

**SPECIAL GROUP ON
TARGETING TEN MILLION
EMPLOYMENT OPPORTUNITIES PER YEAR**



**GOVERNMENT OF INDIA
PLANNING COMMISSION
NEW DELHI
MAY, 2002**

*Dr. S. P. Gupta, Chairman
Member*

*Report of the
Special Group
on
Targeting Ten Million
Employment Opportunities per year
over the Tenth Plan Period*

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*New Delhi
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Report of the Special Group on Targeting Ten Million Employment Opportunities per year over the Tenth Plan Period

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FOREWORD

The generation of adequate work opportunities for our growing labour force has been one of the central objectives of Indian development planning since its very inception. We have long recognised that productive employment is not merely a means to the ultimate ends of economic well-being and poverty reduction, but is an important end in itself. It is a basic source of human dignity and self-respect. It is also an important means for nurturing national identity and social cohesion. On the whole, we have been reasonably successful in our efforts, and open unemployment in India has been kept quite low over an extended period of time.

In recent years, however, two trends have become apparent, which dictate a reappraisal of our approach to development and employment generation. First, demographic trends indicate that the rate of growth of population in the working age group is accelerating due to the high birth rates experienced in the late 1970s and early 1980s, and is likely to attain its peak during the current decade. Second, the pace of creation of work opportunities has not kept pace with the growing requirement during the 1990s, despite an acceleration in the growth rate of the economy. Taken together, these trends imply that if nothing is done, the country will face the spectre of rising unemployment with all its attendant economic, social and political consequences. There is also a growing recognition that the commonly cited unemployment figures mask the high incidence of underemployment in the country. Too many of our people do not have sufficient work to engage them round the year, while others work long hours at low levels of productivity and with little remuneration.

It is in recognition of these facts that the Prime Minister announced to the nation that the government is committed to “create ten crore employment opportunities over a period of ten years”. The Planning Commission was entrusted with the responsibility of giving shape to this vision. To this end, the Planning Commission constituted a Task Force on Employment Opportunities in January 1999 under the chairmanship of Shri Montek S. Ahluwalia, then Member, Planning Commission. The Task Force submitted its report in July 2001, which has been placed in the public domain for wider debate and discussion.

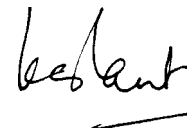
The Task Force assumed that the recently observed trend in labour intensities in the various sectors of the economy would continue to prevail, and concentrated primarily on the major macroeconomic policy changes that would be required to increase the growth rate of the economy sufficiently in order to generate the requisite employment opportunities to absorb the projected increases in the labour force. The Task Force assessed the requirement of job creation to be lower than ten million per year.

However, in its deliberations, the Task Force had not paid adequate attention to the issue of the large backlog of underemployment, which is perhaps as pernicious a problem as open unemployment. Once this is taken into account, the target of ten million job opportunities per year becomes essential, and consideration needs to be given as to how this can be met. It is certainly true that an acceleration of the growth rate is essential to tackling the employment issue, and the Task Force has made many valuable suggestions in this regard. However, we cannot entirely disregard the possibility of increasing employment intensities through appropriate policy interventions at the sectoral and regional levels. It was felt by the Planning Commission that the Task Force report needed to be augmented in at least these two dimensions.

In order to address these issues, among others, the Planning Commission constituted the Special Group on Targeting Ten Million Employment Opportunities per Year under the chairmanship of Dr. S.P. Gupta, Member, Planning Commission. It is a source of satisfaction that this report of the Special Group has met our expectations. It clearly indicates that it is possible to increase labour intensities in the economy and to reduce underemployment through well-designed policy and programme interventions which take into account sectoral and regional specificities.

The Special Group has laboured hard to discharge the onerous responsibility assigned to it. Its breadth of consultations and its transparency have ensured consideration of a wide range of views. I would like to take this opportunity to place on record my appreciation of the efforts put in by the Special Group, and especially by Dr. S.P. Gupta. I am certain that the findings of this report, along with the growth- augmenting macroeconomic policy recommendations of the Task Force, should pave the way for us to devise a more employment-sensitive development strategy and public policy.

May 21, 2002



K. C. PANT

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PREFACE

The Special Group on “Targeting Ten Million Employment Opportunities per year over the Tenth Plan Period” has been constituted by the Planning Commission by drawing experts from the Steering Committee on Labour and Employment for the Tenth Plan of the Planning Commission and co-opting experts and specialists from within the Government, and from academics and practitioners in this area. The Terms of Reference of this Group is given in Annexure “C” of this Report.

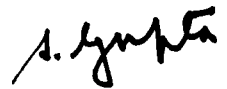
The Report has attempted to analyse all the recent major sources of information and their findings covering this area. The Special Group felt that there is a need for much detailed disaggregated data and information in this area than what is available at the moment. For example, information regarding the unorganised or informal sector, which provides nearly 92 per cent of employment in the country, is extremely sketchy. Besides, whatever is available from different sources is not strictly comparable because of their differences in definition, coverage and terms of reference. Keeping all the limitations in view, the Group chose a set of data and information base, which have been properly examined and can be used with reasonable degree of confidence. In preparing this database, it took the help of Central Statistical Organisation and other relevant governmental statistical bodies who have been kind enough to make some special tabulation of relevant data for the Report. Further, the Group expresses its concern about the lack of awareness on the need for generating employment capacity from different programmes and policies formulated and implemented by many of the Central Ministries and other Government agencies. Even their understanding of the need for exploring potential areas of new jobs is often seen to be absent. In their programmes or project preparation, they are too much obsessed by setting the target for financial outlays and their disbursement patterns and are little concerned about their physical performance including employment generation. Information regarding the labour market is also very poor. The knowledge regarding interactions between education, health, other infrastructures, technology and employment need to be improved. Employment, effectively, is treated as the end product of any

selected production strategy and no serious attempt is made to see how the production strategy can be geared with the available profile of manpower, their skill, knowledge and their potential areas of development. Labour is regarded only as a necessary input in production and often forgotten that they are also the final consumers and the final recipients of all the development benefits.

The employment strategy, in fact, should be formulated mainly from the grassroot level and it cannot be totally replicated from the experience of other countries, other than drawing lessons on broader dimensions. Since the labour and employment policies are largely in the domain of the States, any recommendation of the Group to be implementable must be in tune with the policies of the States. For this, the Group could solicit the views of the representative members of the States in the Steering Committee on Tenth Plan, constituted by the Planning Commission under my chairmanship. The Report in its findings emphasised the need for undertaking suitable policies and programmes in reversing the trends observed in the late nineties, of a significant slow down of the growth of employment, aggravated by a near jobless growth in many sectors. Care has been taken accordingly not to allow this trend to be extrapolated in future by depending exclusively on growth on a “business as usual” basis. It identified large areas of potential employment opportunities rather overlooked in the early phase of our reforms, especially in the rural sector and also those assessable as a benefit of the present increased deregulation of the economy and by the expansion of its demand and technology market from its opening up with the rest of the world. Accordingly, the Group suggested several policy changes and new innovative schemes to exploit the employment potentialities in these new areas. The Group placed high priority on the growth of the unorganised sector as the main employment provider (at present, it contributes nearly 92 per cent of the country’s employment) and recommended appropriate policies to ensure a level-playing field to this sector, so that its production may be viable in the new globalised open economy setting. The target of 50 million jobs is considered to be achievable, which will comply with all the Plan employment targets, subject to an overall growth of 8 per cent per annum, supplemented by the recommended policies and programmes including those given in this Report to encourage labour-intensive activities and technologies.

I am indeed indebted to all the Members of this Group for their valuable suggestions and help. I am especially indebted to Dr. Mahesh Sharma, Chairman, KVIC and all the Secretaries of Central Ministries who have consistently advised and helped in giving directions, policy suggestions and information in their respective areas. I am also extremely grateful to Professor Amitabh K. Kundu, of JNU, Professor Ruddar Dutt, of Delhi University; Dr. Garry Jacobs, Member, Mother’s Service Society, Pondicherry; Dr. D.K. Trehan, Economic and Statistical Adviser, Ministry of Agriculture and Cooperation; Dr. H. Ramachandran, Director, IAMR; Dr. N.S. Sastry, Former DG, NSSO; and all our colleagues in the Planning Commission, Shri R.P. Sinha, former Principal Adviser (LEM), Smt. Jyotsna Khanna, Principal Adviser (LEM), and especially to Shri Shailendra Sharma,

Member-Secretary of this Group and Adviser (LEM), Smt. Padmaja Mehta, Director (LEM), Shri Raj Kumar, Senior Research Officer (LEM) for giving technical, informative and analytical inputs in preparing this document. I also highly appreciate the editorial help provided by Dr. Nandita Khadria of IAMR and the committed and efficient secretarial support rendered by S/Shri Govind Sharma, P .Sankar, Hemant Gaba, Ms. Neelam Khanduri and all others in my office and in the LEM Division in completing the Report. I had the great opportunity to have consultation with other esteemed members of the Planning Commission, who had given their valuable suggestions and alternatives for generation of employment in various sectors. I would like to mention specific contributions by Dr. D. N. Tewari, Member, Planning Commission in the areas of forest and wasteland development. Finally, but foremost, my great gratitude to Shri K.C. Pant, Deputy Chairman, Planning Commission, for giving me this opportunity to study this very important area of concern not only in India but in most of the emerging economies, and for his constant encouragement and guidance.



S. P. Gupta

21 May, 2002

SUMMARY AND OVERVIEW

I The Task Given

The Special Group on targeting ten million employment opportunities per year over the Tenth Plan period has been constituted by the Planning Commission to explore appropriate policies and programmes for generating targeted gainful employment for 50 million persons over the Tenth Plan. The composition and details of the Terms of Reference are given in Annexure “C”. The Special Group accordingly examined all the relevant studies and sources of information for assessing the present status of employment and unemployment in India and by interacting with relevant Ministries and agencies, has attempted to recommend appropriate macro and sectoral policies and “programmes in specific areas” needed to generate the aforesaid employment opportunities over the Tenth Plan. In addition, it assessed the implications of creation of fifty million job opportunities over the Tenth Plan vis-à-vis the employment targets stipulated in the Approach Paper of the Tenth Plan. The objectives stipulated in the Approach Paper are:

- (i) To absorb all new entrants to the labour force over the Tenth Plan period by gainful, high quality employment; and
- (ii) To remove unemployment by the turn of this decade.

The Group, to meet these requirements, first analysed the present employment and unemployment situation to assess the likely future employment scenario over the Tenth Plan on a macro and disaggregated basis, and subsequently came out with policy recommendations and suggestions for launching appropriate programmes in specific areas to meet the Plan’s employment goals.

II The Present Status and the Emerging Trends

The examination of the major sources of information revealed that the unemployment rate in India has increased significantly since 1993-94 and was above 7.3 per cent in 1999-2000 compared to 6.0 per cent in 1993-94 on Current Daily Status basis. For Scheduled Castes, the corresponding unemployment rates were 9.6 per cent and 8.3 per cent in 1999-2000 and 1993-94 respectively. It is apprehended that now these rates have increased further. The total volume in terms of person years unemployed has touched about 27 million in 1999-2000. Nearly 74 per cent of them are in the rural sector and 60 per cent among them educated. In some States and in certain sections of labour force, the unemployment rate has increased to more than 25 per cent. To give a specific example, the unemployment rate in Kerala among youths (age 15-29 years) is above 35 per cent as

against the national average of around 13 per cent. This situation has placed a big challenge before the nation, the policy makers, entrepreneurs and people in general, asking for remedial action. At the same time, increased globalisation, advent of new technology and frontiers of knowledge along with the revival of many traditional technologies and the benefit of increased deregulation and many key economic reforms have opened up, along with several initial challenges, tremendous new opportunities for higher growth and additional job opportunities. Now, in the Tenth Plan it is time to meet the challenges and make use of these new opportunities.

The present rising unemployment is primarily an outcome of a declining job creating capacity of growth, observed since 1993-94. The employment growth fell to 1.07 per cent per annum (between 1993-94 and 1999-2000) from 2.7 per cent per annum in the past (between 1983 and 1993-94) in spite of acceleration in GDP growth from 5.2 per cent between 1983 and 1993-94 to 6.7 per cent between 1993-94 and 1999-2000. It means that the capacity of job creation per unit of output went down about three times compared to that in the 80s and early 90s. For example, the employment elasticity of the 80s and early 90s of 0.52 went down to 0.16 in the late nineties. The organised sector's employment generating capacity (measured in terms of employment elasticity) came down to near zero and in the public sector has been negative in most cases. This is primarily because of

- (i) the present policy of shedding excess labour that this sector is carrying in order to meet the growing market competition, often known as rightsizing;
- (ii) the trend towards increasing capital intensity per unit of output; and
- (iii) the pattern of growth moving in favour of capital intensive sectors.

Among the sectors outside the organised ones, agriculture, which was the major employment-generating sector in the past, has almost stopped absorbing any more labour in the later period. As a result, in spite of a higher overall GDP and agriculture growth in the 90s compared to the 80s, the overall growth of employment fell from 2.7 per cent per annum observed between 1983 and 1993-94 to 1.07 between 1993-94 and 1999-2000. In fact, the incidence of unemployment today would have been much higher but for the slowing down of the labour force growth significantly in the recent past. The labour force growth was 2.43 per cent between 1983 and 1993-94 and it came down to 1.31 per cent per annum between 1993-94 and 1999-2000. This trend of a slowdown in the employment growth and increase in the incidence of unemployment is of greater concern, especially when one considers the backward regions, Schedule Castes and Schedule Tribes, other weaker sections of the population including females, youths and educated.

Along with the above unfavourable trends indicating possible rise of unemployment in future, several healthy trends were also observed in the late 90's suggesting that the workforce in

India is slowly getting tuned to meet the present needs in the context of growing competition and globalisation. As for example, the composition of the work and the labour force in the late 1990s, indicating that it is becoming more skill and education oriented. It should be noted, however, that on the average the skilled labour force at present is hardly around 6-8 per cent of the total, compared to more than 60 per cent in most of the developed and emerging developing countries. Also, the labour productivity in general in this period is seen to be increasing faster, both in the organised and unorganised sectors. The growth of the rural non-farm sector is seen to be much higher than that of the agricultural one, which has helped absorption of the excess labour from agriculture in the rural non-farm sector. The real wages of casual labour are also seen to be increasing faster than in the past, both among agricultural and industrial workers. But this is accompanied by increasing casualisation of labour. It is however difficult to establish the extent of benefits in terms of net average earnings accruing to the workers and whether the quality of their jobs has improved. Considering both the pluses and minuses of the emerging trends in the employment situation, the Group views that to reach the country's development target both in output and employment, in a viable and equitable fashion, several major changes from the past economic policies and launching of innovative pro-employment programmes will be needed in the immediate future-failing which the level of unemployment as also the quality of employment may deteriorate significantly below the present level.

The above observations are also supported by the findings of several other recent reports like (a) the Task Force on Employment Opportunities constituted by the Planning Commission, (b) the latest, Population Census of India 2001, (c) the Economic Census of 1998 (CSO), (d) data produced by the employment exchanges in India and, lastly (e) the McKinsey Report, by using different methods of calculation of employment and unemployment like UPS, UPSS, CDS, CWS recommended by NSSO and those defined differently by other Reports. **All these Reports bring out a common message that if the experiences of the late nineties are extrapolated i.e., repeated in future, then India is going to face increasingly higher incidence of unemployment, with an ever-increasing gap between the demand for jobs and supply of job opportunities.** Some of the Reports explicitly bring out that even with a high growth rate of 8 per cent per annum over the next decade, implying significant acceleration over the achievement of 5.5 per cent GDP growth of the Ninth Plan, the unemployment rate is going to increase further, reaching upto more than double by the end of the Tenth Plan. A comparative study of the findings of these reports has been attempted in Annexure B.

III The Future Strategy

The employment strategy of the Tenth Plan has to be formulated against this backdrop in order to reach the goals set by the Approach Paper of the Plan and to fulfill the terms of reference

given to this Group. Accordingly, the first task of the Group was to examine, in broad macro terms, activity sectors of high potential for generating employment in the future. For this, the necessary data has been collected and analysed, estimating the employment intensity of the selected sectors, their recent trends in terms of the changes in the employment intensities (commonly known as employment elasticity, measured as percentage changes in employment to percentage change in output) and the contribution of these sectors as percentage to total employment, at the beginning of the Plan period. The sectors have been broadly divided into organised and unorganised. The present paucity of data has been a major constraint in this exercise. With the help of the Central Statistical Organisation and the relevant Ministries and the practice followed in different employment Reports, a rough classification of the economy into the “organised” and the “unorganised” sectors has been done, which in the opinion of this Group is reliable enough to lay down, on a broad basis, the employment strategy for India for the future. Table (A) gives the detailed estimates. The estimates show that (i) unorganised sector has the highest labour content of output with high employment elasticity whereas (ii) organised private sector has the lowest. The public sector (belonging exclusively in the organised sector), which was a major employment provider in the past, has recently by heavy shedding of excess labour become the lowest potential employment generator. Indeed in some cases, its employment elasticity has become even negative. In the unorganised sector, the employment elasticity was as high as 0.213 in 1999-2000 whereas in the organised sector, it was as low as 0.066, i.e., almost a jobless growth.

In the year 1999-2000, the total contribution to employment by the organised sector was only 8 per cent of which private sector segment’s contribution was hardly 2.5 per cent. Rest 92 per cent came from the unorganised sector. On this basis, one can see even if the organised sector grows at 20 per cent per annum and the private organised sector at 30 per cent per annum, their contribution to total employment will increase hardly by 1.5 to 2 per cent of the total over the Tenth Plan. This proposition however remains hypothetical since given the capital intensity in this sector as of today (above 5.5), this high growth will not be sustainable because of the saving /investment constraint of the economy. On the basis of this ground reality, the Group concluded that exclusively for generating the desirable high level of employment, we have to target the unorganised sector, including small and medium enterprises, which also cover a large part of the services sector of the economy.

Going into the detailed sector basis, i.e., dealing separately with agriculture, mining, manufacturing, electricity, gas and water, construction, trade, tourism and hotels, transport and communication, including information technology, financial sector and community services sector, we notice that the ranking of prioritisation vis-à-vis employment potential, will almost remain the same as done on the basis of macro classifications i.e., in favour of the unorganised sector, with the

single exception of the community, personal and social services sectors where the public sector has a better employment generation capacity than the private one. The sub-sectors identified in this Group are mainly the education and the health services. The detailed parameters, sector-wise, are given in Table 1 (a) and discussions in detail in Chapter II and Chapter III. But the selected strategies, identifying the unorganised sector as the main source for employment generation need to be supported by the test of viability and feasibility. At present, the unorganised sector is contributing nearly 59 per cent in GDP, 92 per cent to employment and also substantially to the exports of the country. In certain areas, in the unorganised sector e.g., in the manufacturing, its growth rate was consistently 2-3 per cent points above the organised manufacturing. Such growth gives confidence about this sector's sustainability. But of late, because of the opening up of the economy with deregulation and market orientation including withdrawal of several key subsidies, the unorganised sector in general and especially some of its components are meeting with growing sickness and slowing down of activities. Some other macro economic changes including removal of quantitative restrictions and reduction of tariffs have also affected their competitiveness in the recent past, leading to some economists putting questions about the very viability of these sectors in the new economic surroundings. This Group does not agree with the view, especially because the percentages of sickness in the unorganised sector in terms of outstanding debts is much lower than the organized sector. But at the same time it realised that the unorganised sector, to be made viable and competitive under the new circumstances, suitable policies and programmes have to be recommended so that the sectors become more productive and quality conscious. It will also have to be ensured that the rule of level playing field is applied for this sector.

The problems and the solutions in terms of selected policies and programmes are all given in detail in the main body of the Report. The Group, however, felt that because the private organised sector has become highly capital intensive and the capital input going to the unorganised sector is relatively declining fast (Table A), appropriate programmes and policies should be devised for suitable reallocation of capital in favour of the labour intensive industries and economising the use of capital in the highly capital intensive organised sector (appropriate for a labour surplus, capital scarce economy) to boost the growth and to make 8 per cent growth feasible. This is corroborated by the fact that the capital efficiency in the unorganised sector is estimated to be much higher than in the organised sector¹.

The other dimension referred to in the Plan's employment policy is regarding the improvement in the quality of jobs available to the people. On this count, the organised sector is in a much better position where the productivity of labour is higher, the wages given are more and the job security is better provided by a separate legislation for the organised sector.

¹ SIDBI Annual Report 2002

These considerations have led some economists to consider that on the above count, the future strategy on employment should be to encourage only the growth of the organised sector and slowly allow the unorganised sector to wither away gradually. But all the world over, even in the most developed countries, the experience is otherwise. Everywhere, the unorganised sector is contributing substantially to employment and is producing goods in a viable environment. The same is likely to happen in India. The employment strategy that is developed in detail in this Report provides for suitable legislation for improving job quality in the unorganised sector. All policy incentives needed for this purpose for the unorganised sector, however, should be compatible with the present market system and WTO rules. The Report drew lessons from the experiences of several developed and advanced countries, in selecting proper incentive packages and policies before making recommendations in this Report. **To sum up, the employment strategy for future, to meet the Plan's employment goals is to encourage the use of labour intensive and capital saving technology, in general and to rejuvenate the growth of the unorganised sector in particular, which at present contributes 92 per cent to the country's employment and enjoys more than seven times labour intensity per unit of production, as compared to the organized sector. However, the unorganised sector needs to be made more productive to sustain itself against the domestic and international competition by proper choice of programmes and policies compatible with India's economic reforms and the WTO rules.**

IV Inter-country Experiences: The Co-existence of the Large and Small business in synergy

There is a view among several economists that the organised sector with its better productivity and competitiveness and high job quality is going to replace unorganised small business totally to provide higher growth, better quality of life and employment in the economy. But if we look across the world among some of the most developed and emerging countries, we notice that even under most competitive conditions, it is the unorganised, small business, which is providing major employment opportunities and also surviving alongside with the highly organised large sector. For example, in the U.S. all firms under the Small Business Act contribute nearly 50 per cent of the private workforce along with more than half of GDP². Similarly, in Japan³, of the total 54.16 million people engaged nationwide (excluding those in primary industries), 42.27 million, i.e., 78 per cent employment is in small and medium enterprises and the total value in manufacturing from SMEs is 51 per cent, in wholesale 64 per cent and in retail 78 per cent. In Germany also, 64 per cent of all employed have their jobs in small and medium firms, which (produces) contributed at least 48 per cent to the Gross National Product and 27 per cent to exports for the year 1990. Lastly, in Korea⁴, there are nearly 96,000 small and medium manufacturing enterprises, which

² US Small Business Administration (SBA)

³ Small Business Cooperation (JSBC)

⁴ Small and Medium Business Administration (SMBA)

Table A
Output, Employment & Productivity of Organised, Unorganised and Public Sector

Employment in million #
GDP in crores at
1993-94 prices

	Organised			Un- Organised	Grand Total	% composition		Public Sector (a)	Private Organised (b)
	Total	Public	Private			Organised	Un-		
						(a+b)	organised		
Value added (GDP) (NET)									
1993-94	256849	180843	76006	441143	697992	36.80	63.20	25.9	10.89
1999-2000	418920	266519	152401	600425	1019345	41.10	58.9	26.1	15.0
Growth in per cent	8.50	6.68	12.30	5.27	6.52				
Outstanding Bank Credit of scheduled commercial Banks (Rs. thousand crores)*									
1993-94	80.8	28.1	52.7	94.9	175.7	46.0	54.0	16.0	30.0
1999-2000	247.4	66.8	180.6	145.9	393.3	62.9	37.1	17.0	45.9
Growth in per cent	20.5	15.5	22.8	7.4	14.4				
Employment									
1993-94	27.18	19.3	7.88	288.66	315.84	8.61	91.39	6.1	2.51
1999-2000	28.11	19.42	8.69	308.64	336.75	8.34	91.66	5.8	2.54
Growth in per cent	0.56	0.10	1.64	1.12	1.074				
Employment Elasticity	0.066	0.015	0.133	0.213	0.165				
Labour Productivity growth per annum (%) (1993-94 to 1999-2000)									
Relative Labour Intensity organised/unorg. (1999-2000)	0.1305								

* EPW, Feb 2-8, 2002. EPW Foundation, Table 10.

Person years

- Source: 1. For organised employment, classified by DGE&T, reported in the Economic Survey of Government of India.
2. Organised sector GDP is as classified by CSO.
3. For Bank Credit, Private Corporate sector including Public Sector is equated with organised sector. (March 2000 and March 1994)
4. Unorganised sector is by residual.

NB: The classifications of the economy by value added and employment are not strictly comparable. But even with reasonable margin of error, the dimensional differences in the features of the two sectors – organised and unorganised – are so significantly large as to give enough confidence about the robustness of the findings of this Table.

employ 1 to 300 persons each. They represent 99.1 per cent of all manufacturing enterprises and account for 69.2 per cent of total employment in this sector. In this context, it may also be noted that most active companies amongst small and medium manufacturing enterprises in Korea employ 5 to 30 persons per unit. Similarly, it is observed that nearly 60 per cent of US small business have 4 employees or less, 18 per cent have 5-9 employees, 11 percent have 10-19, 9 per cent have 20-99, and only 1.4 per cent have above 100-499 – the traditional high-end demarcation in qualifying in the small business segment. In Japan, the SME is also defined as one that employ less than 100 in wholesale and less than 15 in retail and services sector. Similarly, in China SMEs provide nearly 75 per cent of urban job opportunities and their number of units has exceeded 8 million, being 99 per cent of total enterprises in China. A large number of these enterprises are employing around 4 persons per unit under the SME sectors in China. All these suggest that although the definition of SSEs in India and SMEs in some of the most developed countries may not be the same, but at the same time it would be wrong to presume that they are not at all comparable as a large percentage of SME units in these countries employ persons less than fifteen, close to that observed among small enterprises in India. Further, they also enjoy special financial and fiscal privileges as in India. The SB Act in US is one of the notable examples.

IV (a) Incentives Given:

In Korea, as in India, there are the Credit Guarantee programmes which help small enterprises to have access to bank loans without collateral support. Also, like India, Korea has set up a special technology development fund and other programmes for supporting venture capital. On the marketing side, the Central Government, local autonomous authorities and State-run corporations in Korea are encouraged to extend procurements from SMEs, besides special incentives to increase exports.

In Germany also, special privileges and special incentives are provided for the Small and Medium firms. For example, in the “Equity support programme” earmarked for the small and medium industries, special support is given to young entrepreneurs and new starters. This programme includes, among many, two years free of interest, a comparatively low interest rate, 10-year grace period and 20-year repayment period.

In Japan, there is the Small and Medium Enterprise Basic Law which stipulates that the government must implement necessary measures in a comprehensive manner in the following areas in the SME sectors.

- (i) Modernisation of equipment;
- (ii) Improvement of technology;

- (iii) Rationalisation of management;
- (iv) Structural upgrading of small and medium enterprises;
- (v) Prevention of excessive competition and establishment of proper sub-contracting;
and
- (vi) Stimulation of demand.

China has also launched a pilot project to introduce credit guarantee schemes for SMEs, covering 30 provinces. As per estimates, a corpus of around 7.6 billion Yuan (Rs 61 billion) has been raised. Like India, China also has the National Technological Innovation Fund to supplement technology upgradation among SMEs

These are only a few examples which show that in most of the developed and successful Newly Industrialising Economies, SMEs are surviving with selective incentives and making substantial contribution to employment, output and exports.

Therefore, the question of easying out of the SMEs by large organised sector in India in foreseeable future is ruled out. **The organised and unorganised sectors are to coexist satisfying the different needs of development and growth, as have happened in most of the developed and newly industrialised economies.**

V Identification of areas of new employment opportunities and issues regarding their viability and quality

Of late, the small enterprises growth in the unorganised sector in India has been slower than the growth of the organised sector, especially compared to the private organised sector, in contrast to the eighties when its growth was consistently higher than the organised sector. The potential for higher growth in the unorganised sector both in terms of output and employment remains very high; especially when many segments of this sector are carrying high idle capacity. As to the organised sector, at the moment, its contribution to employment is hardly eight per cent of the total. The public sector which contributes 5.8 per cent of total jobs, at present, is not likely to add to any significant employment generation in the short and medium term because it has excess labour and the future is likely to see more retrenchment than recruitment of new labour in this sector. This Special Group interviewed the public sector executives and came to an assessment that nearly four million excess labour is likely to be shed during the Tenth Plan. The case for encouraging the growth of the organised sector is certainly supported by its capacity to invest in major infrastructure (in most cases, they are capital intensive) to give support systems to the rest of the economy, but for generation of employment, their growth cannot be regarded as the answer. The private organised sector has an employment base of 2.58 per cent to the total. This sector in the second half of 90s

grew much faster (nearly 12.3 per cent per annum) and produced high quality jobs compared to the other sectors of the economy. However, because of its low base and comparatively low employment elasticity, it has been estimated that even if it grows at 30 per cent per annum over the Tenth Plan, its contribution to total employment will increase hardly from 2.58 per cent to 3.5 per cent of the total employment.

It is sometimes argued that if the legal conditions for hiring and firing of labour force are relaxed (referring to the present Industrial Disputes Act, 1956), the organised sector could be made more employment-friendly and the employment generation in this sector can be improved. But given the fact that this sector (especially the public sector segment) is already carrying excess labour, the immediate effect will be more firing than hiring. With the already existing high unemployment rate, this can be made socially acceptable only if it is preceded by appropriate social security measures. While in the long run, this relaxation of the 'exit-entry rule' of labour may lead to more hiring of labour per unit of output by the large organised sector, given its present employment elasticity of near zero and its very low employment intensity per unit of output, any improvement in its contribution to jobs in the total employment of the economy will be very marginal, by a few decimal points from the present level of 8-9 per cent of the workforce by the end of the Tenth Plan. Therefore, purely on the ground of employment generation, the favourable effect of any change in this legislation is marginal, at least in the short term. Gradual withdrawal of the Act could be considered, observing the net impact on employment at every phase. Along with it, the social security coverage may be increased and care should be taken of the retrenched labour. As the Labour Commission is looking at all issues in relation to Labour Laws, the Group decided not to deliberate on this issue in this Report.

Even in the services sector where the employment elasticity is high and increasing, the contributions to employment from the organised segment of this sector and their employment elasticities are again very low. Therefore, the importance of the small and medium sector activities for employment generation all across the economy comes to the forefront. However, the viability of a large segment of the unorganised sector against the present ever increasing competition from the domestic and global market is likely to be of great concern in the future. Until now, it has withstood the pressure from major competition and contributed to more than 40 per cent of our exports. But now new challenges are coming from more deregulation and globalisation.

The only answer to this situation is to increase productivity and job quality of the unorganised sector. It means that all attempts should be made to implement those policies, which will release the basic growth constraints and by ensuring a level playing field for this sector. All available studies show that the growth and the quality of jobs in the unorganised sector has been very much affected by the absence of timely low cost credit, improved technology, good infrastructure, quality

consciousness, modern marketing, proper organisation and a synergy with the large organised industries. No reliable data is available as to the flow of total credit going in to the unorganised vis-à-vis the organised sector. But in a limited way if we look at the outstanding bank credit of scheduled commercial banks, we notice that the flow has increased significantly in favour of the organised sector from 46.2 per cent in 1993–94 to 62.9 per cent in 1999-2000 whereas in the unorganised sector, it fell from 53.8 per cent to 37.1 per cent during the same period. In other words, bank credit grew by 20.5 per cent per annum in organised sector as against 7.5 per cent in the unorganised sector. This is against a marginal increase in the organised sector as a percentage of GDP to the total. **This trend must be reversed.** Similarly, percentage of Net Bank Credit to the total credit going to SSI sector came down from 17.5 per cent in 1998 to 14.2 per cent in 2001. Therefore, a higher allocation of credit is needed to the unorganised sector by reducing say the high transaction cost in its credit market when the capital efficiency in the unorganised sector is expected to be much higher than the organised sector. Besides, all measures should be taken to improve its technology, quality and productivity by vocational and other training, skill development, organizational changes like cluster development etc. Indeed hardly 5.3 per cent of Indian youth in the labour force in the age group of 19-24 in 1999-2000 are trained in vocational skills through formal training as against nearly 30 per cent in selected LDC's and above 70 per cent in developed countries. Further, as the strong point of the unorganised small sectors vis-à-vis employment generation is its high employment elasticity, its employment intensive character should be protected by selecting proper labour-intensive technology drawn from all sources including from the grassroots indigenous level and proper rules and regulations should be laid down so that benefits of higher growth get translated in the form of increased earnings of the workers. This is needed because traditionally this sector is vulnerable to exploitation. As has already been mentioned, because the major portion of the poor are in the unorganised sector, a faster growth and productivity in this sector will also reduce poverty. **In the attempt to increase the labour productivity, more emphasis should be on the growth of this sector rather than for substituting labour by capital. Further, to improve the job quality and its security, major changes in legislation will be needed regarding basic social security measures, working conditions, minimum wages and protection of labour interests. They have all been discussed in the main body of the Report.**

VI Employment Generation: 50 Million Job Opportunities over the Tenth Plan

In order to formulate the necessary programmes and policies sector-wise and occupation-wise for generating the additional employment opportunities for the future, the Group felt that there is a need for assessing the gaps between the demand and supply of labour i.e., unemployment over the Tenth Plan in the aggregate and in separate categories. The purpose of this report is to formulate policies and programmes in order to fill these gaps. In earlier paragraphs, the potential areas of new employment creation and the broad policies needed for that have been discussed. In

this Section, the report attempts to quantify the number of job opportunities to be created, given the Tenth Plan target of 8 per cent growth of GDP and the employment targets of absorbing all the new entrants to the labour force during next 5 years and removing unemployment by the end of the decade. Finally, this has to be assessed against the terms of reference given to this Group: the creation of a minimum ten million gainful employment on an average per year over the Tenth Plan period. For this, the Group decided that the method of estimation of employment and unemployment on the basis of the usual and subsidiary status (UPSS) used during the Ninth Plan formulation would not be of help to get any realistic estimate of the quantum of generating gainful employment in order to fulfill the Tenth Plan targets, especially given the promise for gainful nature of employment, as per the Group's terms of reference. This is because on the basis of UPSS calculation, the volume of unemployment shown is always under-estimated since it excludes a large number who are significantly under-employed or unemployed over a major part of the referred period. Hence, we switched over to what is called the Current Daily Status (CDS), which is conveniently one of the other options provided by the National Sample Survey Organisation for measurement of employment and unemployment. If the gainfully employed are defined as those who are near full-time employed, then the CDS definition on employment given by the NSSO will give more realistic estimate at least directionally. Most countries across the globe use the concept close to weekly status, which again is closer to that of CDS used in this report. Within India almost all other reports from alternate sources agree that the CDS concept of unemployment is the most realistic. All these issues have been explained in Chapter I of this Report in detail.

On this basis (i.e., CDS), the Group's exercise shows that given an 8 per cent growth per annum and an unchanged pattern of growth as well as the continuance of the increased capital intensity in production, especially in the organised sector which was observed in the late 1990s, the maximum job opportunities that will be generated will be around 5-6 million a year on the average, much below the ten million target given. This will also fail even to absorb the new entrants to the labour force over this period, which will be around seven million a year, with the optimistic assumption of the labour force growth of 1.8 per cent per annum against working age growth of 2.3 percent per annum over the Tenth Plan. On the top of it, the base period (2001-02) unemployment pool of 35.0 million will remain untouched. This led to the view that given the present economic parameters in India, growth per se will not be able to provide the required job opportunities. This placed a big policy challenge before the planners as to how to change the pattern of growth by reforming the macro and sectoral policies, supplemented by developing appropriate programmes and schemes in specific sectors so that the new job opportunities could be created. Some economists provide an alternative approach that the Plan's growth target should be raised to above 10 per cent to satisfy the Plan's target of employment. This is based on the assessment that given a low employment generation capacity of output and the increasing capital intensity of the economy, a higher growth rate is the only answer. But the Group's view is that at present even the target of 8

per cent growth is under heavy financial constraints. The proposed alternative of 10 per cent growth rate will need more than 36-37 per cent of investment rate, raising from the present 24 percent, which seems to be rather infeasible. Therefore, according to the Group, the only alternative left is to economise the use of capital and adopt more labour intensive pattern of production so that within a feasible growth rate, the employment target can be fulfilled. Accordingly, the Group interacted and examined all the programmes and schemes of respective Ministries and agencies and the policy changes undergone in the reform process and came to the view that even at an 8 per cent growth per annum, only by proper selection of programmes and policies and technology, it is possible to generate ten million job opportunities per year which will help to absorb all new entrants to the labour force and reduce unemployment to near-zero by the end of the present decade. **It identified the activities where there is a major potential of large new job opportunities as in agriculture, including social forestry, animal husbandry, fishing, horticulture and related areas and small and medium industries, construction, tourism, information technology, financial sector, education and health. A major portion of these activities is in the unorganised sector. This sector also includes a large number of self-employed and artisans. The details are given in Chapter V and Annexure A.** For exploiting their potentialities, the recommended policy initiatives have been discussed in detail in Chapter V. In many instances, these proposed changes in policies and programmes would not entail any significant additional finance. They would ask for involvement of grassroot enterprise, skills, institutions and often even indigenous technology. This should be further supported by creation of an enabling environment by removing all legislative hurdles and bureaucratic interference. Besides, it is realized that there is a need for launching specific employment generating programmes in some areas where aggregate growth is having little impact. This includes, the Prime Minister's Rozgar Yojana (PMRY) in the small scale sector and the Rural Employment Generation Programme (REGP) in the KVIC, the Sampoorna Gram Rozgar Yojana (SGRY), the Pradhan Mantri Gram Sadak Yojana (PMGSY), Swarnajayanti Gram Swarajgar Yojana (SGSY) and many other specific programmes in Agriculture, Horticulture, Fishing, Forestry, Animal Husbandry, small business and certain areas of social services targeting employment and income generation in general and in the rural sector in particular as well as in specific target groups and regions. Grassroot institutions and appropriate NGOs and voluntary organisations should be made partners in the implementation of most of these programmes.

The needs for employment vary across age groups, education level, skill possessed, social group, and place of residence – rural or urban. Indeed such characteristics come out in much sharper contrast across regions. Expectations from a job also vary with the general level of economic development at a location. In this context the most backward or distressed locations and social groups deserve higher priority. In the Tenth Plan a new scheme to guarantee employment to all those in the need of work is to be launched in selected most distressed districts in the country.

All these special programmes have been discussed in detail in the Annexure A and the broad macro sectoral policies in Chapter V. Conceptually, the potential job creation has been decomposed into (i) mainly from the growth buoyancy; and (ii) from specific employment generation programmes and programmes for changing the patterns of growth between sectors and sub-sectors, regions and occupational groups.

According to the Group's exercise, of the proposed 50 million job opportunities to be generated over the Tenth Plan, nearly 20 million should come from specific employment generation programmes and 30 million from growth buoyancy. Most of the selected specific programmes are based on creating tangible assets and hence they are supposed to generate a continuous employment stream. **Care should be taken to avoid programmes or schemes, which generate one time employment only. As has already been mentioned, nearly 90 per cent of the new job opportunities will come from the growth of small and medium enterprises and self-employed.** The estimated composition of job opportunities is given in the following (Table-B).

Table B
The Estimates of potential job opportunities in different sectors (in millions)

	Total Additional Job opportunities created over the Tenth Plan (Million)		Total Incremental (Million)	Total Employment Terminal year of Tenth Plan (Million)
	Growth based (a)	Programme based (b)	(a+b)	
Agriculture*Including National Watershed Development Project for Rainfed Areas (NWDPRAs), Farm Management Programme, Agro Clinics, Greening India Programme, Watershed and Wasteland Development, Medicinal Plant, Bamboo Development and Energy Plantation like Ethanol etc.	0.41	9.06	9.47	200.48
Mining & Minerals	-0.20		-0.21	2.01
Manufacturing (Excl. Prime Minister's Rozgar Yojana (PMRY) & Rural Employment Generation Programme (REGP).	1.42 (large Manufacturer)		1.42	49.51
	6.0 (SSI)		6.0	

Electricity, Gas & Water	-0.21		-0.21	0.88
Construction	6.30		6.30	22.46
Trade, Hotels & Restaurants	11.23		11.23	52.22
Transport ,Storage & Communications	5.51		5.51	20.43
Financial Sector	1.93		1.93	7.25
Community Sector	-2.71	3.2	0.49	30.06
Special Programmes *				
Prime Minister's Rozgar Yojana (PMRY) (SSI) REGP (KVIC)		2.2	2.2	7.06
		2.0	2.0	
Sampoorna Gramin Rozgar Yojana (SGRY)		1.29	1.29	
Pradhan Mantri Gram Sadak Yojana (PMGSY) & Swarna Jayanti Gram Swarozgar Yojana (SGSY)		0.77	0.77	
		0.80	0.80	
Total	29.67	19.32	48.99 (Approx. 49-50)	392.35

* Details are given in Table 5& 7 & Annexure (A)

VII Attainment of Plan Employment Objectives and the Supportive Policies

Table B shows that the employment generated from the targeted high rate of growth of eight per cent per annum over the Tenth Plan needs to be supplemented by schemes and programmes for generating additional employment opportunities of around 65 per cent more in order to satisfy the employment generation target of the Tenth Plan. In total, it asks for nearly 49-50 million additional employment generation to cover the substantial gap between the demand for and supply of labour (i.e., unemployment over the Tenth Plan), thereby fulfilling the objectives set out in the Approach Paper of the Tenth Plan. The likely composition will be around 60 per cent from growth and 40 per cent from policy-based programmes and schemes to be launched over the Tenth Plan. For accelerating growth from the present level of 8 per cent per annum, several key macro and other sectoral policies need be changed with further reform and deregulation in a wide range of activities. In addition, accelerated investment programmes mainly covering the key social and physical infrastructure areas are recommended. All these have been spelt out in Chapter V and Annexure A of this Report. The recommended policy changes are spread over a large canvass, covering at one end hi-tech large organised industries and services and at the other end pertaining to those in the small and medium business including even the tiny industries in the unorganised sector. However, the general message is that the unorganised sector initially will need more support and incentives from the Government as compared to the organised sector. The percentage share of the three broad sectors in incremental terms (refer to the Table C) in generating employment is estimated as (i) 19 per cent from primary, (ii) 29 per cent from secondary sector and (iii) 52 per cent from services sector. In total (i) 52 per cent from agriculture, (ii) 14 per cent from secondary sector and (iii) 34 per cent from services sector in terms of employment in the terminal year of the Tenth Plan.

Table C**Employment generation broad sector wise (10th Plan)**

Sectors	2001-02 (million)	% age	In million Incremental over 10th Plan	% age	2006-2007 (million)	% age
Primary	193.2	56.3	9.26	18.9	202.46	51.6
Secondary sector	42.09	12.5	14.48	29.52	56.57	14.43
Services Sector	108.06	31.5	25.26	51.6	133.32	33.98
Total	343.35	100.00	49.00	100.00	392.35	100.00

Table D**Employment * Scenario based on 8% growth per annum and changed industrial structure on the basis of proposed policy and programmes in the Tenth Plan**

	Unit	1999-2000	2001-2002	2006-2007	2011-2012	Growth over 10th Plan percentage per annum
Labour Force	million	363.33	378.21	413.50	453.52	1.8
Employment	million	336.75	343.36	392.35	451.53	2.7
No. of unemployeds	million	26.58	34.85	21.15	1.99	-9.5
Unemployment rate	(%)	7.32	9.21	5.11	0.44	

Special group estimates

* on CDS basis

Table D shows that given the pattern of generation of additional employment opportunities (presented in Table C), the unemployment rate will go down by nearly 44 per cent over the Tenth Plan period and will almost be eliminated by the end of the Eleventh Plan. The additional employment generation over the Tenth Plan will be around 49-50 million persons i.e. a rate of growth of 2.7 per cent per annum over the Tenth Plan against a labour force growth of 1.8 per cent per annum. This scenario will satisfy the stipulated employment target of the Tenth Plan and generate 10 million job opportunities every year.

VIII Quality Labour Supply

The manpower planning for the future needs be programmed separately for each occupation so that the increased demand for skilled and educated persons should be matched by corresponding increase in the supply of skilled and educated persons over the Tenth Plan. It is observed at present

that the unemployment among educated and skilled workers is very high nearly touching 25 per cent (three times more than the national average of unemployment rate) and at the same time in contrast, there are shortages, in certain sectors. This may be partly because of the fact that **most of the education and skill development in the past have been geared to satisfy the need of the organised sector, which provided higher remuneration and better job quality and security. But in future, because of the limit in the absorbing capacity for additional employment in the organised sector, education and skills need to be orientated primarily towards the needs of the unorganised sector like agriculture, small industry, services and self-employed as also the new areas like IT, tourism and financial sectors.** There is a danger that otherwise the economy will be experiencing growing unemployment among high skilled “formally trained” personnel and at the same time it will suffer from shortages in low level skilled and vocationally trained people in the labour market, inhibiting the improvement in productivity and a sustainable growth in the unorganised sector. Lastly, the complementarity of the development needs between the large and small unorganised sectors has to be properly revived as only then a sustainable growth in employment could be achieved fulfilling the Plan target, creating 10 million jobs a year. The Report in Chapter V spells out the policies and programmes needed to build the required targeted manpower and employment.

It is however worth mentioning that unless for every programme/scheme, appropriate delivery systems are developed, most of the above employment generation targets may not materialize. All these will result in poor governance, which the Mid Term Review of the Ninth Plan so eloquently pointed out, happening all across many other sectors of the economy. For correcting this gap, among many other necessary measures, the key one is to launch an ambitious civil service renewal programme aimed at strengthening of the delivery institutions, direct administration and the panchayats.

The Report has concluded by giving a caution that unless the cause of employment is taken up on a high priority and not on “business as usual” basis, the unemployment at the end of the Tenth Plan will reach around 40 million i.e., nearly ten per cent of the labour force, with severe socio-economic implications, especially in certain areas and among certain sections of the population.

CHAPTER I

INTRODUCTION

This special group on “generation of employment opportunities for creating 10 million jobs per annum over the Tenth Plan” has been constituted by the Planning Commission under the chairmanship of Dr. S. P. Gupta, Member, Planning Commission, on 5.9.2001. Its objectives are: (i) to explore avenues for fulfilling the Tenth Plan targets of providing gainful employment to all additions to the labour force over the Tenth Plan period (2001-02 to 2006-07) and (ii) to create opportunities for gainful employment of around 10 million per annum, on the average, so that the rate of unemployment is reduced significantly by the end of 10th Plan period and almost eliminated by the Eleventh Plan period. (For detailed terms of reference see Annexure).

In preparing this report, the special group has examined all the studies/reports recently available in this field including the one brought out by the Task Force on Employment Opportunities appointed by the Planning Commission on 21.1.99 and released on 1.7.2001. Besides, it felt the urgent need for updating all available information and to probe into the problem of measurement of employment and unemployment in order to understand the nature and extent of unemployment and structure of employment for the year 2001-02, which is the base year of the 10th Plan.

While exploring the avenues for employment generation, the group had to take cognizance of the fact that the GDP growth in the late 90s is seen not to be accompanied by a commensurate expansion in employment. Further, in future, public sector employment is expected to decline more as it is carrying excess labour at present and is also physically withdrawing from several areas. There are fears that the process of internal liberalization and global competition, though inevitable, may increase the capital intensity of production and more of labour substitution resulting in job losses or even negative growth in many areas. For example, the existing industrial units in the organised sector are already shedding excess labour in order to remain competitive and for that they are adopting new technologies, which are typically more automated and therefore not job creating. This problem is further aggravated by the downsizing of the public sector undertakings. Most of the public sector undertakings are now going in for Voluntary Retirement Schemes through which it is roughly estimated that nearly 10% to 15% of their workforce, i.e., around 3.88 million can be retrenched over the medium term period. The net result of these forces could be a very slow growth of employment in the organised sector. Besides, the weightage of the organised private sector at present is hardly around 3% of total employment. One has therefore to look necessarily into the possibilities of generating more jobs in the unorganised sector. But many innovative policies and programmes will be needed to generate “gainful” employment in the unorganised sector.

A new look to the future employment strategy is, therefore needed to ensure its “quality and gainful nature” and to work out appropriate policies and programmes so that the objectives of the Tenth Plan employment target of absorbing all increase in the labour force and eliminating unemployment by the end of the Eleventh Plan are achieved.

Concepts and Sources

There has been a continuing debate regarding the appropriate method of measurement of employment and unemployment in an economy. It is well known that just as very few can afford to remain unemployed from the labour force in a poor country like India for all the days of the year, so also, not many can get employment all the days of the year. Hence one has to decide as to who will be regarded as employed in terms of days they work during the year and its intensity in terms of hours of work they undergo. Here some cut off point is needed. Similarly, about “Quality” of employment, we have to decide whether we should relate it to the earning capacity of labour, setting a floor like the minimum wage or to the extent of security the labour enjoys in the work surroundings or to the labour’s contribution to production. Here also some precise definition is needed. All these we have tried to take into consideration in this report on the basis of the existing information covering several major sources.

Sources: There are four major sources chosen providing inter-temporal and spatial data on work force and unemployment: (i) National Sample Survey of the Government of India (NSSO) (ii) Employment Exchange registers at different centres, run by the government (iii) Census of population and (iv) the Economic Census by CSO . The first one is the most comprehensive one, which we have mainly used in this report and the others we have used at times for comparisons within their known limitations and non-comparability. The 1999-2000 NSS covers rural and urban sectors of 509779 and 309234 persons respectively.

The employment and unemployment rates are generally available from the estimates made, based on NSSO’s surveys, every five years. However, these estimates are not related to the remuneration or productivity of the employeds. No available indicators are recorded in the NSSO Survey to get estimates of the productivity of employeds so that they can be related directly with the concept of gainful employment. It provides only a measurement of people who are not sitting idle for certain days of the year. NSS also provides estimates of employment on the basis of time disposition of the person.

The NSSO provides four different measures of employment and unemployment, which capture different facets of employment/ unemployment situation following the recommendations of the Expert (Dantwala) Committee on Unemployment.

- Usual Principal Status (UPS): A person is counted as being in the labour force on principal usual activity basis if he was either engaged in economic activity (work) or reported seeking/being available for work for the major part of the preceding 365 days. Those classified as being in the labour on this basis are further unemployed depending on whether the majority of the days in labour force was spent in economic activity or in seeking/being available for work. The Usual Principal Status unemployment rate is the proportion of those classified as unemployed on this basis expressed as a percentage of those classified as being in the labour force. On this criterion, persons can be counted as being employed even if they were unemployed (or were outside the labour force) for a significant part of the year. Equally, a person can be counted as unemployed even though he may have been employed for part of the year.
- Usual Principal and Subsidiary Status (UPSS): This provides a more inclusive measure covering, in addition, the participation in economic activity on a more or less regular basis of those classified as unemployed on the Usual Principal Status as also of those classified as being outside the labour force on the same criterion. This would result in a larger proportion of the population as being in the labour force with a higher proportion of workers and lower unemployment rates relative to the UPS criterion.
- Current Weekly Status (CWS) : The reference period here is the week, i.e., the 7 days preceding the interview. A person is counted as employed if he was engaged in economic activity for at least one hour on any day during the reference week. A person not being engaged in economic activity even for one hour on any day but reporting seeking/being available for work during the reference week is classified as unemployed. To the extent that employment varies seasonally over the year, the labour force participation rates on the Current Weekly Status would tend to be lower. However, reflecting the unemployment during the current week of those classified as being employed on the UPS (and the UPSS) criterion, the Current Weekly Status unemployment rates would tend to be the higher. The difference between the unemployment rates on the Current Weekly and that on the Usual Status would provide one measure of seasonal unemployment.
- Current Daily Status (CDS): Based on the reported time disposition of the person on each day of the reference week (in units of half day where needed by the presence of multiple activities within a day), person-days in employment (unemployment) are aggregated to generate estimates of person days in employment/unemployment.

The person day unemployment rate is derived as the ratio of person days in labour force (i.e. person day in employment plus person days in unemployment). This measure captures the within-week unemployment of those classified as employed on the Weekly Status. The CDS measure of unemployment is widely agreed to be the one that most fully captures open unemployment in the country.

In the earlier report of the Task Force on Employment Opportunities, the recommendations were based on calculations of employment and unemployment on Usual Principal and Subsidiary Status basis (UPSS). It was viewed in this present report that CDS is a better measure to capture unemployment than the usual status and therefore the CDS basis has been used in this report for estimation purpose. For this a special Tabulation has been done by NSSO.

The rationale for using CDS as measuring employment and unemployment is the following. The terms of reference of the Report is to find out the unemployment gap in terms of absence of gainful employment opportunities and to work out policies and programmes to fill the gap. At the moment, there is a large unemployed and under-employed workforce i.e., not having any gainful employment, although by using the measurement on UPSS basis, several of them are declared employed. This results in over-estimation of the level of employment. To avoid this, largely, we have estimated the extent of employment and unemployment on CDS basis.

To support this choice, we quote from NSSO employment and unemployment report of 1999-2000 “the usual status approach adopted for classification of the population is unable to capture the changes in the activity pattern caused by seasonal fluctuations. But the estimate obtained by adopting the current weekly or current daily status approaches are expected to reflect the overall effect caused by the intermittent changes in the activity pattern during the year. The latter (CDS) reflects also the changes which take place even during the week. The estimate of the employed based on current daily status gives average daily picture of employment”. Thus, we regard in this report CDS measurement as the most appropriate because we want to have an estimate of the gap i.e., that is jobs to be created on gainful basis in order to bring out recommendations as to how they can be filled up by changes in policies and programmes.

The NSSO Report also provides estimates of the likely under-employment that is hidden in the number of employed category calculated by the usual and subsidiary status approach when they are compared with current daily status. The activity pattern of the usual employment during the days within the reference week is indicated by the distribution of their days by current daily status. The relevant results for rural and urban India are presented in the following (Table E). It is observed that the proportion of person days of the usually employed, utilised for work, is lower for females as compared to the males throughout the period 1987-88 to 1999-2000. During 1999-2000 this

proportion was estimated at about 68 per cent and 79 per cent for females in the rural and urban India respectively as against 90 per cent and 94 per cent for males in rural and urban India respectively. Once again, it is observed that if the work is not available, large portion of the females withdrew from the labour force rather than report themselves as unemployed. The distribution obtained from the present survey is presented in Table E.

Table E
Per 1000 distribution of persons-days of usually employed (principal and subsidiary status taken together) by their broad current daily status

Current daily status	Rural						Urban					
	Male			Female			Male			Female		
	1999	1993	1987	1999	1993	1987	1999	1993	1987	1999	1993	1987
	-00	-94	-88	-00	-94	-88	-00	-94	-88	-00	-94	-88
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Employed	897	909	926	676	663	638	942	949	938	791	766	716
Unemployed	53	40	27	41	30	26	27	27	37	22	24	37
Not in labour force	51	51	47	283	306	336	31	25	25	187	210	247
All	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000	1000

There are three other major sources providing information on employment and unemployment and their present status. They are: the latest population census of 2001 and the employment exchange information of the government. The population census provides decadal growth of the main workers and also of the marginal workers. Main workers are defined as those who have work for the major part of the reference period (i.e., 6 months or more). The marginal workers are those who had not worked for the major part of the reference period. The estimates of workforce as percentage to population are available on all-India basis, also state-wise and in the union territories. In this Census Report, however, the concepts of employment and unemployment are different from one given in the NSSO Report. Therefore, a strict comparison should not be attempted; only their broad trends can be used.

The third source is the data given by employment exchanges. There are nearly 958 employment exchanges spread all over India which record registration for jobs in the live register on a time series basis; but there are major problems in using the information from this source, because of the following reasons.

- (i) All the job seekers registered with the employment exchange are not necessarily unemployed.
- (ii) All job seekers or unemployed do not register themselves with the employment exchange.
- (iii) In some exceptional cases, there is a chance of duplication in the register.

- (iv) The job seekers who find employment through agencies other than employment exchanges do not always report to the employment exchanges for deletion of their names.
- (v) Employers also do not intimate the employment exchanges when selections are done from the employment exchanges' list.
- (vi) There are cases when a default to renew the cards results in deletion of their names.

The fourth source is the Economic Census of 1998 brought out by India's Central Statistical Organisation. This census provides, among several others, the data on the growth of the workforce. Here of course the farm sector (i.e., the crop production and plantation) is excluded. To quote "The census included all enterprises engaged in economic activity, both agricultural and non-agricultural, whether employing hired work or not except in crop production and plantation". The definition of workers in the Economic Census, however, is not comparable with the NSSO definition. Therefore, the data can be used only to have a broad comparison in trends on employment with the NSSO data.

CHAPTER II

PRESENT EMPLOYMENT AND UNEMPLOYMENT SITUATION

Table 1, 1(b) and 9 to 19 provide the present employment and unemployment scenario in India based on the latest data from The National Sample Survey Organisation for 1999-2000. The estimates on employment and unemployment have been made on the basis of current daily status (CDS); the rationale for choosing CDS basis has already been discussed in the earlier chapter. From the analysis of these tables, the following conclusions are drawn:

- (1) There has been a deceleration in the population growth between 1983 to 1993-94 and 1993-94 to 1999-2000 from two per cent per annum to 1.9 per cent per annum [Table 1(b)].
- (2) There has been a significant deceleration in the labour force growth from 2.43 per cent per annum to 1.3 per cent per annum, between the two periods [Table 1(b)].
- (3) There has been a significant acceleration in GDP growth between 1983-84 to 1993-94 and 1993-94 to 1999-2000 from 5.2 per cent to 6.7 per cent per annum [Table 23].
- (4) There is a significant decline in the labour intensity in production in almost all the sectors barring a few and also in the aggregate, declining from 0.52 to 0.16 measured as employment elasticity to value added [Table 1].
- (5) Because of this, in spite of a higher growth in GDP over the second period, employment growth declined from 2.7 per cent to 1.07 per cent per annum [Table 1(b)].
- (6) As a result, the number of unemployed has increased from 20.13 million in 1993-94 to 26.58 million in 1999-2000. In 1983, it was also as high as 21.8 million [Table 1(b)]. In fact it would have been much higher but for the very heavy deceleration in the growth of the labour force from 2.43 per cent to 1.3 per cent per annum. This deceleration in the labour force has happened in spite of the fact that the working age population (15-59 years) increased more than 2.5 per cent per annum over this period.
- (7) Consequently, the unemployment rate i.e., unemployed as percentage of labour force increased from 5.99 per cent in 1993-94 to 7.32 per cent in 1999-2000 [Table 1(b)].
- (8) Inter-state unemployment rates are also showing increasing regional disparity in the year 1999-2000 compared to 1993-94. In the later year, the highest unemployment is noticed in Kerala of 20.97 per cent of labour force and lowest in Himachal Pradesh of 2.96 per cent of the labour force (Table 9).
- (9) The unemployment rate is much higher in the lower consumption classes than in the upper ones; the lowest consumption classes having nearly 100 per cent more unemployment rate

than the higher ones. This has significant implication for households below the poverty line. (Table 12).

- 9(a) Similarly, the percentage of casual labour to total labour has increased significantly since 1977-78 and mainly at the expense of self-employed. The regular salaried labour in proportion has almost remained the same over time. This increased casualisation of labour has been of some concern vis-à-vis the job quality and security of employment. In the Report's policy recommendations to improve the job quality of labour, especially in the unorganised sector, where casual labour is more concentrated, proper care has been taken by developing corresponding social security measures (safety nets) and changes in legislation so that this sector is not heavily exploited. In the recent Population Census of 2001, it is seen that there also is a heavy increase in the marginal workforce as against the main workforce. [Table 30]
- (10) In terms of employment elasticity of output, as has already been mentioned, it has gone down from 0.52 over the years 1983 to 1993-94 to 0.16 over 1993-94 to 1999-2000. This means that over this period, there has been a reduction in the labour intensity of output of the order of 31 per cent i.e., 5.5 per cent per annum. This is indeed much higher than the reduction in the labour intensity at the rate of 2.20 per cent per annum in the earlier period i.e., between 1983 and 1993-94. This trend in the decline of the labour use in output (i.e., employment elasticity) is observed not only in the aggregate, but also in most sectors with two exceptions (a) transport and (b) financial services and real estate (Table 1). The overall decline in the employment elasticity is to a large extent due not only to the changes in the broad 9 sector composition of output, but also in the intra-sectoral composition and technology impacts of labour capital substitution. A separate study shows that the capital intensity in Indian economy in almost all the sectors, including even the small unorganised sectors and services, is increasing over time. The aggregate ICOR has increased from previous 3.4 (over 1991-92 to 1996-97) to nearly 4.4 since 1996-97. Over the Ninth Plan it touched over 5.0.
- (11) Employment in organised sector had been hardly 8.34 per cent, of which public sector accounts for 5.77 per cent and private sector only 2.58 per cent in the total employment generated (Table 1).
- (12) The organised sector is dominated by public sector by contributing nearly 70 per cent of employment of the organised sector. This is mainly in (i) mining, (ii) electricity and water and (iii) community and social services. These three constitute nearly 60 per cent of the public sector employment and unfortunately all of them are showing negative employment elasticity. All these show that the public sector (which are all in the organised sector) contributed to a very small extent in the total employment generation during this period

(1993-94 to 1999-2000). Of the remaining, the “public sector transport” in contrast, has contributed sizeably to organised sector employment during this period although the employment elasticity is much lower than the unorganised segment Table 1(a). Thus this sector has a comparatively high potential in the organised group for employment generation in the future provided it increases its employment elasticity. So far as community and social services are concerned, nearly 85 per cent of the employment in the organised group are in the public sector although they showed a very low employment elasticity in the past. But the Group viewed that they have large employment generation potentiality for the future, especially in some of their sub-sectors like education and health; However, the Public Sector in aggregate (between 1993-94 and 1999-2000) has shown almost a jobless growth, when its employment elasticity was 0.015 (Table A). Further, in future a large part of this sector’s potential growth may be negated by the impending downsizing policy (often called as right sizing) of the government, which affects this sector significantly.

- (13) Another sector in the organised public group is the construction. This sector as a whole has a high employment elasticity and high output potential; but the weightage of the organised sector in general and public sector in particular is very low and its observed employment elasticity is around zero. Indeed for generating employment, the private sector, especially the unorganised private sector should be targetted.
- (14) Of the organised manufacturing, the employment generation potential of the private sector is seen to be higher than the public sector manufacturing (the former contributing more than 75 per cent of total organised manufacturing output), but it hardly constitutes 1.5 per cent against the total employment of the country and 16.5 per cent of total manufacturing employment. The remaining 83.5 per cent of employment is generated in the informal/unorganised manufacturing where the labour intensity of output seems to be nearly 10 times more [Table 2].
- (15) Thus, to summarise, although the quality of employment in organised sector is high, its contribution to employment is likely to be rather limited and moreover confined only to few sectors like financial services, manufacturing and potentially in the social services like education and health. Of course, although sectors like electricity and water have a low direct employment generation potentiality, their indirect employment effects may be considerable, helping employment generation in many other sectors of the economy.
- (16) The major source of employment generation is the unorganised sector of the economy including self-employment and small business where the present employment weightage is as high as 92 per cent of the total employed labour force.
- (17) Its main employment generating activities are (a) agriculture and allied, (b) trade, restaurant and hotels including tourism, (c) some of the social sectors like education and health, (d)

the small and medium enterprises, mainly in the rural non-farm sector (e) transport & construction. For example, the small and medium manufacturing enterprises contribute to nearly 80 per cent of the manufacturing employment and its employment elasticity is 2.9 times more than the organised sector (Table 2). We can, therefore, consider that to achieve a more favourable effect on employment, what is needed is a shift in the percentage composition of manufacturing in favour of SSI and medium units. Indeed, the past experience shows that the small and medium units in the unorganised sector are growing much faster compared to the organised industries, helping the desired shift.

- (18) Even as of today, the agriculture including allied activities, comprises 57 per cent of India's total employment. Between 1983 and 1993-94, its employment elasticity was as high as 0.70 and now in the later period of 1993-94 to 1999-2000, it has come down to 0.01. This decline is largely due to changes in the intra-sectoral composition within this sector when most of the labour-intensive sub-sectors grew comparatively slower, along with some significant mechanization in other sub-sectors. This decline might also be reflecting some reduction in under-employment in the agriculture sector; when there is a shift of labour from agriculture to non-farm rural activities and migration to urban areas. But given an appropriate policy, this sector can still be a gold mine for generating faster employment by changes in the sectoral composition of agriculture in favour of labour intensive high value areas like horticulture, floriculture, agro-forestry, minor irrigation, watersheds etc. Details are given in Chapter III of the Report.
- (19) The other major employment generating areas in the unorganised sector that have already been identified are trade, restaurant and tourism, and information technology (IT). They are all witnessing a high growth of above 9.0 per cent per annum and are having very high employment elasticities. The transport, construction and the other services sectors are also equally equipped for their high growth and employment intensiveness.
- (20) To sum up, with some changes in the inter and intra sectoral composition and adopting appropriate labour intensive technology, growth in the unorganised sector can be significantly raised. The organised sector, especially its public sector component, has a rather low employment generating potential, being handicapped by a negative employment elasticity with the exception of the financial sectors and potentiality in certain parts of social sector like education, health etc. But these two have as low a weightage as 3.3 per cent to the total employment. The community and social services need a major change in the composition in favour of health, education etc., and only then can it substantially contribute to the growth. Already a significant increase in the weightage of this sector in this group is in sight. It was 25.8 per cent in 1993-94 and 33.3 per cent now. These two sub-sectors together are showing a growth rate of around 4.5 per cent per annum compared to this sector's growth of 0.2 per cent per annum between 1993-94 and 1999-2000. Given the Tenth Plan's target on education,

literacy and health standard, the scope of its growth and potential employment generation is very high.

- (21) In terms of contributing to incremental employment growth between 1993-94 and 1999-2000, the organised component has done better than the unorganised component in mining, minerals, electricity and social services. Interestingly, all these sectors are almost wholly under the public sector domain. In the organised transport, public sector's growth is higher than private sector and also its weights. Therefore, so far as organised transport is concerned, public sector shows greater growth potential. For the remaining sectors like agriculture, manufacturing, construction, wholesale trade, transport and financial services sector, performance in employment generation of the unorganised sector is far better.
- (22) Regarding the growth of workforce in the occupational category, it is noticed that the highest growth in this period is observed in administrative, executive and managerial personnel, followed by service workers and production related workers including transport equipment operators and labourers. The growth of the managerial personnel increased from around 4 per cent per annum between 1961 and 1993-94 to 9 per cent per annum between 1993-94 and 1999-2000 on UPSS basis. Similarly, the service workers growth also doubled in the later period. All these increases are primarily at the expense of farmers, fishermen, hunters, loggers and related workers where hardly a growth of -0.21 is observed. (Sundaram-Employment and Poverty in India in the Nineties, Golden Jubilee Seminar of NSSO, May 2001 – Table 6). Similarly, we notice high growths among (i) the professionals, nurses and medical and health technicians (6.86 per cent), (ii) laundries, hairdressers, beauticians (4.4 per cent), (iii) transport operators (6.53 per cent) and (iv) brick and other construction workers (nearly 7.92 per cent per annum) during the latter period (1993-94 to 1999-2000) which are much higher than the aggregate growth of the workforce during this period. This suggests that the composition of the labour force is becoming more and more skill-oriented with better training and education. Implicitly, it also means that the skill component of the production process is increasing with better technology resulting in higher productivity to meet the present compulsion of market competition. The percentage composition for technical and skilled personnel to total manpower in the organised sector is much higher, as this sector uses comparatively hi-tech production. But because of its low employment elasticity and contribution of hardly 5 – 7 per cent to total employment in the year 1999-2000, the scope of job opportunity for educated and skilled manpower in the sector will be marginal. The major absorption of educated and skilled labour over 1993-94 and 1999-2000 indeed came from the unorganised sector. This is a very good omen for future signaling that the labour productivity and skill base of the unorganised sector has increased over this period. It has been estimated that the contribution of skilled and educated manpower in India over this late 90's was hardly 7 to 8 per cent of the total labour force (Prof. Sundaram's

Paper, as referred). This means that there is a tremendous potential for increase in demand for the educated and skilled, providing opportunities for new jobs in the future. The extent of potentials for jobs in this area will be further appreciated if we notice that in most of the developed countries, the technical and educated job component of workforce is as high as or more than 50 per cent. Now the challenge is how to increase the supply of labour force of better skill and better quality to match the potential demand visualized in the Tenth Plan. But the planner should note that although the unemployment rate among the educated and skilled are now showing signs of marginal decrease, still it is very high on average and especially in certain areas and in certain types of professional skills (Table 29). For example, at the aggregate level the unemployment rate among educated and especially among skilled workers are nearly two to three times more than the all India aggregate unemployment rate. As educated unemployed are more vocal, all steps need to be taken to see that the supply of skilled labour must match the demand for them and the existing pool of educated and skilled unemployed (with proper training) should be absorbed first. At the same time in certain areas immediate action should be taken to plan for increasing the supply of personnel, to avoid bottleneck in future, hampering the growth of the economy. For example, at this moment the supply of teachers, trainers and technicians is showing little increase. Indeed, the teacher supply in this period was hardly one per cent per annum. All efforts should be made in future employment policy to increase the supply of teachers and trainers immediately, especially in the vocational area and appropriate programmes should be launched to increase entrepreneurial capabilities and skill for self-employment. But in this context appropriate policies should be taken to make jobs in these sectors attractive. Hence the whole concept of improving job quality comes. As the absorption capacity for high skill jobs has its own limit in the organised sector, the future plan for education and training should keep in mind the type of skill needed for many newly emerging activity sectors like IT, tourism, financial services and the vast unorganised SSI and services sector including the new area in agriculture and the non-farm rural activities. All these have been discussed in detail in Chapter V of this Report.

- (23) As an alternative source, we get the estimates of the growth of work force over the 1990s from the 2001 Census. Table 14, Section A gives the decadal growth rate of the workforce over the 1990s. Here again we notice the growth of workforce comprising the main workers (we have taken the main workers separating the marginal workers since it is closer to the concept of the workforce measured on the CDS basis) has decelerated significantly from the 1980s of around 2.34 per cent to 0.81 per cent in the 1990s. These estimates are not strictly comparable with NSSO estimates because of their differences in the concept and measurement used for the workforce. But both the NSSO and the Census clearly demonstrate that there has been a significant deceleration in the growth of workforce (from the eighties

to the nineties). As to the rate of growth of the marginal workers in the Census they grew much faster compared to the main workers; this is corroborated also by the fast growth of casual workers in the NSSO Survey. But here again one should be careful in trying any strict comparisons between the two sets of estimates.

As already mentioned, the “employment exchange” data is another source for estimating the incidence of unemployment in the country. Here also, we notice, on an annual basis, the number in the live register of the employment exchange is increasing over time and it has reached a level of 41.3 million persons in the year 2000. Keeping in mind the limitations of this source, it can only be loosely compared with the unemployment figures derived by the CDS method, based on NSSO data. The latter gives an unemployment level of 27 million person years. Both figures are very large. Therefore, they warrant special attention in preparing the Tenth Plan’s programmes, policies and fund allocations.

Finally, a comparison of the unemployment rates estimated by UPSS, UPS, CWS and CDS methods of the NSSO are given in Table 10 and 11. It is clear from these tables that UPSS gives the lowest unemployment rate and CDS the highest. Obviously, therefore, the UPSS estimates of employment includes large number of under-employed and even unemployed measured on weekly or daily status basis and provide a comparatively comfortable picture regarding the employment situation in the country. A large number employed according to this criterion will be below the poverty line. Properly measured, the level of unemployment is seen to have a strong correlation with the number of people below the poverty line. In this perspective another feature of the nineties’ employment situation needs special notice. Table 12 clearly shows that the incidence of unemployment among the lower consumption classes is much higher than among the rich. Indeed it shows that, per household, the dependency ratio measured as ‘one minus the number employed deflated by the total number in the households’ is much higher than the richer classes. Under the circumstances, unless the average earnings of the poor increase faster enough to compensate the rise in the dependency ratio, the per capita income/consumption of the poor people cannot increase. The policy for future is, therefore, how to increase job opportunities for these consumption classes: either by increasing the rate of growth of activities in these sectors, increasing their productivity or by proper policy of education and training to shift the labour force from their traditional occupation to areas of higher growth and productivity. It is of great relief to see that the real wages of casual labour in agriculture and non-agriculture has increased from 2.51 per cent to 3.59 per cent in rural males and almost stagnant in rural females. But compared to the average real income of the population, the relative real wages increase is relatively much lower in the 90s compared to the 80s.

The Regional Scenario:

The concern for the present high rate of unemployment needs to be taken more seriously given the large inter-state differentials (See Table 9). The unemployment rate (on the CDS basis) has reached a figure as high as 20.97 per cent in Kerala; next is West Bengal with 14.99 per cent, followed by Tamil Nadu 11.78 per cent of their respective labour force. At the lower end, the lowest unemployment rate is observed in Himachal Pradesh of 2.96 per cent, next higher up is in Rajasthan at 3.13 per cent followed by Punjab at 4.03 per cent and Uttar Pradesh 4.08 per cent. But in general, the ranking of States according to their respective unemployment rates remained almost the same between 1993-94 and 1999-2000. However, the coefficient of variation between them increased significantly, in the 1990s compared to the 1980s. Besides, no strong correlation is observed between the inter-state SDP growth and the employment growth. Further, it is of interest to see that of the 16 States in Table 9, there are three States with very high and increasing unemployment rate. They are Kerala, Tamil Nadu and West Bengal. Of them, Kerala has comparatively lower growth rate of GDP but higher employment elasticity, whereas Tamil Nadu and West Bengal have a very high growth above seven per cent but with very low employment elasticity. These results show that GDP growth rate or high labour intensity in production exclusively will not reduce unemployment. For reducing unemployment, the challenge is to combine a high growth rate with high employment elasticity (i.e., labour intensity in production) by proper sectoral and technology choice. It is supported by the fact that there are only three States among the 16 – Gujarat, Karnataka and Haryana – who could combine high growth and high employment elasticity and achieve significant decline in the unemployment rate. All these suggest that region-based employment policy and programme will be needed in addition to the overall growth strategy, to reduce the growing disparity in the rate of unemployment between the States.

In Table 17, the incidence of unemployment has been examined in a more disaggregated form, for each State, separated between males and females. It is found that the incidences are very high in some groups; for example, in Kerala, the rural female unemployment rate is as high as 26.1 per cent as compared to a lower unemployment rate of 20 per cent among the males (Table 17). In West Bengal, the rural female unemployment is near as high as among the Kerala females, of 25.1 per cent. For States with high literacy rate like Kerala and a high growth rate like West Bengal, this high unemployment scenario will be of great concern. Examination is needed in detail on the nature and composition of their growth, in order to isolate the features responsible for this demand-supply imbalance in the labour market.

Other than the regional disparity and gender differences in some States, we also notice other features, which will be of equal concern. Table 16 shows that the unemployment rate among

youths (15-29 years) is increasing significantly in 1999-2000 over 1993-94 with the sole exception of females in the urban sector. In contrast, among the female youths of the rural sector, unemployment rate is increasing significantly. For males, both in rural and urban sector, the unemployment rate is increasing and in general in all cases, the youth unemployment is observed to be higher compared to the national aggregates [Table 18 & 19].

Similarly, when we examine on a regional basis, we notice that the States like Kerala or West Bengal again, give a disappointing picture regarding the level of unemployment among youths (Table 18 & 19). Among the female youth in rural Kerala; the unemployment rate is as high as 45.8 per cent; in West Bengal it is 39.1 per cent and nearly as high in Tamil Nadu. Among urban female, the incidence of unemployment is still higher. For example, in Kerala, among urban female youths, the unemployment rate is 50.4 per cent; West Bengal and Tamil Nadu also give a high figure. Altogether, nearly seven or eight States have a very high unemployment rate. The unemployment among youths in the urban sector for example, is also very high in Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh, Maharashtra and Orissa. This high youth unemployment in a way cuts across all the States, especially in the urban sectors. This shows that apart from the genuine problem of employment for the rural sector, positive policies are needed to generate employment in the urban sector and especially among the youth, educated and skilled (Table 29 on usual status). This is especially needed because the organized activity, which dominates the urban sector, is suffering from a near jobless growth. However, the Table 15 shows that in 1999-2000, unemployment among educated females in the urban area has significantly fallen. This is a highly positive feature showing the effect of increasing female literacy and work participation. But the level is still very high and increasing among females with higher education. For other groups, they are almost the same, with a marginal decline in most cases. Here, a synergy is needed between the job demand and the education and skill formation. All these show that unless job opportunities in matching areas increase, the unemployment among youth and educated may increase significantly in future. As to the incidence of unemployment among special sections of population, e.g. BPL population, their labour force are seen to be growing faster than the employment opportunities, resulting in an unemployment rate nearly double from that among the upper classes. This has a very adverse effect in the poverty reduction among poor sections. Finally, with reference to Table 1 (b), one can see that the unemployment rates among Scheduled Castes and Scheduled Tribes are higher and the number of unemployed is increasing at a much faster rate within the rest of the population. They are the weaker sections of the society and, therefore, special employment generation programmes and policies for them will be warranted. In our policy recommendation, attempt has been made to consider all these.

CHAPTER III

FUTURE EMPLOYMENT SCENARIO: THE NEED FOR CREATING 50 MILLION PERSON YEARS OF GAINFUL EMPLOYMENT OPPORTUNITIES IN THE TENTH PLAN

Table I (b) clearly demonstrates that as per the nineties' development pattern, the growth of workforce in India exhibited a deceleration from 2.7 per cent per annum to hardly 1.07 per cent per annum between the periods 1983 to 1993-94 and 1993-94 to 1999-2000, according to the NSSO Survey. Comparatively, the deceleration in the labour force is much slower, declining from 2.43 per cent per annum to 1.31 per annum, all measured on CDS (Current daily status) basis. As a result, given these trends, the future will witness a growing gap between the labour force and the work force i.e., the number of unemployed. Already the number of unemployed has increased from 20.13 million to 26.58 million between 1993-94 and 1999-2000. The decline in the growth of work force was sharper in the rural areas falling from 2.5 per cent per annum from the earlier period (roughly in the eighties) to 0.70 per cent per annum in the later period (roughly in the nineties). In the urban areas, however, the decline was less, from 3.9 per cent per annum to 2.32 per cent per annum. [Table 1(b)]. This indicates a faster growth of unemployment in the Rural areas as compared with the Urban areas. This is to be judged against a much slower growth of urbanization observed compared to our earlier projection, given now by the latest Census of 2001. It brings out the need for a special focus on generating employment in the rural sector. Evidently, the declining trend in agricultural employment in this period at 0.02 per cent per annum has not been amply compensated by the growth of employment in the Rural non-farm sector over this period. Table 1(b) shows that the growth rate of the Rural Sector as a whole was hardly 0.7 per cent per annum over this period.

Tenth Plan projections

The Tenth Plan covers a five-year period 2002-2007. Its base is 2001-02. Accordingly, estimates for employment and labour force are attempted in this report for the year 2001-02. Two major assumptions have been made for this:

1. The labour force growth will be around 1.8 per cent per annum since 1999-2000, covering the whole of the Tenth Plan period, an assumption that has been made by the Report of the Task Force on Employment Opportunities constituted by the Planning Commission. According to the above Report, this is largely explained by the increase in the net enrolment rate for education when a large number went out of the labour force during this period. However, the estimates based on the net enrolment rate between 1993-94 and 1999-2000

given by the Ministry of Human Resource Development covering all government, government aided, government recognised schools and institutions including 1-10 classes covering primary and secondary and the gross enrolment in the higher secondary (10+2 new pattern) and intermediate/ pre degree/ pre university, junior colleges, show that this very low increase in the enrolment rate (0.58 per cent per annum between 1993-94 and 1999-2000), could hardly explain the 0.10 per cent decline in the labour force in this period (Table 25). Therefore, the heavy decline from 2.43 per cent to 1.31 per cent observed between 1993-94 and 1999-2000 still remains largely unexplained. There may be another explanation noted by the Special Group as given by the NSSO Report that because of the very low employment opportunities over this period, probably a large number, especially among the rural females voluntarily dropped out of the labour force. More probe will be needed to get an answer to this heavy decline in the labour force during this period. For estimating the labour force for 2001-02, minor correction has been made for switching over from NSSO agriculture year to the standard fiscal year of the plan.

2. The average rate of growth of GDP estimated for this period is 5.2 per cent per annum for 2000-01 and 2001-02. The sectoral break-up of these two years has been given in Table 3 A.
3. The sectoral employment growth will be determined by their respective employment elasticities observed over the recent past i.e., between 1993-94 and 1999-2000 (NSSO 55th round).

As has already been mentioned the labour force growth between 1993-94 and 1999-2000 has been estimated at 1.3 per cent per annum (on CDS basis), a fall from 2.43 per cent per annum of the earlier period. Such a heavy decline on a sustainable basis is not corroborated by most inter-country experiences. Indeed from available inter-country comparisons, one sees that in most countries with their slowing down of the population growth and an increase in per capita income, there has been a comparatively faster growth of labour force compared to the growth of population. In the latest Census, India's population growth has been seen to come down to 1.95 per cent per annum over the nineties. The provisional projection by the Planning Commission over the Tenth Plan puts growth at 1.63/1.64 per cent per annum. Given the projected age distribution and assuming the labour force participation rates per each age group unchanged, the growth rate of labour force will be around 2.66 per cent. Therefore, assuming that the decline in participation rate of late 90s given by NSSO may continue, the assumption of 1.8 per cent growth in the labour force if at all is on the lower side. Regarding the GDP growth and its sectoral break-downs over the Tenth Plan, they have been done on the basis of all information available at this point of time. The Central Statistical Organisation has recently brought out the quick estimates of sectoral growth for the year

2000-01 and advanced estimates for 2001-02 of GDP. These estimates show a GDP growth much lower at 4 per cent per annum for 2000-01 and 5.4 per cent for 2001-02 and the break up of sectoral growths marginally different from the one used in this exercise given in Table 3 (a). Judged against the quick and advance estimate of CSO, an error factor of 0.03 per cent in our employment calculations can be worked out. But as per past experience, both the quick and advance estimates may further change. Considering this, the Special Group decided to continue with the existing estimates [See Table 3(a)].

The estimates of employment and unemployment of the Tenth Plan's base year (2001-02) are given in Table 3. The estimates of unemployed for the year 2001-02 have been given around 34.85 million person years (defined on CDS basis) when the unemployment rate went up around 9.21 per cent. It also provides the estimates of addition to labour force over the Tenth Plan period as 35.29 million person years. Thus, over the Tenth Plan, we have to deal with the problem of creating job opportunities against a potential job demand of more than 70.14 million person years (i.e., 34.85 million base period unemployment and 35.29 million new labour entry). Against this perspective, the employment objective of the Approach Paper of the Tenth Plan has to be addressed. The Approach Paper recommends providing employment opportunities to all the additions in the labour force over the 5-year period and reducing significantly the rate of unemployment over the Tenth Plan, so that by the end of the Eleventh Plan, the per cent unemployment will be near zero.

The Tenth Plan visualized a substantially higher growth rate of 8 per cent per annum. The tentative break-up of the aggregate growth rate has been attempted in consultation with the Tenth Plan work, which is given in Table 3 (a). Given this growth pattern and assuming the present sectoral employment elasticities, an estimate has been made of the level of employment and unemployment over the Tenth Plan. Accordingly, a case for providing increased employment opportunities of around 29.67 million person years (i.e., an increase from the base figure of 343.36 million to 373.03 million) has been put forward, with the help of a 8 per cent per annum growth over the next five-year period. This means, an employment growth of 1.7 per cent per annum as against a labour force growth of 1.8 per cent per annum. The result: even with as high a growth, the objective of providing employment opportunities to all addition to labour force will not be achieved; an additional 5.47 million employment opportunities will have to be created. This, added to the base period stock unemployment of 34.85 million, will give an unemployment rate of 9.79 per cent at the end of the Tenth Plan, an increase from 9.21 per cent at the base. This arises largely due to the near jobless growth character in many sectors of the economy especially in the organised sector and a growing capital intensity in many of the organised sectors and even in some of the unorganised sectors including some small scale industries. The unemployment rate at the end of the Tenth Plan can even go up by a minimum one percentage point (adding 4 million more unemployment) if the labour force growth increases to 2.0 percentage per annum. The answer is, therefore, to look for a

development strategy, which will revamp the activities in those sectors where the comparative advantage lies in a labour-intensive nature of production. But as the economy is now operating under globalisation, all care should be taken in the reallocation of activities between sectors and sub-sectors so that every sector can meet the open market competition. To give a simple example, without the changes in the overall growth rate of agriculture, the sub-sector compositions can be changed by changing the cropping patterns and resources allocated between food and non-food, from less to more labour intensive sectors. Even this strategy may not always need additional investment resources. In fact, it is often said that a change in favour of labour intensive activities is accompanied by saving of capital by substitution of capital by labour and knowledge/technology. Specific programmes and projects are to be identified and launched keeping this goal in view. In this effort, extensive discussions with Ministries and sector specialists have been undergone. In doing so, we noticed to our disappointment that the awareness for the need for employment generation is generally very poor while formulating the plan programmes/policies. This applies to most of the concerned ministries and authorities. In its findings, it has been the view of this Special Group on Employment Generation that agriculture and allied sector activities have a very large employment generating potentiality. This is to be achieved not necessarily by heavy additional investment, but by reallocation of funds and choice of appropriate technologies. But to be sustainable under the present globalised system, this should be supported by appropriate policies to increase their productivity and competitiveness which would make them viable.

Tables 3 and 4 present the scenario of employment generation, separating those emanating from growth per se without any change in the existing employment elasticities, i.e. implicitly assuming a “business-as-usual” scene (with no changes in intra-sectoral composition of labour intensity of output) and from those with selective changes in policies and programmes in favour of more labour use. The sectoral estimates of these are given in Table 5. As Table 7 shows, the maximum addition to generation of employment from special programmes will come from (i) agriculture and allied activities, (ii) small and medium enterprises, broad-based rural non-farm activities and some of the social services sectors like education and health. Besides, appropriate policy changes have been identified for the fast development of sectors of high labour intensity like construction, tourism, communication and information technology and financial services. There are many potential areas in the informal sectors and especially in the self-employment area, which can provide high employment, and therefore should also be developed.

The next chapter (Chapter IV) would provide detailed identification of areas with potential employment opportunities along with the schemes and programmes (most of them being considered in the Tenth Plan) to harness this potential. Subsequently, attempts are made to quantify the person years of employment to be created from all these programmes and policies. However, it should be remembered that there are many activities, which although not contributing to direct employment,

have high multiplier in generating indirect employment like power, and organised manufacturing, and therefore need to be considered with high priority.

Finally, Table 5 gives the final summary table. This Table shows that with suitable programmes and policy changes, the same eight per cent growth rate, can generate additional 19.32 million person years of employment opportunities over the Tenth Plan period, giving a total of 50 million person years of employment opportunities over the Tenth Plan. This recommended scenario will not only absorb all additions to labour force generated over the Tenth Plan, but also reduce the level of unemployment by nearly half and will eliminate it completely by the end of the Eleventh Plan. The percentage unemployed will go down from 9.21 per cent to 5.11 per cent by the end of the Tenth Plan and unemployment will be eliminated completely by the end of Eleventh Plan. To summarize, nearly 20 million person years of employment opportunities have to be created by selective innovative programmes and policies leading to a changed pattern of growth in favour of labour intensive sectors; the remaining 30 million will come from the normal buoyancy of growth as perceived over the recent past (1993-94 to 1999-2000), giving a total of 50 million person years over the Tenth Plan.

Before concluding, we would like to give some rationale for presenting the alternative employment growth rate against the baseline growth of GDP of 6.5 per cent assumed in the Tenth Plan Approach Paper. Table 6 gives the employment perspective using these estimates. This scenario shows that on the “business as usual basis” (i.e., with the present employment elasticity) the percentage unemployed will grow up to 11.0 million at the end of the Tenth Plan, giving a total unemployed labour force of 45.56 million person years. This picture is not acceptable on any socio-economic or political ground. The picture can be partly ameliorated by initiating proper employment generating programmes/policies to alter the patterns of growth towards labour-intensive sectors. In that case, as the Table 6 (B) shows, the unemployment rate can be contained at the base level, by the end of the Tenth Plan. The additional employment to be created by the selected innovative programmes and policies will be to the extent of 7.5 million person years. But at the same time, one should remember even this scenario will show that at the end of the Tenth Plan, 38.5 million person years will be unemployed almost the same as in the base year. Considering these two alternative scenarios, one can conclude that a much higher growth rate (around 8 per cent) is needed for the future along with positive policies and programmes for changing the sectoral pattern and technology in favour of labour-intensive production if unemployment is to be tackled.

There have been two other major Reports :

1. The Task Force for Creating Employment Opportunities, constituted by the Planning Commission.

2. The Growth Imperatives and Employment Generation in India by McKinsey Global Institute, working in collaboration with McKinsey India office on the economic performance in India.

They also provide the future projections of employment and unemployment in India.

The first report estimated employment and unemployment and their projections on the basis of usual status along with subsidiary employment (UPSS). It arrived at an unemployment rate of 4.55 per cent at the end of 2012 with 1999-2000 as base and with an assumed growth rate of 8 per cent per annum, i.e., nearly double in the terminal year from the base of 2.23 per cent, which means 22.97 million unemployed in 2012 rising from the 9 million at the base with all changes in policies prescribed. Similarly, for the year 2007, it gives an unemployment rate of 4.27 per cent i.e., near double from the base (1999-2000). But it has not recommended the need for identifications of sectors and activities where direct employment generating programmes and policies will be needed. In general it emphasized the role of the organised sector, especially the services sector to give more than 70 per cent of additional employment and almost ruled out any contribution from primary sectors. In our estimate, the services sector contributes upto 30 per cent of total employment generation at the base year of which 5.3 per cent only in the organised sector in 1999-2000. The present special group report on the other hand has given its reason, to identify a different set of sectors as potential employment generating activities for the future over the medium term. A detailed comparison is given in Annexe B of this report.

The second report provides an estimate of employment for the year 2010, based on a growth rate of 10 per cent per annum, supported by an exhaustive reform package; but it also ends with an unemployment rate even after a 10 year period of almost the same level, as in the base: This exercise of ours has used the measurement of unemployment on CDS basis. This report therefore clearly fails to give answer to India's problem of unemployment.

The Tenth Plan scenario on business as usual that has been attempted in this special group report, assumed a per annum growth rate of productivity of labour of 6.2 per cent as compared to 5.6 per cent in the 55th round of NSSO (1993-94 to 1999-2000) and the long term trend growth of 3.5 per cent per annum between 1983 and 1999-2000. Further, in the modified 10th Plan scenario (where special efforts on employment generation have been attempted by appropriate policy changes and sector-wise programmes in order to meet the 10th Plan objective of reducing unemployment significantly and generating 10 million job opportunities every year), an assumption has been made of increasing the labour productivity at 5.2 per cent per annum, much higher than the past productivity increase of 3.5 per cent per annum between 1983 and 1999-2000. The task force report for creating employment opportunities assumed implicitly 5.6 per cent per annum growth in the labour productivity, very close to that assumed in our report, and the McKinsey report assumed a growth of 8 per cent per annum.

CHAPTER IV

IDENTIFICATION AND QUANTIFICATION OF EMPLOYMENT POTENTIALS, FROM PROGRAMMES AND SCHEMES CONSIDERED OVER THE TENTH PLAN TO FULFILL THE TARGET OF GENERATION OF 10 MILLION JOBS PER ANNUM

I Agriculture & Allied

Agriculture and allied activities grew at a moderate rate of 3.1 per cent per annum between 1993-94 and 1999-2000 as against 2.9 per cent between 1983 and 1993-94, in terms of value added. But in spite of this, employment growth touched near zero i.e., the number of persons employed remained static over this period. This is partly due to the shedding of excess labour. It is also due, to a large extent, to the slowing down of the agricultural investment and a change in the pattern of agricultural growth with comparatively lesser activities in the labour-intensive value added areas of agriculture like watershed development, wasteland development, minor irrigation, development of forestry and animal husbandry. Over the Tenth Plan to reverse this trend, the following programmes with higher labour intensity in products have been identified:

1. A substantial potential area for employment generation could be achieved, by bringing additional acreage switching from cereals under cultivation to oilseeds and pulses. By this, the potential of generating additional employment has been estimated by the Ministry of Agriculture to be around 139 million man-days per annum on a non-cumulative basis i.e. 0.46 million person years in the last year of the Tenth Plan. This has been done by deflating the man-days by 300 to get person years, so that it comes close to the concept of the CDS basis of measurement. The assumption of 300 days work a year is regarded by many as too high. If we take less number of days work per year, the employment potentialities in person year will increase further. However, as some of these production will come after the land is shifted from other crops grown, the net addition to employment will not be more than 0.35 million person years [See Annexure A (a) Table 2].
2. Under the programme National Watershed Development Programme for Rainfed Areas (NWDPA) it has been estimated that 30 million additional man-days more every year on a cumulative basis can be generated which comes to nearly 0.50 million person years by the end of the Tenth Plan [Annexure A (a) Table A3].

3. The horticulture sector, is estimated to have a potential of creating employment opportunities of 1800 million man-days over the Tenth Plan, i.e., 360 million man-days each year which is, 1.20 million person years, approximately [See annexure A (a) Para 11(iii)]. This is however subjected to an additional outlay of around Rs. 10,000 crores.
4. Besides, from the farm management programmes, nearly 112.5 lakh jobs are likely to be created by bringing in 75 lakh ha. additional net sown area under the scheme. Together with the increase in cropping intensity, 1.25 million person years of employment opportunities will be added during the Tenth Plan. [See Annexure A (a) Para 14 and Table A4].
5. Proposed Tenth Plan programmes on Agricultural clinics and the seed production are likely to generate 0.15 million person years and the tractors etc. another 0.1 million person years at the end of the Tenth Plan [See Annexure A (a) Para 15, 16 and 17].

Therefore at the aggregate the total potential of additional employment generation from different programmes and schemes already formulated by the Ministry comes to 3.55 million person years by the end of the Tenth Plan.

II Greening the Country through Agro Forestry

Forestry & Agro Forestry

The “Task Force” on greening the country set up by the Planning Commission has recommended the following programmes, over the Tenth Plan, which will give substantial additional employment from this sector.

Ten million hectare of degraded forest can easily be regenerated and afforested which on the yearly basis means approximately two million hectares to be greened, on watershed development basis involving around two million people. In the present Report, a conservative estimate of 1.5 million person years employment opportunities over the 10th Plan to be created has been provided. Details are given in Annexure A (b) Para 2 (i).

Development of medicinal plants

India has been identified as one of the eight global centres for plant diversity. This sector opens fresh opportunities for the production of a whole range of therapeutics as also food supplement,

cosmetics, toiletries and nutraceuticals and veterinary medicine. According to the Task Force on Medicinal Plants set up by the Planning Commission, nearly one million people will get productive employment besides one lakh on pharmacy, health, tourism and manufacturing and various products. Our present Report has assumed a minimum of 0.5 million jobs from this area at the end of the Tenth Plan [See A(b) Para 2 (iii)].

Bamboo development

The Task Force on Greening India estimated that a potential of generating two million jobs is there over the Tenth Plan for bamboo development. In our present Report, we have assumed 1.5 million persons as the minimum at the end of the Tenth Plan [See Annexure A (b), (iv) and Table 6].

III Energy Plantations

Table F
Employment Potential through Energy Plantations

	Project	Area (Ha)	Income generation (Rs.crores)	Jobs (million)	Gestation Period
(a)	Energy plantation Prosopis Casurina	5 million 5 million wasteland	6500 13500	7.5 m	3 years 5 years
(b)	Ethanol Plantations	800,000 irrigated	12,000	2.5 m	1 year

Of which from Project (a), because of its long gestation, we estimated that hardly 1.22 million person years employment is likely to be generated during the Tenth Plan. From Project (b) of the 2.5 million job potential, this Report has assumed a conservative estimate of 0.79 million. The details are given in Annexure A(c).

IV Rural Sectors and SME's

Sampoorna Gramin Rozgar Yojana (SGRY)

The Prime Minister has announced this programme with an annual outlay of Rs.10,000 crore on the Independence Day of India 2001 with a job potentiality of 100 crore man days per

annum i.e., 3.33 million person years. This outlay amounts to an addition nearly of Rs.6,000 crore annually. This programme integrates a number of special programmes (mainly EAS and JGSY) implemented until now. On the basis of the present norm of employment generation per unit outlay, it is estimated that these special programmes have generated approximately 1.67 million jobs annually in the past. Assuming that of the 100 crores of mandays at least 90 crores will be achieved, the same norm will give an additional job of 1.29 million person years over the Tenth Plan [See Annexure A(d)].

Pradhan Mantri Gram Sadak Yojana (PMGSY)

The allocation for rural roads was about Rs.500 crore in the year 1999-2000. Now it has been raised to Rs. 2,500 crore under the present programme. Assuming that the overall norm of employment to output relation as observed in construction industry over the year 1999-2000 is to continue, the employment generation per year in the Tenth Plan under the programme on a non-cumulative basis will be around 0.98 million person years. That means an additional employment of approximately 0.77 million person years to be generated over the Tenth Plan [See Annexure A(d)].

Swarnjayanti Gram Swarozgar Yojana (SGSY)

The new approach to self employment in rural areas is forming self help groups (SHG) to run micro enterprises supported by micro credit. By 2004, 14 Lakh SHG will be set up. Present average of 8.5 lakh sustainable jobs creation a year, will be raised to 43 to 45 lakh persons in five years i.e. an average increment of 0.8 million per year.

Small and Medium Enterprises & KVIC

Under manufacturing, nearly 37 per cent of the output and 83 per cent of employment have been generated in the unorganized informal sector in 1999. According to our estimates, 4.2 million additional jobs can be created by specific programmes e.g., Prime Minister's Rozgar Yojana (PMRY) and Rural Employment Generation Programme (REGP) and the proposed Cluster Development Programme in the small and medium industries including KVIC, on top of employment generation from the general growth of this sector derived on the basis of extrapolated employment parameters of around 5.99 million. KVIC submitted a plan of creating additional two million jobs from different special programmes including REGP [See Annexure A(e)]. The break up of job opportunities in SSI including KVIC are the following:

Table G
Job Opportunities Creation in SSI including KVIC

I.	Programme based KVIC in KVIC in REGP	2.00 m
	PMRY (SSI)	1.65 m
	SSI Clusters	0.55 m
	Sub total	4.20 m
II.	Growth based	
	SSI	3.86 m
	Coir	0.10 m
	Handloom	0.40 m
	Powerloom	0.10 m
	Handicraft	0.93 m
	Sericulture	0.50 m
	Wool (unorganised)	0.10 m
	Sub total	5.99 m

Note : In addition, 1.43 million will come from the growth of large manufacturing (net of SSI)

V Community Services – Social and Personnel Services

Education and Literacy

This sector has experienced a large downsizing of labour between 1993-94 and 1999-2000. It is significantly dominated by the organised sector (36% of total), of which 85% are in the public sector. This is the sector where excess labour is expected to be shed significantly over the Tenth Plan. However, there are certain sectors like education and health, which have tremendous potentialities of generating high employment because of present shortage of teachers and trainers, nurses and doctors. By this an additional employment of 1.7 million in the elementary education [See Annex A(f)] and for training the teachers and trainers, and 0.8 million from health and self-employment programmes [See Annex A(f)] have been provided. The high potentiality of Jobs for teachers with vocational and other trainings can be assessed when we see that in India hardly 5.3 per cent of youths in the labour force are trained whereas in the developed countries they are as high as 65 to 70 per cent (see Table 26). Besides, there are several other broad sectors like construction, transport, and communication, trade and hotel, tourism, finance, other miscellaneous. services where employment generating potentials are very high. Most of them have been captured by the effect of the overall GDP growth of those sectors. A significantly higher GDP growth in all these sectors have been assumed in the Tenth Plan.

Information & Communication Technology

Two sectors among them need special mention : Information Technology (IT) and Tourism. The IT sector which is just now emerging has a substantial potential in generating employment both direct and indirect. Admittedly, it also replaces some labour in several sectors, but its net contribution is very positive. Chapter V shows that its direct employment generation potentiality is as high as 0.4 million over the Tenth Plan. Indirect employment generated by this sector however, would appear in other sectors. However, they should not be counted as employment creation in this sector in order to avoid any double counting.

Tourism

The second one, tourism, is very labour intensive and provides high quality jobs; it is capable of being primarily focused on rural areas with appropriate and low cost programmes and it has extensive forward and backward linkages. The note submitted by the Ministry to the Group estimates around 3.6 million jobs per year over the Tenth Plan taking direct and indirect employment into consideration. No separate estimates of direct employment have been provided. The group estimates on the basis of input-output parameters a rough contribution of 0.3 million of direct employment per year which is included in the overall employment generation by the services sector. For detailed policies for these sectors, refer to Chapter V.

Programmes & Policy Based Efforts

The Special Group therefore assessed that if the policies and programmes outlined in the above five areas can be included in the Tenth Five year Plan, 19 to 20 million additional employment opportunities can be created.

CHAPTER V

POLICY REFORM FOR EMPLOYMENT GENERATION IN SELECTED KEY AREAS

The earlier chapters assessed the dimensions of the employment generation opportunities which need to be created in order to attain the Tenth Plan employment target. The potential areas for additional employment generation have been identified and a rough estimate of the employment generation possibilities have been worked out. Specific major work programmes for that purpose have also been proposed. Most of them have been included in the respective Ministries' Tenth Plan programmes. In this section the supportive policies, both macro and sectoral, to arrive at the targeted growth rate and the desired patterns of the growth in selective priority areas on employment considerations, with appropriate technology backup to increase employment intensity in production have been spelt out. It has been broadly estimated that the attainment of an eight per cent growth per annum per se over the Tenth Plan, assuming the past sectoral break up and employment elasticities, will be able to provide nearly 30 million additional employment opportunities which is slightly more than half of what is needed to absorb all additions to the labour force over this period and to eliminate unemployment over a decade. For the rest (nearly 20 million employment opportunities) policies and programmes need to be identified so that the patterns of sectoral growth can move in favour of labour intensive areas, thereby improving overall employment elasticities

However, any strict separation of the two sets of policies is difficult to comprehend. Any change in the sectoral growth or use of factor proportion in production by appropriate technology choice will also affect the overall growth along with an increase in employment generation. For example, any growth pattern which makes more use of the availability of surplus labour in India and its skill and less of capital will increase the potentiality of higher growth because India is a labour surplus and capital short economy. For this to happen various segments of the unorganised sector in India, which has a large employment base and also high employment elasticity, need to grow faster. But as the Indian economy is now operating in a globalised competitive situation, the productivity and the job quality of these sectors along side needs to be improved. Therefore, appropriate policies and programmes have to be instituted so that this objective is fulfilled. In general, the organised sector has comparatively higher productivity and job quality both in terms of earning rate and security of job. But their contribution to employment at the base year of the Tenth Plan is very low, less than 8 per cent, of which the public sector has a weight of more than five per cent of the total in terms of employment generation and shows a negative employment elasticity, being loaded with excess labour over time and consciously pursuing a downsizing policy. Therefore, the importance of the unorganised sector in generating employment and their productivity comes

as the key policy issue. This is a challenge the unorganised sector has to face. At the same time, the unorganised sector has practically no job security and given an excess of labour in the unorganised market, the labour in this market is very much prone to be exploited, and until now only marginally protected by less than satisfactory implementation of the provision of Minimum Wages. The labour productivity of the unorganised sector could be increased by putting more capital and knowledge inputs, using appropriate technology, properly developed more at the grassroots level. It is observed that the flow of capital per unit to the unorganised sector is much lower compared to the organised sector. This means the capital efficiency is likely to be much higher in the unorganised sector compared to the organised sector.

Therefore, in this Chapter we consider apart from macro policies for growth, the sectoral policies for influencing growth patterns in favour of employment generation, and the policies on supply side of labour.

I Macro Policies for Growth

This has been discussed extensively in the Tenth Plan Approach Paper. At the risk of too much of simplification, one can say that the growth potential in the Indian economy is estimated mostly on the basis of the “Harrod Domar model” which prescribes a higher investment as a percentage of GDP and a lower incremental capital output ratio (i.e., capital efficiency) to generate higher growth.

All policies, which encourage investment and sources of finance of investment i.e., domestic and external sector, and improve capital efficiency are relevant for boosting the overall growth. Thanks to globalisation, demand is most unlikely to be a constraint if India’s exports have the competitiveness (price, quality and prompt services) to penetrate the world market where her share is now very small.

For sustainability of this growth path in a free market economy, all policies, which lead to a decrease in unit price and improved quality competitiveness, have to be pursued. To achieve this, the creation of a competitive and free market both for goods and factors with perfect mobility is essential.

II. Sectoral Policy :

Sectoral Policies for influencing growth patterns in favour of employment generation

(a) Agriculture

To increase growth in agriculture all policies for better utilization of land and water should be pursued. For example, policies on utilization of all types of hitherto unutilized lands, especially the cultivable and afforestable lands owned by the Governments need to be given priority. Rough estimates suggest that 80 million hectares may be allotted on 99 years lease or ownership basis to the following categories of individuals in order of priority for agriculture and / or afforestation.

- a) Landless labourers
- b) Small and marginal farmers
- c) Medium size farmers
- d) Educated unemployed youth including agricultural and technical graduates
- e) Ex-servicemen
- f) Co-operative societies
- g) NGOs
- h) Corporate bodies

Consolidation of land holdings has been a major factor responsible for improving land management and enhancing productivity in northern states, e.g., Punjab, Haryana, Rajasthan and Western U.P. The Central Government may offer to bear all administrative expenses incurred by the States on consolidation plus an equal amount as incentive bonus to the States.

A back-ended beneficiary oriented subsidy scheme for reclamation of degraded lands like ravines, un-levelled lands, saline, sodic, alkaline and water-logged lands, has been contemplated by the Agriculture Ministry.

Acquisition of land for public works is to be strictly restricted to infrastructure needs only.

Some incentive for computerizing land records and lowering stamp duties to a maximum of 5% can go a long way in avoiding pseudo legal and illegal conveyance systems as well as avoidable litigation in rural areas.

Legalising the land leasing-in and leasing-out systems and promotion of contract farming through standardized contract formats enforceable on both parties will help in increasing the size of holdings and improving the viability of agri-units.

Similarly, for water investment in irrigation is to be given a big push both for major and minor irrigation and watershed management in the rainfed areas. ICOR in irrigation especially in

minor irrigation is the most favourable even within the agriculture sector and has the most immediate and tangible impact on improving productivity, increasing rural incomes and removing poverty. Besides being labour intensive, expansion in minor irrigation and watershed development will increase employment generating capacity of Agriculture.

For the agricultural sector, a change in the sectoral policy for increasing the growth has been recommended in the Tenth Plan Approach Paper. To quote, “agricultural output increased in the 1990s because of higher output support prices and input subsidies. Now, it must come from higher investments in irrigation, seeds, power and roads”.

Public investment in irrigation, power and roads should be sufficiently stepped up by reducing subsidies on fertilizers, water and power. Canal systems are in poor shape for lack of operations and maintenance outlay. These should be improved by stepping up plan allocations for maintenance, involving users growth in management and appropriate pricing of water to cover operation and maintenance cost.

The semi-arid and rain fed areas of the Central regions, which have higher potential for increasing productivity, would be the focus of attention given in the Tenth Plan. These measures selected for the Tenth Plan can accelerate agricultural growth as well as trigger growth in other sectors, besides reducing poverty”. Also, policies to reduce control and regulatory measures are recommended to increase incentives in agricultural growth. For this review, amendment and even repeal of the Essential Commodities Act, 1955, Milk and Milk Products Control Order (MMPO), the small scale reservation in producing agricultural equipments, decanalising of the export of agricultural commodities and extension of future/forward trading will be needed. The Essential Commodities Act may be converted into an emergency legislation to be invoked only for a limited number of commodities and a limited period with due approval of the Central Government.

All restrictions on movement of agricultural produce should be removed through a Central legislation, making it a fundamental right.

All limits on stock of foodgrains and agricultural products must go.

All restrictions on institutional finance against agri-stocks must be removed.

Farmers and traders may be allowed to take loans from financial institutions by pledging their stocks.

Corporate sector may be allowed to buy directly all agricultural produce in open market and requirement of routing commodities through mandies may be abrogated.

All restrictions and licensing of processing of agricultural produce may be removed.

Forward trading in all agri-commodities may be permitted and promoted within this year.

Many of these measures have been initiated in the present Budget 2002. Besides, further action is needed regarding the management of “Agricultural Produce Marketing Act”, and the “Credit Link Subsidy System” for construction of cold storages and the rural godowns.

Similarly, linkages between research and extension service need to be strengthened to improve quality and effectiveness of the research and extension system. Again several policies in this direction are spelt out in the present Budget (2002-03), which will change the patterns of agricultural growth, to improve its employment intensiveness.

The Minimum Support Price for foodgrains and other commodities needs to be so adjusted as to promote diversification of agriculture. This should be done both geographically and over time. For food and nutritional requirement of our people for leading healthy lives, a wider range of food products is needed than are presently consumed on the average. It also calls for increasing the production of pulses and oilseeds. Most of the non-foodgrain products are however perishable in nature. In order to encourage this diversification through minimization of wastages considerable focus on post-harvest technologies and improved marketing infrastructure will be required. As the new areas like pulses and oilseeds are more labour-intensive these shifts will boost employment generation per unit of output.

An important component in agricultural diversification is animal husbandry, including dairying and poultry which hold immense promise for increasing not only rural livelihoods, but urban as well. Proper development of this sector will require attention not only to technology processing and marketing arrangements, but also to issues of animal welfare.

Greater attention should be given to rain water harvesting and increasing the irrigation potential through scientific watershed development. These are highly employment-intensive activities. There is also a considerable scope to improve the efficiency of our existing irrigation infrastructure through better and more participative management practices.

All these issues in terms of specific programmes have already been discussed in Chapter 4 of the Report. NSSO survey results show that there is high female unemployment in the rural sector. Therefore, the Tenth Plan must also focus on programmes for increasing the work opportunities and productivity of female farmers. Increasing women’s access to productive land

by regularizing leasing and share cropping of uncultivated agricultural land by women's groups, encouraging collective efforts in bringing wastelands under cultivation and providing policy incentives to women in low input subsistence agriculture will have immediate benefits in terms of the household's food security and women's empowerment along with additional employment generation.

As has already been mentioned, animal husbandry, fisheries, floriculture and horticulture and extended areas of agriculture have very high employment potentialities and their growth has comparatively gone down in the 1990s. Therefore, favourable policies should be made to boost their growth. In this context, focus of farm forestry should be revived which has been surprisingly diluted despite its enormous potential especially in agriculturally backward areas. There are better social returns in promoting agro-forestry models in the rain fed or semi-arid regions which contain most of India's marginal lands. It is in this context that we need to have a big incentive. Similarly, tree plantations and wastelands belonging to the poor need be encouraged. The details of these policies are available in a Planning Commission Task Force Report on Greening India.

(b) Food Processing

Food Processing is an important employment generating activity within the agricultural sector. While India is the second largest producer of fruits and vegetables in the world, its food processing industry remains under-developed. Due to perishable nature of goods and low percentage of processing, the wastage in this sector is very high. The major constraints in the development of food processing industry are the absence of assured electric power in rural areas coupled with high cost of power and poor road connectivity from the rural producer to the urban markets. At present, the food processing industry is dominated by small scale producers including traditional village industries with very little assistance from or linkage to the organised industries. It is now time to restructure the food chain from production to consumption keeping in mind the special requirements of the industry. Corporations or modern cooperative organisations are needed to develop and manage the chain from farming to food processing to marketing. They must develop modern storage facilities at the processing stage including measures for handling of produce to minimize damage. Identification of varieties that meet the market requirement of the consumers' taste is also important. Specific issues needing attention are:

- The National Agriculture Policy has emphasised the need to facilitate contract farming with its backward and forward linkages, especially in the hinterland of proposed food parks, to be set up in the 10th Plan period. This would enable greater value addition and consolidation of operations.

- Synergies between the Food Parks and the Agriculture Export Zones need to be developed so that facilities/provisions set up for one zone may be considered for the others.
- There is an urgent need to provide post-harvest infrastructure facilities in the hinterland of the food parks. These could be in the form of harvesting equipment, sorting, grading, packing, pre-cooling, washing operation, etc. Setting up of these facilities would improve the level of food processing, reduce post harvest losses, contribute to value addition and generate new jobs in rural areas.
- There is an urgent need to strengthen the Mandies to enhance (a) transparency, (b) trading in varieties more appropriate for processing, (c) trading in graded varieties of raw material and (d) proper incentives for production of raw materials, suitable for processing.
- Convergence of programmes under the Agriculture Export Zone, Ministry of Agriculture, Ministry of Commerce and Industry, etc, is necessary so that market linkage developments could be utilised by farmers and food processing units.
- It has been recommended that as far as possible Value Added Centres (VACs) may be set up in all Food Parks as well as areas of concentration of horticultural/ agricultural produce with road connections, which are proposed under the Pradhan Mantri Sadak Yojana.
- For reduction of the post-harvest losses which are estimated at Rs.50,000 crore annually, it is necessary to take urgent steps to set up irradiation plants, cold storages based on vapour absorption technologies, pre-cooling, etc. It is estimated that cold storage capacities of 15 million tons would be required to be set up in the 10th Plan period. To enable private entrepreneurs to set up cold storages/cold chains, it would be imperative to provide subsidy during the initial period of the 10th Plan, say for a period of three years, as private entrepreneurs are not coming forward in this area. At least five irradiation plants across the country would be required to be set up for enhancing shelf life for diverse products like fisheries, horticulture, cereals, spices, etc.
- To bring our food products at par conforming to international safety and quality standards, it would be necessary to set up a network of quality testing/certification laboratories across the country. Encouragement would need to be given for taking up Hazard Analysis and Critical Control Point (HACCP), ISO-9000 and harmonised standards for good food hygiene and quality under Food Product Order (FPO). Facilitation of Bar Coding, as prevalent in developed countries, would promote

standard products and systematic marketing. The efforts of adoption of CODEX standards for Indian food products need to be studied in line with the requirements of the World Trade Organisation.

- There is an urgent need to harmonise provisions of various laws/regulations for the food processing sector to encourage high quality of food products and at the same time to reduce hassles faced at present by the industry.
- There is an urgent need to set up retail chain for distribution of quality food products, to help in creating sustained demand for quality food products to cater to the needs of customers by supplying standard and hygienic food products. Private sector may be encouraged to set up such retail chains by giving suitable financial incentives.
- There is also need for rationalisation of the administrative structure controlling the food processing industry sector. The functional departments fall under different ministries. For example, the Ministry of Agriculture deals with the entire post-harvest infrastructure for all agricultural, horticultural, animal husbandry operations, while FPO is under the Essential Commodities Act and dealt by the Ministry of Food Processing Industries, and meat and meat products and milk products are administered by the Dept. of Animal Husbandry and Dairying. The Marine Products and Agriculture Products exports are dealt by the export promotion authorities like MPEDA, APEDA, etc, under the Ministry of Commerce. Similarly, the National Horticulture Board (NHB) is under the Ministry of Agriculture. The Department of Food is looking after the Directorate of Vanaspati and Oils. Sugar, edible oil, pulses, etc, are also looked after by the Department of Food.
- There is an urgent need to solve the problem of rationalisation of tax structure for food processing industries. The agriculture sector has been exempted from all taxes (like excise and income tax). But the agriculture produces attract a number of levies like infrastructure cess, market cess, sales tax, mandi tax, turnover tax, inter state transfer regulations, etc. At the point of conversion, i.e., value addition, excise, income tax and other taxes are levied. The packaging material used is also subject to heavy taxation. All these taxes increase the cost of food products and it becomes a food/commodity for the rich, thereby reducing its demand.

(c) Small and Medium Enterprises

One of the other high potential groups among the unorganised enterprises is that of skilled and semi-skilled artisans who play a very significant role in rural economy in both and manufacturing

and maintenance services. The condition of these artisans numbering around 25 million has become vulnerable in the fast changing scenario. To protect and promote employment among this section, agencies like KVIC, DC (Handicrafts), DC (Handlooms) have to play a well-defined pro-active role during the Tenth Plan period.

The next and the most important area of generation of additional employment is the small and medium enterprises especially in the unorganised sector. Their employment generating capacity is very high and boosting of growth in these sectors in the context of overall increase in GDP will improve the employment generation per unit of output. But as has already been mentioned, for sustenance and viability of this sector in the globalised economy, improvement in their productivity and job quality will be the key policy concern.

The labour productivity of this unorganised segment is seven times less than the organised sector and nine to ten times less than the organised private sector. This indicates the extent of the challenge that this sector has to face to catch up with the productivity levels of the organised sector and also with those of the rest of the world. Since the QR regime has been dismantled and the tariff rates are coming down, this sector is facing hard competition from abroad say from countries like China by increased imports mainly because of its lower productivity and high unit cost. This is true both for the organised and unorganised sector though in different degree. The encouraging thing is that even though the growth of the labour productivity in the unorganised sector is less as compared to the organised sector, and the gap is increasing, at the same time the unorganised sector has improved its labour productivity by nearly 4 per cent per annum between 1993-94 and 1999-2000. This is not a bad performance since the Indian economy as a whole is improving labour productivity by a marginally high rate of 5.4 per cent per annum. Indeed, in certain parts of the unorganised sector, the labour productivity is already very high and these sectors have high growth possibilities. It is also to be considered that the small industries in India have been able to contribute nearly 40 per cent of India's exports and, therefore, have shown their ability to compete with the rest of the world.

As a supporting evidence of the improvement in labour productivity in some parts of this sector, the Sample Survey conducted by the office of the Development Commissioner whose results have been released only a few months ago reveal that for SSI, the per unit employment has decreased from 6.3 persons in 1987-88 (Second Census) to 3.6 persons in 1999-2000 (last Census). The average production per unit was Rs.31.31 lakh in 1999-2000 as against Rs.7.38 lakh in the Second Census. This gives a clear indication of increasing productivity per labour through adoption of improved technologies. This also suggests an increase in the capital intensity of these units and an improvement in technology and product quality. For example, the fixed investment per registered unit in this sector has gone up from Rs.1.60 lakh in 1987-88 to Rs.2.76 lakh in 1999-2000. Similarly,

the investment per unit in plant and machinery has gone up from Rs.0.93 lakh to Rs.1.62 lakh during the same period. Evidently the small producers are improving their productivity and technology and are growing in size. Indeed a shift of credit allocation in favour of the unorganised sector and economizing of capital in the organised sector is a must in a labour surplus and capital short economy. The capital efficiency in the unorganised sector is obviously higher than in the organised sector. Although, detailed data on flow of funds is not available, the RBI Report indicates that while the unorganised sector produces 63 per cent of GDP, the net outstanding credit of scheduled Commercial Banks to this sector is only 37.1 per cent of total Bank credit. More disturbing is the fact that this allocation ratio has come down from 54 per cent in 1993-94 (Table A, Summary and Overview Chapter).

There is another problem that the unorganised small and medium enterprises will be facing. With the pressure of high degree of unemployment, which is largely concentrated in the unorganised sector and especially in the rural non-farm sector, exploitation of workforce in this sector by the employers has become easier. Therefore the attempt to improve the quality of labour, one of the Group's Terms of Reference in this sector, in terms of better average earnings and work conditions will be easier if the present unemployment gap is reduced first by increasing the demand for labour for this sector. Thus the problems of quality of labour and the problem of quantity i.e., job availability have to be tackled simultaneously. The lack of economic activity in rural areas and consequent unemployment acting as a push factor increased migration from rural areas to towns resulting in paucity of basic minimum services including sewage, drinking water, health and others in the urban areas. The earnings of these migrants are also low due to their lack of skills and little economic strength.

Constraints in growth in the SSE sector

The constraints to growth in this sector are mainly in the form of finance and infrastructure availability, and lack of skill and marketing. Thus various such constraints limit the scope of business operation of this sector. One of these is poor resource base because of poor economic conditions. There is the problem of financial assistance to meet its working capital and fixed capital requirements. Premises are required for operating business at reasonable rent. For this credit is necessary and availability of credit at reasonable rate of interest is a must for the unorganised sector. While this credit constraint could be same for organised and unorganised sector, organised sector because of its bargaining strength and official patronage and support it enjoys in the shape of development assistance of various forms, is relatively in a better position to overcome this constraint. Unorganised sector enterprises, on the other hand, are left to fend for themselves, because of their less bargaining power. Therefore, institutional arrangements for meeting their genuine need for credit for development of activities should be found. Micro credit facilities may also be developed

for them. If necessary, Self Help Group (SHG) could be organised to provide a proper credit channel for urban unorganised sector.

Skill Development

The people engaged here often have very low skill. Training and technology upgradation are two important tools for increasing productivity in the unorganised sector. Training is required for both the new entrants and the existing workers. Training should focus on the bottom end of this sector, which is much larger in size than the middle and top levels. On the technology front, there should be more linkages between laboratories and entrepreneurs in the unorganised sector. This technology upgradation should improve productivity. Facilities should also be available for skill upgradation to work with new technologies.

Another important question is how a certain degree of social protection or social security could be made available to the unorganised sector workers. Today, the workers in the unorganised sector have no protection. Efforts should be made to introduce social security for them. The nature of social security should cover minimum benefits in terms of wage, health, maternity, old age, death etc. Provision of some compensation in illness and other exigencies is required for the workers in the unorganised sector.

For promotion of micro enterprises, technological development is a must. Technology, for decentralised production and centralised marketing, centralised designing and centralised quality control should be followed.

Regarding the working conditions and other problems faced by the workers in this unorganised sector - some institutional support is essential. Evolution of an institution will be necessary which will help to create a sense of oneness among the people who face similar problems. This will create a support base mutually strengthening each other in this sector. Empowerment of the workers will also be necessary. Information, inculcation of awareness among the poor of his/her capacity, rights, capabilities, and organisation should be available to unorganised sector workers. It is necessary to recognise the existence of an unorganised sector because self-employment is likely to be the key to employment generation and it is the unorganised sector, which provides scope for self-employment.

Technology Development

For promotion of micro enterprises, technological development is essential. Technological advances must focus on rural areas. India now needs to focus on technologies that will change the

way of the two-thirds of the country's rural population employed in the unorganised sector. There is a necessity to catalyse industrial and technological development through research industry interface, which will develop new areas of research and reinvent many old and traditional technologies. Without technological development in the unorganised sector, the disparities between the organised and the unorganised sector will increase and the latter will not be able to survive in this competitive world.

Micro Finance

The rural poor in the unorganised sector has yet not been able to come out of the clutches of moneylenders charging usurious interest rates. The credit needs of the rural poor are characterised by the absence of any clear distinction between production and consumption purposes. The needs are small, but often arise at unpredictable times and are usually of an emergent nature. Meeting these credit needs as and when they arise is crucial, if their dependence on unorganised credit agents is to be reduced. However, it is a fact that borrowing from informal agents is very convenient, though the terms are harsh. The credit needs of the rural poor are at present only partially met by the formal credit agencies and a majority of the rural poor continues to depend on the informal sources of credit. A study conducted by Price-Water house, a firm of Chartered Accountants, reveals the following pattern of credit usage by the rural poor.

- 63% of total credit availed by the rural poor is used for consumption purposes
- Only 37% of the total credit availed by the rural poor is for productive use
- The overall share of organised sector in credit flow to the rural poor is around 16%.

The study gave the following reasons for this distortion:

- Non-availability of credit for consumption needs from the organised sector.
- Very high transaction cost to the borrowers from the organised sector.
- Rigidity of terms and conditions for a loan from organised sector.
- Delay in sanction of loans by the organised sector.
- Very high rate of defaults under the Government Sponsored Programmes has led to reluctance on the part of the banks to extend credit to rural poor.

Non-availability of credit from organised sector like commercial banks and developmental banks limits the credit flows to the unorganised sector and accordingly limits the productivity improvement in this sector.

Projects developed under Prime Minister's Rozgar Yojana (PMRY), over the period 1996-1999 have been evaluated rigorously by the financial establishments, which provided credit for these ventures. The rate of activities supported included manufacturing, business (shops, retail trade etc) and services (repairs shops, PCOs, auto-rickshaws etc). A study of 16,000 units by Programme Evaluation Organisation of the Planning Commission showed that 80 per cent of the units were functioning, of which 83 per cent were reporting profits and 34 per cent of them were able to fulfill their obligations for repayment of loan and interest on a regular basis. The others were also able to repay loans but required some re-scheduling. Independent assessment by RBI has also established that the recovery rate of the units set up under PMRY is around 45 per cent.

Job Quality in the unorganised sector - Small, Medium and Micro Enterprises

There is a considerable scope for improving the quality of employment in this sector. In particular, the urban unorganised sector has some promising segments where technological improvement and labour absorption can move in tandem through effective policy interventions and improvement in productivity and earning levels can take place through suitable institutional and market adjustments, and working conditions can improve with decent job creation becoming a definite reality. The present competitive economic regime that has already taken root in the Indian economy and is likely to become fiercer in the near future will not permit the unorganised sector to sustain in the present manner. The policy approach to the unorganised sector must undergo a drastic reformulation wherein, instead of looking at the sector as an economic drag on the rest of the economy the government put in place macro economic policy measures which will promote growth in the sector, which in turn, will enhance its working efficiently and ultimately lead on to the goal of improving the quality of employment and the earnings of people engaged in the sector.

In this context one should explore the potentiality of development of clusters. Our micro enterprises specialize in specific commodities. There are locations where, over a long period in the past, this specialization has taken place, for example, brassware in Moradabad, gem cutting and polishing at Jaipur and Surat, and fine garments (chikan-work kurtas) at Lucknow. The turnovers are large, and being labour intensive activities, the number of those who work in these activities is of the order of thousands. Level of productivity must be competitive because only then can such a large volume of activity be sustained. However, the quality of employment of many workers may not be of an acceptable standard. This happens because highly labour intensive means of production are practised. While this affords work to many, the level of income per worker continues to be low. One of the reasons for this is that age-old practices of production continue. Occupational health of workers gets affected because the work places are not designed on the principles of ergonomics while often a scientific study of the work practice can yield suggestions to improve the

occupational conditions. This may require some marginal investments in relatively less expensive capital equipment. For example, at Moradabad, the brassware town, as shown by an ILO study, the health of workers in the house-hold brass foundry, their productive work-time and hence their output can improve very substantially, if a properly designed Chimney is installed in the room to facilitate escape of fumes. Such equipment is well within the reach of saving capability of the foundry establishments. But it is necessary to study the operations and make the equipment available. The workers themselves are busy in day-to-day work and are left with little time to invest into innovation. The capital equipment manufacturers, by themselves, would not see much return. The buyers of the output of such establishments, who are normally the traders–exporters or the wholesale domestic merchants, would generally not have any financial incentive to facilitate improvement in the work practices. The intensive competition among the large number of micro enterprises is able to keep the cost of procurement low and profit of traders high. Efforts are not being made to attract the designers and manufacturers of relevant capital equipment to take interest in producing and marketing the kind of equipment that can create a healthier work place. In other words, the market driven practices, if not tampered with by certain minimum standard of occupational health and practice, can lead to a highly adverse work environment. This point can be further developed in the context of the infrastructure that is available at locations where many micro enterprises are concentrated. Normally, there is too much pressure on the little scarce facilities of water, electricity, civic amenities, and local roads, again contributing to an adverse work environment.

It is not feasible to enforce them merely through regulations like Factories Act, minimum safe and healthy production practices. In the past, the approach was to develop industrial estates at green-field locations and a number of new enterprises got created there over a period of time. However, the bigger challenge is to improve the lot of the already functioning micro enterprises. For this purpose, in the Tenth Plan, a major push to development of clusters will be given so that, wherever there is already a high intensity of micro enterprises, concerted efforts to improve the infrastructure, technology, and surveillance of health of workers are made. One has to demonstrate the returns to workers and to the micro enterprise from marginal investments made in work practices.

At this stage four clusters have been identified – toy industry (Delhi and Mumbai), stone industry (Rajasthan and Andhra Pradesh), lock industry (Aligarh and Dindigal) and special purpose machine tools for lock industry (Aligarh). There exist a number of programmes for benefit of small and micro enterprises. These include:

- Credit for modernization
- Credit guarantee for tiny units without collateral
- Market development assistance through industry associations

- Local infrastructure development through industry associations
- Testing laboratories for product quality

Besides these enterprise-specific programmes, the general programmes aimed at the households are:

- Housing for low-income groups
- Micro finance
- Skill Development
- Health care

If all these programmes could be focused at a particular cluster, the returns in terms of better productivity, income of workers and a better quality of job will be immense. In other words, rather than having multiple programmes each having a spread over a large area, the Tenth Plan may emphasize these micro development programmes at specific cluster.

Specific measures have already been taken by the government in the light of the recommendations of the Report of the Study Group of Development of Small Enterprises set up by the Planning Commission under the Chairmanship of Dr. S. P. Gupta, Member, Planning Commission. The major developments that have taken place in 2001-02 in pursuance of the Comprehensive Policy Package announced in August, 2000 for the SSI sector are briefly outlined below:

1. A Credit Linked Capital Subsidy Scheme for adoption of New/Improved Technology was launched with an aim to provide 12 per cent capital subsidy on projects of technology upgradation in specified sub-sectors. At present, 14 sub-sectors are covered. Duration of the Scheme is from 1st October 2000 to 30th September 2005.
2. A Market Development Assistance (MDA) Scheme was launched for the Small Scale sector envisaging financial assistance to SSI Association for their participation in International Fairs. Financial assistance is also being provided for commissioning market study reports. Assistance is also extended for initiating/contesting anti-dumping cases etc.
3. A Cluster Development Programme which aims at development of clusters by providing infrastructure facilities and support services including technological upgradation for strengthening their competitive position, has also been launched. These Clusters would serve as a common facility for technological know-how, testing

and certification facilities including development of international market. 4 Clusters are being developed with assistance from UNIDO. These are:

- (i) National Programme for development of Toy industry.
 - (ii) National Programme for development of Stone Industry.
 - (iii) National Programme for development of Indian Lock Industry.
 - (iv) National Programme for development of Indian Machine Tool Industry.
4. A Scheme for setting up Testing Centres/Laboratories by Industries' Associations is being implemented. The objective of the Scheme is to promote setting up of Testing Centres to offer facilities mainly to Industrial units including SSI units located in the States for testing the quality of raw materials, components and the end products as per the relevant standard specifications. The maximum amount of Government of India Grant-in-aid under this Scheme is 50 per cent of the cost of testing equipment and machinery installed in the laboratory of the Testing Centre subject to a maximum of Rs. 50 lakh as one time grant.
5. Technology Development and Modernisation Fund Scheme (TDMF): SIDBI is operating the TDMF scheme with a corpus of Rs.300 crore to encourage existing industrial SSI units for modernization of their production facilities and adoption of improved and updated technology. The Scheme initiated in 1995 has been extended up to the financial year 2003. The direct assistance is provided by SIDBI at its PLR and refinance is at 2 per cent below PLR. No upfront fee is levied as against 1 per cent under other schemes. Since inception, Rs. 154.15 crores have been disbursed up to March, 2001.
6. Technology Upgradation Scheme for Textile and Jute Industries (TUFS) of the Ministry of Textile for technology upgradation of textile and jute industries was launched on April 1, 1999 for a period of 5 years. Interest reimbursement of 5 per cent on the interest actually charged is allowed. Since inception, Rs. 72.58 crores have been disbursed.
7. The office of DC (SSI) have introduced the Incentive Scheme of ISO-9000 Quality System aimed at encouraging technology upgradation and Quality improvement in SSI sector to prepare them to face global competition. The Scheme provides reimbursement of 75 per cent of the amount spent for acquiring ISO-9000 Certification (or its equivalent) up to Rs. 75,000/- to each unit.

8. The Government of India is concerned about the sickness in the small scale sector and have taken a number of measures from time to time. As a result the incidence of sickness has been reducing consistently in the past few years. Now the sickness in small scale sector is much lower than in large industry. A major step taken by the Government in tackling the problem of sickness is to adopt a revised definition of sickness based on Kohli Committee Report. The revised definition would enable banks to take action at an early stage for revival of sick SSI units.

(d) Employment Generation in Khadi & Village Industries

KVIC and VSI are the key integral parts of small scale enterprises. In this section, a separate discussion of their objective and policies is presented. The Khadi and Village Industries programmes which operate in the most decentralized manner in the rural sector, can function as an effective instrument of rural employment generation in the country. In view of the ever-increasing need for employment generation in rural areas, the present era of openness and economic liberalization has thrown new challenges before the KVI sector.

In the above backdrop, this Group suggests following broad objectives of KVI programmes for the Tenth Five Year Plan.

Objectives:

The approach paper of the Tenth Five Year Plan highlighted the role of Khadi and Village Industries sector in promoting non-farm employment in rural areas. The KVI Sector possesses immense potential in generating additional employment in the non-farm sector with low per capita investment. This inbuilt potential needs to be tapped fully during the Tenth Five Year Plan by giving due priority to this sector in our national programme for employment generation.

Though keeping past trend in mind, this sector can very well achieve an annual average employment growth rate of 6 per cent, this growth can be accelerated to higher rate provided the necessary fiscal and policy support are extended during the Tenth Five Year Plan period for the conducive development of KVI programmes.

The achievements of the KVI sector during the second half of Ninth Five Year Plan, more specifically under its REGP being implemented through banks and financial institutions, inspires a great hope and evokes ample expectation for higher growth rate of KVI sector in terms of employment as well as production (value addition) during the Tenth Five Year Plan. The State KVI Boards,

which are functioning as important vehicles for implementing KVI programme, need to be strengthened adequately in order to deliver the added task envisaged for this sector in the Tenth Plan. In this direction, though, it is necessary to get enhanced support from the respective State Governments.

While giving focussed attention to the expansion of KVI programme in larger number of villages during the Tenth Five Year Plan, due priority to the coverage for remote villages need to be given. Coverage should be extended to more and more backward panchayats and blocks by devising a separate liberalized package for the development of hill, border and other backward regions.

The entire effort to accelerate the growth rate of the KVI Sector needs to be directed with a combination of efforts by expanding coverage of Margin Money Scheme, continuation of pattern of financial assistance to traditional Village Industries activities and involvement of Self Help Groups (SHGs) in maximum possible ways.

The Group is also of the view that while working towards achieving various targets set for the Tenth Five Year Plan, the recommendations made by the High Powered Committee (HPC) for the accelerated development of KVI programme, but left unfulfilled over the years, are also to be considered. Recently the Government of India has announced a package for development of Khadi and Village Industries. as per recommendations of the Committee constituted under the Chairmanship of Shri K. C. Pant, Dy. Chairman, Planning Commission, which is to be taken into consideration during the Tenth Plan.

Though KVI programme is generally meant for rural artisans/entrepreneurs, the recent evaluation study conducted by the Programme Evaluation Organisation (PEO) of the Planning Commission, brought out the fact that to a considerable extent, the people living below poverty line have been benefited/helped to earn additional income from KVI sources and crossed the poverty line up-wards. The study revealed that about 71 per cent of sample households have actually crossed the poverty line with the help of additional income from KVIC programme. This indicates the inherent qualities of the KVI programme which can be used as an effective tool to help the downtrodden. The Group enlists following major objectives:-

- i) To achieve an overall growth rate of above 6 per cent in terms of employment by the terminal year of the Tenth Plan period.
- ii) To focus on the sustainability of past employment and make it more remunerative.
- iii) To enhance productivity and earnings of artisans by ensuring access to better inputs.

- iv) To utilize the existing infrastructure in a more effective and optimum way and to strengthen the same.
- v) To widen the scope, coverage and reach of KVI programme and explore new strategies for quality assurance and marketability of products.

TARGET

KVIC has worked out following targets for the Tenth Plan period:-

- i) To generate additional employment to the level of 20.00 lakhs i.e., 18.10 lakhs under Village Industries and 1.90 lakhs under Khadi by the terminal year of Tenth Plan, thereby achieving a rate of 6 per cent growth (3 percent in Khadi and 7 per cent in Village Industries) per annum under Khadi and Village Industries respectively.
- ii) To enhance Khadi production to the level of 134.00 million Sq.m in terms quantity with corresponding production value of Rs. 917.16 crores.
- iii) To generate Village Industries production worth Rs. 12488.98 crore by the terminal year of Tenth Five Year Plan.

STRATEGIES ON RURAL NON FARM INDUSTRIES/ACTIVITIES

In order to accomplish the above objectives, there is a need to reprioritize the programme and policies and KVIC has suggested following strategies in this regard.

1. Targeted approach towards the traditional artisan based activities within the KVI sector.

The present coverage of traditional artisans under KVIC's fold is very small. There is an imperative need to ascertain the total all India size of traditional artisans and work out strategies for their coverage.

2. Special emphasis on development of KVI programme in North Eastern, Backward, Hilly and Border areas.

Due to various geographical disadvantages, the North Eastern part of our country has remained industrially backward. Apparently, it is difficult to develop this region through large-sale industrialization. KVI activities can play a predominant role in the development process of this region during the years ahead. Therefore, it is proposed that during the course of expansion of KVI programme in virgin areas, priorities may be accorded to hilly, border and other backwards areas. During the Tenth Five Year Plan special initiatives are to be launched for integrating North Eastern Region, Hilly and Border areas with its activities by taking up a special Action Plan. Special

incentives or liberalized approach towards such Action Plan will be much desired to achieve such an objective.

3. Involvement of Self Help Groups (SHGs) under KVI sector in order to widen the programme at the grass root level.

The process of expansion of KVI programme in uncovered areas cannot be successfully implemented without the involvement of grass root level agencies. The Self Help Groups (SHGs), mostly formed by rural women folk, have already acquired commendable position in micro credit system, apart from generating the spirit of Self Help and Self reliance among the rural people. However, it is observed that so far SHGs have not been involved in the implementation of KVI programme. During the Tenth Five Year Plan, it is proposed to actively involve SHGs for the promotion of KVI programme, and widening the coverage. SHGs in turn may establish linkages with the NGOs already working under the purview of KVI sector, in order to ensure sustainability. Micro-Finance Institutions are to be promoted. KVIC's leading NGO would be considered for taking up micro-financing activities also.

4. Involvement of Beneficiaries in the Planning process.

For smooth implementation of various schemes of KVIC, it is suggested that the beneficiary organisations like State Khadi and Village Industries Boards, other institutions, co-operative societies etc. working for the sector need to be involved at the planning stage itself, so that much more benefits of large network of these agencies and their production and market network is available to the sector. The NGO working under KVIC/KVIB should be actively involved in the implementation of Margin Money Scheme.

5. Budgetary support for traditional artisans in place of institutional finance.

At present, KVIC provides assistance to the village industry programme based on the project finance, for which the REGP has been introduced. It is observed that though this new approach has considerably helped to inculcate certain financial discipline and banking habit among the rural entrepreneurs, the fact remains that there are a large number of traditional rural activities, under the purview of KVI programme which are not in a position to fulfill the stringent viability criteria being adopted by the banking sector, while appraising projects. This Group is of the view that unless the interest of this needy target group is protected adequately, they would be left at the mercy of local money lenders. During the Ninth Plan period, the Government of India has considerably reduced the budgetary support of Village Industries Loan fund discontinuing the Village Industries Loan from budgetary provision. The Group feels that this decision is detrimental to the

growth of the Village Industries Sector in general and traditional artisans in particular. In this context, this Group strongly recommends continuation of the budgetary support under Village Industries Loan head. This fund may be mainly utilized to meet the requirement of traditional Village Industries Activities, which are not able to avail Bank Finance under Margin Money Scheme. This budgetary support is also necessary to meet the requirement of funds in North Eastern States, identified hill border remote and inaccessible areas which can be liberalized pattern of assistance.

6. Establishing backward and forward linkages by adopting cluster development approach.

Implementation of any programme in an isolated manner can not bring the desired results. This is particularly when the programme is implemented in a decentralized manner.

This Group noted that considerable efforts have been made in developing village industries clusters during the Ninth Five Year Plan. However, a lot more needs to be done to make this programme reach new areas and develop artisan clusters. Development of cluster needs supply of needy inputs and common facilities. Therefore, a Common Facility Scheme is essential to develop such identified clusters. We suggest that it should continue its efforts with greater emphasis on clusters during the Tenth Five Year Plan and identify at least 25 clusters every year, so that atleast 100 additional clusters can be made functional by the terminal year of Tenth Plan.

7. Focus on Research and Development.

One of the primary objectives of KVI sector proposed for the Tenth Plan is to enhance the productivity of artisans. This can be better done by taking up extensive research and development activities under Khadi and Village Industries Sector. In a market driven economy, continuous innovation in product design, process and packaging are sine-qua-non for sustainability. During the Tenth Five Year Plan while continuing with the ongoing efforts at in-house and sponsored R&D centres, as a measure of economy in this regard, a few best functioning R&D institutions may be identified and motivated to undertake extensive Research & Development activities in Khadi and Village Industries Programme with suitable tie-up arrangements. It is also suggested that while augmenting designs, packaging etc. there is need to consolidate the efforts made so far and establish better liaison with nodal agencies like IITs, National Institute of Design (NID), National Institute of Fashion Technology (NIFT) etc.

8. Better monitoring and data system including Information Technology

While expanding coverage and programme during the 10th Five Year Plan, it is essential to strengthen its monitoring system by introducing greater use of modern information technology.

Alongwith the data bank of its assisted units, it should maintain a data bank of all rural industry units in the country so that their contribution to economy is established. The existing monitoring mechanism and data collection system also requires strengthening. It is necessary to conduct concurrent evaluation of the programmes to take remedial measures timely. It should undertake special studies on problems of khadi and village industries on regular basis. The Group noted that it has started computerization of its activities and is in the process of creating data base in electronic form, linking with zonal offices, regional offices, state offices, etc. It is suggested that a network should connect all aided agencies for smooth flow of information.

9. Better marketing strategy

Expansion of domestic market as well as tapping potential export market are essential requirements in the fast changing market scenario, so as to ensure sustainability of KVI activities. In this context, this Group feels that there is an urgent need to intensify its marketing activities by establishing widespread objective and efficient sales network supported by improved Management Information System. The existing marketing system and policies require a thorough reorientation and revamping so that it can rise to the occasion in today's market sensitive economy. This Group also suggests introduction of a common logo for KVI products as a part of quality assurance and sales promotion.

In the wake of competition and market oriented production process, it has to work out appropriate marketing strategies so that its products can sustain while competing with other similar products from the organised sector. Equally essential is the cost competitiveness of products, which will pave the way for better acceptability of these products. In a market driven economy without developing a system to gather market intelligence and prompt services it will be extremely difficult to survive even for a short while. It is high time to take stock of the policies and approaches followed hitherto to capitalize on the efforts already initiated in bringing common brand name, renovation of sales outlets, improving quality, packaging, design etc.

The KVI products hold various inherent qualities, which need to be highlighted for making the market more conducive to these products of the rural tiny sector. Qualities like ethnic value, natural character, purity, originality, eco-friendliness, human touch, being handmade products etc., are to be capitalized by adopting suitable strategies.

Policy Support to Village Industries

No doubt, the ultimate objective of it is to make the rural entrepreneurs/artisans self-reliant. But it is apparent that during the course of working for the socio-economic causes, this sector often

faces various odds and unhealthy competition from various quarters. KVI activities being decentralized in nature and traditional in techniques, are labour intensive, which make them unique on the one hand but add to the cost of production on the other. Hence, this Group is unanimous in its opinion that this sector deserves due protection of Central as well as State Governments. While dealing with various segments of KVI programme like Khadi, Village Industries, HRD, R&D, Marketing etc. in this report, we have pleaded for detailed policy support in relation to each of them. This Group recommends following policy supports, which are general in nature, for pushing up the growth of this sector during the Tenth Five Year Plan:-

- (i) Enhanced budgetary support from the Government of India.
- (ii) KVI programme represents a tiny sector of Indian economy. However, at present for all policy formulations this sector has been tied up with SSI sector and Government of India's policies are generally formulated keeping the agro and small industries sector in view. Therefore, there is a need for adopting a different policy approach for the exclusive development of KVI programme.
- (iii) KVIC need to be recognized and nominated as the nodal agency for the development of total village industry sector in the country. This is more relevant since there are large number of rural artisans functioning in isolated manner without any organizational cover.
- (iv) The country has entered an era of economic liberalization, which in turn is bound to trigger a series of competition right from the procurement of raw materials to marketing of finished products. It is necessary to insulate this tiny sector against challenges from the organized sector. So there is a need for protection of the sector from the onslaught of cut throat competition, posed by large scale industries and organized sector.
- (v) In view of the social objectives of Khadi programme, various subsidies/ concessions extended to this sector in the form of rebate, MDA, ISEC may be continued.
- (vi) Various concessions being provided to SSI sector may be extended to KVI sector too. This is necessary mainly because for availing such concessions, normally units are to be registered with the Directorates of Industry of concerned State, whereas KVIC units are registered with either State KVI Boards or KVIC so they are unable to avail of many of these concessions. Hence, it is suggested that units registered with KVIC or State KVIBs may be treated as registered units with State Industry Departments and extended all benefits and facilities available to such units.

- (vii) Fiscal concessions are to be made applicable to KVI sector in all States and Union Territories in a uniform manner.
- (viii) Agencies/Departments under Central/State Governments may extend purchase and price preference to this sector while procuring their stores.
- (ix) KVIC may be given the status of export promotion council as varieties of products under KVI sector are exported and many more have increasing export potential. This will help to avoid cumbersome procedures involved in export of multiple products.

Services sectors – Community, Social & Personal

(e) Health

Improvement in the health status of the population has been one of the major thrust areas in social development programmes of the country. This was to be achieved through improving the access to and utilization of Health, Family Welfare and Nutrition Services with special focus on underserved and underprivileged segments of population. Technological improvements and increased access to health care have resulted in steep fall in mortality but disease burden due to communicable diseases, non-communicable diseases and nutritional problems continue to be high. In spite of the fact that norms for creation of health care infrastructure and manpower are similar throughout the country, there remain substantial inter-state/inter-district variations in availability and utilization of health care services and health indices of the population.

The areas of attention in the Tenth Plan include the reorganization and restructuring of existing health care infrastructure, including the infrastructure for delivering ISM&H services at primary, secondary and tertiary care levels, so that they have the responsibility of serving population residing in well defined geographical areas, and have appropriate referral linkages with each other. One of the major factors responsible for poor performance in hospitals is the absence of personnel of all categories who are posted there. It is essential to ensure that there is appropriate delegation of powers to Panchayati Raj Institutions (PRIs) so that there is local accountability of the public health care and problems relating to poor performance can be sorted out locally.

There is a need for horizontal integration of all aspects of the current vertical disease control programmes including supplies, monitoring, IEC, training and administrative arrangements; so that they become an integral part of health care. In order to facilitate this the states may speedily implement the recommendation regarding horizontal integration of on-going vertical programmes,

including the suggestion that there should be a single health and family welfare society at state and district levels.

There are six lakh practitioners in Indian System of Medicine and Homeopathy in the country. They will be provided with appropriate orientation/skill upgradation through CME programmes, mainstreamed and utilised in improving access to health care coverage under the national programmes. Efforts will be made to fully implement the recommendations of the Planning Commission's Task Force on preservation, promotion and cultivation of medicinal plants and herbs, ensure availability of good quality ISM&H drugs at affordable prices within the country and fully realize the export potential for these drugs and formulations.

There will have to be continued commitment to provide essential primary health care, emergency life saving services under the National disease control programmes and the National Family Welfare programme free of cost to individuals based on their needs and not on their ability to pay. At the same time, suitable strategies will have to be evolved, tested and implemented for levying and collecting user charges from people above poverty line and utilizing funds obtained for improving the quality of health care services.

Data from NSSO indicate that escalating health care costs is one of the reasons for indebtedness not only among the poor but also in the middle-income group. It is therefore essential that appropriate mechanisms by which costs of severe illness and hospitalization can be borne by individual/Organisation/State are explored and affordable appropriate choice made. Global and Indian experience in this area, including efforts at risk pooling, cross-subsidy at local drives, social insurance, health insurance/health maintenance organisation will have to be reviewed and appropriate steps initiated. If the Plan Target for education given in the Plan document is to be fulfilled there is the need for providing much large number of doctors, nurses and other medical professionals. This has been given in the Annexure.

(f) Nutrition

Currently, the major nutrition-related public health problems are chronic energy deficiency, micronutrient deficiencies, such as anaemia due to iron and folic acid deficiency, Vitamin A deficiency, Iodine deficiency disorders, chronic energy excess and obesity and associated health hazards.

Nutritional problems need to be tackled across a broad front. There needs to be continued increased in food grain production to meet the needs of the growing population. This increase should be more in the case of coarse grain production to meet the energy requirements of the BPL

families at lower cost. Efforts have to be made to check the sluggish trend in per capita availability of pulses, and increase pulse production, improve affordability of pulses and increase consumption. Similarly, increased availability of vegetables at affordable cost throughout the year in urban and rural areas is desirable to address nutritional needs of the population.

As a Tenth Plan strategy, efforts have to be made to move from un-targeted food supplementation to fully operationalising growth monitoring, including screening pre-natal women, in order to identify onset under nutrition and initiate appropriate health and nutritional interventions. Another necessary step is to move from treatment from infection when children are brought, to prevention, early detection and management of infections through improved access to health care, which would prevent any deterioration in the nutritional status of children

(g) Education

Our performance in the field of education is much behind our expectation. Out of approximately 200 million children in the age group 6-14 years, only 120 million are in schools and net attendance in the primary level is only 66 per cent of enrolment. This is completely unacceptable and the Tenth Plan should aim at a radical transformation in this situation. Education for all must be one the primary objectives of the Tenth Plan. The Sarva Shiksha Abhiyan, which has been launched to achieve this objective, indicates a strong reiteration of the country's resolve to give the highest priority to achieve this goal during the Plan period. It should also be our resolve that the process of integrating our educational system with the economic needs of the people and of the nation must begin at the primary school stage itself. Assertion of the dignity of labour and vocationalisation of curricula are essential to ensure that a disjunction does not take place between the educational system and the work place.

Universalizing access to primary education and improvement of basic school infrastructure must be a core objective of the Tenth Plan. This would mean targeting the provision of one teacher for every group of 40 children for primary and upper primary schools, opening of a primary/alternate schooling facility within 1 km of every habitation, provision of free textbooks to all SCs/STs children and girls at the primary and upper primary school, management and repair of school buildings through school management committees, provision of opportunities for Non-Formal and Alternative Education for out of school children in the most backward areas and from unreached segments of the population in response to local needs and demands articulated at the grass root level.

Mere establishment of schools without hiring teachers happens in many parts of the country, especially in rural areas. It is therefore essential that control over schools and teachers be transferred to local bodies which have a direct interest in teacher performance. States should be encouraged to

implement the 73rd and 74th Amendments of the Constitution, which facilitate the transfer of management of primary and upper primary schools to panchayats/local bodies. Planning, supervision and management of education would have to be through local bodies at district, block and village levels. Efforts should also be made for social mobilization of local communities for adult literacy campaigns and for promotion of primary education.

Concerned users of public services have a self-interest in monitoring and improving public services. Where panchayats and other local bodies are not effective, it may prove more productive to set up parents groups with representatives of the local bodies and teachers to monitor the delivery of basic education to the rural areas. These parent-teacher groups must be empowered to do this monitoring and enforcing accountability on absentee teachers and disappearing school supplies.

Steps would have to be initiated to fill up all the existing vacancies of the teachers in a time bound manner, with defined responsibility to local bodies and communities, and to remove legal impediments in the recruitment of para-teachers. For quality education, provision of adequate academic support/training to all the teachers will be necessary. In this connection, the use of IT needs to be explored in terms of teacher's capacity building, as also for spread of literacy through TV, media.

The Mid-Day Meal Programme has made a difference in attendance and retention wherever a proper cooked meal is served. The practice of only providing grains followed by some State Governments, and that also not according to the prescribed norms in all cases, is vitiating the very purpose of the scheme. The State Governments must make efforts to provide hot cooked meals. If it is not possible to cover all the primary schools, efforts must be made to cover all schools in the backward and tribal areas, so that at least the children who badly need this extra nutrition are covered.

The University and Higher Education Sector also needs attention. Although the number of universities has expanded, and many of the universities continue to maintain high standards of education, it is a matter of serious concern that the expansion in quantity has been accompanied by a fall in quality. Modernization of syllabi, examination reforms and greater attention to issues of governance of universities and colleges, all require urgent attention. Part of the problem facing universities is the inadequate provision of budgetary resources from the government. Since budget resources are limited, and such resources as are available need to be allocated to expanding primary education, it is important to recognize that the universities must make greater efforts to supplement resources from the government. University fees are unrealistically low and in many universities have not been raised in decades. This policy is only starving the universities of the minimum resources needed to ensure quality education and is not in the interest of the students. A substantial

hike in university fees is essential. Resources raised through adjustment of fees can be supplemented by contributions from industry, constituting funds/trusts like the Bharat Shiksha Kosh, etc. It is also necessary to encourage the establishment of private universities.

Laws, rules and procedures regarding facilitation of educational institutions must be modernized and simplified so that honest and sincere individuals and organisations can set up universities, colleges and schools. Controls on fees, teacher salaries, infrastructure, staff strength must be eliminated. The regulatory system must also put the greatest emphasis on fraud detection and punishment while letting normal individuals to function more freely.

These considerations apply with even greater force to the technical education system. Both technical and management education need to be managed strategically in order to provide broad-based multi-disciplinary education incorporating composite skills and knowledge to meet the challenges posed by globalisation. In view of the spurt in demand for education in information technology and other new and emerging technology areas, suitable courses at the degree level need to be given a boost. The challenges posed by faculty shortage and resource limitations have to be tackled through rationalization and networking. If the above policies are to be implemented we have to increase the supply of trained teachers and their availability in remote areas. For this the incentive structure of teachers in the late nineties need to be reviewed. The growth of teachers are much below the visualized need to fulfill the education target of the Tenth Plan. Proper programmes need to be chalked out for generating teachers at all levels matching with the likely demand pattern for the future.

(h) Information Technology

The potential contribution of information technology to employment generation is both direct and indirect. Directly, the growth of the computer hardware and software industries is generating new job opportunities in India. Indirectly, the adoption of computer technology by other industries expands the range of services they provide and can stimulate more rapid growth of these sectors. The indirect impact of IT is far larger than the direct impact. In the USA, it is estimated that for every direct job created in the IT industry, 3-4 jobs are created by indirect ones. This does not include the non-IT jobs created by the growth of other sectors of the economy under the stimulus of information technology.

IT is both a labour creating and labour saving technology. As the introduction of automated machines replaced manual labour in factories and on fields, it was once believed that the spread of computer technology would result in massive job destruction. However, two decades of experience has demonstrated that the reverse is actually the case. Surely specific types of jobs are eliminated,

but overall computerization creates far more than it destroys. The spread of computerization acts as a catalyst for the growth of many types of businesses. This is not only true of businesses directly related to the computer industry, such as research and development, computer education, computer repair and maintenance. In fact, every sector of the economy is being energized by the adoption of computer technology. Studies by the National Research Council in the USA have found that IT has a stimulating effect on the growth of a wide range of service industries. IT has demonstrable benefits for employment and skill levels. Evidence indicates that IT contributes to growth in demand for labour, as well as an overall skill upgrading in the workplace.

The IT sector will be defined in a narrower sense as those businesses that are directly related to the manufacture of computer hardware and software, the training of personnel for the manufacture and operation of computer equipment, use of computers in education and the utilization of computer technology for IT enabled services such as call centers, medical transcription services etc.

In 1990 India's IT industry generated \$7.7 billion in revenues, 15 times the level in 1980. Exports rose from \$150 million in 1990s to nearly \$4 billion in 1999. With a compounded annual growth rate of more than 50% between 1991 and 2001, the India IT software and services sector has expanded almost twice so fast as the US software sector though from a smaller base. No other country has consistently grown by more than 50% every year in the past 10 years.

The global market for software services spurs growth of India's IT sector. The global outsourcing market is worth more than \$100 billion. In 2000-01, software exports accounted for 13% of India's total exports. By 2003, software exports from India are expected to account for almost 23% of India's total exports. India has already acquired a substantial market share in the global customized software development market. In 1991, according to a World Bank study, India's share was about 11.9% of the global market. In 2000, it was 19.5%. Last year 266 of the Fortune 1000 companies sourced out their software requirements to India, with more than 1250 companies exporting software.

India's success can be attributed to a combination of factors, such as Resource endowments, availability of cheap skilled labour, favourable government policies, such as investments in higher education, and presence of large number of Indians working in US firms who played an important role in matching US buyers with Indian suppliers with low level of investment required to launch software services.

In 1999, NASSCOM engaged McKinsey, the international consulting firm, to conduct an in-depth study of India's potential in IT related industries. McKinsey projected that India could

generate 2 million additional jobs in this sector by 2008 and contribute US\$ 87 billion to national income. According to the McKinsey study, direct employment in India's software industry is expected to rise from 1,80,000 in 1998 to 2.2 million in 2008 .

Table H

Projection of Additional Employment in IT Sector

Year	Additional Workforce requirements
2001	90,000
2002	115,000
2003	150,000
2004	195,000
2005	250,000
2006	300,000
2007	340,000
2008	370,000

Estimation of growth of employment opportunities in the IT industry is complicated by the fact that more than any other industry IT is international in character and dependent on global trends, which have been subject to wide fluctuations in recent years. Following the publication of the McKinsey study in 1999, the global IT sector actually grew faster than had been anticipated due to the explosive growth of the internet and dot com companies. Then, abruptly the bubble and the euphoria about IT and internet subsided.

In assessing India's potential in this industry over the next decade, we must try to avoid both unrealistic euphoria and unrealistic pessimism that result from relying on short-term performance to extrapolate long-term trends. The fact is that even now at a time when the newspapers are full of news about lower growth estimates and falling share values for India's premier IT companies, the IT industry in India is still growing and generating additional jobs, admittedly it is not growing as rapidly as it was a year ago or as it was projected to continue at that time. The assessment of the group is that it will contribute to approximately 0.2 million per year and around one million at the end of the Tenth Plan giving additional employment generation as direct employment.

The real employment potential of ICT will be realised when such services support the community, social and personal services required by the Indian masses. This is the issue of Digital

Divide, on which the Special Group is constrained to observe adequate policy attention has not so far been focussed in India. Whatever efforts at use of ICT in Education, Health, Nutrition, Housing, Real Estate, Banking, Insurance and other personal services have been made, have not been designed with the perspective of low budget consumer. The cost of research on Technology peeps the cost high. But the real purpose of planning for ICT is to narrow and eliminate the digital divide.

Policies to meet the problem of digital divide

Having said that, the mere existence of a gap in levels of ICT services between rich and poor within the country does not imply that ICTs should be priority for government action; after all, poor countries also have fewer factories, fewer cars, fewer doctors and nurses. Threshold effects are at work.

However, if the opportunities for improved income generation and access to services provided by the new ICTs are limited to the wealthy, this will perpetuate and strengthen a number of disparities, including gender inequality and the inequalities faced by the disabled.

The first step to begin fulfilling the communications needs of the poor is to leverage the full potential of market mechanisms in reaching out to poor communities, by allowing the establishment of a competitive, private sector-led market. A range of studies suggest that there can be dramatic increases in access to telephone and Internet services, through a telecommunications-sector reform programme based on three pillars: privatisation, completion, and independent regulation, but all should lead to lower cost of the service.

Gaining full benefit from private-sector participation and liberalization also requires the regulatory environment of the communications industry to be conducive to a well functioning competitive market. In the telecommunications sector, this can be achieved through legal and regulatory mechanisms that promote, among other things: fair interconnection and revenue-sharing arrangements between telecommunications operators; moving toward cost-oriented tariffs and the elimination of internal cross-subsidies, with the limited exception of carefully designed subsidies to ensure access and use for the poor; as well as recourse to a strong and truly independent regulatory agency, capable of enforcing rules.

Moving to private competitive markets is unlikely to be enough to ensure that the poor have access to ICTs, however. A combination of regulatory requirements, carefully designed privatisation and license contracts, and bidding procedures and financial support for private provision of public access will be required to meet the goal.

Using regulatory and policy support for public access, be it to a telephone line, to a radio, TV screen, or to an Internet terminal, countries can aggregate demand so that a large number of people benefit from one or a few connection.

In a competitive environment, the costs of providing public access in environments where private returns to provision are likely to be low can be financed through special funds. These funds are set up a transitory mechanism to help partially defray the initial investment costs of network expansion in rural and poor areas.

The choice of a funding strategy can also support a level playing field among operators so that none of the operators is overly compensated or unfairly burdened by the funding mechanism.

It should be noted that the ICT movement is still in its early stages in our country.

(i) Tourism

Tourism is a priority sector because, among others, it is able to maximise the productivity of India's natural, human, cultural and technical resources; it is labour intensive and cottage or small industry based providing employment, that is of a high quality; it is capable of being primarily focused on rural areas with appropriate and relatively low cost programme and it has extensive forward and backward economic linkages that build overall income and employment, especially for women, youth and disabled persons. The objective of the tourism policy is to position tourism as a major engine of economic growth and to harness its direct and multiplier effects for employment and poverty eradication in an environmentally sustainable manner. These objectives will be achieved through the following strategies:

1. Positioning and maintaining tourism development as a national priority activity;
2. Enhancing and maintaining the competitiveness of India as a tourism destination.
3. Improving India's existing tourism products and expanding these to meet new market requirements.
4. Creation of world class infrastructure.
5. Developing sustained and effective marketing plans and programs.

The focus of the Ministry of Tourism during the Tenth Five Year Plan will be on encouraging private public partnership in which the government would be the active facilitator and catalyst with the ultimate goal of creating world-class infrastructure and innovative products. Marketing of destinations and brand building will be the strategies for promotion of tourism. The specific components of the development activities to be undertaken during the Tenth Plan will include

infrastructure development, product development of Mega tourism resorts, targeted approach towards development of tourism circuits, entrepreneurship development and promotion of self employment opportunities, enhanced tourist facilitation, human resources development, research and computerization, promotion and marketing, environmental protection and cultural preservation, and provision of incentives. Major policy initiatives such as liberalization in aviation sector, Aviation Turbine Fuel pricing policy which influences internal air fares, rationalisation in tax rates in the hospitality sector, tourist friendly visa regime, and procedural changes in making available land for construction of hotels etc., which do not come directly under the purview of the Ministry of Tourism, Government of India, but under the other Ministries and State Governments will be vigorously pursued.

With appropriate public investment (estimates placed before the Planning Commission) and commensurate investment by the private sector and the implementation of the policies mentioned in the previous paragraph, it is expected that the international and domestic tourism will get a boost and India's share in the world tourism will increase from the present 0.38 per cent to 0.50 per cent by 2004 and 0.62 per cent by 2007. Correspondingly, the direct and indirect employment from tourism is expected to increase from the present 41 million to 54 million by 2004 and to 66 million by 2007, i.e., an increase of 3.6 million jobs per year.

(j) Construction

The construction activities are very much influenced by the real estate development. The recent repeal of the Land Ceiling Act, likely to be followed by the States to free land market will largely boost the real estate activities. The proposed repeal of Rent Control Act will further encourage the growth of this sector. In a package proposed in the Tenth Plan to give incentives to the cities and States for urban sector development, there has been a proposal for recommending selective freedom to convert rural land for urban use, reduction of stamp duty on transfer of property and laws facilitating private development of township – all these will increase the real estate growth, and thereby generate increased demand for construction. It is noticed that in the organised and mechanized segment, there has been a very low employment elasticity and at this point of time very little contribution to the employment generation in this sector, whereas in the unorganised segment employment elasticity is very high. But unfortunately, their wage rates are very low because of the low productivity in this unorganised segment along with heavy exploitation of labour by the employers in the absence of proper legislative safeguards. If for generating additional employment this segment has to be developed, then proper schemes are needed to improve their technology by putting additional funds and also necessary legislation so that the construction labour will not be exploited. Let only small construction companies use migrant labour that move from one construction sight to another with their spouses and children. These migrant labourers obviously

find their occupation more remunerative than the alternatives available in the villages from which they come. But their mode of daily existence around the work imposes the constraint on the urban areas to which they migrate. Hence, to repeat, the unorganised segment of the construction sector needs specific legislation and also programmes for developing their productivity by infusing more technology and credit.

The Group feels that both the large mechanised activities and the small and medium ones have their own respective roles and will survive alongside. In the area of bridges, major irrigation and dam construction, high rise buildings etc., the large mechanized construction activities will be unavoidable. But at the same time, in the areas like rural road building, low cost housing, minor irrigation etc, the small construction units with minimum improvement in mechanization can serve the purpose and fulfill the need for generating more jobs.

III. Policies on Supply Side of Labour

Specific welfare measures for Building and Construction Workers are enumerated in this chapter later. However, the nature of (i) labour administration and (ii) Pro-employment measures required in this sector are not the same as for organised sector. Hence construction industry employers, contractors etc., have to be given the same preferences as the micro and small enterprises

In this section, policies and programmes are discussed which will enable the skill/competence level of labour force to match with those required for satisfying the new jobs to be created for the Tenth Plan. For example, over the late nineties, (1993-94 to 1999-2000) it is observed that:

- (i) The percentage of the skilled and educated employment is increasing in the total employment generated.
- (ii) The absorption of this increased supply of skilled and educated manpower has been significantly more in the unorganised sector because of the near saturation of new recruitment observed in the organised sector. The major absorbing sectors were the agriculture, small and medium enterprises, and non-farm rural sector and the services sector (especially its fast growing areas like tourism, information technology, road transport, financial services etc.).
- (iii) The unemployment rates among the educated and skilled labour force are observed to be very high, two to three times more than the average unemployment rate in the labour force.

All these suggest that the policy implications of these trends are :

- To reduce unemployment among the skilled and educated labour, early redeploying by proper training and skill development by formal or informal method should be initiated.
- Development of institutions for skill development and training, either in the public sector or private sector, should be expedited by mutual partnership and also on regional basis in order to meet the likely nature of skill demand in future.

All these are the responsibilities of the Ministries of labour, HRD and many other agencies in the public and private sector where a coordinated approach among them will be needed. Of course, the principal responsibility is at the State Government level for vocational training. As the major labour absorption is likely to be in the unorganised sector where the job quality now is very unsatisfactory, proper programmes should be developed to improve the productivity in this sector, with necessary legislation to prevent exploitation. Specific programmes have been identified in the Report and presented in the following section.

(a) Skill Building and Training

As we have already mentioned, our focus needs be more on the unorganized sector, as distinct from the capital-intensive corporate sector, since this is the sector that is identified as the main job giver in future, and also where viability is at stake under global competition. The answer is therefore, to increase the productivity of labour in this sector and to make it attractive to improve its job quality.

Given our terms of reference, our task is to achieve creation of employment opportunities of better quality in a short to medium term framework of 5 years. Therefore, quick yielding measures for improvement of skills of entrants to labour force become an important instrument of planning. The task is by no means easy because development of human capital (HRD) is necessarily an activity with a long gestation period. (And is becoming all the more difficult as public sector, which has capital- and hence technology, with a well structured training programme for its fresh recruits, cuts down drastically on its intake.)

Issues, Strategy for improving Vocational Training

The Group, after its deliberation, and also considering recommendations of relevant committees includes the one by MOL as following.

- Expansion of vocational training facilities
- Improvement in effectiveness, Efficiency and Relevance of existing training programmes of DGE & T (Ministry of Labour)
- Improvement in Governance and Management of National Vocational Training System (NVTs under the Ministry of Labour)
- Suggestions of/for other Ministries/ Departments to augment various Skill Development Programmes
- Training for Informal Sector

(i) Expansion of vocational training facilities –the suggested measures

- Greater involvement of private providers of training and NGOs
- Adequate resources (earmarking of funds) in States' plan budget
- Increase in training capacity for in-service workers
- Enlarge scope of Apprenticeship Training by covering more occupations in emerging high-tech areas, service sector and informal sector
- Adoption of new training delivery mechanisms (like distance learning)
- Sufficient in-built component/ outlay for training under all schemes funded by the Central or State Governments related to poverty alleviation/ employment promotion/ social welfare etc.
- Strengthening of Skill Development Programme for Women and disadvantaged groups.

(ii) Improvement in effectiveness, Efficiency and Relevance of existing training programmes of DGE & T (Ministry of Labour)

- Setting up of a Skill Development Fund (SDF) on partnership basis between the industry and the Government, with major voluntary contribution coming from industry
- Strengthening of interaction between industry and ITIs and developing some ITI's as Centres for Excellence
- Vertical mobility of craftsmen and apprentices (across levels of proficiency and education)
- Staff development and motivation
- Strengthening of monitoring mechanism and joint inspections
- Vocational guidance & counseling and assistance in placement
- Strengthening of research capabilities
- Modularisation and multi-skilling

- Competency based certification system for workers without formal qualifications
- Development of a formal policy for vocational training

(iii) Improvement in Governance and Management of National Vocational Training System (NVTS under the Ministry of Labour)

The problem

- After the manifold growth of ITIs/ITCs, and continuance of 3 to 4 decades old system of governance and management of vocational training, the NVTS still remains to be upgraded and modernized
- Weak links between State level (wherever, they are at all existing) and the National Councils
- Separate national level councils for ‘Vocational’ (NCVT) and ‘Apprenticeship Training’ (CAC)
- No State level forum to design and promote ‘Apprenticeship Training’
- No link across multiple Departments of Central Government rendering training (as exists for higher technical education)

Suggested Approach

- Merger of National Council for Vocational Training (NCVT) and Central Apprenticeship Council (CAC) into an All India Council of Vocational Training (AICVT).
- Formation of State level corresponding bodies (Functions of National level and State level bodies should not be the same; the State level bodies to do field level functions of recognition of ITIs etc, and National level body to set guidelines, and assign performance ratings).
- AICVT and corresponding State level bodies to take on board a number of other vocational training providers in ministries/ departments other than Labour.
- AICVT and corresponding State level bodies to have mandatory representation of the major actors involved in vocational training in the various economic activities.

(iv) Suggestions of/for Ministries/ Departments, other than Labour, to augment various Skill Development Programmes

- (a) Housing and Urban Development Corporation (HUDCO) - ITIs to provide both in-service and pre-service training

- (b) Council for Advancement of People's Action and Rural Technology (CAPART) - to set up more technology resource centres across country
 - (c) Secondary Education – to earmarked funds for vocationalisation of secondary education.
 - (d) Community Polytechnics – to reorient training to demand driven output.
 - (e) Khadi Village Industries Corporation (KVIC) - to identify new target groups, involve NGOs
 - (f) Associated Chamber of Commerce (ASSOCHAM) -
 - Autonomous bodies with full autonomy to manage ITIs on experimental basis
 - Incentives by Government to private sector to establish ITIs
- (v) Training for Informal Sector – the recommended strategy

Training activity, for entrants to organised sector has always received a highly preferential treatment in access to resources, in contrast to those who enter the world of work through the unorganized sector. Market processes in the phase of economic reforms have accentuated this tendency further. Consider the exorbitant capitation fees for training in medicine, high private establishments fees for newly emerging areas of employment- I.T. and I.T. enabled services, engineering, hotel and catering, etc. The problem had already got compounded even before reforms, because the formal training certificates became a screening parameter, for recruitment to public sector/Government. And within the HRD activity, literacy and general education always received greater attention of Central and State Governments than training of prospective entrants to labour force. In short, we have not had a policy for skill building for bulk of the new entrants to labour force, who have to find a job in the unorganized and the informal sector. The suggestion in this respect, therefore, are:

- Government to articulate a policy framework for support of informal sector training
- Use all available methods to increase literacy standard and production skills of persons in the informal sector
- Detailed surveys on training needs and existing arrangements for training in informal sector
- Motivate associations in the informal sector to help develop skills and entrepreneurship
- International agencies such as UNICEF and World Bank to act in collaboration with Government at grass root level for administration and distribution of aid to informal sector

- Opening training-cum-production centers in informal sector to enable individuals to earn while they learn e.g., handicrafts sector
- Common identity cards by local bodies and Police to those working in informal sector clearly specifying the places where informal sector activity is not wanted
- Refinancing for urban micro-credit that creates training facilities for this sector to open up entrepreneurship in this area
- Private sector companies to be enabled to create foundations to finance community-based programmes which include training and business support to micro-enterprises, coupled with tax and credit incentives
- Identify organisations through which action programmes can be developed – trade based guilds, trade unions (including the smaller ones) and self-help groups
- Government not to enter into curriculum development except for the high return, high technology areas

Construction Sector

- An Act enables levy of a cess to generate funds for welfare of construction workers. A part of this to be utilised for financing training of informal sector construction workers.

Reform of Vocational Training Establishments in the States

Mode of Administration of Training Services operated by Government

The services for training are rendered through the Central and State Governments. Most of the ITIs in the state sector, and the institutes for advanced training, and training of instructors under the Ministry of Labour are organised as subordinate offices of Government. In contrast, similar establishments under other departments, Ministry of Information Technology, for example, are organised as autonomous bodies. Administering these establishments by using the normal rules of Governments for personnel and financial matters greatly reduces the flexibility, which a specialised institution should have. Such institutional structures also preclude the possibility of raising any resources from the trainees towards financing at least a part of the cost of the services rendered. Thus, the discipline of a consumer-server relationship that accrues from claims against payments made is not easily possible in the existing departmental set up of the services rendered. These training and training related establishments should therefore be restructured as “autonomous bodies”. As autonomous bodies they would be required to publish their ‘accounts’ and place them as well as a review of their performance before the relevant legislatures. This is more transparent than the

operation of an attached office of Government whose details of operations and accounts get submerged in the voluminous accounts of the main Ministry/Department.

As a first step in restructuring of Industrial Training Institutes, one of the prerequisites for extending Central financial assistance for developing 100 State run ITIs as institutes of excellence during the Tenth Plan period will be that the identified ITI (i) be registered as an autonomous body, and (ii) have a formal tie up with industry.

Motivating States by taking up Centrally sponsored schemes

- Developing at least one ITI in each district as a centre of excellence
- Model Instructor training institutes; financial implications to be worked out including the contribution possible by the State Governments
- ITIs in the North East
- ITIs in J & K

Attracting investment into skill building activities

Vocational skill building needs to be developed as an entrepreneurial activity in which the private sector would be willing to invest. Income tax incentives are available to higher technical and medical education establishments. Such establishments can draw in resources from market because of higher returns on such education. Vocational skill building establishments need better income tax incentives than the higher education establishments.

The Tenth Plan Working Group on Skill Building recommends a study to institutionalize management, collection mechanism, contributions and utilization of skill development fund. The purpose is to attract resources from the beneficiaries from training including the employers and the trade unions. This study should be done on priority basis, and should also explore the possibility of extending income tax incentives to the contributions made.

Under Section 37(1) of Income Tax Act, benefit for providing apprenticeship training is available to employers employing 500 or more workers. This benefit should be available to all establishments registered under Factories Act, Shops and Establishment Act, or any other relevant Act that enables setting up of institutions.

Equipment donated to vocational training institutes should be exempt from customs duties.

The group concluded with the caution: unless proper action is taken because the organised sector's remuneration and job quality are very high, all students will move to high-tech centres for skill development. The result is, because of low rate of new recruits in the organised sector, they will end in increasing the unemployment pool.

Information base for planning for skill building – the National Classification of Occupants.

Skills are required for occupations. Manpower planning exercise is linked with the occupation profile of workers. Therefore, any programme for skill building has to take note of the emerging structure of occupations in the economy. This requires a system of classification of occupations. At present, the available classification is the National Classification of Occupations, which was prepared in the year 1968 (NCO, 1968). Thereafter a radical change in the occupational profile of Indian workers has occurred. With urbanization, changes in technology, and radical changes in work practices in agriculture, many of traditional occupations should have vanished, and new occupations emerged.

The Ministry of Labour, in consultation with the Department of Statistics, had taken an initiative to develop a new classification of occupations. This was around the year 1996, i.e., at the commencement of the Ninth Plan. However, due to certain practical problems, the work could not proceed. Now, in the year 2001, the Ministry of Labour had decided to pursue the exercise with in-house efforts.

(b) Occupational Safety and Health (OSH)

A number of laws which guide the occupational safety and health aspects are applied only in the organized sectors and cover only 8% of the workforce. In this sector, a large number of occupational safety and health measures are applicable in a fragmented manner as regulations have been developed in a piecemeal manner resulting in duplication in some areas and gaps in others. At present, there is no single unified legislation, which can take care of the basic responsibility of occupational safety and health in all sectors. In view of this, the Tenth Plan commits itself to introducing a General Legislation (Umbrella) on OSH. This will help reduce the multiplicity of enforcement agencies and will have proper coordination among them with a view to providing a focus on OSH measures in industry.

Many occupations and industries which include dhaba workers, shop workers road transport workers, unorganized mining, restaurants, etc., are not covered by any mechanism of safety surveillance of workers. The Tenth Plan approach would be to create awareness amongst the

employers and workers regarding various occupational health hazards and accidents and the adverse effects and possible protective measures.

It is not appropriate to leave the large working population in the unorganized sectors unprotected. Most of the workers in the unorganized sectors are exposed to a variety of hazards and are compelled to accept employment for reasons of poverty. The enormity of the task of applying OSH legislation to such a vast workforce spread far and wide is challenging, and needs a huge infrastructure and manpower for its effective implementation. Therefore, the approach of the Tenth Plan would be to provide short and long term measures required for OSH improvements in a steady and phased manner. On the other hand, a particular unorganized sector cannot be brought under the purview of an OSH legislation without giving time to the employers, self-employed and employees in the concerned sector for shouldering such responsibilities. Therefore, one of the important and priority measures would be to launch a well-designed awareness campaign.

To deal with the gaps arising out of changes in technology, introduction of new types of chemicals and sophisticated machinery, efforts would be made to equip the enforcement agency with latest techniques and skills that are required in the area of safety measures. Likewise, knowledge of safety inspectors at State level would be updated through identification of training needs of skill development and imparting knowledge to the inspectors. Support of industry and technical expertise would be mobilized through awareness generation and ensuring the participation of workers. To develop trained personnel in the area of OSH, efforts would be made to include occupational safety and health aspects in the professional courses like Engineering and Medical.

To meet the growing demand, mining activity of minor minerals has also increased and many new mines have been opened up. Accidents in Mines occur due to unsafe acts and unsafe conditions of work. Most of the accidents are preventable because, directly or indirectly, these are due to human failures. To deal with the increasing mine accidents, effective measures would be taken for stringent enforcement of Mines Act. Further, the challenges posed by the mechanization and new technology would be addressed through upliftment of technical skill of inspectors and frequent inspections so that safety and health of workers gets due priority. DGMS, a specialized organization, engaged in the area of mines safety would be strengthened in terms of infrastructure facilities to enable it to provide better services towards operational safety aspects of the mines. Some suggestions in this context are:

- A coherent National Policy on Occupational Safety and Health of workers employed in all sectors of economy may be formulated through tri-partite consultation.
- To reduce multiplicity of enforcement agencies and to have proper coordination among them, a single unified General Legislation (Umbrella) on Occupational Safety

- and Health may be adopted. The enforcement of the provisions of legislations may be carried out by existing machinery available at Centre/States.
- Support of industry and technical expertise may be mobilized through awareness generation and ensuring the participation of workers.
 - To improve the existing occupational safety and health scenario in mines, factories, ports, docks and unorganized sectors of the economy, the government enforcement agencies and the managements may jointly undertake substantial strengthening in the area of development of standard work procedure, public awareness about safety, safe work procedure, etc.
 - To incorporate safety and occupational health aspects, amendments may be carried out to the Beedi and Cigar Workers Act, 1966.
 - Reading material to create awareness on OHS aspects may be developed in collaboration with the professional bodies/agencies concerned. The material thus developed in national and regional languages may be telecast on T.V. channels and broadcast on radio for creating mass awareness on occupational safety and health to the persons involved in all these segments.

(c) Social Security

The agenda of liberalization and globalization adopted by our country over the last one decade underscores the need for comprehensive social security policy for a large section of the society including specific vulnerable groups like the aged, women, the disabled, tribal and scheduled castes. To provide social security cover to these vulnerable groups, the approach would be to integrate and converge the services of the existing schemes and projects of various Ministries and Departments. To extend assistance during illness and injury at the time of work and pension, basic minimum social security cover would be given in accordance with the availability of resources.

An approach to the challenge of closing the coverage gap in social security provisions has to be developed at two levels. In order to remove existing inefficiencies, redundancies and existing gaps and weaknesses, the first level approach would be to strengthen the institutional arrangement in the organized sector. The second level would be to create a legislative and administrative framework for significant penetration of social security cover in the unorganized sector. In this regard the strategy would be to motivate and encourage the State Governments for formulating and implementing schemes and programmes targeted at certain occupational groups in the unorganized sector as per their requirement and without putting any additional pressure on the budget.

In order to extend the coverage of social security measures for the unorganized sector workers, the strategy would be to encourage setting up of the Cooperatives, Self-help Groups, Mutual Benefit

Associations, managed and financed by the occupational groups / workers of unorganized sectors and voluntary health insurance and pension schemes. Also, focused attention would be paid towards alternative income generating activities with provision of credit arrangement for supply of raw materials, etc.

Awareness generation campaigns and dissemination of information to unorganized workers would be strengthened. To improve the efficiency of the delivery mechanism of existing programmes to reach the workers in the unorganized sector, local institutions like Panchayati Raj Institutions, Civic Bodies, Municipalities would be involved for monitoring the social security programmes. The specific recommendations are:

- Considering the size of the large workforce in the country, a policy framework at the national level on the provisions of social security to different groups of workers and employees in the country may be formulated and adopted.
- The Minimum Wages Act may be amended enhancing the penalty so that the violation of the provisions under the Act is made costly to the employers.
- Presently, there are inter-state variations in the minimum wages. Even for the same occupations, variations in wages have been quite significant. To minimize such disparities, a National Policy on Minimum Wages may be evolved.
- The enforcement machinery in the Central and the State Governments may be strengthened and involvement of NGOs, Panchayati Raj Institutions and Cooperatives may be encouraged.
- To prevent exploitation of workers in the unorganized sector, awareness generation may be stepped up in close collaboration with the voluntary organizations, trade unions and other committed individuals. The work of awareness generation may be vigorously undertaken by the Central Board for Workers Education.
- The delivery of services in Social Security through Provident Fund and Employees State Insurance Scheme (ESIS) may be improved by adopting information and communication technology in the overall interests of the workers.
- Priority attention may be given to those Social Security covers for the unorganized sector which can look after medical care, accident benefits, old age pension and maternity benefit.
- Provident Fund Schemes and Employees State Insurance Schemes may be extended to the workers in the unorganized sector through innovative approaches that would cater to the requirements of the workers in local conditions.
- Innovative schemes under the Employees State Insurance Scheme may be launched on experimental basis targeting groups like rickshaw puller, auto rickshaw driver, head loader, etc.

- Emphasis may be given to the convergence of services for various social security measures undertaken by Ministries/Departments, in an integrated manner.
- Community based and location specific social security measures may be encouraged through Self-Help Groups, Voluntary Organizations, Panchayati Raj Institutions, etc.
- Based on the experience of the existing welfare funds for Beedi, Mine and Cine workers, efforts may be made to constitute similar welfare funds for fish processing, salt workers, etc.
- State Governments may be motivated and encouraged to formulate and implement social security schemes for the unorganized sector as per their requirements with minimum burden on their budget.
- Concerted efforts may be made to enhance the coverage under National Social Assistance Programmes for providing old age pension, maternity and other benefits to the workers in the unorganized sector.

(d) Labour Laws and Other Labour Regulations

The Tenth Plan approach will be to take a fresh look at the structure of labour laws. Our present laws are far too rigid since they do not allow firms mainly in the organised sector to retrench labour or downsize without the permission of the appropriate government, which in most cases is the State Government. This permission is very difficult to secure. Unfortunately, these provisions, which were meant to protect employment, might have actually served to discourage growth of employment. The inability to shed labour in times of difficulty encourages entrepreneurs to avoid hiring labour. This problem, to a large extent, is relevant for the organised sector. Therefore, the labour force involved vis-à-vis the Industrial Disputes Act that provides conditions and rules for retrenchment of labour, has to be reviewed. However, it affects only eight per cent of the total employed labour force. This should be kept in mind while approaching the remaining 92 per cent of the jobs in the country.

The changes proposed in the Industrial Disputes Act are to provide more flexibility in the hiring and firing of labour in order to increase productivity, efficiency and adjustment process in the changing demand market at national and international levels. Also, this is proposed to ease the closure process of the sick units, which have become an economic burden on the society. This Group views that with considerable excess labour being carried by the public sector in the organised segment and a jobless nature of growth in the organised sector as a whole, the immediate effect may turn out to be net labour shedding. This should be assessed against the present high level of unemployment. In this context, one should also remember that the social security support in India is much below the standard provided in the developed countries, because of which their tolerance

level of unemployment is very high. No doubt, in some organised establishments, it will be easy to recruit more labour by the relaxation of this legislation, but the net effect by a rough calculation over the next three or four years is likely to be insignificant in either way. One should remember that the contribution of total employment by the organised private sector is hardly 3.5 per cent and, therefore, the potential of generating sizeable employment in this sector, even by changing the law will be insignificant over the Tenth Plan period. The Labour Commission is also examining this issue. This issue, therefore, is to be sorted out in a long-term perspective and not for immediate generation of employment in the country. The Group suggests that one alternative is to relax the Act gradually and ensuring full security of the retrenched labour. So far as the repeal of the Contract Labour Act is concerned, the experience shows that it will help giving more flexibility in recruiting labour without putting a long-term financial commitment on the employer and, therefore, a change in the Contract Labour will encourage more recruitment. But given the present Group's recommended strategy in upgrading the job quality and security of the workforce, proper care should be taken so that in this process, more casualisation of labour not take place by increased exploitation by the recruiting agencies. Already, the growth of casual labour in the 1990s is very high. A proper social security measure and a regulatory body to oversee the function of the recruiting agencies should accompany any change in this Act to safeguard the minimum quality of the job provided.

One of the reasons for rigidity in labour laws is that the 'employer' is expected to provide, individually, for security of employment (i.e. guarding against risks of loss of job, family sickness) retirement benefits and bear the costs of accidents and other occupation related risks compensations. This happens because the labour market institutions, which are designed to provide social security to workers, have narrow reach, are almost exclusively administered by Central Government, provide security at a high cost, are highly specific to individual employers, and lack the concepts of 'shared risk'. Therefore, a more innovative and broad-based social security system for workers is needed to smoothen the process of labour reforms and enable rationalization of labour laws.

The SSI sector plays an important role in the economic development of the country and contributes significantly to its industrial output, employment and export. However, they are burdened with maintenance of unmanageable number of various forms and registers under the different labour laws. The approach during the Tenth Plan would be to exempt it from the rigor of the various labour laws and make it vibrant and efficient. In this regard, efforts will be made to conduct proper orientation and training programmes for the officers of the labour law enforcement machinery and create a positive climate for growth in this sector.

The enforcement of various labour laws pertaining to SSI units falls under the jurisdiction of State Governments. The entire onus of compliance in furnishing the returns and inspections

falls on the SSI entrepreneur. Most of the SSI entrepreneurs cannot afford to engage a person exclusively for this purpose. Therefore, the present system may be replaced by a system of Self-Certification wherein return submitted on various labour laws by SSI units are self-certified which may be treated as prima facie compliance. Alternatively, the approach may be to introduce a system of random inspection of certain percentage of units on annual basis with well-defined criteria. Labour laws are being implemented both by the Centre and by the State Governments, which has added to the dimension of labour law complexities. To carry out amendments in the labour laws according to specific requirements, various State Governments were demanding authorization for carrying out the amendments. The State Governments are in the best position to enforce the labour laws appropriately, according to the situation and prevailing socio-economic conditions of the States. As the labour laws are in the concurrent list of the Constitution, the approach to Tenth Plan would be to authorize the State Governments to make amendments to the labour laws as per their requirements.

In view of the increasing industrial disputes, Industrial Tribunals or Labour Courts are overburdened and the desired results of resolving the dispute within a time frame are not forthcoming. In view of this, for speedy and timely disposal, the approach would be to set up Lok Adalats, wherever necessary. In addition, the concept of social dialogue would be introduced where all concerned can participate for a meaningful discussion and amicable solution of major problems/issues involved in labour market reforms.

Recommendations on labour laws, framework of procedures, administrators and related services

- As labour laws are in the concurrent list, the State Governments may be permitted to make amendments to the labour laws as per their requirement.
- While carrying out amendments, adequate safety net for the workers may be kept in mind.
- Formulation of schemes for pension and unemployment benefit for the unorganized sector workers may be considered, depending upon the availability of resources.
- To avoid disproportionate regulatory burden on small scale units, the present system of maintenance of various forms and registers under different labour laws may be replaced by a system of Self-Certification and treated as prima-facie compliance.
- Inspection under the labour laws in SSI units may be conducted only on the basis of complaints by stake holders like workers, neighbours etc., or when absolutely essential in the interest of safety of workers in industry.
- Routine and periodic inspections of Information Technology Establishments may not be necessary.

- Special Quasi-judicial Tribunals manned by Departmental officers of Labour Department may take up hearing of the dispute in case the conciliation talks fails.
- Health, safety and welfare of the workers may be given due importance while reviewing the labour laws.

(e) Vulnerable Groups In Labour Force

To eliminate the problem of child labour, while policies and programmes initiated during the previous Plans, particularly, during the Ninth Plan would be continued in a more focused and holistic manner, the approach for the Tenth Plan would be universalization of primary education, thereby reducing the occurrence of, child labour. Also, effective implementation of minimum wages would be ensured. In addition to the universalization of primary education, an effective area-based methodology for pre-vocational education would be worked out and the existing technical training institutions would be utilized to impart vocational skills to all students before they attain 14 years of age. To achieve this, appropriate area-based curricula for pre-vocational / skill training in the NCLP schools would be adopted / developed.

To eradicate child labour from the hazardous occupations and progressively move towards complete elimination of child labour, the strategy would be to effectively implement the existing scheme of National Child Labour Project. In order to formulate suitable projects as well as to strengthen the on-going projects, a continuous survey would be carried out to assess the number of working children including those who are working in hazardous occupations.

At present there is no legislation for compulsory education in our country. Further, the schools available for children, particularly, schools in villages are in poor condition and most of the buildings are in a very dilapidated condition with no provision for drinking water etc. The strategy during the Tenth Five Year Plan would be focused on improvement of schooling, adult wages, poverty reduction, etc. Also, complimentary strategies and involvement of all sections of society, i.e., Government, Non Governmental Organizations, Trade Unions, Media, employers' organization, etc., would be pursued.

To ensure that the project is able to attain objectives within the time frame, an effective monitoring system would be established. Utmost effort would be made to effectively implement the Child Labour Act by propagating strong awareness generation programmes at various levels, particularly, in rural areas and urban slums.

(i) Bonded Labour

Tenth Plan Approach & Strategy

While the strategy for effective implementation of the Bonded Labour (Abolition) System Act, 1976 and Centrally Sponsored Scheme for Rehabilitation of the Bonded Labour would be continued, the Tenth Plan Approach would be to enlarge the scope for covering activities relating to survey of bonded labourers, awareness generation and evaluation studies. The scheme for Rehabilitation would be taken up in consultation with the beneficiaries. Effective management of the project and training programmes would be encouraged for implementation through the self-help groups comprising of beneficiaries.

Priority would be given to identify the drought prone and poverty stricken areas where the incidence of bonded labour system is greater. Also, a survey would be undertaken on selective basis to identify the bonded labour. Special efforts would be made to rehabilitate these labourers on priority basis and remove the general economic backwardness of such areas by focussed integration of various ongoing plan programmes through inter-Ministerial / Departmental coordination and convergence of services.

The institutional mechanism in the shape of Vigilance Committee is important. The Vigilance Committee would be improved to make it broad-based so as to boost up its effectiveness. To ensure proper functioning, all Vigilance Committees would be reconstituted by inducting a few progressive minded individuals as well as representatives from Trade Union organizations and local NGOs.

To ascertain the actual figure of bonded labour, the strategy would be to undertake a comprehensive survey, using valid statistical methodology to identify the bonded labour system on regular basis in all the sensitive districts. The bonded labour so identified would be released and rehabilitated on priority basis. Besides, special efforts would be made to remove the general economic backwardness of such areas by focused integration of various ongoing plan programmes. No new initiative has been taken recently. The scheme for bonded labour needs to be implemented well, and if need be, improved.

Recommendations

- The effectiveness of the Bonded Labour Act primarily depends upon the identification of bonded labourers. Except in terms of the functions of the Vigilance Committee, there is no inherent provision in the Act to force identification of bonded labourer.

Therefore, the institutional mechanism in the shape of Vigilance Committee would improve considerably if these bodies were broad based. Accordingly, it would be appropriate to induct a few right thinking and progressive minded individuals including representatives from trade union organizations and local NGOs as co-opted members in these committees. In order to ensure their proper functioning, all Vigilance Committees should be reconstituted once in two years.

(ii) Migrant Labour

Tenth Plan Approach & Strategy

To reduce the vulnerability of the migrant labourers and protect them from conditions of extreme exploitation, the Tenth Plan approach would be to tackle the problem through a multi-dimensional course of action like effective implementation of various employment generating rural development programmes, provision of improved infrastructure facility, land reforms, universalization of education, etc.

Key actions are required both at the destination as well as at the point of origin of migration in order to reduce vulnerability and increase the capacities of the targeted social groups. During the Tenth Plan, concerted efforts would be made to generate database of migrant workers.

Most of the migrant workers being poor and illiterate are not aware of their rights under the law. The vast majority of migrants do not get adequate shelter or even toilet facilities. They do not have access to the Public Distribution System and other municipal services. Lack of information about labour market conditions and their basic rights under the Constitution increases their vulnerability. To deal with such problems the strategy would be to create strong awareness generation amongst the migrant labourers and to ensure effective implementation of the Inter-State Migrant Workmen Act, 1979.

Recommendations

- The first and foremost requirement for effective action lies in the creation of a reliable information system for labour migration, as macro level data is often inadequate to capture the flow and pattern of migration. Apart from estimating the magnitude of migration, the database may cover the vital aspects like: causes of migration; processes of recruitment; occupational profile of migrants; working and living conditions of migrant workers; skill profile of migrants; expenditure and remittance

patterns of migrant workers; status of enforcement of legislations like the Minimum Wages Act, Equal Remuneration Act etc. Initially such a survey may be undertaken in the major lending and borrowing districts in the States and thereafter in other districts during the Tenth Plan. At least Rs.10.0 crore may be provided for this purpose during the Tenth Plan.

(iii) Building and Other Construction Workers

Tenth Plan Approach and Strategy

The approach of the Tenth Plan would be to create a strong awareness generation amongst the building and other construction workers regarding protection of their rights and provisions made in various labour laws and schemes for their welfare. This awareness generation may also include the provisions in the legislations regarding conditions of service safety, and health and welfare measures for them. The strategy of the Tenth Plan would be to create a strong data base regarding the number of building and construction workers, welfare measures, social security measures, etc. and to strengthen the enforcement of the two enactments viz., i) Building and Other Construction Workers (Regulation of Employment and Other Conditions of Service) Act, 1976; and ii) The Building and Other Construction Workers Welfare Cess Act, 1996.

Recommendations

- Most of the workers employed in the construction work are illiterates, migrants and are not aware about various labour laws/welfare schemes available to them. For this, awareness generation camps/seminars, publicity through electronic and print media may be undertaken. Reputed Research Institutes, State Governments, NGOs, trade unions may be entrusted with the responsibility of undertaking the relevant advocacy and awareness generation campaign.

(iv) Landless Agricultural Workers

Tenth Plan Approach and Strategy

To eradicate poverty amongst the landless agricultural labourers, the Tenth Plan Approach would be to converge various services, like education, employment generation etc. Implementation of programmes of the Department of Rural Development would be strengthened, based on approaches and methods, which involves the poor themselves in the process of poverty eradication and economic growth. Also, a strong awareness generation would be created amongst the landless agricultural

workers regarding the scope of various welfare and employment generation schemes being implemented by the Government.

The Government of India has launched a new scheme viz., Krishi Shramik Samajik Suraksha Yojana, 2001 on a pilot basis through the Life Insurance Corporation of India for providing social security to agricultural workers including the landless agricultural workers. The benefits available under the scheme include Life-cum-Accident Insurance, Money-back and the superannuation benefit. The Tenth Plan Approach would be to motivate the State Governments to initiate programmes, which would be focused on economic upliftment of landless agricultural workers.

Recommendations

- To assess the magnitude of the problem of agricultural landless workers, a periodical survey and building up of database would be necessary. Further, to arrest this problem, there is a need to ensure the effective implementation of the Minimum Wages Act, up-gradation of skill development, creation of awareness generation and introduction of social security measures without putting serious burden on the government budget and introduction of legislative measures for compulsory education for all.

In the Annexure, only specific programmes and schemes have been discussed which have been identified for generating additional employment opportunities over the Tenth Plan. Their corresponding investments are supposed to come partly by reallocation of the existing investment allocations and thereby changing the patterns of growth in respective sectors for increased employment generation, and partly as an additional sum, which is to be provided in the Tenth Plan allocation in respective sectors. However, in case of a shortfall in the stipulated allocation, the employment generation target accordingly may have to be scaled down. The Special Group in anticipation has made adjustments by selectively reducing the employment generation targets of different programmes/schemes suggested by respective Ministries and agencies.

Agriculture

1. The Ministry of Agriculture has estimated the potential of generating additional employment in agriculture during the Tenth Plan, based on certain assumptions. This is because of non-availability of precise data about actual employment being generated in various schemes in agriculture. The assumptions are:
 - (a) The average man-hours used for producing one quintal of a particular crop based on the results of “Comprehensive Scheme for Cost of Cultivation” will be applicable to the additional production, as a result of additional area to be brought under certain agricultural crops during the Tenth Plan.
 - (b) Each ha. of additional irrigated area covered under “On farm Management Scheme” will generate 1.5 additional jobs.
 - (c) The average real wage rate during the Tenth Plan period will remain Rs.60 per day per worker.
 - (d) Further employment potential has been worked out for the five years of the Tenth Plan as a whole. Year-wise details could be worked out by dividing the information by the number five.

2. The average number of man-hours used for producing one quintal of crop in the year 1998-99 was as follows:

Table A1

Crops	Average number of man-hours used for producing one quintal
Groundnut	69.3
Soya bean	34.4
Rapeseed & Mustard	34.7
Tur	72.4
Gram	31.2

3. Based on the above ratios the additional employment in various sectors of crops husbandry in agriculture has been determined as follows:
- (i) It is planned that additional area under **Groundnut** during Tenth Plan shall be to the extent of 5.6 lakh ha. giving an additional production of 6.8 lakh tonnes. Since approximately 690 man-hours are required to produce one tonne of groundnut, for 6.8 lakh tonnes, the total additional man-hours needed would be 4692 lakh man-hours.
 - (ii) Under **Rapeseed and mustard**, it is planned to bring an additional 5.80 lakh ha. area, which will give an additional production of 5.50 lakh tonnes. Since approximately 347 man-hours are needed to produce one tonne of rapeseed and mustard, additional 5.50 lakh tonnes would require 1908 lakh man-hours.
 - (iii) In respect of Soyabean, it is planned to bring additional 9.6 lakh ha. under cultivation, which will give an additional production of 10.4 lakhs tonnes. Since in the case of Soyabean approximately 344 man-hours are needed to produce one tonne, the additional production of 10.4 lakh tonnes of soyabean would require approximately 3577 lakh man-hours.
 - (iv) As per the Department's programme, it is expected to bring an additional area of 0.47 ha. under **Arhar**, which will give an additional production of 0.40 lakh tonnes. A total of approximately 724 man-hours are needed for producing one tonne of Arhar. On this basis the additional production of 0.40 lakh tonnes would require approximately 289 lakh man-hours of employment.
 - (v) In the case of Gram, it is estimated that an additional area of 2.29 lakh ha. would be brought under cultivation giving an additional production of 2 lakh tonnes during the Tenth Plan. Since one tonne of production of Gram requires approximately 312 man-hours, the additional 2-lakh tonnes of production would need 624 lakh man hours.
4. The above programmes will generate 11009 million man-hours or approximately 139 million mandays of employment during the Tenth Plan as can be seen from Table A2 below.

Table: A2
Additional Employment Generation

No.	Crop	Additional Area (Lakh ha)	Additional Production (Lakh tones)	Additional Man hours (lakh Man Hours)
1.	Groundnut	5.6	6.8	4692
2.	Rapeseed and Mustard	5.8	5.5	1908
3.	Soyabean	9.6	10.4	3577
4.	Arhar	0.47	0.40	289
5.	Gram	2.29	2.20	624
	Total			11090 or 139 million mandays*

*11090 lakh man-hours or 1109 million man-hours is equal to 139 million man-days assuming that 8 man-hours constitute one manday.

5. The estimated additional employment (from Table 2) by the Ministry of Agriculture is 139 million mandays per annum on a non-cumulative basis i.e. 0.46 million person years in the last year of the Tenth Plan. However, some of these productions will come after the land is shifted from other crops grown. Therefore, the assessment made by the Ministry may not come true and this may be ambitious. Corrections may be made to lower the estimate of employment to be generated from these programmes. The net addition to employment as assumed by the Special Group will not be more than 0.35 million person years .
6. During the Eighth Five Year Plan, the average production of food grains was 187 million tonnes. The average production of foodgrains during the Ninth Five Year Plan is expected to be around 205 million tonnes. This gives an average increase of about 18 million tonnes. Stocks of cereals with the FCI as on 1st June 2001 were estimated to be 60 million tonnes. There will be a procurement of about 20 million tonnes during the current Kharif season. This means that a very large portion of additional production of cereals/foodgrains is going into stocks.
7. The normative requirement has been calculated by the norm of food requirement given by the National Institute of Nutrition, Hyderabad which gives a figure of 182.5 Kgs. of foodgrains needed per capita, per annum for maintaining good health. The total population figure given by the Population Census is converted into consumption unit by dividing the population figure by a factor of 1.06 and adding to this the requirement for seed, feed and wastage, which is assumed to be 12.5% of the total foodgrains production. The total

requirement of foodgrains as assessed by normative approach is always less than the total production of foodgrains. **Therefore, there is every reason to move away from production of cereals to horticulture and non-commercial crops. This diversification will be a major policy thrust for agriculture during the Tenth Five Year Plan.**

8. The Department is implementing the National Watershed Development Project for Rainfed Areas (NWDPRAs) since the Eighth Plan. The programme follows an area approach and is not an employment generation programme. However, it provides employment opportunities to small and marginal farmers and agricultural labourers both directly and indirectly. The direct employment is generated mostly in the activities relating to conservation and development of land and water resources such as bunding, check dams, water harvesting structures, nurseries, afforestation etc. The indirect employment is generated as a result of multiplier effect of natural resource conservation and diversification of farming system, livelihood support activities leading to higher production and higher income. Keeping this in view, a calculation has been made for direct employment opportunities based on the Ninth Five Year Plan experience. To assess employment generation, it has been assumed that a wage rate of Rs.60 per day will be paid to the workers during the Tenth Plan. Estimated employment potential in NWDPRAs during the Tenth Plan will be 30 million in a year as given in Table A3 below:

Table A3
Estimated Employment Potential in NWDPRAs during Tenth Plan

Year	Area to be treated (ha.)	Average Daily Wage Rate	No. of labour days (millions)
2002-03	10 lakhs	60/day	30
2003-04	10 lakhs	60/day	30
2004-05	10 lakhs	60/day	30
2005-06	10 lakhs	60/day	30
2006-07	10 lakhs 50 lakhs	60/day	30

9. The Working Group on Horticulture constituted by the Planning Commission has estimated that by the end of the Tenth Plan period, horticulture production is required to be increased to 268 million tonnes from existing 148 tonnes. The additional production of 120 million tonnes would require investment of Rs.12394 crore which will also bring additional private investment and generate additional employment to the tune of 1200 million mandays at farm level and 600 million mandays in allied activities like grading, packaging and post-harvest management.

10. The employment generation, as per standard package and practices of Horticultural operations, though is expected to be 3200 million mandays at farm level only by the end of Tenth Plan. The figure of 1800 million mandays has been cited as a most conservative assessment of employment over the Tenth Plan.
11. As per the standard norms of labour requirement in horticulture crops, the following is the assessment of the employment opportunities.

- i) Average requirement of labour for replacement of old orchards and bringing in new areas under horticulture crops is 800 mandays per ha. per year.

During the Ninth Five Year Plan, an additional area of 31 lakh ha. was brought under horticulture crops through replacement of old orchards and new areas. The area under horticulture increased from 132 lakh hec. to 163 lakh hec. during this period. As per the estimates of the Tenth Plan Working Group on Horticulture, an additional area of 40 lakh hec. will be brought under horticulture through replacement and new areas. Taking into account a conservative requirement of 800 mandays per hec. per year, 3200 million mandays will be generated only through this activity.

- ii) The additional production of 1 tonne would require for post-harvest management activities such as grading, packaging, processing and handling etc., labour of 5 mandays. To reach the targeted 120 million tonnes of additional production during the Tenth Five Year Plan, this would generate 600 million mandays.
- iii) Thus, the total mandays employment creation potential of horticulture sector is to be of the order of 3800 million mandays. However, on the very conservative side, the Horticulture Division of Ministry of Agriculture has projected generation of only 1800 million mandays during this Plan period. For each year the mandays generation would be 360 million.

12. The Department of Agriculture and Cooperation would implement a new Scheme “On Farm Water Management” during the Plan period. The scheme will be implemented only in the Eastern States and has following components:

- (i) Assistance for installation of Shallow Tube wells with Pump-sets
- (ii) Assistance for diesel pump sets
- (iii) Assistance for low lift irrigation points
- (iv) Assistance for dug wells in the plateau region

13. During the Tenth Plan period, it is targeted to cover 75 lakh ha. net area under the scheme. Assuming that each ha. of additional irrigated area covered under the scheme would give 1.5 jobs, additional jobs of a total of 112.5 lakh will be created during the entire Tenth Plan period as given in Table A4.

Table A4
Employment Opportunities in On Farm Water Management Scheme

Nature of Schemes	Plan Period	Employment Opportunities Expected ('000 Nos.)
On-Farm Water Management Scheme	9th Plan 2001-02	1050
	Tenth Plan 2002-03	2250
	2003-04	2250
	2004-05	2250
	2005-06	2250
	2006-07	2250
	Total 10 th Plan	11250

14. The assumption that each hectare of additional irrigated area would give additional 1.5 jobs is based on the present statistics of existing irrigated area and jobs created therein. Irrigation will result in increase in intensity of cultivation. Implicit in this is the assumption that the farmers will grow more than one crop, which will result in higher employment generation. The Group however decided to take a conservative estimate of 1.25 million person years at the end of the Tenth Plan as against 2.3 m targeted.
15. Another new scheme on Agri-clinics will be implemented during the Tenth Plan. Under this scheme, 25000 agri-clinics will be set up during the Plan period. Assuming that each clinic will employ at least three persons, a total of 75000 jobs will be created under the Scheme.
16. It is planned that during the Tenth Five Year Plan, an additional 40-lakh quintals of certified seeds would be produced for distribution to the farmers. This additional quantity would result in generation of 75,000 additional jobs, out of which 68,000 jobs will be created on the field and the remaining 7,000 jobs would be created for processing, cleaning, tagging and bagging of seeds.
17. There are four Farm Machinery Training and Testing Institutes working under the control of the Ministry of Agriculture, imparting training on agricultural implements and machinery to various groups of persons such as farmers, rural youth, mechanics etc. Around 2000 such persons are trained every year by these institutes. About 50 per cent of these 1000

persons get wage employment, while other 50 per cent engage themselves in self-employment. Further about 1-lakh tractors are added every year to the total population of tractors in the country. Each tractor generates several jobs, but at least one job of a Driver can be attributed directly to the agriculture. Therefore, one-lakh jobs of tractor drivers will be generated in the agriculture on farm machinery.

18. Therefore, at the aggregate level the total potential of additional employment generation from different programmes and schemes already formulated by the Ministry of Agriculture comes to 3.55 million manyears by the end of the Tenth Plan, after taking a conservative approach. The Special Group is of the view that this much employment generation in agriculture and allied activities will be possible in the Tenth Plan. This is shown in Table A5.

Table A5
Total Employment expected to be generated in Agriculture during Five Year Plan:

Scheme	Employment Potential
1. Additional areas under Cultivation to be brought Under oilseeds and pulses	0.35 Million man years
2. NWDPRRA	0.50 Million man years
3. Horticulture	1.20 Million man years
4. On Farm Management	1.25 Million man years
5. Agri Clinics and Seed Production	0.15 Million man years
6. Tractors	0.10 Million man years
Total	3.55 Million man years

Greening the Country for Food, Livelihood and Environmental Security

For Ecological security following areas have to be greened on priority basis:

1)	Degraded forest areas	31 million hectares
2)	Wastelands	50 million hectares
	Total	81 million hectares

2. The Task Force on greening the country (Planning Commission) has recommended the following programme during 5 years period:

- (i) 10 m. ha of degraded forestland can easily be regenerated/afforested under Joint Forest Management with the involvement of people on share and care basis. Two million ha can be greened annually on watershed development basis involving 2 million people. A “food for work” scheme maintaining 50:50 ratio of food and cash will be ideal. Cash expenditure of Rs.4500 crores will be required on yearly basis. The area being hilly, integrated watershed development will conserve soil, water and bio-diversity. Cultivation of bamboo, medicinal plants, Jatropha and other multipurpose species will meet food, fodder, fuel, fibre, water and energy needs of the forest dwellers (mostly tribal and majority of them living below poverty line). Availability of water and crude drugs will provide preventive and curative health care. Production of fodder and industrial raw-material will further generate employment in secondary and tertiary sectors. Jatropha oil will substitute for kerosene oil and diesel. Bamboo and timber production will provide cash income to each family and help in construction of their houses. Thus during implementation of the project each beneficiary will get cash wage and food and from the second year onwards forest produce. Surplus forest products are easily marketable yielding cash income to the beneficiaries. JFM will alleviate poverty and eliminate hunger and starvation deaths.
- (ii) About 20 million ha of rainfed agricultural area is available for agroforestry. At present, such areas are monocropped and crop failures are common. Lands are mostly owned by SC, ST and other backward classes. Each family owns about 2 ha. of land. Agroforestry is proposed on field bunds by providing technology, planting material under “food for work” scheme. Thus 10 million families can be covered in 5 years period. Two million families can be provided employment and food annually on a sustainable basis. Agroforestry is expected to conserve rainwater, augment

biomass production, increase productivity and improve drainage. Appropriate technology, extension, financial support and removal of various constraints can alleviate poverty of 10 million families. Annual investment required will be of the order of Rs.6000 crore which includes 40% of food component. At present the country is importing forest products worth Rs.8500 crore annually. Prior to 1986 India was net exporter of forest products. Import of forest produce from 1987 onwards has reduced employment opportunities and increased poverty, hunger and unrest in backward areas. Without greening activities floods and drought, land degradation, advancing of deserts and environmental pollution cannot be halted. **Thus JFM & Agroforestry can easily employ 4 million people under “food for work” scheme for greening the degraded areas.**

- (iii) **Development of Medicinal Plants for Employment Generation-** India, identified as one of the 8 important global centres for plant diversity is immensely rich in medicinal and aromatic plants growing in diverse ecosystems. Enormous opportunity exists worldwide not only for Indian System of Medicine (ISM) but also for the growth of herbal sector. The herbal sector opens fresh opportunities for the production of a whole range of therapeutics as also for food supplements, cosmetics, toiletries, nutraceuticals and veterinary medicine. The Task Force on medicinal plants (Planning Commission) has made following recommendations:
- Identification and establishment of MPDA/Vanaspati Van over an area of 1 million ha in forest areas for intensive management of medicinal plants. Under “food for work” scheme 10 lakhs people will get productive employment and food.
 - Nearly 1 lakh people will get employment in 10,000 pharmacies, health tourism and manufacture of various products.
 - Globalisation of ISM can easily earn Rs.10,000 crore on yearly basis.

On the recommendation of the Task Force, the Medicinal Plant Board has come in existence. GMP (Good Manufacturing Practices) has been introduced to ensure quality, safety and efficacy of drugs. Health tourists have started visiting Kerala and Varanasi, Students from abroad have started coming to our Ayurvedic institutions. **Concerted effort in identified sectors can easily generate 1.1 million jobs on a yearly basis.**

- (iv) **Bamboo Development-** Bamboo is an important feature in many parts of India. It has more than 1500 uses. Recent technological developments have given birth to new generation products, which are in great demand inside as well as outside the

country. The Task Force on greening India had made following recommendations for this developing sector:

- All existing sawmills and plywood industries may reconstruct themselves to substitute timber by bamboo as their raw material. Use of timber is not permitted by Supreme Court order for environmental reasons. Nearly 3 million jobs are lost due to this. This change over with bamboo will require heavy investments. Private firms owning these industries need loans from the banks.
- Bamboo technology mission should provide technology to the industries for producing quality bamboo products for export.
- CAPART can motivate the growers and NGOs to cultivate useful bamboo species.
- For retarding climatic change global consensus is to change over from timber to bamboo use. For boosting the export, establishment of “Bamboo Board” will be desirable.

All these activities can generate additional employment to 2 million people. According to a study of INBAR, India has potential to boost the bamboo trade to the extent of Rs.30,000 crore annually. The global market will absorb it by the end of this decade.

Therefore, the total potential of additional employment generation from different programmes comes to 7.1 million employment by the end of the Tenth Plan. This is shown in Table A6, along with the assessment of Special Group.

Table A6
Employment Generation in Forestry, Medicinal Plants and Bamboo Development during Tenth Five Year Plan: Projections by the relevant Task Forces* and the Special Group

Scheme	Employment Potential
1. Forestry and agro forestry	4 million (1.5 million)
2. Medicinal Plants	1.1 Million (0.5 million)
3. Bamboo Development	2 Million (1.5 million)
Total	7.1 Million (3.5 million)

* (i) Task Force on Greening India; (ii) Task Force on Medicinal Plants.

NB : Brackets denote the Special Group’s estimates

Few more innovative areas – Energy Plantations for Bio-mass Power Generation

1. **Cultivation of fast growing trees such as casuarina equistifolia and bush crops such as prosopis juliflora can serve as biomass fuel for establishing a national network of decentralized rural power plants.** These power plants, ranging in size from 10-25 MW, can generate thousands of megawatts of power from renewable, forest based fuel sources in a cost effective manner. This would reduce India's dependence on imported fuel oils, stimulate private investment in the power sector, and generate massive income and employment opportunities for the rural poor.
2. In order to meet pent up demand, India needs to create an additional 100,000 MW of power generation capacity during the Tenth Plan period. Establishment of 10 million hectares of energy plantation will be sufficient to generate 25,000 MW of power generation and provide year-round employment for 7.5 million people.
3. **Casuarina** is a fast growing tree that can be cultivated on marginal wasteland and harvested on a rotating basis from the third to fourth year onwards. Casuarina is already commercially cultivated over wide tracks in the southern States, primarily as a rain-fed crop for fuel and construction. It can also be used as pulp for papermaking. It is an excellent species for environmental control of erosion, stabilization of soils and reclamation of poor soils. It requires 10,000 tonnes of casuarina to generate one megawatt for a year. By harvesting the crop on a rotating basis, a standing plantation of 250 hectares is sufficient to generate one megawatt of power. A 2500-hectare casuarina energy plantation can support a 10-12 MW power plant. Assuming a net farm selling price of Rs.700 per tonne, one hectare of casuarina can generate year round net income of Rs.28000. Allocating one hectare per person, each 10 MW power plant can provide employment for 2500 persons.
4. **Prosopis** is a thorny plant that grows wild on extensive areas of wasteland and serves as a fence, but is not being harvested or utilised for commercial purposes. It grows rapidly, producing about 10 tonnes of biomass on dry-weight basis per hectare per annum. The biomass is an excellent raw material for power generation. 1000 hectares of rain fed prosopis can provide sufficient fuel to generate one MW of electric power. One hectare of prosopis under rainfed conditions can produce on an average 10 tonnes of fuel per hectare per year, from the 3rd year onwards. By harvesting the crop on a rotating basis, a standing plantation of 1000 hectares is sufficient to generate one megawatt of power. A 10,000-hectare prosopis

energy plantation can support a 10 MW power plant. Assuming a net farm-selling price of Rs.700 per tonne, one hectare of prosopis can generate year-round net income of Rs.7, 000. Each hectare requires 100 man-days per annum of labour input. Allocating two hectares per person, a 10 MW power plant can provide employment for 5000 persons, each earning Rs.14, 000 per annum.

5. The challenge is how to implement the projects in a manner that will generate maximum income and employment for the rural poor. It can be done by assigning suitable land for each project in different parts of the state, leasing 50% of the required land to corporates willing to invest in the approved agro-enterprises. The balance 50% may be given to rural families for cultivation as a registered crop and supply of produce to the power plants. Cooperative power plants can also be established in regions such as Maharashtra where agricultural cooperatives have proven effective. Nationalised Banks may be directed to extend loans to the farmers.

Bio-fuel from Sugarcane – Ethanol Plantations

6. India is currently producing surplus sugar and is holding stocks equivalent to 8 months domestic requirement. Export of the sugar is not viable because low productivity and high cost of production make Indian sugar uncompetitive on the international market. Excess production of sugarcane and molasses may be utilised as raw material for the production of ethanol that can be mixed with petroleum products as a fuel for motor vehicles.
7. Ethanol can be blended with motor fuels up to 5-10% without any modification of vehicles with fuel injection system and can be used in higher blends up to 95% in modified vehicles. Ethanol blends generate significantly less pollution than alternative petroleum-based fuels.
8. India presently consumes approximately 40 million tonnes of petrol per annum. Assuming a 10% blend of ethanol with petrol and diesel, the total requirement of ethanol would be 4.6 million tonnes per annum. With engine modification, much higher ethanol blends can be utilised. The cost of production of ethanol fuel from sugarcane will be approximately Rs.18 litre, of which 2/3rd will go as income to farmers. Total current production of ethanol in India (primarily from molasses) is 1.3 billion litres, of which 50% is used for industrial purposes and 50% for potable purposes.
9. India currently produces approximately 300 million tonnes of sugarcane annually, of which 60% is crushed for sugar production and 40% for jaggary and other products. The 180

million tonnes of cane is converted into 18 million tonnes of sugar and 8 million tonnes of molasses annually. Current domestic sugar consumption is only 15 million tonnes. Since the cost of production in India is above the international level, surplus sugar accumulates. India's current stock of surplus sugar is 10 million tonnes, equivalent to 8 months consumption. Assuming that 25 million tonnes of sugarcane is diverted from sugar production for production of ethanol fuel, an additional 1.6 billion litres of ethanol can be produced. By increasing the yield of sugarcane and increasing total area under sugarcane, additional ethanol can be produced.

10. 25 million tonnes of sugarcane (8% of total cane) may be diverted for ethanol production, resulting in production of 1.6 billion litres of ethanol fuel. Additional areas can be identified for growing sugarcane exclusively for ethanol production. By this way, additional cane production of 75 million tonnes would be available which can produce an additional 4.8 billion litres of ethanol. In addition, availability of sugarcane can be increased by a concerted effort to improve the productivity and efficiency of existing sugarcane cultivation. By this way, additional cane production of 75 million tonnes would be available which can produce an additional 4.8 billion litres of ethanol. Total ethanol production from these programmes would be 11.2 billion litres per annum. Existing distilleries can produce this ethanol because they are under utilised.
11. The programme would produce 11.2 million tonnes of ethanol fuel per annum, valued at Rs.17,000 crores, as a substitute for imported oil. **The most significant benefit of the programme is that it can help meet the nation's energy requirements in a manner that generates additional rural income of Rs.10,000 to 12,000 crores, rather than by expenditure of foreign exchange to generate prosperity in petroleum producing countries.** Improving the productivity of sugarcane can bring down the price of sugar to internationally competitive levels so that surplus production can be exported. **The higher cane yield and additional area cultivated will generate 2.5 million additional employment opportunities.** The programme can produce 30 billion units of electricity from bagasse valued at Rs.9000 crores. The employment to be generated from these programmes as well as estimates of Special Group for these programmes are given in Summary Table A7.

Table A7
Summary Table – Energy Plantations & Employment Creation

Project	Area (Ha)	Income Generation (Rs.crores)	Job Creation	Gestation
Energy Plantation Prosopis Casuarina	5 million 5 million wasteland	6500 13500	7.5 million	3 years 5 years
Ethanal Plantation	800,000 irrigated	12000 5000 6000	2.5 million	1 year
Total	10 million wasteland and 800,000 irrigated	Rs.430000	10 million jobs*	

* Special Groups has assumed 1.22 million manyears for first project and 0.79 million man years for second project for the 10th five year Plan.

12. The Special Group is of the view that this much employment generation will not be possible in the Tenth Plan. **Therefore, a conservative estimate has been taken that 2.01 million employment opportunities would be created under this in the Tenth Plan.**

**Rural Development Programmes-
Sampoorna Gramin Rozgaar Yojana (SGRY),
Swaranjayanti Gram , Swarozgar Yojana (SGSY) and
Pradhan Mantri Gram Sadak Yojana (PMGSY)**

I. Sampooran Gram Rozgar Yojana (SGRY)

The Ministry of Rural Development have been operating two Schemes of Wage Employment, namely, the Employment Assurance Scheme (EAS) and the Jawahar Gram Samridhi Yojana (JGSY). While the EAS was primarily meant for creation of additional employment opportunities during the period of acute shortage of wage employment through manual work for the rural poor living below the poverty line, the JGSY was aimed at creation of need-based rural infrastructure at the village level. These programmes have contributed to a great extent in reducing rural poverty and improving the quality of rural life. These two programmes have been merged into a single wage employment programme namely, the Sampoorna Gramin Rozgar Yojana (SGRY) which was launched in September, 2001 with an annual outlay of Rs. 10,000 crores. This will enable an annual increase in allocation for employment schemes by Rs. 6000 crores. The major objective of this Scheme is to provide food security, additional wage employment and village infrastructure simultaneously. Under the Scheme 50 lakhs tonnes of foodgrains amounting to Rs. 5000 crores (at economic cost) is to be provided every year to the State Governments and UTs. The remaining funds are to be utilized to meet the cash component of wages and material cost. Under the Scheme, 100 crores mandays of employment are envisaged to be generated every year.

Past experience has shown that 50 crores mandays of employment per year have been generated under the EAS and JGSY. Although, it is targeted to generate 100 crores mandays per year under the new scheme of SGRY, in actual fact, at least 90 crores mandays per annum will be generated (depending upon the actual allocation of funds). Therefore, in any case, it can be safely estimated that 40 crores mandays per annum will be the additionality in employment under the restructured SGRY.

II. Swarnjayanti Gram Swarozgar Yojana (SGSY)

The Ministry of Rural Development implements the Swarnjayanti Gram Swarozgar Yojana (SGSY) which is a restructured Self-Employment Programme of the erstwhile IRDP and allied Schemes. The SGSY came into operation from 1st April, 1999 and it has been conceived as a

holistic Programme covering all aspects of Self-Employment like organisation of the rural poor into Self-Help Groups (SHGs) and their capacity building, training, planning of activity clusters, infrastructure development, financial assistance through bank credit and subsidy and marketing support. It is expected that individuals and Group Swarozgaris will, over a period of time, establish micro-enterprises based on key activities identified taking into account the resource availability and demand potentiality in the area concerned. Under the Scheme, while subsidy is only an enabling component great reliance is placed on the credit component for successful operation of the micro-enterprises started under the Scheme. The various Evaluation Studies of the erstwhile IRDP and allied Schemes have shown that these Schemes have provided productive employment opportunities for the rural poor on a sustainable basis, although certain shortcomings were also noticed in the actual implementation at the field level. It has been possible to establish 7.42 lakhs Self Help Groups under the restructured Self-Help Groups under the restructured Self-Employment Programme of SGSY.

It is targeted to set up 14 lakhs Self-Help Groups (at least 1 SHG in every habitation of the country) by 2004. As the SGSY is a process oriented Programme, it may take some time from the stage of formation of Self-Help Groups to the final stage of setting up of micro-enterprises. Past experience of the operation of the Scheme has shown that on an average, it was possible to provide employment to 8.5 lakh persons per annum, on a sustainable basis (including group and individual swarozgaris). On this basis, it is estimated that it would be possible to provide self employment on a sustainable basis, to about 43 to 45 lakhs persons during the next five years i.e., .8 to .85 m per years. In addition, there will be indirect employment, also consequent to the setting up of micro enterprises by these persons. This estimate is based on the assumption that the current level of investment of Rs. 800 crores per annum will be maintained during the next five years under the programme.

III Pradhan Mantri Gram Sadak Yojana (PMGSY)

The allocation for rural roads was about Rs.500 crore in the year 1999-2000. This has now been raised to Rs.2500 crore under the programme **Pradhan Mantri Gram Sadak Yojana (PMGSY)**. **The Special Group has taken a conservative estimate that 0.77 million person-years of additional employment opportunities would be created under this in the Tenth Plan, taking the norm of employment generation from the construction sector.**

The Special Group on a conservative basis assessed that employment opportunities to be created under these 3 programmes would mean a net addition of 2.86 million person-years during the Tenth Plan:

Table A8**Employment Opportunities: Three Special Programmes.**

Programme	Increase in employment opportunity during 10th Plan (million persons years)
SGRY	1.29
SGSY	0.80
PMGSY	0.77
Total	2.86

Employment Generation in Small Scale Industries (SSI) Sector

1. Employment generation has always been one of the main objectives of the policies aimed at economic development and growth of the nation. A rise in economic growth has always led to increased employment opportunities and similarly enhanced employment generation has always contributed significantly towards economic growth. However, identifying and creating employment opportunities has always been a challenging task in our country, the reasons for which are plenty and well known. More disturbing in this context is the realization that there has not been commensurate growth in employment vis-à-vis economic growth as demonstrated by the GDP indicators over the past decade.
2. The Small Scale Sector currently provides employment to over 18.5 million persons. SSI Units are set up in the Private Sector. Employment in the SSI sector is mainly generated in two forms:
 - Autonomous – wherein every new SSI unit set up provides employment to entrepreneurs, skilled, semi-skilled and unskilled workers; and
 - Induced – through specialized employment generation programmes like the Prime Minister’s Rozgar Yojana (PMRY), etc.
3. The average rate of growth of production in SSI sector is estimated at 8% and average employment is about 4% per annum respectively. This gives an employment elasticity of 0.5 for this sector. The target of employment generation in the SSI sector by the terminal year of the 9th Five Year Plan was 185 lakh persons in 2001-02, giving an additionality of 25 lakh persons from the base year i.e., 1996-97. The estimates of additional employment generated in the SSI sector during the 9th Plan are that of about 33 lakh persons. The SSI sector provides whole-time and sustainable and durable employment. According to 2nd All India Census of Registered SSI units (1987-88), the average employment per SSI unit is 6.3 persons. As a result of modernization and technology upgradation of SSI sector and emergence of capital-intensive products, the average employment per unit during Ninth Five Year Plan has been estimated at 5.5 persons per unit.
4. The role of Government is to facilitate and promote entrepreneurship, technology, marketing, credit etc. so that SSI Units can compete. The policy environment enabling this sector to grow includes:
 - (i) SSI sector comes under the Priority Sector Lending programme of Banks

- (ii) Fiscal support to SSI units in the form of Excise Exemption, some direct tax benefit by the Central Government, Sales tax/loan deferment by the State Governments
 - (iii) Protection through product reservation (currently 799 items out of about 8000 items manufactured in the SSI sector are reserved).
 - (iv) Price Preference and Purchase Preference in purchases by Government Departments.
 - (v) Support for technology upgradation through Small Industries Service Institutes (SISIs), Product Cum Process Development Centres (PPDCs), Regional Testing Centres (RTCs), Tool Rooms and Financial incentives for acquiring ISO 9000 certification.
 - (vi) Entrepreneurship development programmes conducted by various National level institutes and support to state level industries.
 - (vii) Encouraging Ancillaries, Vendor development, sub-contracting exchanges etc.
 - (viii) Development of infrastructures.
5. The targeted rate of growth for SSI Sector has been kept at 12% for the Tenth Plan on the ground that economy is expected to grow at 8% (GDP) in the Tenth Plan. With liberalization of the economy and its assimilation into the globalised world order, latest and state of the art technology needs to be adopted by new units coming up in the Small Scale Sector, while the existing units need to carry out technological upgradation from time to time to enhance their competitive strengths. This also entails commensurate improvement in the quality of employment/labour. Emphasis would have to be given to quality of labour along with the quantity of labour to bear the onslaught of globalisation and survive in the changing economic scenario with increasing competitiveness. The Small Scale Sector is poised to be the engine of employment generation/growth in the next 5 years is clear from the projections made by the Sub-Group I of the Working Group on Small Scale Industries for the 10th Five Year Plan. The growth in employment is dependent on the growth in the number of units, growth rate of the SSI sector and nature of growth i.e. the type of industries i.e. capital intensive or labour intensive. Taking all these factors into account, the Sub-Group projected that in the terminal year of the Tenth Plan i.e. 2006-07 there will be 43.78 lakh units of small scale industries with employment of 237.17 lakhs.

The net addition of employment in the Tenth Plan will be 39 lakh persons from growth buoyancy. The average growth rate for employment for the Tenth Plan will be 4.2% per annum.

6. Taking into account the increased capital intensity in the SSI sector, the current employment per unit is estimated at 5.5 persons. Taking the 2001-02 figure of number of SSI units as the base and applying a growth rate of 4.6% per annum over it we get the number of SSI units

coming into existence each year. This annual number of new units is multiplied by 5.0 i.e. the average estimated current employment per unit. A relatively lower per unit employment has been visualized for the Tenth Five Year Plan because of the increased emphasis on technology upgradation and modernization of the SSI Sector, which is considered essential in order to enhance the competitiveness necessitated by the ongoing process of liberalization globalization and adherence to the WTO agreements. There are also indications that in times to come SSI sector will be moving to product lines having higher capital intensity. There is likely to be impetus for setting up more and more self employment ventures because of introduction of Voluntary Retirement Scheme in the Public Sector Undertakings. Similarly, there are also indications that the major part of the service sector will grow as small enterprises. All these factors will help to generate additional employment of 44.10 lakh persons.

7. There are at present nearly 33 lakh SSI units all over the country, of which about 1 lakh are in the organized (factory sector). The unorganized sector comprises of SSI units engaged in manufacturing apart from those in the handloom, handicrafts, coir and KVIs sectors. The organized sector includes powerlooms other than the manufacturing SSIs. There is also a large sub-sector within the SSI sector known as Tiny Industries, which consist of micro units, which are comparable to rural, and cottage industries.
8. The Special Group has estimated that 4.2 million additional jobs can be created by specific programme in the small industries including KVIC. KVIC submitted a plan of creating additional two million jobs from different special programmes including REGP and those recently announced; Based on the good performance during the last three years in generating new employment opportunities under REGP (Rural Employment Generation Programme) and generating 3.05 lakh new jobs in 1999-2000 and 3.50 lakhs in 2000-01 as also the sanctions already made by CCEA for 20 lakh new jobs through REGP in Tenth Plan, the assessment made by Special Group for the next five years is that KVIC will generate at least 4 lakh jobs a year on a cumulative basis, i.e. 2 million jobs over the Tenth Plan. Added to this is from special cluster development programme and other measures in SSI resulting from the recommendations of the Planning Commission's Gupta Committee and from PMRY another 2.2 million additional jobs are likely to be created. These are added to the normal growth in employment from growth buoyancy of nearly 2.2 million when the growth will be increased from 8 per cent to 12 per cent per annum.

A detailed note on KVIC, its objectives and strategies are given in Chapter V of this Report.

Table A9

The final break up of potential areas of job creation is as follows:

			(Million persons years)	
I	Program Based	a) KVIC in REGP	2.00	4.20
		b) PMRY in SSI	1.65	
		c) SSI : Cluster Development	0.55	
		(i) Small Manufacturing		
II	Growth induced	a) SSI	3.86	7.42
		b) Coir	0.10	
		c) Handloom	0.40	
		d) Power loom	0.10	
		e) Handicraft	0.93	
		f) Sericulture	0.50	
		g) Wool (unorganised sector)	0.10	
		(ii) Large Manufacturing	1.43	
Total Manufacturing		<i>(including SME's & Special Employment Programmes in Rural Areas)</i>	11.62	

Community Services

A. Employment in Education Sector

Employment in Education Sector may be seen from the following table obtained from Ministry of Human Resource Development.

Table A10
Assessment of present trends in Employment in
Elementary Education and Literacy

Schemes	Estimate of employment Opportunities		Nature of Activities & Establishments
	2002	2007	
Teachers	16,92,159	32,23,757	Primary and upper primary teachers employed under OBB, DPEP, SSA, Lok Jumbish, Shiksha Karmi, AS/EGS, ECCE, Mahila Samakhya, continuing education, SRC & JSS
DIET, BRC, CRC, engineering Staff, SPO, DPO	56,469	1,51,890	Resource persons and project staff employed under DPEP and SSA
Mid-day-meal	4,00,000	4,60,000	Cook and Helper employed for mid day meal scheme
Total	21,48,628	38,35,647	

Note:

- OBB - OPERATION BLACK BOARD
- DPEP - District Primary Education Programme
- SSA - Surva Siksha Abhiyan
- AS/EGS - Alternative Schooling/Education Guarantee Scheme
- ECCE - Early Childhood Care and Education
- SRC - State Resource Centre
- JSS - Jan Shikshan Sansthan
- DIET - District Institute of Education and Training
- BRC - Block Resource Centre
- CRC - Cluster Resource Centre
- SPO - State Project Office
- DPO - District Project Office

B. Employment in Health and Child Development

Employment in health and child development may be seen from the following table given by the Social Welfare Division. These estimates are based on the Ninth Plan achievements of the sector and the projections for Tenth Plan are as follows:

Table A11
Employment in Women and Child Development Sector

Programmes	Additional Employment
1. Integrated Child Development Projects (ICDS)/ Angan Wadi Workers (AWWs)/ Angan Wadi Helpers (AWHs)	3.00 lakh
2. Support for Training and Employment Programme (STEP)	1.25 lakh
3. Employment and Income Generation, Training-cum-Production Centres for Women (NORAD)	1.39 lakh
4. Socio Economic Programmes (SEP)	1.70 lakh
5. Condensed Courses of Education and Vocational Training for Adult Women for Employment Generation	1.00 lakh
6. National Handicapped Finance and Dev. Corporation*	1.00 lakh
Total	9.34 lakh

* Income generating activities for 9755 persons in Ninth Plan (assumed to be around 10,000 in the Tenth Plan)

The Special Group has assumed that additional 1.7 million employment will be generated in Elementary Education and 0.8 million from Health and Child Development and other Self-Employment Programmes.

General Comments on Task Force Report on Employment Opportunities and other relevant Sources

(a) The Task Force Report:

One of the terms of reference of this Group (Annexe C), is the consideration of the relevant findings of the earlier Task Force Report constituted on 21.1.1999 and submitted on 1.7.2001 in preparing the present Report. The earlier Task Force Report like the present one also depended primarily on the NSSO 55th Round Survey data for estimating employment and unemployment in the economy. It used UPSS method of NSSO for estimating the movements of employment and unemployment in India. The Special Group's assessment of this method is given in Chapter 2. Because of using this method, it has derived an estimate of unemployment, which excludes large number of persons unemployed over a period of six months or less of the year and sometimes even marginally employed for a few hours in their working days. Thus, the Estimates of unemployment on this definition underestimated the Plan's task in generating new employment. Indeed, this has precisely happened when the estimates of Task Force gave as low an unemployment rate in 1999-2000 as 2.2 per cent of the labour force. This estimate of unemployment therefore does not reflect fully the economic and social pressure in the job market from a large number of persons who are employed and unemployed. This definition of employment, including a large proportion of unemployment/underemployment, therefore, cannot match with the concept behind the Prime Minister's target of creating ten million gainful jobs a year and 50 million over the Tenth Plan period. Hence the Special Group switched over to the concept of current daily status, the estimates of which are also given in the NSSO Survey. To quote NSSO, "the CDS measure of unemployment is widely agreed to be the one that most fully captures open unemployment in the country". This raises the unemployment immediately to above 7 per cent in 1999-2000. The Task Force report also admitted that CDS method gives better measurement of unemployment.

Secondly, the Task Force depended largely on the potentials of job creation on the past employment elasticities with a few minor ad-hoc corrections in some sectors and without giving any specific explanations. The implications of the change in policies in future and the impact of special employment and rural development programmes have not been explicitly dealt with. The Task Force assessed that in the agriculture future job creation potentials are near zero. But the Special Group views that because agriculture has not been given priority in 90s reforms process, there has been no growth in agricultural employment between 1993-94 and 1999-2000. The Special

Group thinks that agriculture has still a very high potential for contributing to additional employment, if proper policies are undertaken regarding restructuring and deregulation along with Tapping new areas in agriculture and allied activities.

The Task Force further assumed that the GDP growth is the key generator of employment but even by assuming as high as eight per cent growth rate, it came out with an unemployment rate near doubling at the end of Tenth Plan. These findings clearly demonstrate that the growth *per se* will not be able to tackle the un-employment problem unless the patterns of growth and the major policies are changed. The Task Force recommended as an alternative scenario a further increase in the growth rate to 9 per cent per annum but still it has not been able to reduce the unemployment rate from the present. The Special Group however considers that it is not feasible to sustain such high growth rate at this point of time, given India's present savings and investment constraints and many other constraints, arising from unsatisfactory infrastructures, absence of good governance and inept implementation machinery. The Task Force further asserted that the target of creation of ten million jobs per year is not required and a lesser number of jobs will fulfill the plan needs. To quote "Projected growth rate for the labour force growth (1.8 per cent assumed) imply that the expected scale of addition to the labour force and therefore the need for new employment opportunities will be significantly less than the assumed in our Terms of Reference". This view, does not take the large base period pool of unemployment of around 26 million estimated on CDS basis. The Task Force used a projection model to estimate employment and unemployment and left a heavy unemployment as residual. The Special Group has however treated employment generation as a target variable and has worked out appropriate policies and programmes to achieve this goal.

On the basis of their findings, both the Task Force and the Special Group emphasise the need for improving the job quality i.e., generating gainful employment. However, the Task Force does not think of unemployment as a problem and centered its policy focus basically on improving the quality of jobs. The Special Group thought that the quality of employment and the lack of employment opportunities in the market should be treated simultaneously considering that with large unemployment in the market, it is very difficult to improve the terms of employment. This is especially in the unorganised labour market where labourers have no protection from exploitation.

The Task Force gave top priority to accelerating the growth of the organised sector because it provides much better quality jobs and concentrates most of its policies to help the growth of the organised sector. It, however, overlooked the fact that the private sector segment of the organised sector at the moment contributes hardly 2.7 per cent of the total employment in the economy. As a result even if this sector grows above 20 per cent per annum over the Tenth Plan period, its marginal

(additional) contribution will be to the extent of 0.5 to 1.0 per cent of the total volume of employment generated. The public sector segment of the organised sector, because of its almost zero employment elasticity, is ruled out from making any significant contribution to employment in the near future. The Task Force further recommended that the organised sector, by a faster growth will ease out the less competitive unorganised sector in future. The Special Group has concluded that to solve the employment problem over the Tenth Plan period, along with the organised sector, we have no alternative but to take measures to accelerate the growth of productivity and income of those working in the unorganised sector which provides at present 92 per cent of employment; This could be achieved by improving skills, providing more timely and easy credit, better technology and infrastructure and using better marketing know hows. All these policies have been spelt out in the present Special Group Report. In terms of priority areas for generation of additional employment, the Task Force gave highest priority to the services sector, projecting that 70 per cent of the employment of the economy will still be provided by the services sector. But the Special Group concluded from its projections that agriculture will still be the highest single sector for providing employment, followed by small and medium industries and the different services sectors. The public sector over the Tenth Plan has a major role in providing infrastructure, especially in social sector but should not be regarded as a major source of job creation except in some segments of social and financial services.

According to the Special Group, the contribution to employment from the services sector, on incremental term will lie around 50 per cent of the total employment and not as high as 70 per cent projected by the Task Force. In selecting the policy packages, the Special Group has been benefited by the analysis made on different policy options by the Task Force. But the Task Force has deliberated mainly on those policy issues, which pertain to growth only and not specifically to employment generation like the policies to increase the employment intensities of output by proper choice of technology over the medium term period. The Task Force also has not considered in its estimates the effect of the likely downsizing of the Government and retrenchment of the labour force both in public undertakings and the private sector in the near and medium term period. The Special Group has made some approximate estimates, which show that the magnitude may be more than four million persons.

Finally, the Special Group in general benefited from many recommendations of the Task Force report barring but in certain areas, where the Special Group expressed its reservations primarily because of the nature of their immediate effect on employment. Those policies are as follows:

1. The Task Force Report recommended the lowering of import tariffs to the levels prevailing in East Asia over a three-year period. The Special Group, however, thinks that although the

reduction of tariff, by reducing some input costs encourage an increase in export helping additional employment generation, in specific cases, it can also adversely affect employment among certain domestic industries at least in near future, by possible larger competition from imports. No specific study has been available to give the net effect of tariff reduction on the economy as a whole. Indeed a detailed study must be made on this aspect. Therefore, the Special Group has decided not to take any view until more information is available.

2. The Task Force recommended that the Agro Companies should be allowed to buy, develop, cultivate and sell the degraded wastelands after taking this land out of the purview of tenancy laws.

However, the Special Group views that such a scheme should be treated only in the form of a time-bound lease in which the interests of local landless labour, marginal farmers etc., should also be considered and as opposed to “once for all” transfers to different bodies including the agro companies.

3. The Task Force recommends in favour of the freedom of conversion of rural land into urban usage and laws to facilitate private development townships and estates. In the opinion of the Special Group, it should be done only in selected wastelands and not as a general rule.
4. The Task Force recommended dereservation of SSI within four years, and increase in the FDI investments.

The Special Group is of the view that the dereservation should be done on case-by-case basis as a gradual process without giving a time limit for total phasing as recommended by the Committee on Development of Small Enterprises constituted by the Planning Commission. Any increase in the ceiling of FDI Investment at the moment is not needed.

5. The Task Force recommended a fast switch to modern retail trade and removal of ban on FDI in this sector.

The Special Group is of the opinion that on the ground of employment and its benefits from dispersion across regions, the retailing should be allowed to continue both in the modern and traditional sectors and all help should be given to the traditional sector to improve their productivity and quality of services. Over a long-term period, the merging of the two may come. The special group does not recommend FDI in retail sector for the Tenth Plan.

6. Regarding special employment programmes

The Task Force's view is that they are not effective in giving employment and entail wastage and, therefore, pending review, these programmes should be frozen at the current price level. The Special Group feels that there is scope for tightening and rationalizing the special employment programmes by proper mergers and partial weeding, but the scale of operation should not be reduced, because it has a very effective role in generating employment especially during slack season and in areas where market is not functioning properly.

7. Hiring and Firing

The Task Force recommended that there should be flexibility in the hiring and firing of labour, where no permission from government will be needed. It is only then that there will be incentive to use labour-intensive production. The Special Group thinks that its relaxation may create more firing than hiring in the near future, given that the market is carrying excess labour and government is following its downsizing policy. In the long run this relaxation may result in more hiring but no study until now is available as to the net effect. Besides even if amended, by relaxing provision for hiring and firing, it should be along with the social security coverage, when full care should be taken to protect the retrenched labour. The ensuing National Labour Commission Report in this context should be examined. The Group therefore decided not to form any view, without more information from the Labour Commission Report.

8. Labour Laws

The Task Force recommended suitable amendment of the Contract Labour Act. This issue is lying with the Group of Ministers for their decision. The Special Group in principle agrees with the Task Force's recommendations but thinks that it should be preceded by appropriate social security and other measures for protection of the interests of labour. Proper regulatory authorities are to be created to watch the recruiting agencies, for protecting the employees' interests. It may be pointed out that most of the labour laws that the Task force has recommended for change, pertain only to the organised sector covering hardly 8 per cent or less of the labour force. The Task Force has not discussed much about the labour laws, rules and regulations applicable to the unorganised sector. The Special Group has discussed its problems in detail.

(b) Population Census of India

The population census provides decadal growth of the main workers and also of the marginal workers. Main workers are defined as those who have work for the major part of the reference period (i.e., 6 months or more). The marginal workers are those who had not worked for the major part of the reference period. The estimates of workforce as percentage to population are available on all-India basis, also state-wise and in the union territories. In this Census Report, however, the concepts of employment and unemployment are different from the ones given in the NSSO Report. Therefore, a strict comparison with Special Groups estimates of workforce should not be attempted; only their broad trends can be compared.

Table 14 gives the decadal growth rate of the work force over the 1990s. Here again we notice the growth of workforce comprising the main workers (we have taken the main workers separating the marginal workers since it is closer to the concept of the workforce measured on the CDS basis) has decelerated significantly from the 1980s of around 2.34 per cent to 0.81 per cent in the 1990s. These estimates are not strictly comparable with NSSO estimates because of their differences in the concept and measurement use for the workforce. But both the NSSO and the Census clearly demonstrate that there has been a significant deceleration in the growth of workforce (from the eighties to the nineties). As to the rate of growth of the marginal workers in the Census grew much faster compared to the main workers; This is corroborated also by the fast growth of casual workers in the NSSO Survey. But here again one should be careful in trying any strict comparisons between the two sets of estimates.

The regional trends in employment during 1991-2001 are rather disturbing from the labour perspective (Table 14). States, which are still very far, intime, from demographic transition have recorded slow growth or even a decline in number of main workers; Orissa (-0.81%), Uttar Pradesh (0.11%), Madhya Pradesh (0.47%) and Bihar (0.72%) as compared to all India average of 0.81%). Implicit in this are sharp escalations in inter-state migration. If we rely on economic growth processes alone, to balance labour supply and demand, at regional level the job quality will tend to reach rather highly exploitative levels in some pockets of the country. Social ramifications of these are easy to imagine. At the same time freedom to migrate is essential because otherwise, regional inequalities in unemployment and income will accentuate still further. The Special Group therefore, suggests in chapter V that the planning process needs to lock closely at the migrant workers. Emphasis on more and better work opportunities in agriculture and allied areas in particular in the States

having high labour supply growth is therefore considered as of crucial importance to sustain job quality of the average worker of the country.

(c) Employment Exchange

The third source is the data given by employment exchanges. There are nearly 958 employment exchanges spread all over India which record registration for jobs in the live register on a time series basis; but there are major limitations in using the information from this source, because of the following reasons.

- (i) All the job seekers registered with the employment exchange are not necessarily unemployed.
- (ii) All job seekers or unemployed do not register themselves with the employment exchange, given the fact that in most of the states the employment exchanges are concentrated in the urban areas.
- (iii) In some exceptional cases, there is a chance of duplication in the register.
- (iv) The job seekers who find employment through agencies other than employment exchanges do not always report to the employment exchanges for deletion of their names.
- (v) Employers also do not intimate the employment exchanges when selections are done from the employment exchanges' list.
- (vi) There are cases when a default to renew the cards results in deletion of their names.

Here also, we notice, on an annual basis, the number in the live register of the employment exchange is increasing over time and it has reached a level of 41.3 million persons in the year 2000. Keeping in mind the limitations of this source, it can only be loosely compared with the unemployment figures derived by the CDS method, based on NSSO data. The latter gives an unemployment level of 27 million person years. Both figures are very large. Therefore, they warrant special attention in preparing the Tenth Plan's programmes, policies and fund allocations.

(d) Economic Census

The fourth source is the Economic Census of 1998 brought out by the India's Central Statistical Organisation. This census provides among several data, the data on the growth of the workforce. Here of course the farm sector (i.e., the crop production and plantation)

is excluded. To quote “The census included all enterprises engaged in economic activity, both agricultural and non agricultural, whether employing hired work or not except in crop production and plantation”. The definition of workers in the Economic Census, however, is not comparable with the NSSO definition. Therefore the data can be used only to have a broad comparison in trends on employment and unemployment with the NSSO data.

Table B1
Growth of Workers – Economic Census

	1980	1990	1998
Rural	24226528	32175787 (2.88)	38132534 (2.15)*
Urban	28952165	38210417 (2.81)	42498707 (1.34)
Combined	53178693	70386204 (2.84)	80631241 (1.71)

() denote growth rate (%)

* Establishments recorded in Economic Census exclude farms, and therefore bulk of the rural workers. Hence, Economic Census 1998 reflects a slower decline in rural workforce than the NSSO Employment Survey (1999-2000) and Demographic Census (2001).

This result broadly corroborates the findings of NSSO and population Census when the growth rate exhibited significant deceleration in the 90’s compared to 80’s. However as already explained no direct comparability with our estimates based on NSSO will be possible.

(e) McKinsey Report

The fifth source is the McKinsey Report, the growth imperative and employment generation in India brought out by McKinsey Global Institute working in collaboration with McKinsey India office on the economic performance of India. This report, like the Special Group, used CDS basis of estimation of employment and unemployment and relevant parameters from NSSO 55th round. It then provides an estimate of employment for the year 2010, based on a growth rate of 10 per cent per annum supported by an exhaustive reform package; but it also ends with an unemployment rate even after a 10 year period of almost at the same level, as in the base. This exercise like ours has used the measurement of unemployment on CDS basis. This report therefore clearly fails to give answer to India’s problem of unemployment and improvement in job quality of an average Indian labour supply household.

Table B2

Annexure B

The Employment and Unemployment Scenario (1993-94 - 2006-07) : Special Group & Task Force Exercise

	Special Group Report					Task Force Report		
	1993-94	1999-2000	(Tenth Plan)			UPSS		
			2001-02*	2006-07**		1993-94	1999-2000	2006-07 @
1. Labour Force (person years)	335.97	363.33 (1.31)	378.21	413.50 (1.80)	1. Labour Force (million persons)	381.94	406.05 (1.03)	462.12 (1.80)
2. Work Force (person years)	315.84	336.75 (1.07)	343.36	392.35 (2.70)	2. Work Force (million persons)	374.45	397.00 (0.98)	442.40 (1.50)
3. No. of unemployed (person years)	20.13	26.58 (4.74)	34.85	21.15 (-9.51)	3. No. of unemployed (million persons)	7.49	9.05 (3.20)	19.72 (11.34)
4. Percentage unemployed	5.99	7.32	9.21	5.11	4. Percentage unemployed	1.96	2.23	4.27

* estimated on the basis of CSO's Quick and Advance estimates of GDP and sector composition with minor adjustments.

** Projections with changed Industrial Structure

() denote rate of growth

(m) denote million

UPSS: Usual Principal and Subsidiary Status.

@ 8% GDP Growth Scenario

No. P- 12049/01-LEM/ERS
 Government of India
 Planning Commission
 (LEM Division)
 Yojana Bhawan, Sansad Marg,
 New Delhi – 1 : dated 5.9.2001

ORDER

Subject: Constitution of “Special Group on Targeting 10 Million Employment Opportunities per year over the Tenth Plan Period”.

It has been decided that a Special Group in the Steering Committee on Labour and Employment for the Tenth Five-Year Plan should prepare the strategy and programme for employment generation. This will be done by a **“Special Group and Targeting 10 Million Employment Opportunities per year over the Tenth Plan Period”**.

2. The composition of the **“Special Group on Targeting 10 Million Employment Opportunities per year over the Tenth Plan Period”** will be as follows.

- | | | |
|-----|---|------------------|
| 1. | Dr. S.P. Gupta, Member (LEM) & Chairman,
Tenth Plan Steering Committee on Labour and
Employment | Chairman |
| 2. | Chairman (KVIC) | Member |
| 3. | Sh. R.P. Sinha, Pr. Adviser (LEM) | Member |
| 4. | Secretary (Labour) | Member |
| 5. | Secretary (Rural Development) | Member |
| 6. | Secretary (Urban Employment & Poverty Alleviation) | Member |
| 7. | Secretary (Small Scale Industry) | Member |
| 8. | Secretary (Agro and Rural Industries) | Member |
| 9. | Secretary (Social Justice and Empowerment) | Member |
| 10. | Director General, NSSO | Member |
| 11. | Adviser (LEM) | Member-Secretary |

Co-opted subsequently through Order dated 14.12.2001

- | | | |
|-----|--|--------|
| 1. | Secretary, Department of Agriculture & Cooperation | Member |
| 2. | Secretary, Department of Food Processing Industries | Member |
| 3 | Secretary, Department of Animal Husbandry & Dairying | Member |
| 4 | Secretary, Department of Elementary Education and Literacy | Member |
| 5 | Secretary, Department of Family Welfare | Member |
| 6. | Secretary, ISM&H, Ministry of Health and Family Welfare | Member |
| 7. | Secretary, Ministry of Health and Family Welfare | Member |
| 8. | Secretary, Road Transport, and Highways | Member |
| 9. | Secretary, Ministry of Tourism | Member |
| 10. | Secretary, Ministry of Textiles | Member |
| 11. | Secretary, Development Commissioner (Handlooms) | Member |
| 12. | DC(SSI), Department of Small Scale Industries | Member |
| 13. | Dr. H. Ramachandran, Director, IAMR | Member |
| 14. | Dr. Gary Jacobs, The Mother's Society, Pondicherry | Member |
| 15. | Prof. Amitabh Kundu, JNU | Member |
3. The terms of reference of this Group are :
- 3.1 To suggest strategies and programmes in the Tenth Plan for creating gainful employment opportunities for 10 million people a year.
- 3.2 To consider all relevant studies and recommendations including the Report submitted on July 2, 2001 by the Task Force on Employment Opportunities.
- 3.3 To look into sectoral issues and policies having a bearing on employment generation, and to recommend sectoral programmes for creation of employment opportunities.
- 3.4 To consider the Reports, proceedings and other available documents prepared for the labour intensive sectors by the Planning Commission Workings Groups and Steering Committees constituted for the Tenth Plan.

- 3.5 To consider any other matter related with or incidental to above terms of reference.
4. The Chairman of the Group may co-opt any other person as Member of the Group.
5. The Chairman may invite specialists to particular meetings of the Special Group.
6. The Group will submit its report by November 30, 2001. The LEM Division in the Planning Commission will provide the Secretariat for the Group.
7. The expenses towards TA/DA of the official members will be met by respective Government Departments/Institutions to which they belong. The TA/DA of non-official Members and invitees to meetings will be paid by Planning Commission as admissible to Grade I officers of the Government of India.
8. Smt. Padmaja Mehta, Director (LEM), Room No. 561, Yojana Bhavan, Sansad Marg, (Tel. 3325978) will act as Nodal Officer and any further communication in this regard may be made with Nodal Officer.

Sd/-

(K. K. Chhabra)

Under Secretary to the Government of India

Table 1

Present Sectoral Employment Scenario (1999 - 2000)

Employment in Million															
Sectors	Employment Elasticity	Employment Elasticity	Total			Organised		Total	% of organised sector to total sectoral employment	% of public sector to total Emp.	% of public sector to total Org.	% of private sector to total Org.	Absolute employment % composition	Sectoral GDP Growth %	Sectoral GDP Growth %
			Current Daily Status (CDS)	Public Sector	Private Sector	1999	1999								
	1983 to 1993 -1994	1993-94 -2000	1983	1993-94	1999-2000	1999	1999	1999						1983 to 1993 -94	1993 -94 to 2000
0	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1. Agriculture	0.70	0.01	151.35	190.72	190.94	0.52	0.87	1.39	0.73	0.27	37.16	62.84	56.70	2.9	3.1
2. Mining & quarrying	0.59	-0.41	1.74	2.54	2.26	0.93	0.09	1.01	44.69	41.15	91.41	8.59	0.67	6.2	4.7
3. Manufacturing	0.38	0.33	27.69	35.00	40.79	1.57	5.18	6.75	16.55	3.95	23.25	76.75	12.11	6.0	7.8
4. Electricity, gas & water supply	0.63	-0.52	0.83	1.43	1.15	0.96	0.04	1.00	96.96	83.48	95.91	4.09	0.34	8.4	6.8
5. Construction	0.86	0.82	7.17	11.02	14.95	1.11	0.07	1.18	7.90	7.42	93.97	6.03	4.44	4.9	6.3
6. Trade, hotels and restaurants	0.68	0.62	18.17	26.88	37.54	0.16	0.32	0.49	1.31	0.43	33.54	66.46	11.15	5.6	9.2
7. Transport, storage & communication	0.55	0.63	6.99	9.88	13.65	3.08	0.07	3.15	23.08	22.56	97.81	2.19	4.05	6.1	8.7
8. Financing, insurance, real estate and business services	0.45	0.64	2.10	3.37	4.62	1.30	0.36	1.65	35.71	29.14	78.34	21.66	1.38	10.1	8.4
9. Community, social and personal services	0.68	-0.25	23.52	34.98	30.84	9.79	1.70	11.49	37.26	31.74	85.21	14.79	9.16	5.7	8.4
All	0.52	0.16	239.57	315.84	336.75	19.42	8.70	28.11	8.34	5.77	69.06	30.94	100.0	5.2	6.7

Source : National A/c ; CSO

NSSO : 55th round

Economic Survey

Table 1(a)
Sectoral NDP Scenario : Organised & Unorganised Sectors

GDP in Rs. Crores

Sectors	NDP at factor cost		NDP Organised Sector		%age Sectoral GDP (Organised)		%age GDP Organised to total	% age employment (Private Organised to total)	%age employment organised sector to total	employment elasticity organised sector	employment elasticity Total economy
	1993-94	1999-2000	1993-94	1999-2000	1993-94	1999-2000	1999-2000	1999-2000	1999-2000	1993-94 to 1999-2000	1993-94 to 1999-2000
	————(Rs. Crore at 1993-94 prices)————										
Agriculture	229829	274858	8046	8808	3.5	3.2	0.9	0.26	0.41	-0.61	0.01
Mining & quarrying	14950	20648	13861	19156	92.7	92.8	1.9	0.03	0.30	-0.25	-0.41
Manufacturing	103739	148121	65774	90168	63.4	60.9	8.8	1.54	2.0	0.165	0.33
Electricity, gas and water supply	8801	14609	8169	13766	92.8	94.9	1.4	0.01	0.30	0.056	-0.52
Construction	38749	55696	18929	24107	48.9	43.3	2.4	0.02	0.35	-0.136	0.82
Trade, hotels and restaurent	96627	164064	10865	32751	11.2	20.0	3.2	0.10	0.15	0.069	0.62
Transport, storage and communication	37721	66110	21000	30801	55.7	46.6	3.0	0.02	0.94	0.024	0.63
Financing, insurance, real estates and business services	80541	131527	39706	78739	49.3	59.9	7.7	0.11	0.49	0.358	0.64
Community, social and personal services	87035	143712	70499	120033	81.0	83.5	11.8	0.50	3.4	0.081	-0.25
Total	697992	1019345	256849	418920	36.8	41.1*	41.1	2.58	8.34	0.066	0.165

* Organised private sector 15% of GDP

TABLE 1 (b)
Past and Present Macro Scenario on Employment and Unemployment (CDS Basis) (Person years)
ALL INDIA

	(Million)			Growth per annum (%)	
	1983	1993-94	1999-2000	1983 to 1993-94	1993-94 to 1999-2000
Population	718.2	894.01	1003.97	2.0	1.95
Labour Force	261.33	335.97	363.33	2.43	1.31
Workforce	239.57	315.84	336.75	2.7	1.07
Unemployment rate (%)	(8.3)	(5.99)	(7.32)		
No. of unemployed	21.76	20.13	26.58	-0.08	4.74

RURAL

Population	546.61	658.83	727.5	1.79	1.67
Labour Force	204.18	255.38	270.39	2.15	0.96
Workforce	187.92	241.04	250.89	2.40	0.67
Unemployment Rate (%)	(7.96)	(5.61)	(7.21)		
No. of unemployed	16.26	14.34	19.5	-1.19	5.26

URBAN

Population	171.59	234.98	276.47	3.04	2.74
Labour Force	57.15	80.60	92.95	3.33	2.40
Workforce	51.64	74.80	85.84	3.59	2.32
Unemployment Rate (%)	(9.64)	(7.19)	(7.65)		
No. of unemployed	5.51	5.80	7.11	0.49	3.45

Schedule Caste Population

	1993-94	1999-2000	1993-94 to 1999-2000 Growth per annum (%)
Population	142.93	179.87	3.91
Labour Force	54.84	66.57	3.28
Work force	50.26	60.17	3.04
Unemployment rate (%)	(8.34)	(9.60)	
No. of unemployed	4.58	6.40	5.75

Schedule Tribe Population

Population	65.56	81.72	3.74
Labour Force	29.56	34.80	2.75
Work force	28.29	32.96	2.58
Unemployment rate (percentage)	(4.32)	(5.30)	
No. of unemployed	1.28	1.84	6.31

Schedule Caste & Schedule Tribes

Unemployment rate (%)	(6.94)	(7.77)	(5.90)
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Source : NSSO & Population Census
All estimates are on CDS (Current Daily Status basis)
() denote percentage

Table 2

Manufacturing Sector - Labour Intensity in the Organised Segment relative to the Unorganised

Manufacturing	Employment		Growth per annum (%)	Manufacturing	GDP (gross) (at 1993-94 prices)			Employment elasticity (%)	Labour intensity 1999-2000 Organised/unorganised
	1993-94 (Million)	1999-2000			1993-94 (Rs. Crores)	1999-2000	Growth per annum (1994-2000)		
Organised	6.40 (18.29)	6.74 (16.52)	0.87	Registered	81873 (65.2)	124993 (63.5)	7.31	0.119	0.1136 i.e. for equal output when unorganised sector generates employment of 100 persons, organised sector 11.4 persons
Unorganised	28.60 (81.7)	34.05 (83.48)	2.95	Unregistered	43620 (34.8)	71770 (36.5)	8.66	0.341	
TOTAL	35.00 (100.0)	40.79 (100.0)	2.58		125493 (100.0)	196763 (100.0)	(7.8)	0.331	

NB : Organised and unorganised sectors roughly equated with registered and unregistered sectors.

Table 2 (a)
Employment elasticities in organised and unorganised sectors (1993-94 to 1999-2000)

Employment in million
 GDP (Net) in crores at
 1993-94 prices

	Employment (CDS)		Growth per annum (%)	Net Domestic Product at factor cost		Growth per annum (%)	Employment Elasticity	Relative Employment elasticities unorganised/unorganised
	1993-94	1999-2000		1993-94	1999-2000			
Organised	27.18 (8.6)	28.11 (8.34)	0.56	256849 (36.8)	418920 41.10	8.50	0.066	3.23
Unorganised	288.66 (91.4)	308.64 (91.66)	1.12	491143 (63.2)	697992 58.9	5.27	0.213	
Total	315.84 (100)	336.75 (100)	1.07	697992 (100)	1019345 (100)	6.52	0.165	

NB : Brackets give the percentage composition

Table 3
Employment Scenario from 8% growth per annum and extrapolated industrial structure
Based on Actual Elasticity (1994-2000) -CDS & 1.8% p.a. Growth in L.F.

Employment Growth
over 10th plan per annum

	Unit	1999-2000\$	2001\$\$	2002\$\$	2007	2012	
Labour Force (1.8% p.a.Growth)	million	363.33	371.52	378.21	413.50	451.53	1.8%
Employment ** #	million	336.75	340.82	343.36	373.03	403.52	1.7%
(Unemployment rate)	(%)	7.32	8.26	9.21	9.79	10.63	
No. of Unemployed	million	26.58	30.70	34.85	40.47	48.01	3.0%

** Based on 8% Growth in GDP during 2002-07

Current Daily status basis

\$ 1999-2000 figures related to NSS 55th (July, 1999-June, 2000) rd.

\$\$ Based on 5.2% GDP Growth during 2000-01 and 2001-02

Note : Actual elasticities (1994-2000) are given in Table - 8

Table 3(a)
Employment Opportunities sectorwise over the Tenth Plan*

Employment in million

Sectors	GDP Gr. 2000-01 %		GDP Gr. 2001-02 %		High Growth (8.0%) SG	Projected Elasticity* 2000-02& 2002-07	CDS Emp. (1993-94) (1.1.1994)	CDS Emp. (1999-00) (1.1.2000)	Projected Employment#			Rate of Growth in Employment (%)			
	QE	SG	AE	SG					Empl. 2000-01 (1.4.2001)	Empl. 2001-02 (1.4.2002)	Empl. 2002-07 (1.4.2007)	1993-94 to 1999-2000	1999-2000 to 2000-01	2001 to 2002	2002 to 2007
1. Agriculture	-0.2	0.2	5.7	3.4	4.2	0.01	190.72	190.94	190.95	191.01	191.42	0.02	0.00	0.03	0.04
2. Minings and quarrying	3.3	3.7	1.4	1.1	4.7	-0.41	2.54	2.26	2.22	2.21	2.01	-1.91	-1.52	-0.46	-1.93
3. Manufacturing	6.7	5.6	3.3	2.6	10.0	0.33	35.00	40.79	41.73	42.09	49.51	2.58	1.85	0.85	3.30
4. Electricity, gas and water supply	6.2	4.7	5.2	3.7	8.3	-0.52	1.43	1.15	1.11	1.09	0.88	-3.55	-2.44	-1.92	-4.32
5. Constuction	6.8	5.5	2.9	2.8	8.3	0.82	11.02	14.95	15.80	16.16	22.46	5.21	4.51	2.30	6.81
6. Trade, hotels and restaurent	3.8	6.9	6.3	5.8	8.0	0.62	26.88	37.54	39.56	40.99	52.22	5.72	4.28	3.62	4.96
7. Transport, storage & communication	8.2	6.9		5.8	10.3	0.63	9.88	13.65	14.39	14.92	20.43	5.53	4.35	3.67	6.49
8. Financing, insurance, real estate and business services	2.9	9.1	7.5	11.1	10.0	0.64	3.37	4.62	4.96	5.32	7.25	5.40	5.82	7.11	6.40
9. Community, social & personal services	6.0	7.8	6.0	7.0	7.6	-0.25	34.98	30.84	30.09	29.57	26.86	-2.08	-1.95	-1.74	-1.90
All Sectors	4.0	5.2	5.4	5.2	8.0	0.21	315.84	336.75	340.82	343.36	373.03	1.07	0.97	0.75	1.67

ROG in employment has been projected by taking into account observed Sectoral elasticities based on CDS Employment during 1994-2000 and sectoral growht in GDP at 5.2% for 2000-01 and 2001-02 & 8% during 2002-07

* Observed Elasticity during 1994-2000 based on CDS

QE = Quick estimates

AE = Advance estimates

S.G = Special Group Estimates

Note : 1. Projected employment is based on sectoral employment elasticities and sectoral growth in GDP

2. Projections may not be adjusted for Repair Services because 3-digit data on workers distribution by industries on CDS basis is not available.

Table 4
Employment Scenario on * 8% growth per annum and changed industrial structure on the basis of proposed policy and programmes in the 10th Plan

	Unit	1999-2000	2001-2002	2006-2007	2011-2012	Growth over 10th Plan percentage per annum
Labour Force	million	363.33	378.21	413.50	453.52	1.8
Employment	million	336.75	343.36	392.35	451.53	2.7
Unemployment rate	(%)	7.32	9.21	5.11	0.44	
No. of unemployed	million	26.58	34.85	21.15	1.99	-9.5

Special group estimates,
* on CDS basis

Table 4 (a)
The implicit movement in the labour productivity (i.e., out put per labour)

Per cent per annum

	1983 to 1993-94	1993-94 to 1999-2000	Projected	
			2001-2002	2006-2007
(A) Based on 1994-2000 elasticities				
GDP (growth)	5.2	6.7	5.2	8.0
Work force	2.7	1.07	0.98	1.67
Employment elasticities	0.538	0.160	0.188	0.209
Labour productivity	2.3	5.6	4.2	6.2
(B) Based on 1994-2000 elasticities with changes in policies and programmes				
Work force	2.7	1.07	0.98	2.7
Employment elasticities	0.538	0.160	0.188	0.338*
Labour productivity	2.3	5.6	4.2	5.2

* implicit employment elasticity including employment on special programmes

Table 5
Estimates of Generation of Sectoral Employment opportunities over the Tenth Plan

Sectors	Sectoral GDP Growth (%) 10th Plan	Base employment (CDS) (million) 2001-2002	Increased employment opportunities on estimating employment elasticities	Program and Policy Based **	Total Incremental	(million) Total Employment 2007
Agriculture & Allied (Incl. Rural activity)*	4.2	191.01 (55.63)	0.41	9.06	9.47	200.48 (51.09)
Mining & Quarrying	4.7	2.21 (0.64)	-0.20		-0.20	2.01 (0.51)
Manufacturing & SSI (PMRY & REGP) Pradhan Mantri Rozgar Yojana and Rural Employment Generation Programme	10.0	42.09 (12.26)	7.42	4.2	11.62	53.71 (13.70)
Gas, Electricity & Water	8.3	1.09 (0.32)	-0.21		-0.21	0.88 (0.22)
Constructions	8.3	16.16 (4.71)	6.30		6.30	22.46 (5.72)
Trade, Hotel & Restaurant	8.0	40.99 (11.94)	11.23		11.23	52.22 (13.28)
Transport, Storage & Communications	10.3	14.92 (4.35)	5.51		5.51	20.43 (5.21)
Financial Institutions, Real Estate & Business Services	10.0	5.32 (1.55)	1.93		1.93	7.25 (1.84)
Community Services, Social & Personal Services	7.6	29.57 (8.61)	-2.71	3.2	0.49	30.06 (7.64)
Sampoorna Gramin Rozgar Yojana (SGRY)				1.29	2.09	2.09
Swaranjayanti Gram Swarajgar Yojana (SGSY)				0.8		
Pradhan Mantri Gram Sadak Yojana (PMGSY)				0.77	0.77	0.77
Aggregate	8.0	343.36	29.67	19.32	48.99	392.35

Brackets denote percentage composition to total.

** Detailed breakup is given in annexure A and summarised in Table 7 estimates based on person years basis.

Table 6A
Low Growth Scenario (6.5% Growth over 10th Plan Period).
Projection of Employment Opportunities

CDS basis

Items	Unit	1999-2000	2001-2002	2006-2007
Labour Force (1.8%) per annum	Million	363.33	378.21	413.50
Employment	Million	336.75	343.36	367.44
No. of unemployed	Million	26.58	34.85	45.56
Unemployment rate	percentage	7.32	9.21	11.0

Table 6 B
Low Growth Scenario with recommended programmes & policy changes

CDS basis

Items	Units	1999-2000	2001-2002	2006-2007
Labour Force	Million	363.33	378.21	413.50
Employment	Million	336.75	343.36	375.0
No. of unemployed	Million	26.58	34.85	38.5
Unemployment rate	percentage	7.32	9.21	9.30

CDS : Current Daily Status

Table 7
“Programme-generated” incremental employment, over 10th plan
(million person years)

(a) Agriculture & Allied			
1.	Diversion to oilseeds and pulses:	0.35	
2.	National Watershed Development Project for Rainfed Areas (NWDPR)	0.50	
3.	Horticulture	1.20	
4.	On Farm Management	1.25	
5.	Agriculture Clinics and Seed production	0.15	
6.	Training and employment of tractor drivers	0.10	
		----->	3.55
(b) Greening the country through Agro Forestry			
1.	Joint Forest Management (JFM)	1.50	
2.	Development of medicinal plants	0.50	
3.	Bamboo Development	1.50	
		----->	3.50
(c) Energy Plantation for Biomass power Generation			
1.	Energy Plantation Prosopis and Casuarina	1.22	
2.	Ethanol (Biofuel from sugarcane plantation)	0.79	
		----->	2.01
(d) Rural Sectors and SMEs			
	Prime Minister’s Rojgar Yojana (PMRY-SSI)	1.65	
	Cluster Development	0.55	
	Rural Employment Generation Programme (REGP-KVIC)	2.00	
	Sampoorna Gramin Rojgar Yojana (SGRY)	1.29	
	Pradhan Mantri Gram Sadak Yojana (PMGSY)	0.77	
	Swarnajayanti Gram Swarojgar Yojana (SGSY)	0.80	
		----->	7.06
(e) Education and Literacy			
1.	Education	1.53	
2.	Mid day meals	0.06	
3.	DIET, BRC, CRC, Engineering Staff SPO, DPO	0.09	
		----->	1.70
	Employment through ICT Development		0.70
	Health, Family and Child Welfare		0.80
GRAND TOTAL			19.32

NB : Details are in Annexure (A)

Table 8
Employment elasticities 1993-94 - 1999-2000 & implicit over the Tenth Plan by changes in sectoral composition

CDS Basis

Sectors	Growth of Employment (%) 1994-2000	GDP Growth (%) 1994-2000	Elasticities 1994-2000*	Elasticities assumed in the Tenth Plan	
				With policy changes including special employment programmes	Without policy changes
1. Agriculture & Allied (incl. Rural activities)	0.02	3.1	0.006 ****	0.231	0.006
2. Mining & quarrying	-1.91	4.7	-0.41	-0.41	-0.41
3. Manufacturing	2.58	7.8	0.33	0.500	0.33
4. Electricity, gas and water supply	-3.55	6.8	-0.52	-0.52	-0.52
5. Construction	5.21	6.3	0.82	0.82	0.82
6. Trade, hotels & restaurants	5.72	9.2	0.62	0.62	0.62
7. Transport, storage and communication	5.53	8.7	0.63	0.63	0.63
8. Financing, insurance, real estate and business services	5.40	8.4	0.64	0.64	0.64
9. Community, social & personal services	-2.08	8.4	-0.25	0.043	-0.25
Total	1.07	6.7	0.16	0.338***	0.21**

* Based on actual observed elasticities (1994-2000)

** Based on Growth and without Policy changes

*** Based on Growth and Policy changes over the 10th Plan

**** Approx to 0.01

Table 9
Employment Scenario Statewise

CDS basis

States Major Ones	Employment (‘000) 1999-2000	Employment Growth 1993-94 to 1999-2000 (% pa)	Unemployment Rate		Employment elasticity 1993-94 to 1999-2000	GDP Growth (% per annum) 1993-94 to 1999-2000
			1999-2000 (%)	1993-94 (%)		
Andhra Pradesh	30614	0.35	8.03	6.69	0.067	5.2
Assam	7647	1.99	8.03	8.03	0.737	2.7
Bihar	30355	1.59	7.32	6.34	0.353	4.5
Gujarat	18545	2.31	4.55	5.70	0.316	7.3
Haryana	5982	2.43	4.77	6.51	0.420	5.8
Himachal Pradesh	2371	0.37	2.96	1.80	0.052	7.1
Karnataka	20333	1.43	4.57	4.94	0.188	7.6
Kerala	8902	0.07	20.97	15.51	0.013	5.5
Madhya Pradesh	28725	1.28	4.45	3.56	0.272	4.7
Maharashtra	34979	1.25	7.16	5.09	0.216	5.8
Orissa	11928	1.05	7.34	7.30	0.262	4.0
Punjab	8013	1.96	4.03	3.10	0.426	4.6
Rajasthan	19930	0.73	3.13	1.31	0.104	7.0
Tamil Nadu	23143	0.37	11.78	11.41	0.052	7.1
Uttar Pradesh	49387	1.02	4.08	3.45	0.185	5.5
West Bengal	22656	0.41	14.99	10.06	0.056	7.3
All India	336736	1.07	7.32	5.99	0.160	6.7

Table 10
Comparison of employment & labour force growth estimated on UPSS &CDS basis. 1993-94 - 1999-2000

	% Change per annum in employment growth 1999-2000/1993-94		Employment in million			
	UPSS #	CDS *	1993-94	1993-94	1999-2000	1999-2000
Sector	UPSS #	CDS *	UPSS #	CDS *	UPSS #	CDS *
Agriculture	-0.34	-0.12	242.46	190.72	237.56	190.94
Mining & quarrying	-2.85	-2.55	2.70	2.54	2.27	2.26
Manufacturing	2.05	2.66	42.50	35.00	48.01	40.79
Electricity, gas & water supply	-0.88	-3.43	1.35	1.43	1.28	1.15
Construction	7.09	5.22	11.68	11.02	17.62	14.95
Trade, hotels and restaurants	5.04	5.85	27.78	26.88	37.32	37.54
Transport storage and communication	6.04	5.61	10.33	9.88	14.69	13.65
Financing, insurance, real estate and business services	6.20	5.62	3.52	3.37	5.05	4.62
Community, social and personnel services	0.55	-2.0	32.13	34.98	33.20	30.84
All India Work Force	0.98	1.07	374.45	315.84	397.00	336.75
All India Labour force	1.07	1.31	381.46	335.97	406.85	363.33
Unemployment Rate (%)			1.88	5.99	2.2	7.32

Based on Old Population Census and Technical Group.

* Based on 2001 Population Census

Table 11
Unemployment Rates : Alternative Measures

(Percentage of Labour Force)

	Usual Principal Status (UPS)	Usual Principal and Subsidiary Status (UPSS)	Current Weekly Status (CWS)	Current Daily Status (CDS)
RURAL				
1977-78	3.26	1.54	3.74	7.70
1983	1.91	1.13	3.88	7.94
1987-88	3.07	1.98	4.19	5.25
1993-94	1.80	1.20	3.00	5.63
1999-00	1.96	1.43	3.91	7.21
URBAN				
1977-78	8.77	7.01	7.86	10.34
1983	6.04	5.02	6.81	9.52
1987-88	6.56	5.32	7.12	9.36
1993-94	5.21	4.52	5.83	7.43
1999-00	5.23	4.63	5.89	7.65
ALL INDIA				
1977-78	4.23	2.47	4.48	8.18
1983	2.77	1.90	4.51	8.28
1987-88	3.77	2.62	4.80	6.09
1993-94	2.56	1.89	3.63	6.03
1999-00	2.81	2.20	4.41	7.32

Note : These estimates of Employment are based on NSS data combined with census data. The NSS gives Labour Force Participation Rate (LFPR) and Work Force Participation Rate (WFPR) for four categories : rural male (RM), rural Female (RF), urban male (UM) and urban female (UF) separately. We obtain estimates of the total labour force and total work force in each year by applying LFPR and WFPR to the total population of each category (RM, RF, UM & UF) obtained from the interpolation for inter-census years. However, for the year 2001 the four component (RM, RF, UM & UF) are not available in the key results of Census released in April 2001. Hence, estimates of populations for these four categories made by the Technical Group (which was chaired by Registrar General) in 1996 have been used to combine the component-wise LFPR's and WFPR's to the level of Rural, Urban and All India.

Table 12
Unemployment Rates by Household Monthly Per Capita
Expenditure Class (1999-2000)

Monthly Per Capita Expenditure Class (Rs.)		Unemployment Rate (CDS) per cent of labour force	
Rural	Urban	Rural	Urban
0-225	0-300	11.31	9.61
225-255	300-350	9.62	9.67
255-300	350-425	8.12	8.20
300-340	425-500	7.46	9.20
340-380	500-575	6.56	9.20
380-420	575-665	6.18	8.63
420-570	665-775	6.48	8.19
470-525	775-915	6.14	7.18
525-615	915-1120	5.60	6.65
615-775	1120-1500	6.06	5.68
775-950	1500-1925	5.57	4.67
950 & above	1925 & above	5.25	4.10
All	All	7.21	7.65

Source : NSSO Survey 55th Round (1999-00)

Table 13
Rate of Growth of Employment in Organised and Unorganised sectors.

Activities	Employment Weight (Total) 1999-2000	Organised Sector Growth* (% per annum) 1994-2000	Unorganised ** Sector Growth (% per annum) 1994-2000
Agriculture	56.7	-1.00	0.03
Mining and quarrying	0.67	-1.30	-2.40
Manufacturing	12.11	0.87	2.95
Electricity, gas and water supply	0.34	0.51	-17.00
Construction	4.44	-0.69	5.85
Trade, hotels and restaurents	11.15	1.43	5.79
Transport, storage and communication	4.05	0.21	7.59
Financing, insurance, real estate and business services	1.38	1.27	8.30
Community, social and personal services	9.16	0.8	-3.56
All Sectors	100.0	0.56	1.12

* DGE&T

** Derived from NSSO

Table 14
Section A

Workforce increase between 1981-1991 & 1991- 2001 based on Census

(million)

	1981	1991	% growth 1981-91	2001	% growth (1991-2001)
1. Population (million)	683.33	846.30	2.16	1025.25	1.94
2. Participation rates (%) (Main workers)	33.50	34.10	0.18	30.50	-1.11
3. Work Force (million) (Main workers)	228.92	288.59	2.34	312.70	0.81
4. Marginal Worker (%) participation rates	3.20	3.40	0.61	8.70	9.85
5. No. of marginal worker (million)	21.87	28.77	2.78	89.20	11.98

Section B

Growth in Workforce for major states 1991-2001 (Census)
(Main Workers)

States	Workforce Growth	States	Workforce Growth
Andhra Pradesh	0.19	Madhya Pradesh	0.47
Assam	0.13	Maharashtra	1.41
Bihar	0.72	Orissa	-0.81
Gujarat	1.46	Punjab	2.53
Haryana	2.83	Rajasthan	2.28
Himachal Pradesh	1.0	Tamil Nadu	0.38
Karnataka	1.13	Uttar Pradesh	0.11
Kerala	-0.08	West Bengal	1.16
All India			0.81

Table 15
Unemployment rate for the persons of age 15 years and above with different educational attainments
(1999-2000)
(on usual (adj) basis

All-India per '000

Different approaches	General Educaional Level						
	not literate	literate & upto primary	middle	secondary	higher secondary	graduate & above	secondary & abvoe
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Rural males usual (adj.)	3 (2)	9 (4)	23 (22)	43 (50)	61 (73)	82 (98)	56 (65)
Rural Females usual (adj.)	1 (2)	6 (5)	32 (30)	98 (113)	143 (199)	298 (274)	146 (160)
Urban Males usual (adj.)	13 (9)	28 (23)	52 (54)	51 (56)	77 (75)	63 (56)	62 (60)
Urban Females usual (adj.)	5 (3)	19 (29)	79 (109)	120 (157)	167 (192)	147 (189)	143 (182)

Note : Figures in parentheses give the corresponding rates for NSS 50th Round.- 1993-94

Table 16
Unemployment rate among the youth (15-29 years)
(1999-2000)

CDS Basis

Age groups (year)	Unemployment rate (per cent of labour force)	
	Male	Female
Rural India		
15-19	13.1 (9.0)	12.8 (8.3)
20-24	11.7 (10.3)	12.1 (8.2)
25-29	9.2 (7.7)	7.7 (6.5)
15-29	11.1 (9.0)	10.6 (7.6)
Urban India		
15-19	19.0 (16.2)	18.0 (18.6)
20-24	17.1 (17.0)	25.9 (28.5)
25-29	10.3 (9.3)	13.1 (15.5)
15-29	14.7 (13.7)	19.1 (21.2)

Note : The figures in parentheses give the corresponding rates for NSS 50th round (1993-94)

Table 17
Current daily status unemployment rates for each State and U.T.
(1999-2000)

	Unemployment Rate (per cent of labour force)					
	Rural			Urban		
	Male	Female	Persons	Male	Female	Persons
1	2	3	4	5	6	7
Andhra Pradesh	8.1	8.1	8.1	7.2	8.9	7.6
Assam	6.4	12.5	7.4	9.9	21.9	11.9
Bihar	7.2	6.2	7.0	8.7	13.5	9.3
Gujarat	5.1	4.2	4.8	4.0	5.4	4.2
Haryana	5.3	1.8	4.7	4.5	4.9	4.5
Himachal Pradesh	3.4	9.0	2.4	7.0	11.9	7.8
Karnatakka	4.4	4.0	4.3	5.3	5.9	5.4
Kerala	20.0	26.1	21.7	15.5	28.2	19.1
Madhya Pradesh	4.0	3.5	3.8	7.2	5.7	7.0
Maharashtra	6.3	6.9	6.5	7.7	10.0	8.1
Orissa	7.6	5.6	7.1	9.8	8.2	9.5
Punjab	4.2	1.7	3.7	4.8	5.3	4.9
Rajasthan	3.3	1.9	2.8	4.7	3.5	4.5
Tamil Nadu	14.3	12.3	13.5	9.0	8.6	8.9
Uttar Pradesh	4.0	2.1	3.6	6.3	5.0	6.2
West Bengal	15.2	25.1	17.0	10.0	13.9	10.6
All India	7.2	7.0	7.1	7.3	9.4	7.7

Table 18**Current daily status unemployment rate among the youth (15-29) for each State and U.T.**

Rural

State/U.T	Unemployment Rate (per cent of labour force)		
	Male	Female	Persons
Andhra Pradesh	10.8	8.7	9.9
Assam	12.3	24.9	14.6
Bihar	11.5	8.8	11.0
Gujarat	6.8	6.4	6.7
Haryana	9.0	2.4	8.1
Himachal Pradesh	8.1	2.8	6.1
Karnatakka	6.0	5.6	5.8
Kerala	32.3	45.8	36.3
Madhya Pradesh	5.4	4.0	4.9
Maharashtra	11.3	8.9	10.4
Orissa	12.6	8.4	11.3
Punjab	8.0	3.6	7.0
Rajasthan	5.0	3.3	4.4
Tamil Nadu	19.7	15.3	18.1
Uttar Pradesh	6.8	2.0	6.1
West Bengal	23.0	39.1	26.6
All India	11.1	10.6	11.0

Table 19

**Current daily status unemployment rate
among the youth (15-29 years) for each State and U.T.**

Urban

State/U.T	Unemployment Rate (per cent of labour force)		
	Male	Female	Persons
Andhra Pradesh	14.3	16.7	14.8
Assam	22.4	42.7	26.6
Bihar	24.0	28.0	24.4
Gujarat	8.0	11.4	8.5
Haryana	8.0	9.9	8.3
Himachal Pradesh	16.8	37.5	20.5
Karnataka	10.4	10.3	10.5
Kerala	26.6	50.4	34.3
Madhya Pradesh	14.9	12.3	14.6
Maharashtra	15.6	21.1	16.5
Orissa	26.8	20.1	25.5
Punjab	8.9	13.9	9.5
Rajasthan	8.4	10.4	8.8
Tamil Nadu	15.5	15.6	15.6
Uttar Pradesh	12.4	12.7	12.5
West Bengal	23.4	27.2	24.0
All India	14.7	19.1	15.4

Table 20
Growth of Workers - Economic Census

	1980	1990	1998
Rural*			
Workers (million)	24.2	32.2	38.1
Growth rate (%)		2.88	2.15
Urban			
Workers (million)	29.0	38.2	42.5
Growth rate (%)		2.81	1.34
Combined			
Workers (million)	53.2	70.4	80.6
Growth rate (%)		2.84	1.71

* The Rural Sector in Economic Census excludes farm sector and plantation

Table 21
Sectoral Employment growth on CDS basis

Sector	Employment (in million)				Annual Growth (%)			
	1983	1987-88	1993-94	1999-2000	1983 to 1987-88	1987-88 to 1993-94	1983 to 1993-94	1993-94 to 1999-2000
Agriculture	151.35	163.82	190.72	190.94	1.77	2.57	2.23	0.02
Mining & quarrying	1.74	2.40	2.54	2.26	7.35	1.00	3.68	-1.91
Manufacturing	27.69	32.53	35.00	40.79	3.64	1.23	2.26	2.58
Electricity, gas and water supply	0.83	0.94	1.43	1.15	2.87	7.19	5.31	-3.55
Construction	7.17	11.98	11.02	14.95	12.08	-1.38	4.18	5.21
Trade, hotels and restaurant	18.17	22.53	26.88	37.54	4.89	2.99	3.80	5.72
Transport, storage and communication	6.99	8.05	9.88	13.65	3.21	3.46	3.35	5.53
Financial, insurance, real estate and business services	2.10	2.59	3.37	4.62	4.72	4.50	4.60	5.40
Community, social and personal services	23.52	27.55	34.98	30.84	3.57	4.06	3.85	-2.08
All Sector	239.57	272.39	315.84	336.75	2.89	2.50	2.67	1.07

Table 22
Sectoral Employment Elasticities on CDS Basis

Sectors	Employment Elasticity		
	1983 to 1987-88	1983 to 1993-94	1993-94 to 1999-2000
Agriculture	0.87	0.70	0.01
Minings and quarrying	1.25	0.59	-0.41
Manufacturing	0.59	0.38	0.33
Electricity, gas and water supply	0.30	0.63	-0.52
Construction	2.81	0.86	0.82
Trade, hotels and restaurent	0.87	0.68	0.62
Transport, storage and communication	0.47	0.55	0.63
Financing, insurance, real estate and business services	0.49	0.45	0.64
Community, social and personal services	0.52	0.68	-0.25
ALL	0.68	0.52	0.16

Note : Elasticity may change after adjustment of workers of Repair services
Source : NSSO; Different Rounds of Employment & Unemployment Survey

Table 23

Gross Domestic Product: at 1993-94 prices (Rs. Crores)

Annual Growth Rates (%) in GDP

Sectors	1977-78	1983-84	1987-88	1993-94	1999-2000*	1977-78 to 1983-84	1983-84 to 1987-88	1987-88 to 1993-94	1983-84 to 1993-94	1993-94 to 1999-2000*
	Agriculture ** (3 years average)	154538	178087	193149	243292	289877	2.4	2.1	3.9	3.2
Agriculture	158132	182498	182899	241967	290334	2.4	0.1	4.8	2.9	3.1
Minings and quarrying	7278	11010	13836	20092	26446	7.1	5.9	6.4	6.2	4.7
Manufacturing	50885	70306	89374	125493	196763	5.5	6.2	5.8	6.0	7.8
Electricity, gas and water supply	5668	8470	12200	18984	28225	6.9	9.6	7.6	8.4	6.8
Construction	23274	25216	29843	40593	58728	1.3	4.3	5.3	4.9	6.3
Trade, hotels and restaurent	44165	57706	71878	99369	168355	4.6	5.6	5.5	5.6	9.2
Transport, storage and communication	20719	28307	36864	51131	84477	5.3	6.8	5.6	6.1	8.7
Financial Institutions, real estates and business services	23739	34391	49598	90084	146546	6.4	9.6	10.5	10.1	8.4
Community, social and personal services	40122	53838	70286	93632	152117	5.0	6.9	4.9	5.7	8.4
All Sectors GDP at factor cost	373982	471742	556778	781345	1151991	3.9	4.2	5.8	5.2	6.7

* Quick estimates

** Three years moving average

Source : National Accounts Statistics Back Series, 1950-51 to 1992-93, & PRESS NOTE OF CSO, JUNE 2001

Table 24
Net Domestic Product by Organised/Unorganised Sectors

(Rs. Crores)

INDUSTRY	1993-94						1999-2000					
	at current prices			at 1993-94 prices			at current prices			at 1993-94 prices		
	orga- nised	unorga- nised	total	orga- nised	unorga- nised	total	orga- nised	unorga- nised	total	orga- nised	unorga- nised	total
1. Agriculture, forestry and fishing	8046	221783	229829	8046	221783	229829	13999	422844	436843	8808	266050	274858
1.1 agriculture	6263	204656	210919	6263	204656	210919	13071	387536	400607	8262	244957	253219
1.2 forestry & logging	1779	9387	11166	1779	9387	11166	910	17417	18327	606	11599	12205
1.3 fishing	4	7740	7744	4	7740	7744	18	17891	17909	9	9425	9434
2. Mining and quarrying	13861	1089	14950	13861	1089	14950	28944	2255	31199	19156	1492	20648
3. Manufacturing	65774	37965	103739	65774	37965	103739	127387	82419	209806	90168	57953	148121
4. Electricity, gas & water supply	8169	632	8801	8169	632	8801	21350	1307	22657	13766	843	14609
5. Construction	18929	19820	38749	18929	19820	38749	43941	57580	101521	24107	31589	55696
6. Trade, hotels and restaurant	10865	85762	96627	10865	85762	96627	47110	188888	235998	32751	131313	164064
6.1 Trade	9374	81950	91324	9374	81950	91324	40761	180030	220791	28378	125337	153715
6.2 Hotels & Restaurants	1491	3812	5303	1491	3812	5303	6349	8858	15207	4321	6028	10349
7. Transport, storage & communication	21000	16721	37721	21000	16721	37721	45437	52088	97525	30801	35309	66110
7.1 Railways	6792	0	6792	6792	0	6792	11094	0	11094	9284	0	9284
7.2 Transport by other means	7118	15770	22888	7118	15770	22888	15473	49993	65466	8680	28047	36727
7.3 Storage	240	344	584	240	344	584	581	587	1168	319	322	641
7.4 Communication	6850	607	7457	6850	607	7457	18289	1508	19797	17976	1482	19458
8. Financing, Insurance, real estate and business services	39706	40835	80541	39706	40835	80541	119377	80032	199409	78739	52788	131527
8.1 Banking & insurance	37376	2734	40110	37376	2734	40110	103560	10609	114169	69110	7080	76190
8.2 real estate, ownership of dwelling business & legal services	2330	38101	40431	2330	38101	40431	15817	69423	85240	10268	45069	55337
9. Community, social & personal services	70499	16536	87035	70499	16536	87035	198997	39257	238254	120033	23679	143712
9.1 Public administration & defence	38760	0	38760	38760	0	38760	105594	0	105594	63653	0	63653
9.2 Other services	31739	16536	48275	31739	16536	48275	93403	39257	132660	56368	23691	80059
10. Net domestic product at factor cost	256849	441143	697992	256849	441143	697992	646542	926670	1573212	418920	600425	1019345

Note : Components of organised and unorganised by industry at 1993-94 prices will not add up to total in view of the deflator used at individual / total level.

Source : CSO

Table 25
Gross & net enrollment rates between 1993-94 to 1999-2000

1	1993-94			1999-2000		
	Boys	Girls	Total	Boys	Girls	Total
2	3	4	5	6	7	
ALL INDIA						
TOTAL ENROLMENTS [Classes I to XII] Including Pre-Degree Intermediate	101290751	9242014	110532765	106401936	77460260	183862196
DROP OUT RATE	36.07	39.05	37.32	38.67	42.28	40.25
NET ENROLMENT [IN CLASSES I - V]	39511494	2827611	67820386	39314547	28576740	67883492
ENROLEMENTS [IN CLASSES VI-VIII] MIDDLE	24213399	15701183	39914582	25082351	16982847	42065198
DROP OUT RATE	49.95	56.78	52.80	51.96	58.00	54.53
NET ENROLMENT [IN CLASSES VI-VIII]	12118806	6786051	18839682	12049561	7132796	19127045
ENROLMENTS [IN CLASSES I-X] SECONDARY	10179372	5603869	15783241	11292663	7288837	18581500
DROP OUT RATE	68.41	74.54	70.90	66.58	70.60	68.28
NET ENROLMENT [IN CLASSES I - X]	3215664	1426745	4592923	3774008	2142918	5894052
ENROLMENT (GROSS) ALL INDIA						
a) HIGHER SECORNDARY (10+2 NEW PATTERN) XI - XII Classes	3415130	1704444	5119574	4387053	2857866	7244919
b) INTERMEDIATE / JUNIOR COLLEGE Pre - Degree / Pre - University	1678541	766288	2444829	1566580	821458	2388038
TOTAL	5093671	2470732	7564403	5953633	3679324	9632957

NOTE : GOVT SCHOOLS, GOVT. RECOGNIZED SCHOOLS, LOCAL BODIES

SOURCE : SELECTED EDUCATIONAL STATISTICS - 1993-94 and 1999-2000

DEPT. OF EDUCATION, M/O HRD.

Table 26
Proportion of Vocationally Trained among the youth in Labour Force -
International Comparison*

Country	Age Group	Vocationally trained (percent of those in labour force)
India (1999-2000)	20-24	5.35**
Developing Countries		
Botswana	20-24	22.42
Colombia (1998)	20-29	28.06
Mauritius (1995)	20-24	36.08
Mexico (1998)	20-24	27.58
Developed Countries		
Australia (1998)	20-24	64.11
Canada (1998)	20-24	78.11
France (1997)	20-24	68.57
Germany (1998)	20-24	75.33
Israel (1998)	18-24	81.23
Italy (1997)	20-24	43.88
Japan (1997)	15-24	80.39
Korea Republic (1998)	20-24	95.86
New Zealand (1997)	20-24	63.03
Russian Federation (1998)	20-24	86.89
Singapore (1998)	20-24	66.24
United Kingdom (1998)	20-24	68.46

Note: Vocationally trained persons are defined here as those having education which classifies the population across and level of education starting with level X i.e., which is post graduate level specialisation in a field. Levels 4 and 8 are not usually considered to be an important constituent of the programmes, but separate subjects at this level. Also to be classified under Level 3 are programmes consisting of emphasis of apprenticeship programmes, with an entrance requirement of eight full-time education and vocational experience that demonstrates the ability to handle the subjects. Programmes of this type are usually "practical" in orientation in that they are in vocational fields in which they can qualify as high level technicians, teachers, etc. It is noted, however, that in developing countries, economically productive skills are acquired through the family. Only the formal institute/school vocational training is shown.

* Only those who have received formal vocational training are shown as trained persons. In India, skills are acquired through informal methods, including training in the family.

** Estimates are based on (NSSO Report No. 458 on Results of 55th round of the National Sample Survey on Unemployment).

Table 27
Occupational Distribution of Work Force
All India. 1961-1999-2000

(in '000s)

	1961	1993-94	1999-2000
NCO 1968 Divisions			
Professional & Technical and Related Workers	3236	13707 (4.6)	14574 (1.02)
Administrative, Executive & Managerial Workers	1812	7132 (4.33)	12218 (9.39)
Service Workers	5558	12752 (2.6)	16336 (4.22)
Production and Related Workers Trspt Eqpt. Operator and Labourers	29286	65934 (2.54)	78141 (2.87)

() brackets gives Rate of Growth over the previous year.

Table 28
Number of Selected Workers in Identified 2-digit Occupation-groups & their growth
All India. 1961-1999-2000

(in '000s)

	1961	1993-94	1999-2000
NCO 1968 Occupational Groups			
Nursing & other Medical & Health Technicians	323	767 (2.71)	1142 (6.86)
Teachers	1582	6340 (4.4)	7456 (2.74)
Transport & Communication Workers & Supervisors	669	1433 (2.38)	1729 (3.18)
Launders, Hair Dressers, Beauticians etc.	1828	3229 (1.77)	4184 (4.41)
Food & Beverage Processors	1837	2528 (1.0)	3187 (3.94)
Machines & Workers, Tool makers & Operators	3871	11813 (3.59)	13179 (1.84)
Brick layers & other Constructions workers	-	6617	10,453 (7.92)
Transport Equipment Operator	1207	6249 (5.22)	9133 (6.53)

Source: Prof. K. Sundaram. Paper submitted in Golden Jubilee Seminar of NSSO, May 2001
() brackets gives rate of growth over the previous year

Table 29
Unemployment Rates* (%) amongst Educated Youth 1983 to 1999-2000

Year	Secondary education and above			All types of Technical Education		
	Rural	Urban	Combined	Rural	Urban	Combined
1983	20.4 (2.5)	30 (10.7)	20.7 (4.2)	25	23.9	24.4
1987-88	15.9 (3.8)	16.6 (12.1)	16.2 (5.4)	24	20.7	22.1
1993-94	17 (2.9)	20.8 (10.8)	18.5 (4.6)	29	25.9	27.3
1999-2000	12.5 (3.7) (11.0)**	18.3 (11.2) (15.4)**	14.8 (5.4)	22.8	24.5	23.7

* On Usual Status Basis

- Note: i) Technical Education comprises of Additional Diplomas or certificates in Agriculture, Engineering/Technology, medicines, crafts and other subjects
 ii) Youth means age group 15-29
 iii) Figures in the parenthesis show the unemployment rate among youth as a whole
 iv) Figures in the parenthesis with ** show the unemployment rate among youths as a whole on CDS basis.

Table 30
Distribution of Workers (Usual Status) by Category of Employment

(Per cent)

Year	Category of Employment		
	Self Employment	Regular Salaried	Casual
1. Rural Areas			
1977-78	62.6	7.7	29.7
1983	61.0	7.5	31.5
1987-88	59.4	7.7	32.9
1993-94	58.0	6.4	35.6
1999-00	56.0	6.7	37.3
2. Urban Areas			
1977-78	42.4	41.8	15.8
1983	41.8	40.0	18.2
1987-88	42.8	40.3	16.9
1993-94	42.3	39.4	18.3
1999-00	42.1	40.1	17.8
3. Rural and Urban Combined			
1977-78	58.9	13.9	27.2
1983	57.4	13.9	28.7
1987-88	56.0	14.4	29.6
1993-94	54.8	13.2	32.0
1999-00	52.9	13.9	33.2

Figures for the share of self employed, regular salaried employed and casual workers for the year 1972-73 are 61.4%, 15.4% and 23.2 % respectively for the Rural and Urban combined.

Source : NSSO Surveys

Table 31

Jobseekers on the live Register of the Employment Exchange

Year	No. in the live register (in million)
1983	22
1988	30
1994	37
2000	41

Source : DGE&T