CHAPTER III

RECENT EMPLOYMENT POLICIES AND PROGRAMMES IN INDIA

1.1 Introduction:

For a typical developing economy, one can visualize two sets of employment-promotion policies (Godfrey 1993). One stems from the macroeconomics policy changes which have their attendant indirect bearing on employment; we call them indirect employment-promotion policies. The second set consists of direct employment-promotion policies. The second set has two sub-sets, the first dealing with employment for people in general which includes the youth beneficiaries as well and the second sub-set expressly focused on the youth. In the following paragraphs, the major policy initiatives undertaken in India under the two sets are discussed.

3.2 Indirect Employment Promotion Policies:

There is a long chain of macro-economic policy instruments used by India to strengthen both the demand and supply sides of the labour market. On the demand side, the main strategy has been to step up the growth rate in the economy so that the accelerated pace of economic growth yields expanding avenues of employment,
benefiting both youth and non-youth job seekers. Getting the factor prices right, through effecting interest rate and exchange rate adjustments, ensuring low and stable inflation rate, higher savings and investment rates including public investment in strategic areas, most ostensibly in building infrastructure, improving tax and subsidy structure, ushering in balanced, regional development policies through fiscal and other incentives etc., have been the noticeable instruments to bolster the pace and pattern of overall economic growth. Encouragement to labour-intensive economic enterprises, through a wide range of policy interventions including protection and subsidization, has been another thrust area of macro-economic management in India.

The most striking thrust on the supply side has been the development of human resources which in spite of numerous weaknesses, has been responsible for a phenomenal expansion of educational and training facilities over time; undoubtedly, employability of an increasing proportion of the expanding population has been a remarkable achievement of the post-independence India which, at the present juncture of its development, is clearly discernible in the respectable and fast-expanding niche that the educated, trained
and skilled Indian youth are gaining in the international labour market.

(i) Pattern of Growth and Employment:

It needs to be said at the very outset that the effect of economic growth on employment, including employment for the youth, could not be uniform across various regions of India primarily because of differing structural characteristics and labour policies followed from time to time. In particular, policies for human resource development, agricultural modernization based on a strong infrastructure base, non-farm development in rural areas, most essentially the de facto (not so much de jure) promotion of labour-intensive, small-scale rural enterprises stand out as formidable, necessary and sufficient conditions governing the relationship between economic growth and employment.

India's experience throws up an interesting relationship between growth, pattern of growth and employment (Jha 2000 p.16). The primacy of economic growth, through an acceleration of the rate of savings and investment as the most powerful means of reducing unemployment, was never lost to the policy-makers in India; and they never failed to learn from their own policy weaknesses. In the early
years of planning, the overall approach to employment was to emphasize the utilization of labour for development as against putting the solution of unemployment as an express goal of development. With its Hindu Growth Rate of 3.5 per cent per annum during the 1960s and 1970s, coupled with a fast growth in the labour force, the magnitude of unemployment increased, roughly from five million in 1956 to 11 million in 1977-78. This raised doubts about the efficacy of growth alone in dealing fully with the twin problems of unemployment and poverty. The pattern of growth, thus, gained a place of eminence along with the level of growth. Consequently, a number of programmes for generation of self-and wage-employment were initiated. More concretely, the Eighth Five Year Plan (1992-97) aimed at bringing employment into a sharper focus in a medium-term perspective with the goal of reducing unemployment to a negligible level within the next ten years. Accordingly, the plan emphasized a structure of growth with a larger contribution from sectors having a high employment content of output and the use of production techniques favouring the use of labour to enhance the employment-generation potential of growth. The need for supplementing the normal growth efforts through special employment-generation
programmes received heightened attention. For the Ninth Plan (1997-2002), the overall approach is that employment should be generated in the growth process itself by concentrating on sectors, sub-sectors and technologies which are more labour-intensive; accordingly, great emphasis will be placed on agriculture, small industries and the creation of self-employment opportunities, on a much extended scale. Special employment programmes would receive sharp regional focus. In brief, the growth plus strategy hammered out in the preceding decade or so, would continue to guide India’s efforts towards the alleviation of unemployment and poverty (Government of India, 1999a, Ch.2)

India’s case clearly certifies that economic growth reduces unemployment. The incidence of open unemployment in general and that for the youth in particular, has been relatively much lower in India than in most Asian economies (Chadha, 1999a, pp 13-14). In fact, ever since India climbed into the higher growth trajectory in the early 1980s, on a sustained basis, the unemployment rate has been declining steadily, especially since the beginning of the 1980s. But then, as was the case with many other countries of this region, the growth of employment was far too high in the informal
(unorganized) sector, compared to the organized sector, steadily

For example, against a

1.05 per cent growth-rate of employment in the organized sector, the
overall employment growth-rate was 2.37 percent during 1987-88 to
1993-94; during 1983 to 1987-88, these were 1.38 and 1.77 percent,
respectively (Government of India, 1990, p.147).

The growth-plus strategy seems to have worked well
towards a significant decline of the educated unemployment. For
example, the unemployment rate among the educated (secondary
education plus) youth (aged 15+) declined from 15.4 per cent in 1977-
78 to 11.8 percent in 1987-88 and further down to 9.6 per cent in
1993-94 while their share among the unemployed rose from 28.8
percent in 1977-78 to as high as 62 per cent in 1993-94. The former is
due to the fact that the rate of growth of employment among the
educated has been higher than the overall growth in employment,
firstly because economic growth picked up well since the early
eighties, and, secondly (perhaps more importantly), because there
were significant sectoral shifts in the growth process that readily
absorbed an increasing proportion of the educated labour force. The
maturing Indian economy, especially with its expanding base of
manufacturing and other modern economic activities, was throwing up many new jobs for the aspiring educated youth. But then, the rising share of the educated among the unemployed is a reflection of a longer stay in educational institutions (most prominently, in the age-group of 15-19 years) or the unwillingness on the part of the educated youth (age-group 20-24 years) to accept low-income jobs with low productivity.

(ii) Policies on Small and Medium Enterprises:

By their very nature, the small and medium enterprises (SMEs) were expected to be less capital-intensive and were therefore, capable of creating a larger number of workplaces for a given amount of capital. For a capital-scarce economy, this was foreseen as a highly rational resource-allocation arrangement and a remarkable strategy of employment-promotion, on a long term basis. Thus, employment expansion per se received the most heightened policy attention and the fact that their development can play an equally significant role in the growth process was not sufficiently appreciated (Chadha 1996 p.21)

Policy interventions for SMEs have been operative at the macro, intermediate and micro levels. Macro-level measures are concerned with formulating a supportive and enabling policy
environment while facilitating access to and participation in the delivery system. At the intermediate and micro-levels, interventions have been concerned with providing credit, training, some market support and so on. In general terms, while the Indian policy regimes have been active in pursuing micro and intermediate level interventions, they have faltered, in one way or the other, in forging a coherent macro perspective on the SMEs. For example, a system of product reservation for the small-scale industries (SSIs) was instituted as far back as the 1960s to protect the SSIs from undue competition from large industry, but the supportive measures to enable these industries, especially those located in the rural areas, to develop their competitive strengths and growth on their own, were not put in place. Again, India's industrialization strategy of walking on two legs, with one leg in the modern factory sector and the other in the rural and cottage industries, endured for nearly four decades, most certainly because of the state protection extended in many different ways and it is only during the 1990s that the need to promote rather than protect these industries is openly admitted as an essential macro policy change (Chadha, 1996 pp.73-74)
Developing Asia including India have seen vicissitudes in their fortune, partly due to domestic developments and partly due to competitive pressures imposed by the economy’s increasing globalization and liberalization. The survival and success of SMEs have come to depend on improving innovativeness and productivity in the face of intense competition. The requirements of information and resources for such improvements have become greater and far more complicated. In addition, the problems of obsolete technology and skills, inadequate credit, lack of access to markets and raw materials, low levels of productivity and earnings etc. are identified as general weaknesses of small and medium enterprises in India. This is best exemplified by the village and small industries (VSI) sector of India which consists of two sub-sectors: traditional sub-sector and modern sub-sector. The traditional sub-sector consists of six categories of industrial activities, namely khadi, village handloom, sericulture, handicrafts and coir industries. The modern sub-sector has two components, namely, small-scale industries and power looms. Over time, these sub-sectors have been showing an extremely disparate picture of output, employment and productivity growth. Modern
small-scale industries have shown a steady expansion of output, employment and productivity (occasional setbacks notwithstanding). At present, the modern sector accounts for a lion’s share of output while the bulk of employment is offered by the traditional sub-sectors. For example, in the mid-1990s, the traditional sector had to contend with a mere 10 per cent share in output against as high as 60 percent share in employment.

An especially distressing picture emerges for the handloom sub sector where, in 1993-94 a mere 2 per cent share in output was associated with 23.5 per cent share in VSI employment (Chadha 1996, p.69). It seems clear enough that a sizeable proportion of the workforce clings to such enterprises possibly because alternative employment opportunities just do not exist for them. underemployment. In the opinion of some analysts, if the past trends provide any indication, to the future, a substantial part of the traditional industrial activity is bound to disappear, in spite of all the protection and support it is provided with (Papola, 1981, pp.22-23). In terms of their capabilities and relative strengths, it is fairly obvious that a substantial part of the traditional and rural industries in India
just cannot withstand domestic and much more so, international competition. On the other hand, the more dynamic performance of the small-scale sector holds out enough promise of output and employment growth as also of absorbing foreign competition in specified product lines; today, it contributes around 40 per cent of value-added in manufacturing, and accounts for about 45-50 per cent of total exports (Chadha, 1996, pp.26)

(iii) Human Resource Development Policies:

The significance of human resource development was never lost to policy makers in India. It was emphasized, for example, way back in the earlier plan documents in India, that it is the quality of its human beings and the labour force that would trigger off the process of industrialization and get her a respectable place in the international community of industrialized nations.

Ever since 1951, India has witnessed a phenomenal expansion of education at varying levels. Expanding educational facilities have hanged the character of youth unemployment; gradually, it became largely a problem of educated youth (e.g. in 1993-94, nearly 60 percent of the unemployed in the 15+ age group were educated).
take up all sorts of jobs; the mismatch between what they want and what the formal labour market offers to them consistent with their qualifications, capabilities and aptitudes, is now a universally recognized phenomenon. And this mismatch has been in existence for a fairly long time now. Accordingly, it was essential to think of reorienting the educational system towards various vocations so that the job-seeking youth could respond better to the job-requirements as soon as they moved out of school. Vocationalisation of education thus became an equally important policy in the area of employment. Each region sketched out its own structure of vocational education, watched its efficacy and market negotiability, and introduced changes as and when considered necessary.

In India, the reform of education and training system has been an on-going process, albeit slow. The accelerated pace of economic reforms and structural adjustment programmes in recent years, especially those affecting the scale of production and employment in the organized sector, has added an element of urgency. The fact that the formal sector is dominated by the public sector, whose importance is being gradually eroded by restructuring
programmes, has spurred public action to enhance the effectiveness and relevance of education and training. Improving the higher education system is also being targeted with a view to meeting the rising need of high technology and business services.

**A's labour force, both existing**

simple facts: one, that in the existing rural work force, 45 per cent of male and 80 per cent of female workers are totally illiterate, that 29.4 per cent of male and only 14 per cent of female workers have education up to the primary level, and that only 12.8 per cent of male and 2.5 percent of female workers have attained secondary and higher levels of education; second, that about one-third of rural persons in the age-group of 10-14, 68 percent of them in the age-group of 15-19 years, were not attending any educational institution in 1993-94; their counterparts in urban India were 16 percent and 46 percent, respectively (Chadha, 1999, pp.157,165). Enhancing women's access to education and training with a view to enabling them to compete in the job market and make their rightful contribution to national growth and development should also be a priority consideration. Again, to look at the distressing situation in India, 44, 44.2 and 79.2 per cent of
rural females in the age-groups of 5-9, 10-14 and 15-19 years were not attending any educational institution in 1993-94 (ibid, p.165)

As far as skill-upgradation of the workforce is concerned, the system followed in India is `supply-led' as opposed to `demand-driven'. For example, only about 5 per cent of secondary school-level students opt for the vocational stream against a target of 25 percent set during the Eighth Five-Year Plan (Government of India, 1999a, p.122) against more than 40 percent in the Republic of Korea and 28 per cent in Japan. Training systems suffer from limited flexibility, poor curricula and weak links with industry. One of the more serious flaws is that training is mostly focused on the organized sector. given the limited capacity of this sector to provide employment-opportunities (e.g. less than 10 percent), and the fact that most of the workforce is involved in agriculture and the non-formal sector, the demand for improving the relevance and effectiveness of national training systems is both timely and justified. The response of the national authorities has led to several innovative approaches, and a conscious effort is being made to provide a supportive environment which fosters skill-upgradation. The Indian government's policy paper on "Technology
Vision-2000" aims to strengthen indigenous efforts in science and technology. The quantum leap made by the software industry in this country demonstrates the success that can be achieved. Ensuring a role for the private sector in managing over 2000 industrial training institutes is another initiative which, if successful, could herald a new process of public-private collaboration in providing a dynamic system. To take a view of the government's own initiative in this important area of human resource development, the Ninth Five Year Plan (1997-2002), after taking cognizance of structural weaknesses of India's educational and vocational training programmes, contemplates that, to meet the growing manpower needs as well as improve the quality of technical education, the intake capacity of the I.T.Is, other reputed engineering institutions and IIMs will be doubled.

information technology; that vocational education at the secondary and undergraduate levels will be expanded and restricted so as to have strong linkages with industry and improved employability; that the scheme of vocationalisation of education at the 10+2 stage will be restructured so as to divert at least 25 per cent of the students at that stage into self-employment or wage employment, while providing
them with vocational competence in a field of their choice, and so on (Government of India, 1999a, pp.107-127). Nonetheless, under the present form of the National Vocational Training System, many issues that need immediate attention relate to over-emphasis on producing training services by government, a weak regulatory role of the government in ensuring training quality, a mismatch between available trained manpower vis-à-vis the requirement of the economy, poor flexibility of the training programmes, inadequate coverage of the service sector which is really expanding at a phenomenal rate; non-coverage of the unorganized sector, inadequate involvement of industry in the training programmes, and so on (Government of India, 1999b, p.5)

A structural adjustment programme often creates an adverse impact on employment at least in the short run, usually in the form of labour redundancy in the organized sector. Usually, the impact of redundancy is much more adverse on the young working hands who are usually the first to move out. Redundancy may arise as sick industries close down. Downsizing of firms and the adoption of different production strategies and management styles may also cause redundancy. Privatization of public enterprises usually results in
retrenchment of excess labour. In India, this contingency was duly visualized when economic reforms came in July 1991. A National Renewal Fund (NRF) was created under which, inter alia, retraining and redeployment of redundant workers was provided for. A recent study shows that the NRF-initiative has not yet taken off; hardly 3000 workers could be retrained in 1998-99 (Chandra, 1998, pp.9-14).

3.3. Direct Employment Promotion Policies:

Under Direct Employment Promotion Policies, there are two sets of employment-promotion programmes: one dealing with employment-promotion for people in general which includes the youth of the country, and the second set directly and exclusively, approaching the problem of youth unemployment.

There are number of employment-promoting programmes under the auspices of poverty eradication schemes, directed at people in general.

(I) Integrated Rural Development Programme (IRDP):

IRDP and its allied programme, TRYSEM are major self-employment programmes for poverty alleviation. The basic objective of IRDP is to enable the identified rural families to create avenues of self-employment through the acquisition of credit-based
productive assets and inputs which generate additional employment on a sustained basis. Assistance is given in the form of subsidy by the government and term credit by the financial institutions for income-generating activities. The scheme has been in operation since 1980. This is a centrally-sponsored scheme funded on a 50:50 basis by the Centre and the states. It is stipulated that at least 50 percent of the assisted families should belong to the scheduled caste/tribe categories; it is also required that at least 40 per cent of those assisted should be women. Between 1980-81 and November 1998, 53.5 million families have been covered. The per family level of investment has also gone up substantially over the years. But the overall results are not satisfactory.

(ii) Employment Assurance Scheme (EAS):

EAS is a demand-driven scheme whose primary aim is to provide 100 days of unskilled manual work for up to two members of a family in the age-group of 18 to 60 years, normally residing in villages, during the lean agricultural season, within the blocks covered under the scheme, at statutory minimum wages. The secondary objective is the creation of economic infrastructure and community assets for sustained employment and development. This programme
is particularly tailored to strengthen watershed development, minor irrigation works, water and soil conservation including local afforestation, agro-horticulture, and silvipasture. In addition funds are also earmarked for link roads and public community buildings in rural areas, as per the felt needs of the districts. It is a centrally-sponsored scheme.

During the Eighth Plan (1992-97), a total of 1068.6 million man days of employment was created which was about 82 per cent of the set target. Subsequently, in 1996-97 alone, it generated a total of 404 million man days of employment which increased to 471.7 million man days during 1997-98; in 1998-99, the employment created was to the tune of 237.61 million man days upto November 1998.

(iii) Jawahar Rozgar Yojana (JRY):

This programme was launched on April 1 1989, as a centrally sponsored scheme. Its main objective is the generation of additional gainful employment for unemployed and underemployed people, both men and women, in the rural areas through the creation of rural economic infrastructure, community and social assets. After three years of its implementation, a review of the programme in 1992-
93 revealed that the per-person employment generated was inadequate in terms of the requirement and did not provide enough income to the poor. It was also perceived that the resources under JRY were too thinly spread and adequate attention was not being given to the backward areas of the country. Accordingly, the strategy for the implementation of JRY was modified from 1993-94 with the introduction of the second and third stream of JRY. While the second stream was specifically targeted at 120 identified backward districts in 12 states which had a larger concentration of the poor and the underemployed, the third stream aimed to take women’s employment and undertaking special programmes through voluntary organizations for drought-proofing etc.

A concurrent evaluation of JRY was conducted from June 1993 to May 1994. It brought out the positive and negative aspects of the programme. On the positive side, it was found that nearly 82.2 per cent of the available funds were spent on community development projects; that construction of rural link roads received the highest priority; that muster rolls were duly maintained by 87 per cent of the village panchayats; that the average wages paid per man-day of the unskilled workers were more or less on the lines of the
minimum wages stipulated under the Act; that, of the assets created, 77 per cent were created by the village panchayats and 76.1 percent of these assets were found to be in good condition; that as many as 69.4 per cent of the workers were satisfied with the benefits they received under JRY; and so on.

On the negative side, it was reported that 57.4 per cent of the elected panchayat heads had not been imparted any training for the implementation of JRY works; that the share of women in employment generated was only 16.6 per cent, and 49.5 per cent of the works could not be completed on time because of shortage of funds; that there were visible differentials in the wages paid to male and female workers; that locally-available materials were not used in a large number of JRY works and so on.

Since the inception of JRY in 1989-90 till 1996-97, as against a target of 6581 million man days of employment, the actual employment generated was 6585 million man days; a cent per cent achievement of the employment target, is thus a happy feature of JRY. In more recent years-say, during the Eighth Plan period (1992-97) the same performance was reported. The latest available information for 1997-98 also repeats the same story; actual
employment being 3883.7 million man days against the target of 3864.9 million man days.

Since April 1, 1999, Jawahar Rozgar Yojana (JRY) has been renamed Jawahar Gram Samridhi Yojana (JGSY). The JGSY programme will be dedicated entirely to the development of rural infrastructure at the village level and will be implemented by the village panchayats. De jure, the new decentralized arrangement may work better from the point of view of village development, including the creation of local infrastructure with its more effective long-term employment benefits.

(iv) Swarna Jayanti Shahari Rozgar Yojna (SJSRY):

This programme came into operation on December 1, 1997. Its aim is to provide gainful employment to the urban unemployed or underemployed poor by encouraging them to set up self-employment ventures (under the Urban Self-Employment-promotion component of SJSRY) and/or to provide them wage-employment (under the Urban Wage-Employment component of SJSRY). There is no minimum educational qualification prescribed for the beneficiaries. However, to avoid an overlap with the PMRY scheme, for the self-employment component, this scheme does not
apply to beneficiaries educated beyond the ninth standard. For the wage-employment component, there is no restriction of educational qualification whatsoever.

Under the self-employment component, where the identified activity requires skill or training of a special kind, it will be provided before extending financial support. Training is provided in a variety of activities (e.g., construction, trade and allied services such as carpentry and plumbing, manufacture of low cost building materials based on improved local technology and so on). Training institutions like I.T.Is/polytechnics/engineering colleges and other training institutes run by the government, private or voluntary organizations are to be utilized for training and skill development purposes. Groups of urban poor women setting up self-employment ventures are eligible for subsidy up to 50 per cent of the project cost.

(v) Restructuring in 1999-2000:

Two major changes were introduced in 1999-2000. Under the first, introduced on April 1, 1999, both self-employment and wage-employment programmes have been restructured. It was observed that, until recently, the multiplicity of self-employment programmes being viewed separately from each other, resulted in a
lack of proper social intermediation, absence of desired linkages amongst them and the implementation being more concerned with achieving individual targets rather than focusing on the substantive issue of sustainable employment expansion. To rectify the situation, the government has decided to restructure the self-employment programmes. A new programme known as Swarnajayanti gram Swarozgar Yojana (SGSY) was launched on April 1, 1999. This is a holistic programme covering all aspects of self-employment under one scheme. For example, there is a strategic shift from an individual-beneficiary approach to a cluster approach. The SGSY would service the identified beneficiary-group through a package approach, wherein the group would have enhanced access to credit, training as per requirements, upgradation of technology, access to inputs, related infrastructure and marketing tie-ups in an integrated manner. The gram panchayats would have a much greater role to play in SGSY.

The second change, introduced in April 2000, is the launching of the Pradhan Mantri Gramodaya Yojna (PMGY). PMGY has two components: a rural roads programme whose primary objective is to provide some additional employment to the rural
people; and other sectoral programmes aimed at improving elementary education and literacy, family welfare, drinking water, etc.

In India, there are many other poverty-alleviation programmes (e.g. DWCRA, MWS, DPAP, DDP etc). employment promotion is not, however, the main emphasis of these programmes; therefore, they are kept out of the discussion.

3.4 Youth Employment Promotion Schemes:

Two major schemes, Training of Rural Youth for Self-Employment (TRYSEM) and the Prime Minister's Rozgar Yojana (PMRY), are expressly directed to the youth. TRYSEM is a facilitating component of another-poverty eradication programme, called IRDP, which aims at providing basic technical and entrepreneurial skills to the rural poor in the age-group of 18 to 35 years to enable them to take up self-or wage employment. At least 40 per cent of the beneficiaries have to be women. Training is imparted through both training institutions and through the non-institutionalized mode, e.g. master craftsmen functioning from their own place of work. Every TRYSEM trainee becomes eligible to avail of assistance under IRDP for setting up a self-employment enterprise. Going by official claims, during the Eighth Plan (1992-97), 15.28 lakh youth
were trained under TRYSEM, of whom 34.2 per cent took up self-employment and 15 per cent wage employment, while the remaining 51.8 per cent remained unemployed (Govt. of India, 1999 p.14). The situation was not quite pleasing during the earlier years either. For example, over the 16 years between 1980 and 1996, nearly 3.9 million rural youth were trained but only 53 per cent of them got employed almost a quarter of whom had found work as wage-employees rather than as self-employed 'entrepreneurs' (Visaria 1998, p.40).

Because of this depressing outcome of the programme, it failed to pick up in recent years. For example, against a target of 2.9 lakh beneficiaries for 1998-99, only 0.8 lakh came under the programme net, till November 1998-99. All this happened in spite of a number of initiatives taken during the Eighth Plan to strengthen the programme. It indicates that mismatch is very wide.

PMRY, launched on October 2, 1993 had been designed to provide self-employment to more than a million of educated unemployed youth in the age-group of 18 to 35 years, by setting up seven lakh micro enterprises during the Eighth Plan, through the industry, service and business routes. The scheme also
sought to associate reputed NGOs in the implementation of PMRY, especially in the selection and training of would-be entrepreneurs and in the preparation of project profiles. It began as an urban programme in 1993 but just after one year, it encompassed both rural and urban areas. Projects upto Rs 1 lakh were covered under the scheme in the case of individuals. If two or more eligible persons joined together in a partnership, projects of higher cost would also be covered. For availing financial assistance for the project, the prospective entrepreneur was required to contribute only 5 per cent of the project cost; the rest came through institutional loans. The Central government provides a subsidy @ 15 percent of the project cost subject to a ceiling of Rs 7500 per entrepreneur. The scheme stipulates compulsory stipendiary training for a period of 15 to 20 working days for the industry sector and 7 to 10 working days for serviced business sectors, after the loan is sanctioned. Suitable training modules for industry and service/business sectors had been framed by the Department of Small-scale Industries.

During the Eighth Plan, a total of more than eight lakh cases were sanctioned of which loans were disbursed in about 5.7 lakh cases. For 1997-98, against a target of 2.2 lakh enterprises, loans
were disbursed for 1.8 lakh cases, although shortfalls in employment generated are reported to be fairly substantial. Nonetheless, in total terms, the scheme seems to have done fairly well in creating additional avenues of self-employment for the educated youth. The scheme is continuing in the Ninth Plan with suitable modifications in its crucial parameters so as to ensure greater participation of the educated youth.

3.5 Conclusion:

On the whole, it is evident that different types of policy interventions are being explored in India primarily because the problem of unemployment is such, particularly in the rural areas, is given a high place of importance, especially since the late 1980s. Nonetheless, it emerges equally clearly that, given the enormity of the unemployment problem among the youth, most markedly from the point of view of their very high share among the unemployed, the youth-specific employment-promotion schemes are relatively far and few and grossly inadequate to mitigate the problem of rising unemployment and marginalisation among the youth. Only two employment promotion schemes (TRYSEM and PMRY) have been expressly directed at the youth. But then, the working of even these
two youth-specific schemes shows that, in de facto terms, the youth
do not turn out to be the sole beneficiaries; the non-youth (25+age
group) take away a much larger share of the benefit even under such
schemes.

The Indian experience bears adequate (although sobering)
testimony to the most fundamental and indispensable pre-requisite of
economic growth as a source of employment expansion. Macro-
economic policy initiatives undertaken from time to time by Indian
policy makers have been responsible for the employment-expansion in
the economy much more satisfactorily than in many other
contemporary developing economies of Asia and elsewhere. But
then, we are equally persuaded to believe that the enabling approach
by itself has not been sufficient to meet the employment needs of the
expanding labour force. The hiatus has been particularly large in
respect of job-requirements for the growing army of educated people
dominated by the youth. The economic policy has succeeded
significantly in achieving breakthroughs in educational expansion; it
has also succeeded, but only up to a point, in creating additional jobs
for the educated, so that the demand-supply hiatus in the labour
market could not be fully bridged. The 1990s posed more difficult
problems. It was, therefore, rightly felt with reference to the Ninth Five Year Plan that, for managing the problem of unemployment, the facilitating approach alone would not suffice. The question that needs to be posed, therefore, is how much needs to be done, in addition to the general enabling macro-economic environment, to make the labour market more responsive to the problems of unemployment in general, and of youth unemployment in particular.

Many useful insights are forthcoming from the employment-promotion schemes launched from time to time. First, a disparate organizational pattern exists among the youth-employment promotion schemes. Some schemes begin and end with the provisions of short-term training in different trades, often unrelated to the trend and growth of the local economy. In a majority of cases, no follow-up is built into the scheme. What proportion of the trained get, if at all are not the questions that bother the programme makers. Then we have schemes that put more reliance on the provision of subsidized credit as if there is not much to be known about the pre-production, production and post-production regimes. Questions relating to the technology of production and marketing are almost
totally glossed over. It is these types of self employment promotion activities that invite their own failure in the open and competitive market economy. We are not aware of any scheme under which there is a general rule, where financial institutions do not work with the usual collateral arrangements, and so on.

Second, in the main, the government is the key agency for formulating the policies and to scheme in terms of the involvement of agencies outside the government. In general, the more the government keeps its role confined to specific aspects and draws upon the expertise of people/agencies from outside, the more durable and successful the programme is likely to be. For example, under the Youth Employment Promotion Programmes (YEPPs) NGOs and local panchayats (people’s democratic institutions at the grass-roots level) are called upon to play a more decisive role in PMRY when compared to TRYSEM. A similar story unfolds in respect of GEPPs. For example, the government has been entrusting more and more responsibility to local panchayats in EAS while, in contrast, the government’s own involvement in the IRDP programme has been far too deep for many years to begin with. As a matter of fact, the whole programme worked as a ‘closed door’ endeavor between the local
beneficiaries and the local government agencies. The weaknesses of the programme, most notoriously the identification of the beneficiaries and the provision of credit, have been a matter of great public debate. It should not cause surprise that, during the Eighth Plan, of all those 'trained' under the IRDP, as many as 52 per cent remained unemployed and only 34 per cent could manage to take up self-employment. There are many studies to show that self-employment under IRDP is low quality employment; many cases of indebtedness were reported from different regions, from time to time. The point to be emphasized is that public accountability must be built into such programmes and the multi-agency approach is a much better organizational outfit to draw upon in this regard. Official claims, especially for programmes launched by and for governments, need to be cross-checked through a non-government watch. Again, for example, the claim that cent-per-cent success was achieved in terms of the man days of employment created under the JRY ever since its inception in 1989 is, at best, a claim on paper; an inquiry by a non-government agency might show a much lower rate of:

There can be no cut-and dried prescription for the content of the direct employment promotion programmes. The Indian
experience shows that each intervention has to meet the specific requirements of the specified target-groups. For some categories of people, self employment is the right answer while, for others, wage-employment needs to be propped up. For promoting self-employment, training and skill-upgradation seem to suffice in some cases. But in, some, capital assistance is a must while in a few other situations, market support remains the most crucial element, and so on. For wage-employment, interventions have varied from direct job-creation through public employment and infrastructure-investment projects to special education-cum-training support for enhancing employability, in both the public and private sectors.

It is a happy situation that the state in India has not diluted its faith in the potency of the overall economic growth towards employment-promotion. On the contrary, greater reliance is now being put on the normal working of the labour market. Unluckily, however, the advantages of labour-intensive techniques are not being fully exploited. There is, thus, a clear need for delineating sectors and activities that must necessarily go by labour-intensive methods, and throw up plenty of additional employment. This question must be posed separately for different
regions within the country since the sectoral composition of the local economies is quite different, and the future thrust for employment expansion must be in conformity with local resources and growth potential.

The question of human resource development is the most vexatious from the employment point of view. It is bound to become more vexatious in the coming years as globalization grows apace and India opens more of its doors to international trade and investment. Many things are already happening and more are likely to happen. For example, if privatization of public enterprises takes place, it may result in the retrenchment of excess jobs, a scenario most likely to overtake India in the near future. If direct foreign investment comes in a big way, the structure of employment may undergo drastic change. But then, the short-term dangers of job-losses may be more than compensated for through the medium-term potential of job expansion. We have already entered the I.T. age and the I.T. revolution is likely to get more intensified when India steps into the next millennium. The new jobs will be highly education-and skill intensive; the importance of education in general and technical education in particular needs, therefore to be underlined.