the centre and the states in the ratio of 80:20. The main features of the scheme are:

- All rural works which result in creation of durable productive community assets are being covered.

- Preference is to be given to works having potential of maximum direct and continuing benefits to the members of the poverty groups and which can be owned by or assigned to groups of beneficiaries.

- In the choice of beneficiaries preference is to be given to SCs and STs and reservation of 30 per cent of employment opportunities has been made for women.
- Works relating to land development, construction of drainage, field channels etc. are to be undertaken.

- Non-wage component is to be restricted to 50 per cent of allocated funds.

During the first eight years JRY generated 6602 million man-days of employment. JRY approach involving Panchayats in planning and implementation of employment schemes is superior to the bureaucratic approach followed under the NREP/RLEGP.

14. **Self Employment For Educated Unemployed Youth (SEEUY)**:127

The scheme was launched by the Ministry of Industry and its work was assigned to the District Industries Centres (DIC). It was started in 1983-84, it continued up to 1993-94 and it was merged with Prime Minister’s Rozgar Yojana on 1st April 1994.

The main objective of this scheme was to motivate the educated unemployed youth towards the entrepreneurial activities through self-employment by providing subsidies and credit facilities. It covered the unemployed with matriculation or ITI diploma qualification in the age group of 18 to 35 years. Women and SC/STs and technically qualified persons were given preference under the scheme. All areas of the country except cities with more than one million population as per 1981 Census were covered under the scheme. The scheme aimed at providing self-employment to about 2.50 lakh educated unemployed youth through industry, service and business routes in each year.

Under this scheme a maximum loan of Rs. 35000, Rs. 25000 and Rs. 15000 for industrial, service and business ventures respectively were given to the eligible candidates without any collateral securities. Loan is composite loan consisting of 25 per cent subsidy from the central government.

127. Association Of Indian Universities (1991), Graduate Unemployment In India, Association Of Indian Universities, New Delhi, p.125.
Upto 1987-88, 9.78 lakh beneficiaries were provided a total loan of Rs. 1860.03 crores. Physical target achievement was 78.24 per cent.

15. **Self Employment Programme For Urban Poor (SEPUP):**

This programme was developed and implemented by the department of Banking, Ministry of Finance in September 1986. The objective of the programme was to encourage the families living below the subsistence level in the metropolitan, urban and semi-urban areas to undertake self-employment ventures with the help of subsidy and bank credit available on easy terms and conditions.

Assistance upto Rs. 5000 depending upon the unit cost is admissible to an eligible beneficiary for undertaking any production or service activity. The borrower is eligible for subsidy computed at 25% of the amount of assistance given. There is no margin or collateral security/guarantee under the scheme. The assets created are to be treated as security. The unique feature of this scheme is its approach of making the banker solely responsible for its implementation, right from identification to recovery. SEPUP would cover all towns with a population exceeding 10000 as well as places not covered by the IRDP.

Under this programme, there was no restriction of educational qualification. Any one fulfilling the minimum requirements of the scheme was eligible for the facility.

During the year 1986-87, as per the information available with the RBI, the financial assistance amounting to Rs. 116.23 crores was provided to 3.41 lakhs of beneficiaries.

16. **Prime Minister's Rozgar Yojana (PMRY):**

PMRY was launched on 2nd October, 1993. It covered only urban areas in 1993-94 and whole of India (urban and rural) from 1994-95. Self Employment Scheme for Educated Unemployed Youth (SEEUY) was subsumed in PMRY. The scheme relates to setting up of self-employment ventures in industry, service and business sectors, the project cost being up to Rs. 1 lakh, consisting of 5 per cent
margin money and 95 per cent bank loan at a rate of interest to be fixed by RBI from time to time. It was aimed to provide employment to more than a million educated unemployed youth during the Eighth Plan through 7 lakh micro enterprises. District Industries Centres and small Scale Industries Service Centres are to work as nodal agencies for the scheme. All the persons aged between 18 to 35 years, SSC pass or fail, residing in the area for not less than three years, having family income less than Rs. 24000 per annum and no member of the family being the defaulter to any bank or financial institution are eligible for benefit. Preference should be given to the weaker sections and women. The scheme envisages a reservation of 22.5 per cent for SC/STs and 27 per cent for OBCs. No collateral securities and guarantees are required; only the assets created through the benefit are to be hypothecated/mortgaged/pledged to the bank. After the sanction of loan, entrepreneurs have to undergo a compulsory pre-disbursement training provided by the government. State and union territory governments shall provide necessary infrastructure support like sites, shops, sheds, water and electric connections on preferential basis.

During the Eighth Plan, while loans were sanctioned to 7.70 lakh beneficiaries, the actual disbursement was made to only to 5.76 lakh beneficiaries. The scheme is continuing. In the first year of the Ninth Plan, i.e., 1997-98, loans were disbursed in 1.76 lakh cases which provided employment to 2.6 lakh persons.128

17. Employment Assurance Scheme (EAS) :129

The EAS aims at providing 100 days of unskilled manual work on demand to two members of a rural family in the age group of 18 to 60 years in the agricultural lean season within the Blocks covered under the scheme. The EAS has now been universalised so as to make it applicable to all the rural Blocks of the

129. Ibid.
country. During 1996-97 and 1997-98 a total of 8747.7 million man-days employment was generated under the scheme.

18. Swarna Jayanti Shahari Rozgar Yojana (SJSRY):

The SJSRY came into operation from December 1, 1997 subsuming the earlier poverty alleviation programmes, viz., Nehru Rozgar Yojana, Prime Minister’s Integrated Urban Poverty Eradication Programme, and Urban Basic Services Programme. The programme aims to provide gainful employment to the urban unemployed or under-employed poor by encouraging the setting up of self-employment ventures or provision of wage employment. The funding of SJSRY is being done on 75:25 basis between the Centre and the States. It comprises two special schemes, viz., the Urban Self Employment Programme (USEP) and the Urban Wage Employment Programme (UWEP). The scheme gives a special impetus to empowering and uplifting the poor women by launching a special programme, namely, Development of Women and Children in Urban Areas, under which groups of urban poor women setting up self employment ventures are eligible for subsidy upto 50 per cent of the project cost.

19. Swarna Jayanti Gram Swarojgar Yojana (SGSY):

This programme was introduced in April, 1999 as a result of restructuring and combining the Integrated Rural Development Programme (IRDP) and allied programmes alongwith Million Wells Scheme (MWS) into a single self-employment programme. It aims at promoting micro-enterprises and helping the rural poor into self-help groups. It is implemented as a centrally sponsored scheme on cost sharing ratio of 75:25 between the Centre and States.

132. Ibid., p. 8.
19. **Jawahar Gram Samriddhi Yojana (JGSY):**

This programme was introduced in April, 1999 as a successor to Jawahar Rozgar Yojana (JRY). This is implemented as a centrally sponsored scheme on a cost-sharing ratio of 75:25 between the Centre and the States. All works that can result in the creation of durable productive community assets are taken up under the programme.\(^{133}\)

20. **Pradhan Mantri Gramodaya Yojana (PMGY):**

This programme was introduced in budget 2000-01. The objective behind the programme is village level development in five critical areas: health, primary education, drinking water, housing and rural roads to improve the quality of life of people in the rural areas.\(^{134}\)

**OVERVIEW OF SPECIAL SCHEMES**

The implementation of various anti-poverty programmes has provided an opportunity to discover the dormant resources and skill in the rural areas and to activise them. The ultimate objective of these schemes is to shift the work force from agriculture to non-agricultural sectors so as to reduce the incidence of unemployment in the agricultural sector, particularly disguised unemployment.\(^{135}\)

One study has made the following observations about the impact of rural development programmes on the quality of life of the rural poor.\(^{136}\) During the period 1977 to 1983, the reduction in the incidence of poverty was greater in magnitude than in early period of high growth;

---

134. Ibid., p. 8.
- The beneficial impact of reduction in inequality is more pronounced for the ultra-poor than for the poor;
- These results lend significant credibility to the consumption equalising intervention initiated since mid 1970's such as IRDP.

The implementation of too many programmes has come under fire. When the number of schemes is large, it becomes difficult to co-ordinate their activities. Also when resources are thinly spread out, optimal deployment of resources becomes difficult. Any such resource deployment is likely to dilute the impact of the programme and defeat the core objective of anti-poverty philosophy itself.\(^{137}\)

**LIMITATIONS AND SHORTCOMINGS OF SPECIAL EMPLOYMENT PROGRAMMES:**

Though many programmes have been implemented to tackle the problem of unemployment and underemployment, but the magnitude of the problem could not be reduced.\(^{138}\) The huge amount of money has been invested in various types of programmes to generate employment opportunities, so that the problem of unemployment and poverty may be vanished, but the benefits of the increased investment in economic and social objectives do not necessarily go to those who need them most.\(^{139}\)

**Limitations:**

1. In actual practice the anti-poverty programmes suffer from many limitations. It has been rightly observed that, “Poverty in the country cannot be eradicated by investments in anti-poverty measures only, however large, while other investments in the economy are not

---


oriented to this objective and, therefore, offer no assistance to poverty eradication and may, on the contrary, add to its volume.\textsuperscript{140}

2. Prof. C. T. Kurien has criticized the anti-poverty programmes on the ground that they are the programmes without a framework considering realities on the grounds. As a result, what the government gives to the poor through anti-poverty programme is taken away not unstealthily by the social process dominated by the rich.\textsuperscript{141}

3. It is also argued that the target-oriented programmes are prone to confer more benefits on the ‘transiently poor’ than on the ‘chronically poor’. This is so because the former can exercise influence, are better educated and can incur the costs of search and bribery more easily. Moreover, the government officials themselves often prefer to deal with the less poor among eligible households.\textsuperscript{142}

4. ‘Bekari Hatao’ (Banish Unemployment) has been our cherished goal since Fourth Five Year Plan. Many Employment Generation Programmes and Twenty Point Programme appeared since then, but the problem has become worst. Slogans of ‘Right To Work’ proved to be just a lip service for the youth in order to create a distinct vote bank. Employment Generation Schemes have proved to be a myth for the poor and benefits are being cropped by the affluent.

5. One difficulty with the anti-poverty programmes is that financial allocations and physical targets are determined without taking into account the local conditions, such as, incidence of poverty, size of population and the resource endowments.\textsuperscript{143}

\textsuperscript{140} Dutt, R. C., It Is Corruption That Intercepts Rural Progress, Kurukshetra, October 1991, p. 45.
6. It is, however, admitted that anti-poverty schemes suffer from high incidence of leakages. This is attributed to many factors. Rural poor are unorganised and they do not have correct information about developmental programmes. Most studies say that not less than 20 per cent of benefits are pocketed by the non-poor. Land records are manipulated through political and money power. As the rural poor are dependent on the rural rich, the latter take advantage of the former to get the benefits of subsidised food, inputs, credit and even subsidised rationed food and sugar, which are made available to the rural poor.\(^{144}\)

7. The over-centralisation of development programmes has to a great extent institutionalised the corrupt practices. Some beneficiaries receive milch animals only on paper. The enhanced role of intermediaries and undue delay in the release of assistance are also responsible for high incidence of financial leakages.\(^{145}\)

8. There is also a tendency to over-price the assets. For instance, higher prices paid by the IRDP participants in the livestock market are not compensated by higher quality of animals purchased. This has naturally eroded development funds. Of course, the beneficiaries themselves are responsible for this to a great extent. They may not properly utilise bank funds due to the pressure of consumption needs and social and family obligations.\(^{146}\)

9. A major drawback of the special schemes is that the assets provided do not match with the requirements of the beneficiaries. The demand patterns of the poor stand completely ignored. As such, the goods

---

145. Ibid.
and services provided by the programmes and official agencies fail to confer benefits on the target groups to the extent expected.\textsuperscript{147}

10. Delivering the J. P. Memorial Lecture in New Delhi on November 21, 1985, Prof. B. S. Minhas observed, “Our approach to overcome poverty since the early 1970’s has been extremely flawed. The anti-poverty programmes have been over-centralised. The best model of development for the removal of poverty has been reduced to schemes for dispensing of political and bureaucratic patronage on individualised basis. It is not only leading us into inefficiency and corruption, but we also run the danger of its being used for perpetuation of poverty on a patron-client basis.”\textsuperscript{148}

11. The existing schemes are centrally planned, designed, managed, and controlled by bureaucrats with no participation by the intended beneficiaries or by the agencies truly representing them.\textsuperscript{149}

12. These schemes failed to realise the need for a critical minimum level of resource inputs to break out of the poverty cycle. There is no systematic effort to mobilise resources on the scale needed to eradicate poverty.\textsuperscript{150}

13. The Programme Evaluation Organisation of Planning Commission (PEO), the RBI, the NABARD, and the Institute For Financial Management (IMFR) evaluated the performance of IRDP during the first half of the 1980s.\textsuperscript{151} These studies having an all India coverage noted that although additional incomes have accrued in the case of

\textsuperscript{147} Mukherjee, Neela, Lessons Of Poverty Alleviation Programmes, Yojana, August 15, 1990, p.38.
\textsuperscript{149} Ibid., p. 236.
\textsuperscript{151} Department of Rural Development(1987), Progress Report of IRDP, Ministry of Agriculture, Government of India.
55 to 90 per cent of the beneficiaries, not more than 40 percent of those assisted had crossed the poverty line. As per these studies of IMFR, RBI, NABARD, and PEO, percentage of repayment was-79.6 per cent, not reported, 69 per cent, and 9 per cent and the percentage of ineligible households getting IRDP benefit was- not reported, 16 per cent, 15 per cent and 25.8 per cent respectively.

While viewing the potential for success for the IRDP, differing findings have forth come from different apex agencies investigating the issue. So it poses a question mark on the credibility of findings of these institutions. But it should be acknowledged here that these differences might be due to regional and/or methodological differences in relation to the studies.

The general conclusion that emerges from these studies is that the IRDP has not been very effective as a poverty alleviation measure due to certain shortcomings which must be removed, which are as follows:152

a) The financial allocations and physical targets were determined on a uniform basis without any consideration of size of population, incidence of poverty etc. This resulted in the selection of ineligible families to the extent of 15 to 20 per cent.

b) The selection of schemes was often done without any consideration to ability of beneficiaries, infrastructure support, backward and forward linkages etc. In selection of activities an overwhelming bias was shown in favour of animal husbandry.

c) There is a weakness in the planning process as it adopted uniform strategy for the whole country in complete disregard to needs of specific areas.

d) From organisational point of view there are weaknesses not only in terms of lack of qualified and trained staff but also in terms of rampant corruption and other malpractices.

Indira Hirway has noted in her study that in Gujrat the IRDP has performed well mostly in developed and prosperous areas and performed badly in underdeveloped and remote areas. The programme has benefited least the poor at the bottom.\textsuperscript{153}

There is ample evidence to show that strategies based on ‘trickle-down’ theory will not be enough to tackle the problem of rural poverty. In most developing countries, not only the growth rate is inadequate, but even the pattern of growth is such that it helps widen income inequalities. Therefore, a strong case is advanced for the continuance of special schemes, but the efforts should be made to see that the poor do not depend on the government permanently. These schemes should help the target groups equip with income earning capacities so that they can cross the poverty line within a reasonable period of time.\textsuperscript{154}

Prof. Dantwala has observed that the success of special employment schemes should be judged by the progressively reduced reliance on them.\textsuperscript{155}

It is necessary to bring all the programmes of human resource development- employment generation, asset endowment, minimum needs, training and skill formation etc., under a single umbrella with the objective of enhancing their mutual reinforcing potential.\textsuperscript{156}

\textsuperscript{153} Hirway, Indira, Selective Development And Widening Disparities in Gujrat, Economic And Political Weekly, October 14-29, 1995, pp. 2609-10.


The functionaries at the block level should explain the benefits of different schemes so that beneficiaries can be motivated to adopt a suitable scheme. Also, the functionaries have to maintain links with beneficiaries even after the schemes have been sanctioned in order to be aware of the problems coming in the way of effective implementation of the programme.\footnote{157\-Singh, A. K., Administrative Personnel In The Implementation Of IRDP, Kurukshetra, August 1985, p. 22}

On the basis of the above views of the experts in the field of employment and self-employment programmes it seems that, eventhough the motto behind starting various programmes was very pious, the schemes met with the partial results only. Eventhough the Programmes are designed well by the Planners, they fail on the implementation or execution front. There have been very many irregularities in the implementation of various programmes.