

# Full employment a mirage

The government alone cannot create 10.3 million jobs every year, says Uttam Gupta

**T**HE numbers dished out in the labour ministry's annual report for 1993-94 make a mockery of the government's oft-repeated commitment to achieve full employment by the turn of the century. For the two decades ending 1991, the per annum growth in employment was 2.2 per cent. According to the projections of the ministry, unless an average growth rate of 2.6-2.8 per cent is achieved over the next 10 years, it will not be possible to bring the economy to near full employment situation by 2002 AD.

The report by itself highlights the enormity of the challenge. At the beginning of the eighth plan, the backlog of unemployed as represented by those on the registers of the employment exchange (the actual is much more) was 23 million. The likely additional number of persons seeking employment during the five-year period, i.e. 1992-97, would be 35 million and yet another 36 million during the ninth plan period.

Together with the backlog and assuming that during the past two years no jobs have been lost, a staggering 94 million jobs will need to be created over the eight-year period — which translates to 12 million additional jobs per annum. Even going on the basis of the statistics released by the government that 11.6 million jobs were created during the last two years, (6 million in 1992-93 and 5.6 million in 1993-94) which by itself is lower than the eighth plan target of 8.9 million per annum, the challenge would still be formidable at 10.3 million additional jobs per annum.

It is necessary to evaluate what we are doing to measure up to the task. The employment potential in the organised sectors calls for an immediate comment. All through, even in the period of rapid industrial growth, the 80s, job opportunities in both the public and private sectors have increased at a slow pace. Whereas annual growth in employment in the public sector was in the range of 1.4 to 1.5 per cent, it was just 1.2-1.25 per cent in the private sector.

The objective of full employment would call for more than doubling of the growth rate in both the sectors but the developing situation does not auger well for even maintaining the past growth rates. On the contrary, existing levels of employment are

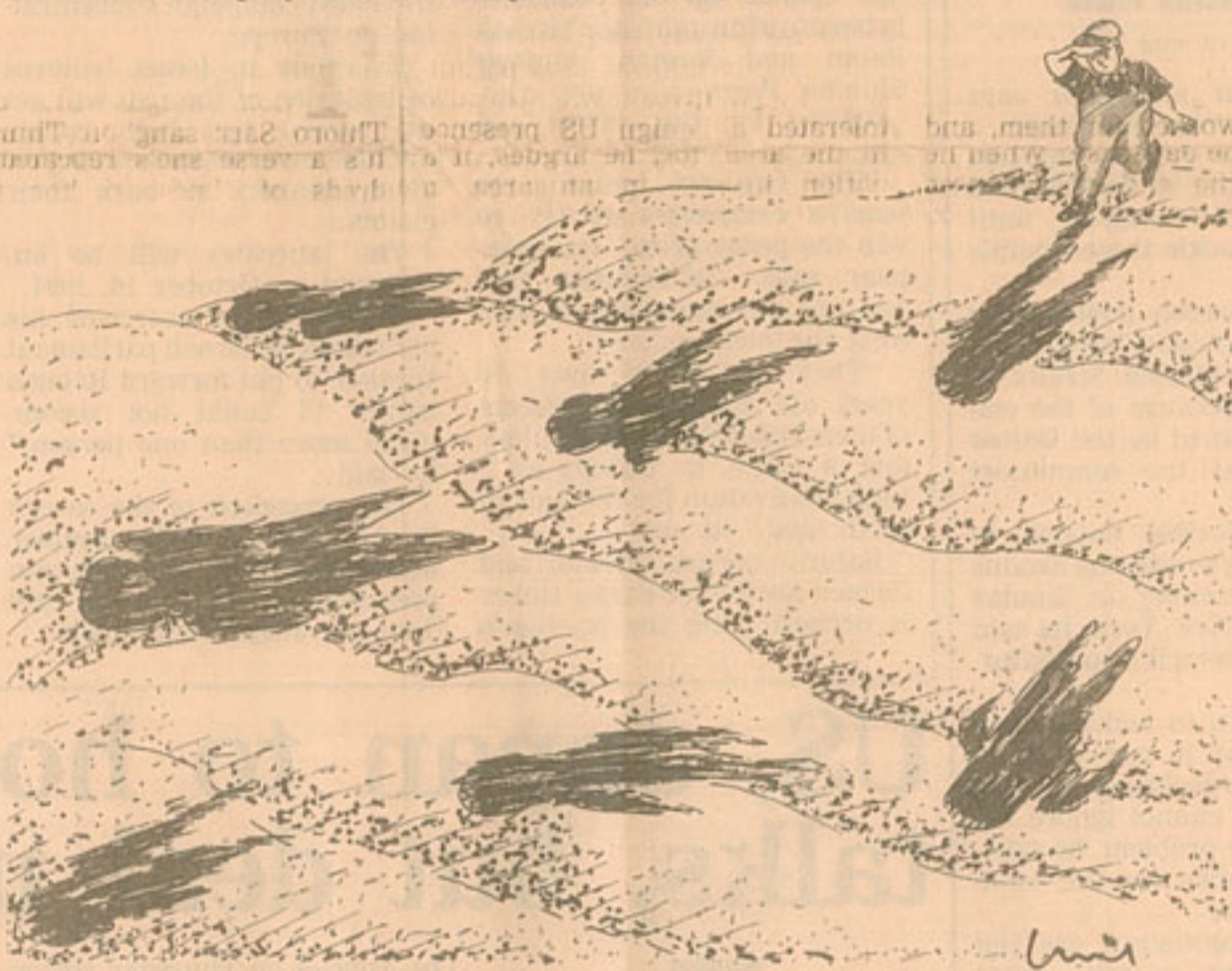
substantially threatened. This is because of three basic reasons.

First, the developed countries are hell-bent on exporting their unemployment to the developing countries and more specifically to India. Presently, the level of unemployment in USA is about 6 per cent whereas in the 12-member European Community it is even higher at 11 per cent. Even a country like Japan where the unemployment rate is much lower at 2.8 per cent is looking beyond the American and European continents.

Second, there is a strong possibility of mass unemployment in the public

giants and they must have the benefits of economies of scale. That would inevitably mean rationalisation of workforce.

We have to be cautious while liberalising our trade frontiers. All countries, especially the developed, are concerned about protecting their industries including those which are inefficient. This is notwithstanding their declared commitment to free trade and reduce barriers. Why, then, should we make a mountain out of the talk of competition that industries which are not fit, have no business to survive.



sector consequent to largescale closure of loss-making units and perhaps even privatisation of some of them. In this context, the Onkar Goswami report wants the BIFR to focus more on winding-up operations rather than rehabilitation. If the former be the objective, then there would be no need for the BIFR. In any scheme of privatisation, the government invariably insists that the purchaser will have to retain the staff. But, this is only theoretical as then no private party would be interested.

Third, restructuring, amalgamations/mergers of companies is taking place on a scale never witnessed before. This may have its own logic as domestic industries are now required to compete with global

Herein also, unfortunately, we have been caught in a mind set where either we will protect even the most inefficient industries (as we have done all along in the sixties and seventies) or not let even the most efficient industry survive in the alternate scenario. We do not need elaborate exercises to know which of our industries are efficient and which are inefficient. While we should ensure that the former not only survive but also grow, the latter should be made to improve first and only then shown the exit route.

This job is not at all difficult and can be performed by a tariff commission manned exclusively by professionals, fully equipped with the data base and giving quick responses by

way of appropriate adjustments in the structure of customs duty. The imperative of making labour laws flexible to support this endeavour cannot be overemphasised.

Smallscale industries too will have to be necessarily protected. Possible encroachment on territory earmarked for them by big companies or MNCs has to be avoided. Undoubtedly, competition is necessary, but, if a small unit is called upon to compete with the giant, its lopsided. Why not encourage competition amongst small units by themselves and the best way to do so is by withdrawing the requirement for registration or licenses and at the same time debarring the bigwigs through a decree.

The government has been addressing the problem of employment through schemes like Jawahar Rojgar Yojana, Integrated Rural Development Programme and now Prime Minister's Rojgar Yojana. Unfortunately, success seems to have eluded all these schemes. Documents talk of so many million mandays employment created under any given scheme. The actuals are invariably found to be short of the targets but, even these do not indicate whether a person for whom the given number of mandays relates still continues to have employment.

This approach is at best ad hoc and cannot become a sustainable basis for creating livelihood. The government's focus should not merely be on creating jobs per se. It should concentrate on developing infrastructure to enable persons to establish industries and create employment for themselves and others as well. Apart from ensuring gainful employment in agriculture, there has to be emphasis on agro-based industries predominantly on small scale. For instance, the Haryana chief minister has talked of establishing what he calls "Udyog Kunj" aimed at providing infrastructure to the rural youth for setting up smallscale industries. This approach has to be adopted by all states and UTs.

Carefully-orchestrated government intervention free from dogmas in various spheres of economic activity i.e. trade, industry, agriculture and infrastructure are necessary to address the employment issue. And, this should be an integral component of structural reforms, shedding the present narrow approach of seeking to create jobs only through state-sponsored schemes.