

# UNEMPLOYMENT IN INDIA

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## INTRODUCTION

Unemployment in rural and urban areas, of the illiterate as well as the highly educated such as engineers, is reckoned to be the most pressing problem of the Indian economy today. Poverty in most cases is inability to find gainful employment.

The Forum of Free Enterprise has been active ever since its inception in 1956 in focussing public attention on vital economic problems of the day. Through this little publication it places before the public three highly informative and educative essays on the unemployment problem in India.

Mr. B. K. Nehru explains the meaning of productive employment; Mr. K. B. Suri deals with rural unemployment and its special characteristics; Mr. S. N. Lal concentrates public attention on the problem of the educated unemployed. It is interesting to note that all three are unanimous on stressing the urgency of the problem, and offer several constructive suggestions to tackle this problem. Above all, they have brought down the subject to the non-technical level.

It is hoped that this publication would lead to mobilisation of public opinion and suitable changes in official policies to tackle this urgent problem in a short time.

"People must come to accept private enterprise not as a necessary evil, but as an affirmative good."

—EUGENE BLACK

# UNEMPLOYMENT IN INDIA

## I

### THE FIRST PRIORITY

By

B. K. Nehru\*

It is in the certainty that unemployment and under—employment or the low returns for employment — all of which really amount to the same thing — are driving us to the disintegration of our country and the breakdown of our society that I do believe that the first priority, over-riding all other priorities, should be to increase employment. Organised society in peace time always has various objectives in view all of which it tries simultaneously to achieve. Many of these objectives are conflicting in character and it is the function of the political balance that may be achieved from time to time to decide in what proportion what objectives will be pursued through the formulation of policy. Life is very much simpler in war time for then the sole objective of national policy is national survival. All the other objectives — more roads, better schools, more hospitals, better housing, more clothing, better geographical and personal distribution of wealth—all these which are wholly desirable objectives in peace time are completely subordinated to the defence of the country against which all proposals for action have to be tested and that is whether the proposed action will or will not

\*The author is the Governor of Assam, Meghalaya and Nagaland. This is an excerpt from the B. E. Madon Memorial Lecture (1971) delivered in Bombay and reproduced with kind permission of the Indian Merchants' Chamber Economic Research and Training Foundation.

further the objective of winning the war. My submission is that today we should subject any policy or action that comes to us for approval or decision to only one single test—namely whether or not it will create employment. If it does, we should accept it; if not it should be rejected.

It is necessary, however, to be very clear about what exactly is meant by the term employment. The Planning Commission always refers to "gainful" employment. Gainful employment is synonymous with productive employment. But to the vast mass of people who are not experts, and who are the sovereigns of this country, gainful employment means simply the holding of a job which enables the holder to draw a wage or salary at the end of every month. To them "gainful employment" means, in short, employment gainful to the individual without regard to the effect it may or may not have on the nation as a whole. Consequently, employing 27,000 people in a steel mill when only 7,000 are required to produce the maximum amount of steel; doubling the number of clerks in a government office — so that they might more effectively come in each other's way; building village roads in every dry season to be washed away in the monsoon; encouraging village industries when the value of the end product may be lower than that of the inputs required to produce it, deliberately preventing the application of better techniques of production even when the machines and the skills are available — these are all defended by people holding responsible positions on the ground of creation of employment. The logical culmination of this argument would be not only to prohibit tractors in favour of the bullock-drawn plough but to prohibit the employment of bullocks to pull the plough in favour of humans or, to take the argument a step further, to prohibit the plough in favour of the hoe and indeed to prohibit the hoe in favour of one's own hands. What a colossal number of people could

be "employed" per acre of land if they were deprived of all the instruments they now use to coax mother earth to yield its wealth!

Employment in this sense of everyone being on the payroll is merely a function of the amount of currency that the Government of India might be prepared to print at the Press in Nasik. The entire population of India could be enrolled as government servants and given a salary of a hundred rupees a month which would at one stroke satisfy those who agitate for a need based minimum wage and for all-out nationalisation! If people felt there was something immoral in drawing a salary for doing nothing they could also be provided with pencil and paper and told to write letters to each other all day! (I cannot help remarking that much of the large increase in employment in public offices in recent years has been exactly of this kind.) The reason why the Government of India does not deliberately follow this short-cut to universal employment is also fairly simple and that is that all the people who would thus be "employed" would still be without food and shelter or clothing because no additional amounts of these would be produced.

Employment is not employment, even though it may be gainful, unless it is also productive. It has to produce goods or services which, after going through the complicated processes of internal or international commerce, can be exchanged in the end for food, shelter, clothing and other goods and services required for consumption. And it has to be productive not only in the sense of somehow managing to produce more than is consumed in the process but productive in the sense of employing the best available techniques and the best available mix of the factors of production that may be available at any particular time or place. Thus, to take the simplest case, if production can be tripled by using power in the spinning or weaving process and power is

available then prohibiting or discouraging the use of power (through fiscal or other means) in order that a larger number of people should be used for the production of the same number of yards of cloth is not the creation of employment but the making of arrangements for the distribution among three people of the fruits of the labour of one man.

Here we are led on to another truth which is hardly appreciated in our country at all. That truth is that it is not really employment for its own sake at which society is aiming but that employment is required as a vehicle for the distribution of the gross national product. If a society is so highly mechanised and so productive that it produces all the goods and services necessary to give to all its members the standard of consumption and the standard of living that they desire, it is totally unnecessary to force them to work. Arrangements other than what is known as full employment can be made for the distribution of the national product by the provision of free services, as also by the continuous grant, through the mechanism of the State, of a certain minimum income. This is the concept behind proposals for a negative income-tax as well as for a guaranteed income which are being discussed in advanced societies. The proposals of President Nixon on this subject now before the American Congress involve each American family getting a guaranteed minimum income of a thousand rupees a month whether its members work or do not work. Such a proposal is workable in the United States because goods and services are being produced in that country, or are capable of being produced, to satisfy the additional purchasing power created by this kind of grant. The poor family given this kind of money will find that it can buy goods with it for they will be available. In our country all that seems to happen, even when a little increase takes place in the dearness allowance for people already employed, is that the price of the

necessities they wish to buy immediately goes up by an almost equivalent amount. This happens because, with India having one of the lowest economic growth rates in the world, a sufficiency of these necessities is simply not being produced; additional money chasing the same quantity of goods results in an increase in their price.

The objective of creating employment is, therefore, in reality the objective on the one hand of increasing production and on the other of ensuring that the total purchasing power in the country is so distributed that as much of the needs of as many people as possible are met from the total production of the country. The problem of distributing purchasing power, of which such heavy weather is made and which seems to occupy almost exclusively the forefront of the public discussions of our economic policies, is in reality the easiest problem of all to solve. Through the whole powerful **armoury** of progressive direct taxation, Government can distribute purchasing power exactly as it pleases; it can give **disguised** grants of public money for emergency programmes of so-called employment; it can achieve the same purpose through granting virtually irrecoverable loans through Government or **quasi-government** agencies; it can go on supporting uneconomic industries. Political pressures in any case force it to employ three or four times as many people as are necessary to do a job in a government establishment while trade union pressure achieves the same result in industrial establishments whether public or private. Government can, on the other hand, give up this pretence and embark upon a programme of straightforward unemployment relief; with a certain very limited coverage this might well be of more benefit than the other programmes.

It is in the second part of this equation, namely, the increase in production to satisfy in real terms the money incomes **thus** generated and distributed,

that the real troubles arise. And it is here that our economic policy has faltered, for instead of devoting itself wholeheartedly and **single-mindedly** to increase production, it has permitted a large number of other considerations, all of them desirable in themselves, to affect policy to the detriment of productive activity. If once we accept that we are at a stage in our national life where if we do not increase the real incomes of millions of our people, we will be faced with the collapse of our entire social system, the one and only priority that will remain to us and to which all other priorities must, at least for the time being, be subordinated will be the priority for production. You will recall that in 1921, four years after the October Revolution, the whole Soviet system was faced with collapse because of the catastrophic fall in material production. This failure was caused, apart from the wars internal and external, through the following of what, with the benefit of hindsight, can only be described as the most fanciful policies designed to establish instant communism. In these circumstances the great **Lenin** himself threw to the winds all those priorities and objectives for which he had worked all his life and started the New Economic Policy, the one and only object of which was to increase production in the shortest possible time; and for doing which no means, including private enterprise and concessions to foreign capitalists, was excluded, even though these were anathema to the communist theology.

The aim was "at all costs to increase the quantity of products". "We have no right," Lenin said, "to forego the opportunity of immediately improving the condition of the workers and peasants, for our impoverishment makes it essential." The New Economic Policy had an immediate beneficial effect on production; it continued throughout **Lenin's** life; it saved the socialist revolution from being strangled at its birth and it was reversed by Stalin only after

Lenin's death when the Soviet people once again had enough to eat and to wear and could be **organised** to increase production on a more realistic basis.

Our circumstances today are becoming very similar to those of Soviet Union of 1921 and though our economy is by no means about to collapse there is little doubt that a situation is building up which can burst with explosive violence the first intimations of which are clearly visible in my part of the country. We must "at all costs" increase **production**; there are too many hungry and naked and homeless people for us to wait for the establishment of a perfect social order before turning our attention to their needs.

## II

### A MASSIVE PROGRAMME OF PUBLIC WORKS NEEDED

By  
K. B. Suri\*

At the outset, we must make a clear distinction between the character of unemployment in urban and in rural areas. Unemployment in the former sector is visible, open and full time, just as in the economically developed countries. However, in the rural areas it appears mainly in the form of underemployment on account of the seasonal character of agricultural and allied operations which form an overwhelmingly large part of economic activities in rural areas. During the peak season, every adult, man or woman, is needed, landless agricultural labourers get employment, wage rates rise and even rural migrants to urban places are called back to help in the family farm. In the off season, large number of landless labourers are laid off and even regular family workers do not have full-time work. There is full-time or chronic unemployment among landless labourers and persons engaged in village crafts but its comparative volume is believed to be small.

A good part of the rural underemployment and unemployment, unlike its urban counterpart, is not open or visible for the simple reason that the persons affected among the self-employed and the wage employees suffer intermittent spells of unemployment throughout the year. Their idleness does not come to the surface in the form of active search for

\*The author is Reader in Demography of Indian Institute of Population Studies, Bombay. This is an excerpt from the text of the public lecture given in Bombay on 23rd March, 1971 under the auspices of the Forum of Free Enterprise.

seconda y employment. Also, the rural areas in this country have remained a uni-sectoral economy, devoid of any dynamism or diversification towards non-agricultural activities. Employment opportunities in the non-agricultural occupations which could provide additional work to agricultural workers have, therefore, remained scanty. Moreover, rural areas do not have organised channels of seeking work and for this reason also the desire of the underemployed to find additional work remains unexpressed.

It must be realised that the problem of rural under-employment has been with us for a long time. Only its incidence appears to have increased over a period of time on account of stagnation of agriculture in terms of techniques of production and yields, little expansion of non-agricultural sector and the mounting population pressure. It may be observed in this context that the differential of birth and death rates between rural and urban areas has been very slight. The rural population has, therefore, been growing at the national rates. The deterioration in the economic conditions in rural areas appears to have caused out-migration to urban areas for employment in the expanding secondary sector or for absorption in tertiary activities. Not all the rural migrants succeed in finding work. Because, by and large, rural migrants have less skill, training and formal education than their urban competitors. Moreover, since the urban population itself has been growing with equal, if not more, rapidity the addition to the urban labour force through this source is large enough to leave little scope for the rural migrants. As a result, a good part of the rural unemployment and under-employment has increasingly been shifted to urban areas and transformed into open urban unemployment.

The urban unemployment has, on the other hand, been a more recent phenomenon, emerging out of rapid growth of urban population due to natural

increase as well as rural-urban migration, unprecedented expansion of educational facilities of all types and at all levels, rigid attitudes of the employment seekers regarding place of work and levels of remuneration, biases of the employers and their irrational recruitment policies and last, but not the least, the relatively slow growth of employment opportunities in urban areas. By and large, urban unemployment hits fresh entrants and takes the form of long initial spell of holding out for a "suitable" job.

We will concede that the problem of unemployment and under-employment as it is described here is based on static approach whereby the phenomenon is confined to visible involuntary idleness within the existing techno-economic framework. This must be distinguished from the dynamic concept of the problem which identifies unemployment and underemployment not only with what appears to be involuntary but also includes hidden or "disguised" unemployment, that is, apparent employment of persons who hardly contribute to the total produce. It goes further to view unemployment as a potential labour surplus which is quantitatively determined by the envisaged changes in economic organisation, institutional arrangements and techniques of production. The latter concept is perhaps more suitable for the purpose of long-term socio-economic planning, particularly when information about the anticipated or planned changes in relevant economic parameters is forthcoming.

*Quantification of Unemployment:* Examinations of unemployment in India suffers from a serious information gap. Whatever little is known is mainly through the work of the Planning Commission based on data thrown up by the Agricultural Enquiry Committee of the early Fifties, the successive reports of the National Sample Survey and the statistics of the Employment Exchanges. The estimates made by the Planning Commission, based as they were on the

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aforsaid sources, stood on an inherently weak and inadequate data premise. Moreover, the estimates used faulty methods and unrealistic and highly arbitrary assumption. The most serious weakness of the Planning Commission's estimates is that they have been based on Western concepts and have considered unemployment and under-employment to be single-dimensional phenomena only in terms of national aggregates, treating rural. under-employment as full time man days or man years of unemployment and not in terms of number of human beings unemployed for part of the week, month or the year. The usual method used by the Planning Commission for estimating the stock of the unemployed at the end of successive Five-Year Plans entailed the computation of net additions to labour force and employment potential of investment or additional output during the plan period. The difference between the two, which was usually positive, was added to the estimated backlog of unemployment at the beginning of the plan period to obtain the quantum of unemployment at the end of the Plan.

According to these estimates, the number of unemployed persons has increased from 5.3 million at the end of the First Plan (1956) to nearly 10 million at the end of the Third Plan (1966). A recent estimate made by the Reserve Bank of India places the number of the unemployed at the start of the Fourth Plan in April 1969 at 12.6 million. Nearly three-fourths of the total unemployment is believed to be in rural areas.

Further scrutiny of these sources of data on unemployment to know the magnitude of and trends in unemployment and underemployment is bound to be futile in view of the limitations. The most important among these—the National Sample Survey—has not been consistent in the use of concepts and reference period.

Regarding the rural unemployment, many more among the landless agricultural labourers and craftsmen than among the self-employed farmers were found to be under-employed and unemployed. Further, the incidence of rural under-employment was reported to be markedly high for construction workers. Blacksmiths, carpenters, and leather workers. Urban unemployment had hit mainly the fresh entrants into labour force and its incidence was found to be higher for matriculates and persons with university education than for non-matriculates. The employment situation\* for highly educated persons with technical, professional and general qualification seems to have deteriorated very much on account of economic recession in 1966. With the flow of the institutional out-turns remaining unabated, and the economic situation showing little improvement, the level of unemployment among technical, professional and general categories appears to have risen still further in the more recent times.

*Employment Policy:* For the purpose of effective policy formulation, it is necessary to treat urban unemployment, and rural unemployment and under-employment as two different problems. The problem in the rural areas is more acute and more bathetic since it afflicts the largest number of men and women and their dependents, who have for long been doomed to a sub-human existence. Any scheme of development is economically unsound and politically hazardous if it fails to recognise the enormity and the urgency of this problem. Any plan of economic development is reduced to an academic exercise if it fails to transform this mass of idle human resources into capital and in the process lifts the social and economic levels of the rural population.

What is suggested here is the organisation of a massive programme of public works through which the idle human resources in the rural areas are converted into capital. The programme has to be care-



fully conceived so as to be closely related to the emergent functional requirements of a progressive agriculture and also helps in the diversification of rural economy. It may include such items as irrigation, ditching, bunding and well-digging, construction of rural roads connecting villages with nearby market centres, laying of railway tracks, construction of warehousing facilities, market places, schools, dispensaries and other public facilities. Most of these construction projects make use of labour intensive methods and need only local materials. According to a recent estimate made by Professors Dandekar and Rath, which views underemployment in terms of lack of income, the rural underemployment at the beginning of the Fourth Plan, i.e. March 1969, affected nearly 30% of the rural population and this equalled the aggregate income of Rs. 822 crores. In other words, new incomes totalling Rs. 822 crores through public works would provide supplemental employment to the rural under-employed so as to raise their consumption to the prevalent average level. An income flow of this magnitude would entail an annual outlay of anything between Rs. 800—Rs. 1,000 crores.

## III

THE PROBLEM OF EDUCATED  
UNEMPLOYED

By

S. N. Lal\*

Perhaps the most serious of all the problems that we face today is that of unemployment, itself largely created or aggravated by the overshadowing one of our exploding population which multiplies all our difficulties, swallows half the fruits of our efforts and expenditure, and is the prime cause of the abysmal poverty of the masses. With a steadily rising population and limited economic growth, the employment problem has become increasingly serious, has involved many millions of the country's citizens in acute hardship, and has given rise to social pressures which gravely threaten the nation's progress and development. At all costs, therefore, the employment problem must be solved.

According to a broad estimate, the number of unemployed in India at the end of 1980 will be about 37 million. The number of the 'educated unemployed' increased from about 8.9 lakhs in 1966 to 16.3 lakhs in 1970. This may increase further during this decade considering that jobs will have to be provided for 2.5 million matriculates coming out of schools every year.

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\*The author is a Director of E.I.D. Parry Ltd., Madras, and is Chairman of Employers Federation of Southern India. This is the text of a lecture delivered under the auspices of the Madras Centre of the Forum of Free Enterprise on 30th April 1971.

Unless the relentless increase in the number of the educated unemployed is halted and productive jobs are found for them the country will be faced with an explosive situation. West Bengal is a classic instance where, according to the Chief Minister of the State, the unemployed exceed 2 million and an investment outlay of Rs. 1000 crores would be needed to create jobs to absorb them. An appreciable number of the unemployed in Bengal are educated and it is not surprising, therefore, that they are attracted to the Naxalite movement and all the violence which goes with it.

Speaking in Parliament recently, the Prime Minister dealt specifically with the serious problems faced by the educated unemployed youth. She rejected the suggestion for a subsistence allowance as no solution to their problem. "Let these young people not be made into pensioners, let them not be accustomed to doles or subsidies". The only positive solution was the creation of more job opportunities by raising the level of investment in the public and private sectors. Special programmes of high employment potential have to be identified and given priority. In fact, such schemes have been incorporated in the Fourth Plan. A provision of Rs. 235 crores was envisaged for these special programmes during the Plan period. The budget presented in March provided for an expenditure of Rs. 50 crores on a country-wide crash programme for creating more employment opportunities with a productive bias. The immediate goal is to take up new employment oriented schemes in each district in the country with a view to providing employment to at least one person in every family. The State Governments have been asked to prepare such schemes. These schemes as envisaged are expected to absorb among others technicians, engineers and other educated unemployed.

Though it is recognised that the creation of more productive jobs alone will offer a real solution

to the problem of unemployment, one often comes across attempts to persuade or pressurise existing units to take on more hands than may be actually needed. This is no solution and as Mr. B. K. Nehru pointed out recently in his Madon Memorial Lecture in Bombay, employment under political pressure, of three or four times as many people as are necessary to do a job is no better than a programme of straight-forward unemployment relief—a remedy which the Prime Minister rejected as demoralising to youth.

The Educated Unemployed are mostly the youth of the country being just out of schools and colleges. It is estimated that the age group of 15 to 19 will represent 12% of the labour force in Asia by 1980. According to the Dantwala Committee, the largest incidence of unemployment in the country is faced by those in the age group 15 to 25, that is to say, those who have just completed education and are entering the employment market for the first time. There is also the significant fact that practically a majority of these young men hail from the agricultural sector in the rural areas from families without a background of formal education.

The objective of employment policies linked to economic development should be to evolve a strategy best suited to national conditions. The present unemployment among the educated is to a considerable extent due to errors in man-power planning. The object in the beginning was to create adequate number of technical and skilled personnel to meet the needs of the newly created undertakings. But due to defects in estimation, distortion and regional imbalances arose. For instance, there was a concentration of doctors in urban areas while the rural areas went without adequate medical attention. These opportunities for employment should be identified and necessary inducement given to job seekers to take up such jobs. Our employment policies should

take note of and meet the situation created by the dominance of young workers with a rural background and also the predominance of self-employment. Any long term strategy for increasing employment should aim at a progressive shift of the growing labour force from agriculture to modern industry. If this transformation is to be achieved our entire educational system has to be reoriented.

There is little difference of opinion that our present educational system is inadequate and insufficient in many ways and is in need of reform to make it truly employment-oriented in the modern context. There has been considerable debate and discussion on educational reforms. There is the monumental report of Dr. D. S. Kothari on "Education & National Development". All our universities, technical institutions and our Governments have been experimenting with this problem. Though progress is painfully slow, the fact that there is so much awareness and consciousness of the problem gives room for hope for the future.

Of the educated unemployed, the problems faced by the technically skilled such as engineers, technologists, etc. are particularly acute. The problem has received considerable attention. Two years of recession in 1967 and 1968 pushed the unemployment figure for these categories from 23,700 in 1966 to 60,700 in 1970. It is estimated that 4.85 lakh engineers will compete for about 3.84 lakh jobs to be available by 1973-74. It is a paradox that a developing country with a growing industrial sector cannot offer jobs to all its qualified technicians. The supply of these skilled categories could, of course, be regulated by controlling the admission of students to the technical colleges. In fact, the Central Government had advised State Governments to cut down admission by 30%. But there is already a sizeable backlog of persons for whom jobs will have to be found. Be

sides there will be the minimum annual additions of trained personnel to the employment market. The only sound solution under the circumstances is to enlarge the industrial base. Only if more industries are established and productivity increases, will there be more jobs. It goes without saying that Government policies should not be restrictive. Industrial licensing and the Monopolies & Restrictive Trade Practices Act should not be enforced in such a way as to discourage the growth of industries. Suggesting that the incentives and disincentives to each individual engaged in the task of creating wealth, be it the entrepreneur or the worker, should be so managed as to encourage production, Mr. B. K. Nehru in his Madan Memorial Lecture has very fittingly put it thus: "Over the long haul, the carrot and the stick are the only two instruments which make people work. Our trouble is that our democracy does not allow us to use the stick; our Socialism does not allow us to use the carrot."

Self-employment is one solution to the problem of the educated unemployed on which there is a general measure of agreement. 70% of the present workforce in the country is self-employed. The growth of opportunities for self-employment would depend on the extent to which Government come forward to encourage entrepreneurs. As is well known, there is considerable potential for starting ancillary industries to supply the requirements of the larger manufacturers. It is perhaps not realised that already there is a sizeable network of small scale industries in this country serving as ancillaries to larger establishments. The Tata Engineering & Locomotive Company buys out from ancillaries half the total value of its production which is equivalent to about Rs. 50 crores. Likewise, Voltas, Kirloskars, NCCIL and many other companies depend on and encourage their ancillary suppliers. (Another finding of the

National Council for Applied Economic Research is that every Tata truck generates employment for 12.6 persons. For every one person employed in the automobile industry, nearly one hundred others find employment in ancillary industries. With the labour costs going up in countries like West Germany and Japan, there is demand from those countries for components and parts which the small-sector can manufacture. This awareness and the willingness to help on the part of the larger units are gradually spreading. Not only should they, wherever possible, train young technologist entrepreneurs to start and manage such industries, but also provide them with every encouragement such as the supply of know-how, raw materials, etc.

The improvement in the rural economy brought by the Green Revolution could be exploited to create a number of jobs for the educated unemployed. The Scheme to open 5000 agro-service centres and to give them loan facilities, training facilities etc. is well conceived. It is expected that these centres would provide employment opportunities for 50,000 engineers and diploma holders.

Of course the running of a small-scale industry is not without its problems. There is a lot of red tape inhibiting the entrepreneur and also the difficulty in securing adequate supplies of raw materials in time. These problems are not, however, insurmountable and could be solved by Government streamlining the administration of the various schemes. We have sufficient institutional arrangements for providing finance and sufficient incentives, but here again it is a question of making them effective by translating them from paper into reality.

Perhaps the principal difficulty is to inspire the confidence and the requisite initiative in educated young men to take to self-employment. Here, as in

many other facets of industrial development and growth, the Japanese example may be worth emulating to the extent feasible and appropriate. The small entrepreneur in Japan operates in a climate of fierce competition and yet maintains his own because of his long years (as long as a decade) of training. "A combination of strong will-power, thriftiness, hard work and ambition produces the abundant supply of entrepreneurship in Japanese manufacturing. The seed of good and capable entrepreneurship is planted in the minds of children even at the elementary school stage of their education. A Japanese expert suggests that the developing countries in Asia would do well to develop a vocational interest in children even in school to give them a feel of the jobs they may eventually take up. For example, as part of their mathematics syllabus children could be taught elementary cost and profit accounting. According to the same authority priority should be placed on the spread of suitable elementary education.

In Japan entrepreneurs gain technical knowledge through on-the-job training. Similarly in-plant training and group training should be given in Indian factories. Incentives in the form of loans and import licences should be given to small industrialists to encourage them to undergo training in Management. It is said that the success of industrialisation and employment promotion in developing countries depends on the effective contribution of small entrepreneurs.

One of the reasons why the scope for self-employment has been restricted in this country is the fact that the tertiary sector of the services sector has lagged behind particularly in fields like trade and distribution and banking and commerce. It is well known that only if agricultural and industrial production increases and goods and services are avail-

able in plenty the development of the **services** sector will be accelerated.

It is a sad fact the number of vocations available in our country is still not large compared to the developed countries. Of course with the growth in the industrial sectors the number of vocations we have today, roughly about 1600, is an improvement of what we had in the past. This again is largely due to the fact that the services sector has not expanded fast enough. Even with regard to the existing vocations, sufficient information is not available to the educated job seekers. It is here that the University Information and Guidance Bureaux have a useful role to play. Not only is it necessary to disseminate information on the various job possibilities, but also to give vocational guidance which would enable the aspirants to choose the jobs for which they are fitted by their qualifications and skills. Training opportunities should go hand in hand with educational guidance.

Under the Apprentices Act, large industries are obliged to train apprentices. The number of apprentices currently undergoing training is 40,000, half of whom are in the private sector. The annual expenditure met by industry on apprenticeship training is Rs. 75 lakhs. It has been suggested that this effort is not sufficient and industry should come forward to do more. In Tamil Nadu the Government sought the cooperation of some of the leading industries in the State in the matter of training more apprentices and also for training the technically qualified unemployed for self-employment. It is inevitable that the larger industries will have to bear their share in the national endeavour of finding jobs for the millions.

In talking of the educated unemployed, one is prone to think only of the technically qualified such

as engineers. What about the vast number of graduates with degrees or diplomas in the Art subjects, Commerce, etc? They can also be helped to seek self-employment in such fields as insurance, tourism, Real Estate business, etc. Very little progress has been made in providing information on all these opportunities. It is encouraging to know that the University of Madras Employment Information & Guidance Bureau is taking some steps in this direction.

Our educational system and training facilities will have to be geared to the developments in technology. Automation and the use of computers will gradually spread and our young men should not find themselves prevented from taking advantage of the new opportunities for want of proper training in the new skills. Education at all levels should be reoriented to the purpose of preparing our young men for the new vocations that are bound to emerge. The syllabus and the curriculum should be suitably revised and updated. Our universities are seized of the problem and have begun to modernise the curricula.

Management training is very important particularly for the small entrepreneurs. Already some facilities are made available by such Institutions as the Small Industries Service Institutes. It is only through trained management that higher productivity could be achieved and greater job opportunities created. The Report of the Director General of I.L.O. on 'The World Employment Programme' draws particular attention to the important role of the trained managers in expanding economic activities and employment opportunities. The Report recommends that the knowledge and skills of Managers be adequately developed in response to the changing needs of the country. Managerial training and development which is important for the large as well as small scale industry would cover the training of

entrepreneurs, the establishment of new industries, development of new markets, training in the application of electronic data-processing techniques where appropriate, etc. Such action in the Management field would itself create more jobs for the educated unemployed.

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*The views expressed in this booklet are not necessarily the views of the Forum of Free Enterprise.*

"Free Enterprise was born with man and shall survive as long as man survives."

—A. D. SHROFF  
(1899-1965)  
Founder-President,  
Forum of Free Enterprise.

# Have You Joined The Forum ?

The Forum of Free Enterprise is a non-political organisation. started in 1956. to educate public opinion in India on free enterprise and its close relationship with the democratic way of life. The Forum seeks to stimulate public thinking on vital economic problems of the day through booklets and leaflets. meetings, essay competitions. and other means as befit a democratic society.

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