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Employment in Third Plan

OF the many points that have emerged from the deliberations of the Central Committee on Employment this week there is one that is so obvious that it runs every risk of not being appreciated. This relates to Shri Nanda's statement that, judging by current experience, it would be too optimistic to expect the Third Five Year Plan to wipe out the problem of unemployment totally. What can reasonably be hoped, according to Shri Nanda, is the creation of enough employment opportunities to absorb new entrants in the labour force, estimated at 14 million over the period of the Third Plan. This will leave the so-called back-log of unemployment as a continuing problem. Even so, if we succeed in providing enough jobs for new comers we shall have enlarged employment opportunities at about twice the rate achieved in the Second Plan period. This would be no mean achievement.

There are two aspects to this. In the first place, Shri Nanda amongst others is prepared to treat the employment problem as something that can be solved only over the long period. It may be that by 1976 we shall be able to wipe out the back-log in unemployment—assuming that each successive development Plan contributes in an increasing measure to higher investment and more fruitful changes in the production structure. Even if we plan to absorb only additions to the labour force in each Plan period, we shall have to provide more and more jobs as we move from one Plan to another. Recognition of the fact that the magnitude of unemployment in the country is too large to be resolved through one or two Plans is likely to be of considerable importance in its effect on the shape of the Third Plan.

The second aspect relates to the objective of not adding to the back-log. This implies that all those who find employment in the Third Plan period must continue to be employed as long as they remain in the labour force. This will have to be true not only of the jobs created under the next Plan but also of those to which subsequent Plans give rise. This again is so obvious that one may wonder if it needs to be stated at all. But the point is in fact a crucial one inasmuch as it requires nice judgment in apportioning labour supply between what may be called 'capital-creating' and 'capital-utilising' industries. This, to be sure, is not a very precise way of looking at economic sectors. But it is not for that reason an unhelpful distinction. The Committee that gathered in Delhi was, for instance concerned about the retrenchment of large numbers of workers once a hydro-electric or irrigation project was completed and about the difficulty of re-deploying the surplus labour. In the next few years, it is not impossible that the bulk of investment will be in industries which to a greater or lesser degree are capital-creating. Some of these are likely to provide continuing employment to those taken on during the period of construction. In respect of the others, the possibility of retrenchment at the end of a certain period will be very real. To avoid this we have to plan the use of our resources much more carefully than so far.

This question of lay-off in construction industries is in a way not different from the unemployment resulting from the closing of units in industries in so far as the policy-maker is concerned. That is to say' In both cases jobs have to be found for people in some other unit or

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