Chapter - IV
EMPLOYMENT ORIENTATION OF INDIAN PLANNING
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In the first chapter, while unfolding certain concepts, a review of opinions on India’s unemployment problem, specially with reference to employment policy, a probe has been taken into the subject. In this chapter it is proposed to study the employment orientation of the Indian economic planning.

PRIOR TO INDEPENDENCE:

The government of India Act, 1935 classified “unemployment” as a provincial subject. As a result, the formulation and implementation of remedial measures against unemployment became the sole responsibility of provincial governments. However, a few provincial governments initiated some action against the problem to some extent. Prior to Independence, no concrete steps had been taken by Governments – either at the centre or in the provinces – even to study the problem of unemployment and underemployment in the country. Towards the end of World War II, however, the Central government felt the urgency of the problem and as a result the Directorate General of Resettlement and Employment was accordingly set up at New Delhi (with regional offices in every major province). The main objective of the Directorate General of Resettlement and Employment was to plan for the absorption of ex-servicemen and discharged war workers in their civil lives. Although its objective was strictly limited and confined to these specific categories, the hope was entertained in at least some quarters that this Directorate would ultimately develop into a permanent organisation to tackle the entire problem of unemployment. Immediately after the partition of the sub-continent, this Directorate took upon itself a considerable portion of the responsibility for rehabilitation, in suitable employment, of displaced persons from both the wings of Pakistan.¹

India attained independence in the year 1947. Before that it reeled under colonial rule for about one and a half century. Colonial powers were interested in their own welfare and exploited India's resources for their own benefit. There was no development worth its name during the colonial rule. India inherited colonial administrative set up and abject poverty. India was impoverished on all fronts – agriculture, industry and infrastructure etc.

AFTER INDEPENDENCE:

After independence it was a gigantic task before the Indian government to bring back the economy on to the track. India embarked upon planned economic development by adopting the Russian model of development through the Five Year perspective economic planning. It was inevitable that eradication of unemployment would form a major plank of Government policy in the formulation and execution of these plans. Government took note of the fact that the problem of unemployment and underemployment had been aggravated by such factors as (a) the rapid growth of population, (b) the disappearance of the old rural industries which provided part-time employment to a large number of persons in the rural areas, (c) Inadequate development of agricultural sector and (d) the large displacement of population as a result of partition.

Economic development started with the launch of the First Five Year Plan on April 1, 1951. It was followed by 9 subsequent Five Year Plans with two Plan Holidays from 1966-67 to 1968-69 during which there were three Annual Plans and from 1990-91 to 1991-92. The Tenth Five Year Plan has very recently been launched on April 1, 2002. A systematic effort has been made to develop Indian economy under these Plans by identifying the development priorities and earmarking the funds accordingly for the balanced development of the economy.

Prof. V. K. R. V. Rao and Prof. Mahalanobis have rightly brought forth the objectives of the Indian Planning by their remarks, which are noteworthy. According
to Prof. V. K. R. V. Rao, "A major objective of Indian Planning is the improvement of the levels of living of the people. This cannot be equated with a mere increase in production. There must also be an increase in Employment, as it is only through an increase in employment that a larger number of people get the benefit of increased production. Again a mere increase in employment, not enough, it has to be accompanied by an increase in earnings, which in turn means an increase in productivity. Thus, economic development should mean both increase in employment and an increase in earnings, it is to result in increase in welfare and not merely in overall national production."

Prof. Mahalanobis remarks as follows in relation to employment and economic development: "A radical solution of the problem of unemployment can be found only through a continuing increase in economic activity, which would provide increasing opportunities for productive employment. Economic development consists, essentially, of an increasing utilisation of idle manpower for productive purposes. Economic development and an increasing volume of employment, are but two aspects of the same social process."

In every Five Year Plan emphasis was laid on generation of increasing employment opportunities and for alleviation of poverty and increasing the welfare of the masses and general public. Employment orientation of different Five Year Plans has been briefly discussed in the following pages.

EMPLOYMENT ORIENTATION OF THE FIRST FIVE-YEAR PLAN (1951-56)

The First Five Year Plan does not state anything about the generation of employment under the head of Objectives of the Plan. But it stresses the need for generation of employment under the chapters of 'The Problem Of Development' and 'Employment'.


It states that there is a need to make the maximum use of idle labour for the purpose of development. It speaks of need for increased productivity so that larger employment can be provided at rising levels of real income. It expresses hope that expansion of infrastructure like irrigation, power, basic industries, transport and other services would provide directly and indirectly, new avenues for employment. Rural electrification would result in establishment of large scale, cottage and small-scale industries. It further states its approach to generation of employment in the following words, "In fact development is, in a sense, but another name for employment opportunities. Expansion of employment opportunities at rising levels of real income will proceed side by side with the development of economy and, like the process of development itself, will become cumulative as soon as there is a marked improvement in the technical equipment of the community."

Plan document further notes that considerable additional employment will result from the cottage and small scale industries and development of agriculture, industries, and roads and the building and construction activities will lead to the development of tertiary, e.g., there will be more demand for transport, storage and banking and other kinds of services.4

The Plan recognises the problem of educated unemployment. It states, "The problem of unemployment among educated in its present form is not new. The two World Wars relieved this problem to some extent during and between two wars through employment in armed forces and industries producing war materials and services. But after the war with demobilisation of armed forces and retrenchment in industries producing war materials the problem again came to forefront."5 It further states that over a lakh educated unemployed are seeking employment and opines that unemployment in this category seems to be resulting out of distaste for mobility.

5. Ibid.
The Plan confesses the inability to solve the problem of educated unemployment in the following words, "The First Five Year Plan lays emphasis on increasing agricultural production and at the same time creating a base for future industrial expansion. This limits the immediate expansion of employment opportunities for the educated unemployed. It is only when a more rapid expansion of the industrial sector than is envisaged in the present Plan takes place that there will be a possibility of increasing avenues for the educated class."^6

In its suggestions to increase the employment opportunities the Plan stresses the need for supplementing the theoretical knowledge in graduation by practical training and development of vocational counselling and guidance service. It further suggests that the educated persons should be persuaded to rid themselves of prejudice against manual employment and should be encouraged to receive sufficient training for manual jobs rather than cling to clerical jobs.

From the above discussion it is clear that no concrete and direct efforts were envisaged in the First Five Year Plan for generating employment opportunities. Stress was, however, laid on the development of agriculture and basic infrastructure and it was thought that these measures in the long run would take care of the problem of unemployment.

EMPLOYMENT ORIENTATION OF THE SECOND FIVE-YEAR PLAN (1956-61)

The Second Five Year Plan came into force on April 1, 1956. It lays down the objectives related to employment and poverty alleviation as - a) a large expansion of employment opportunities; and b) reduction of inequalities of income and wealth and more even distribution of economic power. Objective regarding the employment was included only from the Second Plan.7

The Second Plan aims at creating additional employment for about eight million persons. It states that question of increasing employment opportunities cannot

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be viewed separately from programmes of investment envisaged in the Plan. Diversification of industrial pattern, special measures to assist small scale and cottage industries, provision of adequate training facilities, measures to promote geographical and occupational mobility of labour etc. are important elements of new employment programme. The Plan expects to provide employment opportunities for the new entrants to the labour force and relieve underemployment in agriculture and village and small-scale industries. Under its employment policy it recognises expansion of employment as economic and social priority but it is dependent on expansion of industrial goods and as well as consumer goods.

It states that the task of creation of employment is three fold. Firstly, existing unemployed in the urban and rural areas are to be provided for. Secondly, to provide for natural increase in the labour force estimated at 2 million persons a year. Thirdly, the underemployed in the agriculture and household occupations in rural and urban areas should have increased work opportunities. It declares that it is necessary to take into account magnitude of unemployment problem in the urban and rural sectors in different regions of the country and it is further necessary to distinguish the educated unemployed from other unemployed persons. Recognising the problem of lack of adequate data it says that in the absence of appropriate data it is difficult to devise appropriate remedies for unemployment and to know how the employment responds to the different kinds of investment stimuli. It also underlines the difficulty of distinguishing unemployment from underemployment in rural areas. But at the same time it estimates the total number of unemployed persons in India at the end of the Second Five Year Plan at 15.3 millions (6.3 millions in urban areas and 9.0 millions in rural areas). The Plan document agrees that it would be incorrect to hold out hope that the full employment could be secured by the end of this Plan and at this stage it is difficult to determine the direction in which the public policy should proceed.

Educated Unemployed:

The Plan document states that educated unemployment assumes a special significance because of the following factors – (a) rightly or wrongly there is an impression among the public that investment in education should yield a return in terms of remunerative jobs, (b) due to imbalance in the development of education in different parts of the country, there is an abundance of supply in some occupations and professions and shortage in others and (c) there is general disinclination among the educated to look for employments other than office jobs. A Study Group set up by the Planning Commission in 1955 to formulate programmes specially designed to alleviate unemployment among the educated estimated that in the next five years 14.5 lakhs of educated persons would be added to the labour force. The Plan further states that according to the Study Group the question of educated unemployed cannot be viewed in purely quantitative terms; it is necessary to be more specific about the kind of education for which the job opportunities are to be created. Regional immobility is coming in the way of fuller utilization of such personnel. The Group further suggests to strengthen the cooperative organisations in the spheres of production and distribution, which will absorb to some extent the problem of educated unemployed. The Group considers large area of small industries appropriate for the educated, which may include manufacturing industries, feeder industries (foundries, forge shops etc.) and servicing industries. In the opinion of the Group another group of schemes to absorb the educated unemployed is cooperative goods transport. It also recommends to set up the orientation camps which would help remove the disinclination on the part of the educated to undertake manual work and to create in them self-confidence and a healthy outlook.

Another set of recommendations to ease the problem of unemployment by the Group is – (a) improvement in the present system of recruitment to the Government posts, (b) provision of hostels and (c) establishment of university employment bureaux.
The Plan document states that the recommendations of the Study Group require to be implemented on a pilot basis in order to watch the reactions of the educated to such schemes and if the response is adequate, larger provisions can be made for experimental implementation. It further underlines the need for long-term measures to solve the problem of educated unemployment as ad-hoc measures in short run can hardly produce lasting results.

The Plan further recognises the fact that inspite of concerted efforts for the mobilisation of available resources and their optimum utilisation as proposed in the Plan, the impact on the two-fold problem of unemployment and underemployment will not be as large as the situation demands.

The draft outline of the Third Plan notes, "The increase in employment during the Second Plan has not kept pace with the growth of the labour force. It was hoped that the development programmes envisaged would lead to the creation of 8 million additional jobs outside agriculture. The achievement for the Plan period is at present estimated at about 6.5 million." It means that backlog of unemployment in the agricultural sector was about 1.5 million. The overall backlog of unemployment at the end of the Plan was reckoned at 9 million.

EMPLOYMENT ORIENTATION OF THE THIRD FIVE-YEAR PLAN (1961-66)

The Third Five Year Plan indicates that the total generation of employment outside agriculture would be to the extent of 10.5 million. It states that increase in the new entrants would be about 15 million out of which 3.5 million are expected to be absorbed in the agriculture. It further notes and expresses the concern that the problem of unemployment is accentuated by a high rate of growth of population in India, nearly 2 per cent per year, which leads to a large addition to the labour force every year. Referring to the enquiries conducted by the National Sample Survey it states that there is very little visible unemployment in the rural areas, but there is widespread underemployment in the agriculture, which gives rise to migration of

landless agricultural labour to urban areas in search of paid employment, but their position is worsening in terms of both availability of work and earnings.

Referring to the Sample Surveys, the Plan states that unemployment in the urban areas is particularly high among the young men who have completed their secondary or Junior College education. It further notes that the problem of such persons needs special attention.

Presenting the strategy for the remedy of the problem of unemployment the Plan document notes that the remedy would be a continuing expansion of national economy at a high enough rate to create adequate employment opportunities in the urban areas and to provide conditions for a continuing growth of agricultural production which would reduce underemployment and offer greater opportunities of work for landless agricultural labour and similar occupational groups. It further stresses that sustained programmes over a period of years for the rapid development of agriculture and expansion of modern industries will be the only solution to the problem of unemployment. In the transitional stage, the Plan notes, it is necessary to maintain and indeed to promote labour intensive methods of production to the fullest extent so long as this does not lead to a smaller aggregate production in the economy. The Plan stresses the need for labour intensive technology but in practice, its strategies seem to be capital intensive.

By the end of Second Five Year Plan almost all the cities, towns and villages having a population of more than 5000 were expected to be electrified. Third Plan expects that this will offer opportunity for the expansion of small-scale enterprises with the use of power. It states that suitable processing industries should be located in the rural areas and steps should be taken to enable villages to meet the diverse requirements of neighbouring urban areas. It advises increased use of manual labour by restricting the use of machinery only to those operations, which would have considerable advantage in terms of costs and time. It made suggestions to state governments that the unemployment problem should be broken down by the districts
and that as much of this should be tackled directly as possible with the help of the
district and block plans.

The Third Plan continued with the objectives set for the Second Plan in
relation to the employment and equitable distribution of income. In addition to the
expansion of agriculture and village and small-scale industries, the Plan proposes
to organise special work projects in rural areas on a mass scale to tackle the
problem of unemployment and to absorb the estimated 17 million new entrants to
labour force during this Plan period. It recognises and underlines the fact that urban
unemployment problem is basically due to the shifting of rural labour to urban areas.
It also says that the existing data are inadequate for building up sufficiently detailed
picture of the state of employment for the country as a whole and in its regional,
urban and rural aspects.

Third Plan further states that even if, in consequence of Plan Programmes,
employment opportunities are available for about 14 million persons, leaving aside
the backlog of unemployment of the Second Plan of 9 million persons, even for
providing work for the new entrants to the labour force, there is need to find
additional employment opportunities for three million persons.

**Educated Unemployment**:

Third Plan notes that the rapid pace of industrialisation during the last ten
years has been accompanied by significant changes in the occupational structure of
industrial employment, and industry now recruits persons who would formerly have
been absorbed in white-collar employment. Industries, now, require the application
of the latest and most efficient production techniques and consequently require a
more technically qualified group of operatives. These developments may be expected
to lead to larger employment opportunities for the educated. Therefore educational
system will have to be geared to meet the rapidly changing pattern of personnel
requirements. The Plan states that manpower studies have been undertaken in a
number of selected fields and arrangements have been made to suitably expand the
existing facilities for technical education and to open new institutions, where necessary. It further underlines the need to pay greater attention to the absorption of educated persons into gainful employment, with the expansion of education at secondary level. It further states that a significant proportion of educated persons registered as unemployed have had education ranging from middle courses in schools to the first or second year at college; and these young men cannot find adequate openings in urban areas unless they obtain technical training of some kind of the other, and at best they can be absorbed to a limited extent and in relatively low paid occupations. In the immediate, it is in rural areas and through rural programmes that large employment opportunities for the educated unemployed are likely to become available.

The Plan expects that the rural works programme will itself make a large demand for persons with education and proposes that as preparatory step, number of educated persons should be selected and put through short periods of training for specific jobs of work. The scope for regular and continuous employment within the rural economy will greatly increase with the development of cooperatives for credit, marketing, and farming, growth of processing industries, development of scientific agriculture and the establishment of democratic institutions at the district, block and village level. It further hopes that it should also be possible to assist fairly large number of young persons with education to set up small industries at rural centres at which power can be made available. As the rural economy develops and the cooperative sector in it becomes larger, there will be increasing opportunity for employment at levels of income which are comparable in real terms with those available in the towns. Development along these lines has the additional advantage that rural areas will retain the services and the leadership of their own educated youth to a far greater extent than is now possible.

Third Plan was not successful in achieving its objectives of employment. “The Third Plan had one major objective that is to utilise to the fullest extent the
manpower resources of the country and to ensure a substantial expansion of employment opportunities. But this was far from realised. Even a small amount allotted for rural public works remained unutilised so that jobs actually provided in the rural sector were much below the target. Moreover it could not make any advance in the direction of setting up a socialist pattern of society and reducing inequalities of income and wealth.

**EMPLOYMENT ORIENTATION OF FOURTH FIVE-YEAR PLAN (1969-74)**

The Fourth Plan was delayed by three years. Third Plan ended on 31st March, 1966 whereas the Fourth Plan began on 1st April, 1969. During the intervening Period there were three Annual Plans – 1966-67, 1967-68 and 1968-69. During the 1960's India had to face quite a few calamities – invasions by the neighbours, death of Pt. Jawaharlal Nehru, exceptionally severe droughts and interruption in external assistance from U. S. A. This forced India to postpone the launch of the Fourth Five Year Plan.

Regarding the employment the Fourth Five Year Plan declares that it will try to create more employment opportunities in the rural and urban sectors on an increasing scale. In the rural areas this will be done through labour intensive schemes such as minor irrigation, soil conservation, private house building etc. The Plan expects the extension of irrigation and multiple cropping would also result in a considerable increase in the demand for agricultural labour in many areas. It hopes that the Plan investments would generally lead to growth of employment in urban sector and in the aggregate, the effects of the Plan proposals in improving the employment situation in the country may be significant.

Plan document says that the Planning Commission used to present estimates of backlog of unemployment at the beginning of the Plan, of the estimated increase

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11. Ibid., p.91
in labour force during the Plan period and of additional employment likely to be created through implementation of the Plan. In view of the considerable divergence of the opinion regarding the appropriate definitions of and suitable yardsticks for measuring unemployment in rural and urban areas and in view of the widely differing magnitudes of unemployment worked out on the basis of various sources, such as the Census, the National Sample Survey and Employment Exchange data, it was felt that the various aspects needed a close scrutiny. Accordingly, the Planning Commission set up in 1968 a Committee of Experts to advise the Planning Commission on the various connected issues. The Expert Committee stated that the data available to the Planning Commission for estimating unemployment and underemployment in the past have not been adequate and that the conclusions based on them were, therefore, unavoidably subject to an unknown margin of error.

It means that the estimates of unemployment and underemployment in the First Plan to Third Plan were not reliable.

Subscribing to the strategy forwarded by the I.L.O. of, “Integration of employment creation to economic development through the maximum possible productive use of available labour to accelerate economic growth and more particularly, to substitute labour for scarce capital where this is economically feasible”, the Plan says that adoption of such strategy involving the labour intensive technology of production, will have far reaching implications for investment planning. There will be need for more investment in human as compared with physical capital.

The Plan document also says that a greater volume of investment will have to be directed to rural development rather than to urban development and investment plan will have to give some preference to small scale over the large-scale projects.

The Fourth Plan laid considerable emphasis on labour intensive schemes such as roads, minor irrigation, soil conservation, rural electrification, small scale industries, housing and urban development. State government were asked to take
effective steps to remove any restrictive policies, which inhibit faster growth of employment, and to give employment orientation to the programmes to be taken up under the Fourth Plan. The Plan states that the increasing tempo of agricultural development in the Plan is expected to create new employment opportunities on a large scale in the rural areas and also provide fuller employment to those engaged in agriculture.

Fourth Plan further notes that a substantial volume of construction activities is inherent in the various schemes relating to generation, transmission and distribution of electricity and rural electrification, which would open employment avenues for various categories of personnel including skilled and unskilled workers.

It makes a mention of Maharashtra and Gujrat governments’ special schemes formulated to provide increasing employment avenues in the rural areas, viz., Employment Guarantee Scheme (EGS), Right To Work Scheme respectively and states that the experience gained in this field so far has been utilised in working out and launching special programmes for small farmers, agricultural and landless labour and rural artisans, particularly in dry areas and backward districts and allocations thereon have been considerably stepped up.

According to the Plan non-farm employment is expected to grow at a faster rate during the Plan. The accelerated growth of organised mining and manufacturing, the encouragement of ancillary and small-scale industries, greater provision for rural electrification and for widespread development of repair and maintenance services, the rising level of construction activity, the increased provision for building and infrastructure of communications, transport and power and expansion of training facilities, would all contribute to larger opportunities for direct employment including self-employment. We find the use of word self-employment and the efforts made in this direction for the first time in the Fourth Plan. It states further that a special scheme has been formulated by the Ministry of Industrial Development for promoting self-employment among engineer-entrepreneurs by imparting suitable training and
by encouraging commercial banks to advance loans to them for starting small scale industries.

Under the transport sector, the Plan states that most of the schemes particularly under railways and roads are highly labour intensive. The main schemes under railways, which are expected to generate a large volume of employment, related to the conversion of meter gauge into broad gauge, doubling of track, expansion of suburban traffic, construction of bridges, laying of new lines, building of quarters for staff, and provision of mass transit facilities in the metropolitan cities of Mumbai, Kolkata, Chennai and Delhi. Under the roads development programmes, schemes relating to building of bridges on National Highways, reconstruction of weak bridges and culverts and widening of important sections of the National Highways, the development of village roads etc. are likely to provide employment to a large number of skilled and unskilled workers. The expansion programmes of ports, airports, telephone connections and establishment of 31000 new post offices would have considerable employment potential.

But the Fourth Plan was not successful on employment front. "Another important area neglected was employment. The Plan document did not give any estimate of backlog of unemployment at the beginning of its period, not of the new entrants to the labour force, not of the jobs to be created during the five-year period." 12

EMPLOYMENT ORIENTATION OF THE FIFTH FIVE-YEAR PLAN (1974-79)

The Fifth Plan was introduced in April 1974 when the country was reeling under serious economic crisis, in the form of a run away inflation, which badly affected the right implementation of the Plan. Moreover, after the promulgation of Emergency in 1975, the emphasis shifted on the implementation of the Prime

Minister's 20 Point Programme and the Fifth Plan was relegated to the background. Thus the Plan had become irrelevant soon after its start.\(^\text{13}\)

The Draft Fifth Five Year Plan envisaged the objective of expansion of productive employment opportunities. Even though the Fourth Five Year Plan did not give any estimates of unemployment and underemployment at the beginning and at the end of its period; some authors came up with their own estimates. According to T. N. Bhagoliwal, at the end of the Fourth Plan, the total number of unemployed persons in the country was about 22.9 million.\(^\text{14}\) But according to K. Puttaswamaiah, the backlog of unemployed at the end of the fourth Plan was 26.6 millions and it was estimated that the net additions during the Fifth Plan period would be 44.00 millions. Against the total unemployment of 70.60 millions, it was estimated that employment will be provided to 32.00 millions.\(^\text{15}\)

The Fifth Plan, therefore, accepted unemployment as great challenge and laid emphasis on industrialization and special employment programmes. Since the beginning of the Plan till March 1977, there was an increase in unemployment despite the generation of additional employment to the extent of 1.39 million jobs in the organised sector.\(^\text{16}\) The desired results could not be achieved through the implementation of various programmes because these aimed at short-term objectives, i.e., generation of some new employment opportunities.\(^\text{17}\)

After a long dissertation on employment, the Plan document kept down the goal to the modest limit of just absorbing the increase in labour force of 8.5 millions

\(^{13}\) Dutt, Ruddar and Sundaram, K. P. M. (1997), Indian Economy, S. Chand & Company, New Delhi, p. 242.


\(^{17}\) Ibid., p. 714.
in the non-agricultural sector. But it is doubtful whether even this could be achieved.  

In March 1977 Janata Party Government came to power at the centre, which terminated the Fifth Plan at the end of 1977-78. Consequently a new Planning Commission was appointed towards the end of May 1977. It came up with a new Five Year Plan, i.e., Sixth Five Year Plan (1978-83) with a new concept of Rolling Plans. Prime Minister Morarji Desai as Chairman of the Planning Commission gave it certain directives – like the formulation of Plan to ensure productive employment within a reasonable period to all adults and consequently more stress on programmes of agricultural development, rural and small industries, strengthening of the public distribution system, substantial changes in methods of import substitution, export promotion, land use, credit policy, and lesser importance to expansion of large scale industries.

The Fifth Plan period 1974-79 witnessed economic crisis followed by imposition of Emergency and political upheavals when in 1977 Janata Party government came to power at the centre. Due to these problems concerted efforts were lacking in the implementation of the Plan and it was a complete failure on all the fronts including employment.

EMPLOYMENT ORIENTATION OF THE SIXTH FIVE-YEAR PLAN (1978-83)

The Fifth Plan was terminated by the Janata government when it came to power in 1977. And it came up with Sixth Plan, 1978-83. Congress Government came back to power in 1979 and terminated the Sixth Plan initiated by the Janata government. The Congress Government came up with yet another Sixth Plan, 1980-85. There were two Annual Rolling Plans 1978-79 and 1979-80 between these two Sixth Plans. Virtually, however, these two years constituted planless period.

19. Ibid., pp. 186-87.
The Sixth Plan envisaged the objective of the removal of unemployment and significant underemployment within a period of 10 years. "The Plan objectives have been formulated to give primacy to the achievement of near full employment conditions throughout the country within ten years.\(^{20}\)

The Plan estimates that taking into account the backlog of unemployment of 19.5 million persons in 1977-78, a total of 53 million persons of additional employment would be required if unemployment were to be eliminated by the end of the Sixth Plan. Since even with a rate of growth of industrial production of 7 per cent per annum, the additional employment in the organised sector is not likely to exceed 7.5 million persons, the remaining 46 millions would have to be absorbed by the unorganised agricultural / non-agricultural sectors. The Plan document further states that a marked increase in agricultural employment should lead to significant growth in secondary employment in distribution and transport and in tertiary employment in other economic activities generated by the growth in the rural income.

The Plan further states that the approach for increasing the employment opportunities would be to make pattern of production as labour intensive as possible. Technological changes would be sought to be so regulated that the growth of employment is facilitated. In preparing the Plan an attempt has been made to give concrete content to these policies.\(^{21}\) The Plan expressed hope that the increased emphasis on small scale production and village industries would definitely increase labour absorption, given the higher labour per unit of output in the smaller units. The government could also re-shape its own investments and expenditures so as to increase labour absorption. In view of this, the Plan proposes to allocate a substantial proportion of public investment for the expansion of infrastructure and social services, particularly in rural areas. The Revised Minimum Needs Programme alone, covering elementary education, adult education, rural health, rural water supply, rural road construction, rural electrification, and housing for rural landless

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labour households was expected to create 6 lakh standard per years of employment per year.

Regarding the policy of technology the plan notes that the science and technology research system is being induced to earmark a higher proportion of its capacity for the identification and discovery of appropriate techniques which increase productivity without excessive labour displacements in rural and small scale urban activities.

The Plan says that the commercial banks have recently been asked to provide credit to at least two additional educated self-employment borrowers per branch every month. It expects that this scheme would provide self-employment opportunities to nearly 3 million persons by the end of the Plan (1983). "The new District Industries Centres (DICs) should provide the technical and marketing assistance to new self-employment units and the Margin/Seed Money Scheme (MSMS) operated by the Ministry Of Industry should provide the initial cash to trigger bank lending."\(^{22}\) It is felt that the concrete base for self-employment was laid here.

The Plan expects that the Revised Minimum Needs Programme would absorb hundreds of thousands of educated persons on a part time or whole time basis. In particular, the Community Health Volunteers Scheme would eventually require at least one literate community health volunteer for each of the 5.7 lakh villages. And the National Adult Education Programme would create full time work for 2.9 lakh persons and bring part time honoraria to more than 2 million persons. Agriculture, animal husbandry, forestry, fishery and rural development programmes are also expected to generate additional demand for educated manpower. Even though all these programmes are implemented, it is unlikely that the educated unemployment would be completely wiped out without a determined effort to decelerate the out-turn of general arts, science and commerce graduates and to divert matriculates

\(^{22}\) Government Of India, Planning Commission (1978), Draft Sixth Five Year Plan, Publications Division- Government of India, New Delhi, p. 140.
increasingly to non-clerical occupations. The Plan proposes that no new universities should be set up and that colleges should be established with great restraint. Moreover, the universities and the colleges would be encouraged to expand non-formal education systems, particularly part-time and correspondence courses and private study facilities. The Plan further proposes that the existing colleges should offer an increasing number of vocational courses, which meet the occupational needs of the community, and it advises that the vocational courses are to be planned carefully after detailed surveys of work opportunities at the district level. It further says that jobs not requiring university education for their performance should be delinked from the requirement of a degree so that pressure on university education would come down.

"In addition to the sectoral investments during the Sixth Plan period which have resulted in an expansion of employment opportunities through the process of growth, there has been in operation important employment / beneficiary oriented programmes for specific target groups such as National Rural employment Programme (NREP, 1980), the Integrated Rural Development Programme (IRDP, 1979), the Rural Landless Employment Guarantee Programme (RLEGP, 1983), the Training Scheme For Rural Youth For Self Employment (TRYSEM, 1979) and the Scheme For Providing Self Employment To Educated Unemployed Youth (SEEUY, 1983).

From the above it follows that there was a spate of target oriented seasonal wage employment programmes and self-employment programmes in the Sixth Plan period.

**EMPLOYMENT ORIENTATION OF THE SEVENTH FIVE-YEAR PLAN (1985-90)**

The Plan declares its basic employment and manpower policy approach in the following words – "Progressive reduction of unemployment has been one of the principal objectives of economic planning in India. It has been envisaged that the growth of the economy would not only increase production but also provide
the capacity for absorbing the backlog of unemployment and underemployment and a substantial proportion of the additions to the labour force. The solution to the problem of unemployment, and the poverty that goes with it, has to be found ultimately through a high rate of overall economic growth. Considering, however, the low levels of income from which the economy has to be pulled up, it was recognised that there would be some leakage in the percolation effects of growth and, in any case, these percolation effects would not be sufficient to generate the required employment opportunities. It was, therefore, felt necessary in different Plans to have supplemental programmes for specific target groups / areas for employment creation, income generation and poverty alleviation. These have taken the form of direct employment programmes for providing seasonal employment to agricultural labourers on rural capital works and beneficiary / target group oriented programmes of asset provision, input deliveries and marketing and credit infrastructure creation.23

The Plan proceeds to clarify that employment generation as an objective does not mean the adoption of a static technology. "It is not advisable to insulate the economy from the world trends in technological changes. Technological upgradation, modernisation and scientific advances in production process constitute the essence of growth of productivity, whether it be in organised industry, agriculture or small industry."24

The Plan underlines that employment generation is not synonymous with creating wage employment. It is necessary to combine the provision of wage employment with the creation of conditions for additional self-employment.

The Seventh Plan projects the increase in employment from 186.70 million person years in 1984-85 to 227.06 million person years in 1989-90, at an annual growth rate of 3.99 per cent.

24. Ibid.
The Plan emphasises that substantial employment would be generated through the development of agricultural and allied activities; the development of industries through better utilisation of assets and promotion of efficiency, promotion of small scale industries and irrigation and flood control programmes.

The Plan stresses the manpower planning – the harnessing of the country’s abundant human resources and improving their capabilities for development. The objective being to ensure the proper linkage of economic planning with manpower and educational planning so that no plan programme suffers from a lack of trained manpower. The Plan recognises that alongside surplus in certain manpower categories, there are critical shortages for certain other categories.

**Educated Unemployment:**

The Seventh Plan states that the stock of educated manpower of matriculates and graduates and above is estimated to increase during the Plan period from 47.72 million in 1985 to 64.39 million in 1990. The estimate of educated unemployment at the beginning of 1985 works out to 4.7 million on the basis of 32nd Round of N. S. S. survey and 8.7 million on the basis of 38th Round of it. The Plan hopes to generate 9.4 million jobs for the educated unemployed persons during the Plan period. It foresees a considerable expansion in job opportunities for the educated manpower due to the technological advancement and improvement in technical education (electronics, computers, nuclear science, satellite communication etc.). Manpower planning in the field of electronics would deserve special attention in view of the tremendous growth of this industry in the recent years and even a faster growth envisaged during the Seventh Plan.

Regarding the role of Employment Exchanges the Plan states that tackling the problem of unemployment requires not only of the generation of productive activities but also coaching, guiding and counselling the trained manpower and specially certain target groups like women and physically handicapped in respect of vocational choices and placement. “In this regard the employment exchange
machinery has to play a more effective role both in respect of wage employment and self-employment."

EMPLOYMENT ORIENTATION OF THE EIGHTH FIVE-YEAR PLAN (1992-97)

There was a Plan Holiday of two years in 1990-91 and 1991-92 between the Seventh Plan and the Eighth Plan. The Eighth Plan was formulated when the country was passing through difficult circumstances during the preceding couple of years. The growth rate slumped to a low level of 2.5 per cent in the year 1991-92. The government initiated the process of fiscal reforms as also economic reforms with a view to provide new dynamism to the economy. The Eighth Plan was, thus, required to reorient some of the development paradigms to achieve its most important goals, viz., improvement in the level of living, health and education of people, full employment, elimination of poverty and planned growth of population.

"Employment implications of growth reveal that as a consequence of planned pattern of investment and production envisaged in the Eighth Plan the employment potential will grow at about 2.6 per cent per annum. In absolute terms it implies generation of about 8 million jobs per annum during the first couple of years of the eighth Plan, and about 9 million jobs per year during the latter years and more than 10 million jobs per year in the post Eighth Plan period." The plan further says that these employment projections are based on plans to increase agricultural intensity and agricultural productivity, particularly in eastern region and the dry belts. The pattern of industrialisation and choice of technique, wherever possible without sacrificing productivity, have to be such as to increase the possibility of labour absorption in the manufacturing and other sectors; services will also have to play a major role in generating employment. This growth is based on the assumption

28. Ibid., Vol.- I, p. 87.
that employment elasticity of manufacturing will increase from 0.26 as realised during 1983-88 to 0.50 during the Eighth Plan period. Similar shifts in the employment elasticity are contemplated in transport and communication from 0.35 to 0.60 and in service sector from 0.42 to 0.70. The shift in employment elasticity seems to err more on the side of generosity because the Eighth Plan conceives a greater share of the private sector investment which is tending to become highly capital-intensive.29 All the forces unleashed by new economic reforms are emphasizing a higher growth rate of output without a commensurate growth rate of employment.30

"In urban manufacturing employment elasticity has declined to a very low level of about 0.33 and in future with further stress on increasing modernisation of technology, projects for expansion of employment in this sector are not at all encouraging. Even the modern small scale industry has been overcapitalised due to cheaper capital and as a result its employment potential has very much diminished."31

According to the Plan estimates the employment strategy will enable attainment of the goal of full employment in any case not before 2002 A.D. Therefore special employment programmes as in the past would be continued to provide short term employment to unemployed and underemployed among the poor and vulnerable. Under the Eighth Plan the special employment programmes were regarded as only an interim measure to provide supplementary employment as is clear from the following statement of the Plan: "The main thrust should be on the acceleration of the rate of employment growth over the years so that the need for special programmes declines in successive years and tapers off by the end of the decade. Continuing necessity of such programmes on a large scale would, in fact, imply failure of the employment oriented development strategy that is envisaged as the main plank of the Eighth Plan."32

32. Government Of India. Planning Commission (1992), Eighth Five Year Plan 1992-97 Volume-1, Publications Division- Government of India, New Delhi, p. 120.
EMPLOYMENT ORIENTATION OF THE NINTH FIVE-YEAR PLAN (1997-02)

The Approach Paper to the Ninth Plan does not take 'employment' as its central objective but only treats it as a corollary when it states: "Priority to agriculture and rural development with a view to generating adequate productive employment and eradication of poverty."

It says that sustainable antipoverty programmes would need to involve direct employment and income enhancing policies.

The Ninth Plan Approach Paper outlines the following policy on employment: "A primary objective of the Ninth Plan will be to generate greater productive employment in the growth process itself by concentrating on sectors, subsectors and technologies, which are more labour intensive, in regions characterised by higher rates of unemployment and underemployment. The experience of the last decade has been that relatively rapid growth does not generate adequate employment opportunities. Moreover, the quality of employment in terms of the incomes received and the work environment leave much to be desired."33

The Approach Paper further opines: "Improvement in the quality of employment can be achieved only in a situation of rapidly growing productivity to which the labour can lay a just claim. However, it is not enough to merely create the right kinds of employment opportunities, but also to provide the people with the human capital which they can take advantage of these opportunities. Education and skill development are the essential features of such empowerment. Special programmes will have to be implemented to develop skills, enhance technological levels and provide marketing channels for people engaged in traditional occupations."34

Recognising the high incidence of underemployment and increasing casualisation of labour, the Approach Paper says that there is a need to enhance

34. Ibid., p. 19.
employment opportunities for the poor. In this context, the Paper says, the Ninth Plan will seek to implement a national Employment Assurance Scheme.

Giving the estimates of labour force and employment, the Ninth Plan says that of the 423.4 million in labour force, 416.4 million is expected to be employed in the Ninth Plan, leaving the backlog of unemployment at 7 million. As a result the unemployment rate is expected to fall from 1.87 per cent during the Eighth Plan to 1.66 per cent in the Ninth Plan. 35

According to the Plan attainment of near full employment by the year 2007 may not be an unreasonable target provided that the conditions are created for further acceleration in the growth rate and the intensity of labour absorption is not substantially reduced.

EMPLOYMENT ORIENTATION OF THE TENTH FIVE-YEAR PLAN (2002-07)

The Approach Paper to the Tenth Five Year Plan outlines its employment policy as follows: “In order to address the concerns of equity in a sustainable manner, it is necessary not only to ensure that all adult persons looking for work are employed, but also to ensure that they are employed at levels of productivity and income which are necessary to afford them a decent life. A significant proportion of workers presently are earning below the subsistence wages. The slow-down in the rate of population growth, increase in the share of the aged, and increasing participation of the younger age group in education are likely to moderate the growth of labour force and, to that extent, the force on the need for employment creation is reduced. The challenge, however, is to bring about a qualititative change in the structure and pattern of employment in terms of promoting growth of good quality work opportunities. The employment strategy in the Tenth Plan needs, therefore, to focus on employment growth and on the qualitative aspects of employment. In order to enable the poor to access the opportunities and to ensure consistency

between the requirement and availability of skills, emphasis will need to be placed on skill development.”

The Approach Paper identifies a large employment potential in sectors, such as construction, real estate and housing, transport, SSI, modern retailing, entertainment, IT enabled services and a range of other new services, and these need to be promoted through supportive policies. It further says that an activity, which has potential to stimulate most of these sectors through backward and forward linkages, is tourism. It emphasises that the Tenth Plan must ensure realisation of the full potential of these activities.

Eventhough much has been done during the Plans, the unemployment problem could not be addressed satisfactorily. The backlog of unemployment went on increasing plan after plan. In the initial years of the planning, to be more specific, upto Third Five Year Plan the economic growth was looked upon as a remedy for poverty alleviation and unemployment. Growing disenchantment with the ‘trickle down’ theory has led to the feeling that growth alone is not a panacea for poverty alleviation and unemployment and that these problems may have to be tackled directly. Growth and unemployment seem to have gone hand in hand. In 1970s a view emerged that the problem of unemployment should be tackled separately apart from growth. Then the planners gave thought to this angle and many target oriented poverty alleviation and self-employment programmes were started in the late 1970s and early 1980s. This series of programmes could address to the problem of unemployment only partially. It so happened because the population of India grew at a faster rate than the employment opportunities due to the fact that labour intensive technologies were fast discarded and in place capital-intensive technology was fast adapted by the Indian industry during the last two decades. Eventhough, all the Plans emphasized the adoption of labour intensive technology, and the growth of small scale and cottage industries which are by nature labour intensive, the labour

intensive technology went on giving way to capital intensive technology even in the small scale sector. The situation further aggravated when due to the pressures of economic crisis of late 1990s, India had to give in to the pressures of international business environment and adopt the policy of LPG (Liberalization, Privatisation, Globalisation). This process went on so indiscriminately that free market forces operated in favour of large-scale sector having less employment potential. Labour intensive technology is no more on the real agenda of the government. During the 1990s, there was absolutely no increase in employment in the government sector. Rather, the process of cutting short the labour in the government is going on very freely. The employment opportunities in the private sector marginally increased, but could not keep pace with the growth in the labour force and therefore the backlog of unemployment at the end of the Ninth Plan is expected to be largest ever.