

Employment and the Plan

LITTLE has been said in the Draft Report of the Planning Commission or in the last annual report on the Colombo Plan about the employment potential of India's development programme. Increase in employment is one of the yardsticks with which achievement under the Plan could be judged, and it is a pity no attempt has so far been made to indicate its approximate magnitude. There are, to be sure, extenuating factors. No measures of existing employment and unemployment are available; and in an agricultural economy, the demarcation between the employed and the unemployed is none too clear. When large masses of people are assumed to be "underemployed", precise measurement of excess manpower becomes more than ordinarily difficult. Granted all that, there still remains the vital necessity of setting up some criteria for judging the extent to which utilisation of manpower is increased.

The fact that this aspect of the development programme has not been expatiated upon creates a suspicion that the employment potential of the Plan may not, after all, be large or spectacular enough. This suspicion is strengthened by a recent analysis of the probable increase in employment under the Colombo Plan in a paper published in the June and July issues of *International Labour Review*.

The author, Mr Chiang Hsieh, of the ILO, comes to the conclusion that this is likely to be very low; the improvement that is to be expected will rather be in the direction of better utilisation of manpower in agriculture, partly through a shift of agricultural population from land now in use to newly reclaimed lands, and partly through more labour time being productively spent on land now under cultivation, following extension of irrigation. The Colombo Plan, it will be recalled, envisages reclamation of 13 million acres and extension of irrigation to another 13 million acres when the programmes are completed.

On the other hand, the opportunities for industrial employment would be 'small—for the addition to manufacturing plant and equipment is itself small and capable of absorbing only a negligible

fraction of the existing surplus labour. It can hardly be otherwise, since the limited capital resources available to these countries are to be concentrated chiefly on basic development. Investments in power and transport and social investments are given higher priority because without them it will not be possible for manufacturing industries to grow. Therefore, opportunities for industrial employment will only arise in the next stage, i.e., after the current basic development programme has been completed.

The immediate impact on the employment situation, though temporary, may however be appreciable, for the execution of the projects will itself create some employment. Indeed, this may even result in pockets of labour shortage in some localities. Large-scale construction works may in such areas draw so much labour away from the land as to affect seriously the local agricultural output. In such cases, a part of the necessary labour force may have to be drawn from other localities unless it is possible simultaneously to introduce labour-saving methods of cultivation in these localities.

That certain kinds of construction projects which mainly require unskilled labour and use relatively little capital can provide employment for a large number of workers within a short period of time, if efficiently organised, does not seem to have received the consideration it deserves from the framers of the Five Year Plan. An example of this sort of employment cited by Mr Hsieh is the Huai River Project now in progress in China. During the first phase of this project which consisted chiefly of building earth dykes and raising of rivet beds, employment was created within the first eight months (November, 1950 to July, 1951), for 2.2 million peasants, who would otherwise have been on relief as a result of the flood damage. The second phase of the project, began in the latter half of 1951, should make it possible to eliminate floods in the Huai River Valley and to provide water for the dry areas; a similarly huge labour force is required for its execution. What is noteworthy about the programme is the working out

of the project in a manner which spreads employment over a longer period.

But the employment problem in under-developed countries is not such as could be solved by absorbing men on public works projects alone. A closer examination of the employment situation in all Colombo Plan countries—which being predominantly agricultural bear a close family resemblance to one another—would reveal under-employment of a magnitude that would be too large to be solved through construction of roads or irrigation projects alone.

The task becomes more formidable, if following Mr Hsieh's classification, account is taken of 'disguised and 'potential' under-employment, besides visible under-employment.

Visible under-employment exists in a community when the actual amount of labour-time absorbed under the existing scheme of organisation is smaller than the amount of labour time which the labour force is able to supply. Even when there is no visible under-employment, there may still be disguised under-employment; that is to say, agricultural production may be absorbing the actual labour supplied by the community, but, with the same amount of capital, the same institutional framework and size of land-holding, it may be possible to release a number of workers from the land without reducing the total agricultural output. This can be done by raising the intensity of work per hour by improving the organisation of work, division of labour and by introducing simple labour saving devices requiring little or no addition to capital outlay.

The proportion of labour which can be released thus indicates the degree of disguised under-employment prevailing in the community. The concept of potential under-employment is a logical extension of this idea, and relates to surplus labour which can be released from land by carrying out more fundamental changes in methods of production than those envisaged above—by changing the method of cultivation, substituting capital for labour and by enlarging the size of holdings.

Disguised or potential under-employment is difficult to assess. Nevertheless, the extremely low

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productivity of agricultural labour in the Colombo Plan countries is a clear evidence of their existence. The rate of development could indeed be related directly to the rate at which such under-employment is reduced. For, absorption of the visible portion is akin to creating employment in a period of depression and public works programmes might well achieve it. But for stimulating or reducing the other two, changes in the structure of the economy would be essential.

The creation of new and enduring jobs is the most important single test of any development. It is through this that all the investment programmes could succeed in leading to the achievement of the primary objective of raising the standard of living, which is the same thing as providing the means of earning an income to people released through reducing under-employment in existing occupations. A measure of the employment potential of the Five Year Plan in this manner has not yet been made.

The pattern of public capital expenditure envisaged under the

Plan shows that the largest portion of it is to be in the agricultural sector. In this sphere, employment opportunities arising out of planned expenditure may be used up by a shift of agricultural population from land now in use to newly developed lands. There are opportunities in the construction of minor and major irrigation works, where initially a large amount of labour of the unskilled variety may be found employment. The shift of agricultural population to new lands will also depend on the type of farming that is sought to be introduced as well as the degree of mechanisation that is desired. But public expenditure is necessarily concentrated on basic development which should in the next stage, provide the basis for development of manufacturing industries to grow. Therefore purely from the time sequence the creation of opportunities for industrial employment will fall mainly in the next stage of capital formation, i.e., after the current basic developments have been completed. Till then, the scope for opening out new employment opportunities to draw off the surplus labour in the agricultural

sector will remain limited to the extent of such opportunities created by minor irrigation works and major construction. Indeed the type of industrial structure that needs to be built-up may well be discussed on the basis of the pattern of public expenditure programmes in the Plan.

Broadly speaking, in most Asian countries the new industrial structure is likely to consist of three major sectors: (i) rural industries designed primarily to provide part-time employment and supplementary income for agriculturists; (2) small-scale industries and (3) large-scale industries. But, for the present, a large proportion of the new employment opportunities that will be created must hugely be still in agriculture according to the Plan. Only in the next stage new employment opportunities can be expected in a large way in manufacturing industries; the problem will then be to see that increased output in such industries is matched by increased demand for their products through the expansion of employment and income generated by other growing industries.

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